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NOTE

SEVENTH REPORT

STANDING COMMITTEE ON AGRICULTURE  
(1996-97)

(ELEVENTH LOK SABHA)

MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE AND CO-OPERATION

NATIONAL CO-OPERATIVE DEVELOPMENT  
CORPORATION (AMENDMENT) BILL, 1995

*Presented to Lok Sabha on 17.12.1996*  
*Laid in Rajya Sabha on 17.12.1996*



LOK SABHA SECRETARIAT  
NEW DELHI

*December, 1996/Agrahayana, 1918 (Saka)*

COMPOSITION OF THE STANDING COMMITTEE  
ON AGRICULTURE  
(1996-97)

Shri Santosh Kumar Gangwar — *Chairman*

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3. Shri Ramesh Bais
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5. Shri Mange Ram — *Under Secretary*
6. Shri K.L. Arora — *Assistant Director*
7. Smt. Jyochnamayi Sinha — *Reporting Officer*

## PREFACE

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report on the National Co-operative Development Corporation (Amendment) Bill, 1995.

2. The Standing Committee on Agriculture was re-constituted on 2nd August, 1996. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to examine such Bills pertaining to the Ministries/Departments concerned as are referred to the Committee by the Chairman, Rajya Sabha or the Speaker, as the case may be, and make a report thereon to the Houses.

3. The Committee took evidence of the representatives of the Ministry of Agriculture (Department of Agriculture & Co-operation) on 5th December, 1996. The Committee wish to express their thanks to the Offices of the Ministry of Agriculture (Department of Agriculture and Co-operation) for placing before them, the material and information which they desired in connection with the examination of Bill and for giving evidence before the Committee.

4. The Committee consider and adopted the Report at their sitting held on 12th December, 1996.

NEW DELHI;  
12 December, 1996  
21 Agrahayana, 1918 (Saka)

SANTOSH KUMAR GANGWAR,  
*Chairman,*  
*Standing Committee on Agriculture.*

## REPORT

### THE NATIONAL CO-OPERATIVE DEVELOPMENT CORPORATION (AMENDMENT) BILL, 1995

The National Co-operative Development Corporation (Amendment) Bill, 1995, as introduced in Rajya Sabha on 25th August, 1995, was referred to the Departmentally related Standing Committee on Agriculture by Hon'ble Speaker on 8.9.1995 for examination and to make a report thereon under Rule 331 (E) (B) of the Rules of Procedure and Conduct of Business in Lok Sabha. Before the Committee could present their Report, the Tenth Lok Sabha was dissolved on 10th May, 1995 and consequently the Standing Committee ceased to exist. As a result of this, all business pending before the Committee lapsed.

1.2 After the reconstitution of the Standing Committee in the Eleventh Lok Sabha, the Hon'ble Chairman, Rajya Sabha again requested for reference of the said Bill to the Standing Committee on Agriculture for examination and Report.

1.3 The Bill has been again referred by the Hon'ble Speaker under Rule 331E (B) of the Rules of Procedure and Conduct of Business in Lok Sabha by the Hon'ble Speaker on 28.09.1996.

1.4 The National Co-operative Development Corporation (NCDC) was originated through the All India Rural Credit Survey Committee Report, 1954 constituted by the Reserve Bank of India. The Government of India on the recommendations of the Committee set up NCDC in March, 1963 under an Act by Parliament. (Act No. 26 of 1962) The primary objective for the NCDC was to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs and certain other commodities through the cooperative societies in the country. The Act was modified in 1973 and 1974 through two amendments to enlarge its scope to cover weaker sections programmes like scheduled castes/scheduled tribes co-operatives, poultry, dairy, fishery, etc.

1.5 A proposal to further amend the NCDC Act to include horticulture, animal husbandry, forestry, pisciculture, other allied activities, industrial goods of industrial cooperatives, cottage, village

and allied industries and rural crafts, livestock and certain notified services was taken up and an informal Committee comprising of officials from the Department of Agriculture & Cooperation and the national Cooperative Development Corporation was constituted in September, 1984. The Committee's report was finalised in July, 1985. Major recommendations made by this informal Committee related to :—

- (i) Expanding the scope and functions of the NCDC.
- (ii) Changing the composition of the General Council.
- (iii) Power to raise funds through donations, gifts etc. and deposit of funds in scheduled banks besides Reserve Bank of India, State Cooperative Banks and State Bank of India.
- (iv) Exemption from submission of programme of activities and financial estimates to Government for prior approval.
- (v) Exemption from CAG Audit.
- (vi) Granting permission to NCDC to make regulations under Section 23 of NCDC Act concerning staff matters.
- (vii) Exemption from payment of Income Tax.

1.6 The above said report was examined in the Deptt. in consultation with the other concerned Ministries/Departments and the Planning Commission. After consultation it was decided to further amend the NCDC Act, 1962 to cover the first three suggestions only. These amendments have been incorporated in the Amendment Bill, 1995.

1.7 During oral evidence of the representatives of the Ministry of Agriculture, Department of Agriculture & Cooperation on Thursday, the 5th December, 1996, the Committee enquired into the reasons for not accepting the last four recommendations of the Informal Committee. The Department in their written reply stated the reasons for non-coverage of the last four recommendations/suggestions of the report of the Informal Committee as under :

(i) and (ii) The Activities of the NCDC are financed out of loans from the Government of India. Loans from the Government of India are passed on to the cooperatives/State Governments with a margin in the rate of interest which generates NCDC's own resources,

*inter-alia*, for meeting its administrative expenses. In view of this and considering that no justification has been furnished for discontinuance of the existing system of CAG Audit, the NCDC may not be empowered to entrust its audit to other auditors. On the same lines it was suggested that the NCDC should continue to submit its programme of activities and financial estimates to the Government for prior approval.

(iii) The NCDC proposed to have full autonomy in matters of appointment, conditions of service, etc. of its employees subject to approval of the Board of Management whose members are nominated by the Central Government and includes, among others, Secretary (A&C) and FA (A&C). Presently, the NCDC is not fully following the rules, scales of pay, conditions of service as applicable in the Government. The NCDC has its own TA/DA rules etc. The NCDC is not fully following the conditions of service as applicable to the public sector undertakings. Considering the aforesaid aspects, this recommendation was not agreed to.

(iv) This recommendation was not agreed to for the following reasons:—

- (1) The payment of Income Tax has not impeded the activities of the Corporation for which it was created.
- (2) The annual accounts of the Corporation does not show any sign of resource constraints for which the exemption from payment of Income Tax is required.
- (3) The tax burden on all Corporate entities has been substantially reduced with the reduction in corporate tax rates in the preceding few years.
- (4) At present an exercise is going on in connection with simplification and rationalisation of direct tax laws with an intention to do away with as many exemptions as possible. Any implementation of the proposal to exempt a Corporation from the payment of income tax will hence be not in consonance with the present policy of the Government. Further, any such proposal if implemented will also create demand from other Corporations also for providing similar tax exemption.

## CLAUSE-WISE CONSIDERATION OF THE AMENDMENT BILL OF 1995

1.8 The Bill under consideration aims to bring out certain amendments in the National Cooperative Development Corporation Act, 1962. A copy of the Act of 1962 as amended upto 1974 and the bill of 1995 under consideration are at Appendix I & II.

1.9 The Statement of Objects and Reasons attached to the Bill states that in the execution of the National Cooperative Development Corporation Act, 1962, with the passage of time it was felt that there was need to further broad base the activities of the Corporation. With a view to enlarge the scope of the Act, an informal Committee was constituted which recommended that the activities of the Corporation further be broad based. Prior to 1974, the functions of the NCDC were limited to planning and promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce and notified commodities through cooperative societies. In pursuance of the recommendations of the Expert Committee appointed by the Govt. of India to study the working of NCDC, the National Cooperative Development Corporation Act, 1962 was amended in 1974 broadbasing the constitutional set up of the General Council and the Board of Management of the Corporation and expanding the activities of the Corporation to the development of fishery, dairy, poultry and minor forest produce, enlargement of sources of funds by enabling it to mobilise market borrowings and borrowings from any other authority, organization or institution as may be specifically approved by the Central Govt. in this behalf.

1.10 It is accordingly proposed to amend the said Act, *inter-alia* to provide for :

- (i) covering livestock and notified services amongst its activities;
- (ii) authorising the corporation to accept grants, donations etc. from any agency in and outside India; and
- (iii) empowering the corporation to waive, in suitable cases conditions with regard to guarantee.

1.11 In connection with the examination of the Bill, the Committee had an informal meeting with the Officers of National Cooperative Development Corporation at their Headquarters on Monday, the 2nd



December, 1996 and took oral evidence of the representatives of the Ministry of Agriculture (Deptt. of Agriculture and Cooperation) on 5th December, 1996.

1.12 The Committee have considered the bill clause by clause in light of the discussions and written replies of the Government to the questions raised by the Committee. In order to make the proposed Bill more purposeful and effective, the sections and clauses proposed to be amended through the Bill are discussed below:

### Long Title

1.13 Clause 2 of the Bill seeks to amend the Preamble of the NCDC Act, 1992 (which will be referred to here after as Principal Act).

1.14 It suggests that in the National Cooperative Development Corporation Act, 1962 (hereafter referred to as the principal Act) in the long title, for the words "and certain other commodities", the words "and certain other commodities and services" shall be substituted.

1.15 The existing Preamble in the NCDC Act, 1962 reads as follows :—

"An act to provide for the incorporation and regulation of a corporation for the purpose of planning and promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce, food stuffs and certain other commodities, on cooperative principles and for matters connected therewith."

1.16 After the proposed amendment the Preamble will read as under:—

"An Act to provide for the incorporation and regulation of a corporation for the purpose of planning, promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs and certain other *commodities and services* on cooperative principles and for matters connected therewith."

1.17 Regarding the need for such an amendment, the informal Committee set up to go into the questions of amendments required in

the NCDC Act, 1962 stated that a revised Preamble is suggested keeping in view the proposal of the Department of Industrial Development of including industrial cooperatives in the rural areas, as also wool, leather and similar items of livestock products in which the weaker sections of the community would be interested, within the purview of the NCDC Act, 1962 and also utilising certain features of the Preamble in the NABARD Act, 1981.

## Definitions

### *Clause 3 (i) of the Bill*

1.18 Section 2 (a) of the Principal Act 1962 reads as follows :—

- 2 (a). "agricultural produce" includes the following classes of commodities, namely :—
- (i) edible oil seeds;
  - (ii) cattle fodder, including oil cakes and other concentrates;
  - (iii) raw cotton, whether ginned or unginned, and cotton seed;
  - (iv) raw jute; and
  - (v) vegetable oils.

1.19 Clause 3 (i) of the Bill which seeks to amend Section 2 (a) of the Principal Act, reads as follows :—

- (i) for clause (a), the following clause shall be substituted namely :—
  - (a) "agricultural produce" includes the following:
    - (i) edible & non-edible oil seeds;
    - (ii) cattle feed, including oil cakes and other ingredients;
    - (iii) produce of horticulture & animal husbandry;
    - (iv) forestry;
    - (v) poultry farming;
    - (vi) pisciculture; and
    - (vii) other allied activities, whether or not undertaken jointly with agriculture.

1.20 Regarding the need to cover a wide range of the produces of agriculture and other allied activities in Section 2 (a) of the NCDC Act, 1962, the Committee have been informed in a note that horticulture, forestry, dairy & poultry, pisciculture and Animal Husbandry are activities allied to Agriculture. Therefore, clause (a) of Section 2 should be amended on the lines of the provisions of the NABARD Act, 1981.

1.21 Regarding the justification for inclusion of non-edible oilseeds, the Department of Agriculture & Cooperation in the written reply has stated that "the intention of including 'non-edible oilseeds' is to enable NCDC to assist production/collection, processing etc. of non-edible oilseeds like neeni, sal, mahuwa, karnaja, castor etc. There are two kinds of non-edible oilseeds : conventional non-edible oilseeds like castor and linseeds, and non-conventional non-edible oilseeds like kusum, karanja, jajoba etc. There is distinct potential for taking up programmes in these sectors in States like AP, MP, UP, Gujarat and Rajasthan in the cooperative sector. Both these kinds of oilseeds have medicinal/industrial applications. At present, these oilseeds have to be sold by the producers almost at throwaway prices. Processing of the oilseeds will result in value addition and will fetch remunerative price for the farmers."

1.22 Answering to a query, whether apart from edible and non-edible oilseeds, addition of 'other seeds for production purposes' will make the clause more comprehensive, the Ministry of Agriculture in the written reply has stated that "addition of the term 'other seeds' will no doubt make the clause comprehensive, other seeds are already included in Section 9 (2) (c) of NCDC Act and this will serve the purpose."

1.23 In reply to a query, whether inclusion of duckery, piggery, goatery and quail farming in 'poultry farming' in Section 2a (v) will further broaden the activities, the Department of Agriculture & Cooperation in a written reply has stated that activities like piggery, goatery, rabbitry etc. will be covered by the generic term 'livestock' which is already proposed to be inserted through the Amendment bill. 'Duckery' and 'quail farming' will get covered under the broad head 'poultry farming' which is included in the proposed definition of 'agricultural produce.'

*Clause 3 (ii)*

1.24 Through Clause 3 (ii) of the Bill, it has been proposed to insert a new sub-section after Clause (ab) of Section 2 of the Principal Act, to define central financing institution as Industrial Development Bank of India established under Sub-section (1) of Section 3 of the Industrial Development Bank of India Act, 1964 and to include an institution specified in Section 6A of that Act.

1.25 Section 2 (a), (aa), (ab) and (b) in the Original Act read as under:

"In this Act, unless the context otherwise requires :—

- (a) "agricultural produce" \*includes the following/classes of commodities, namely
- (i) \*\*edible oil seeds;
  - (ii) Cattle fodder, including oil-cakes and other concentrates;
  - (iii) raw cotton, whether ginned or unginned and cotton seed;
  - (iv) raw jute; and
  - (v) vegetable oils.

\*\*\*/(aa) "bank" means a nationalised bank and includes a scheduled bank./

\*\*\*\*/(ab) "Board" means the Board of management of the Corporation constituted under Section 10.

(b) "Central Warehousing Corporation" means the Central Warehousing Corporation established under section 17 of the Agricultural Produce (Development and Warehousing) Corporation Act, 1956.

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\* Substituted by the NCDC (Amendment) Act, 1974, for the words "means any of the following".

\*\* The words "foodstuffs, including" omitted by the NCDC (Amendment) Act, 1974.

\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

\*\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

1.26 After insertion of clause (aba) the amended clause will read as under :—

“In this Act, unless the context otherwise requires :—

- (a) “agricultural produce” \*/includes the following/classes of commodities, namely :—
- (i) \*\*edible oil seeds;
  - (ii) cattle fodder, including oil-cakes and other concentrates;
  - (iii) raw cotton, whether ginned or unginned and cotton seed;
  - (iv) raw jute; and
  - (v) vegetable oils.

\*\*\***(aa)** “bank” means a nationalised bank and includes a schedule bank.

\*\*\*\***(ab)** “Board” means the Board of Management of the Corporation constituted under Section 10.

**(aba)** “Central financing institution” means Industrial Development Bank of India established under sub-section (1) of section 3 of the Industrial Development Bank of India Act, 1964 and includes an institution specified in section 6A of that Act;

**(b)** “Central Warehousing Corporation” means the Central Warehousing Corporation established under section 17 of the Agricultural Produce (Development and Warehousing) Corporation Act 1956.

1.27 When asked about the three Central Financial Institutions mentioned in the IDBI Act as referred to in section 2 (ii) of the Principal Act, the Ministry in a written note stated that Section 6A of IDBI Act (extract enclosed at Annexure-III) specifies other financial institutions to be ICICI, IFCI, IRBI, LIC, UTI and any other institution as may be notified by the Central Government. However, subsequently through IDBI Amendment Act (Act 5 of 1995), the entire section 6A has been omitted.

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\* Substituted by the NCDC (Amendment) Act, 1974, for the words “means any of the following”.

\*\* The words “foodstuffs, including” omitted by the NCDC (Amendment) Act, 1974.

\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

\*\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

1.28 In so far as NCDC is concerned, the 3 financing institutions would mean the Industrial Development bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and Industrial Credit & Investment Corporation of India (ICICI). In view of this and the fact that Section 6A of IDBI Act has been omitted, the insertion of Sub-Section (aba) under Section 2 as proposed in the amendment Bill may be modified as under:—

“Central Financing Institutions” means Industrial Development Bank of India set up under the Industrial Development bank of India Act, 1964, Industrial Finance Corporation of India Ltd. formed and registered under the Company Act, 1956 and the industrial Credit & Investment Corporation of India Ltd. formed and registered under the Indian Company Act, 1913.”

1.29 The Committee note that since the activities of the NCDC are proposed to be expanded to the rural industrial sector, there is a need to incorporate this new clause, which will specify the financial institutions to facilitate the purpose.

*Clause 3 (iii)*

1.30 Clause 3 (iii) of the Bill seeks to amend sub-section (b) and (c) of Section 2 of the Act.

Clauses (b) & (c) of Section 2 of the Principal Act read as under :

- (b) “Central Warehousing Corporation” means the Central Warehousing Corporation established under section 17 of the Agricultural Produce (Development and Warehousing) Corporation Act, 1956.
- (c) “cooperative society” means a society registered or deemed to be registered under the Cooperative Societies Act, 1912 or under any other law with respect to cooperative societies for the time being in force in any State, which is engaged in any of the activities specified in sub-section (1) of section 9 and includes a cooperative land mortgage bank.

1.31 After amendment Clauses (b) & (c) of Section 2 will read as under :

- (b) “Central Warehousing Corporation” means the Central Warehousing Corporation established under sub-section (1) of section 3 of the Warehousing Corporations Act, 1962;

- (c) "co-operative society" means a society registered or deemed to be registered under the Co-operative Societies Act, 1912 or under the Multi-State Co-operative Societies Act, 1984 or under any other law with respect to co-operative societies for the time being in force in any State, which is engaged in any of the activities specified in sub-section (1) of section 9 and includes a Co-operative land Development Bank.

1.32 The Committee have been informed in a written note furnished by the Department of Agriculture & Cooperation that "sub-section (c) of Section 2 of the NCDC Act, 1962 defines a "Cooperative Society". The existing provision does not cover cooperative societies registered under the Multi State Cooperative Societies Act or any other Act with respect to Cooperative societies for the time being in force in the Union of India. Similarly, Cooperative Banks are also not covered under the present definition. There is also a need to re-name Cooperative land Mortgage Banks as land development banks. Therefore, the definition of "Cooperative society" may be amended."

1.33 When asked about the all inclusive nature of the term "Cooperative Land Development Bank" in sub-clause (c) of Clause 3 (iii), as these Banks are known by various nomenclatures in various States, the Department of Agriculture & Cooperation has replied as under :

"In order to overcome the difficulty in nomenclature of Cooperative Land Development banks in various States, it would be in order if after the words "Cooperative land Development banks", the words "or its renamed equivalents in various States" are added in the relevant sub-Section in question."

*Clause 3 (iv)*

1.34 Clause 3 (iv) seeks to insert the new clauses (dba) and (dbb) after sub-section (db) of Section 2 of the NCDC Act, 1962.

Sub-section db & dc of Section 2 of the Principal Act read as under:

- (db) "General Council" means the General Council of the Corporation constituted under sub-section 4 of Section 3;
- (dc) "Managing Director" means the managing director of the Corporation.

1.35 After insertion of clauses (dba) & (dbb), between clauses (db) & (dc) the amended portion shall read as under :

- (db) "General Council" means the General Council of the Corporation constituted under sub-section 4 of Section 3;
- (dba) "industrial goods" means the products of industrial cooperatives or cottage & village industries or products of allied industries in the rural area and includes any handicrafts or rural crafts;
- (dbb) "livestock" includes all animals to be raised for milk, meat, fleece, skin, wool and other by-products;
- (dc) "Managing Director" means the managing director of the Corporation.

1.36 Regarding the reasons for such new inclusion, the Committee have been informed in a written note that this new provision is necessary in view of the proposed coverage of industrial cooperatives in rural areas by NCDC and to cover livestock and livestock products within the purview of the NCDC. Therefore, it is necessary to define "livestock".

1.37 When asked whether it will be more comprehensive to add the word 'and birds' after 'animals' in sub-clause (dbb) of Clause 3 (iv), the Ministry of Agriculture, Department of Agriculture & Cooperation has stated in a written note that addition of the words 'and birds' after 'animals' in clause (dbb) of section 2 will widen the scope of the Act.

*Clause 3 (v)*

1.38 Clause 3 (v) seeks to amend Section (dd) of Section 2 of the Principal Act.

The existing provision under clause (dd) of Section 2 is as follows:

- (dd) "Nationalised Bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.



1.39 After the proposed amendments this Section will read as under :

- (dd) "Nationalised Bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of undertakings) Act, 1970 or the Banking Companies (Acquisition or Transfer of Undertakings) Act, 1980.

1.40 Explaining the reasons for such amendments and the addition of the banking Companies (Acquisition or Transfer of Undertakings) Act, 1980 in the section for defining the Nationalised Bank, the Department of Agriculture & Cooperation has stated in a written note that :

"Presently the nationalised banks mean the banks as defined in Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 only. There has been another nationalisation of 6 banks in the year 1979 and it is proposed to include them and also make a provision for the subsequent Acts."

*Clause 3 (vi)*

1.41 Clause 3 (vi) seeks to insert a new Clause (ea) after Clause 'e' of Section 2 of the NCDC Act, 1962.

Clauses (e) & (f) of Section 2 of the Principal Act read as under :

- (e) "Notified Commodity" means any commodity (other than agricultural produce and foodstuffs, which the Central Government may, by notification in the Official Gazette, declare to be a notified commodity for the purposes of this Act, being a commodity with respect to which Parliament has power to make laws by virtue of Entry 33 in List III in the Seventh Schedule to the Constitution;
- (f) "Prescribed" means prescribed by rules made under this Act.

1.42 After insertion of clause (ea), between (e) & (f) the amended Act shall read as under :

- (e) "Notified Commodity means any commodity (other than agricultural produce and foodstuffs, which the Central Government may, by notification in the office Gazette,

declare to be a notified commodity for the purposes of this Act, being a commodity with respect to which Parliament has power to make laws by virtue of Entry 33 in List III in the Seventh Schedule to the Constitution;

- (ea) "notified services" means any service which the Central Government may, by notification in the Official Gazette, declare to be notified services for the purposes of this Act;
- (f) "Prescribed" means prescribed by rules made under this Act.

1.43 On being asked whether the Government had any list of notified commodities and services the Secretary replied that a list was available.

*Clause 3 (vi)*

1.44 Clause 3 (vi) of the Bill seeks to amend clause 9(h) of section 2 of the principal Act and also introduces a new clause 2 (ha) after 2 (h). The present provision of section 2 (h) reads as under ;

"State bank" means the State Bank of India constituted under the State Bank of India Act, 1955.

1.45 After amending section 2 (h) and insertion of a new clause 2 (ha) in the Principal Act, it will read as under :

2 (h) "State Bank" means the State Bank of India constituted under the State bank of India Act, 1955 or any of the subsidiary banks of the State Bank of India.

2 (ha) "State Co-operative Bank" has the same meaning as in the Reserve bank of India Act, 1934.

1.46 The informal Committee set up to go into the detail of the NCDC Act are of the opinion that the definition of "State Bank" in Section 2 (h) of the National Cooperative Development Corporation Act, 1962 presently does not include its subsidiaries. the Committee recommended that in order to include the subsidiaries of the State bank also within the definition of the "State Bank", Section 2 (h) of the NCDC Act, 1962 may be amended.

1.47 According to Section (h) of the Reserve Bank of India Act, 1934, the term 'State Cooperative Bank' has the same meaning as

assigned to it in the National Bank for Agriculture and rural Development Act, 1981 (NABARD Act). The NABARD Act defines the 'State Cooperative bank' as under :

(ii) "State co-operative bank" means the principal co-operative society in a State, the primary object of which is the financing of other co-operative societies in the State:

Provided that in addition to such principal society in a State, or where there is no such principal society in a State, the State Government may declare any one or more co-operative societies carrying on business in that state to be also or to be state co-operative bank or State co-operative banks within the meaning of this definition.

**Clause 4 of the Bill—Amendment of Section 3 of the Principal Act.**

*Composition of the General Council vide Section 3*

1.48 Clause 4 (i), (ii) & (iii) of the Bill seek to substitute the following clauses of the NCDC Act, 1962 i.e. 3 (4) (iii), 3 (4) (iv), 3 (4) (vii) & 3 (4) (xvii). Section 3 (4) (iii) & 3 (4) (iv) of the Principal Act read as follows:

3 (4) (iii) Deputy Governor of the Reserve Bank incharge of rural credit, ex-officio.

3 (4) (iv) Managing Director of the State Bank, ex-officio.

1.49 Clause 4 (i) of the NCDC Bill, 1995 seeks to include in the Governing Council the Chairman of the NABARD in place of Deputy Governor Reserve Bank of India and excludes the Managing Director of State Bank, ex-officio from the Governing Council. Hereafter the provision in the Principal Act will read as under:

3 (4) (iii) "Chairman of the national Bank of Agriculture and Rural Development constituted under the National Bank for Agriculture and Rural Development Act, 1981 ex-officio."

1.50 Clause 4 (ii) of the Bill seeks to amend the following provision under section 3 (4) (vii) of the NCDC Act:

3 (4) (vii) "Chairman of the Industrial Finance Corporation of India, constituted under the Industrial Finance Corporation Act, 1948, ex-officio;

1.51 After incorporating the proposed amendment the provision under 3 (4) (vii) will read as under;

3 (4) (vii) One member to be nominated by the Central Government from amongst the Chairmen of one of the Central financing institutions, ex officio;"

1.52 The provision under section 3 (4) (xvii) of the original Act reads as follows

3 (4) (xvii) Three members representing national level organisations engaged or interested in the promotion and development of cooperative programmes to be nominated by the Central Government; and

1.53 Clause (iii) of section 4 of the NCDC Bill seeks to amend clause (xvii) of Section 3 (4) of the Principal Act to expand the representation in the Governing Council from the national level organisations engaged or interested in the promotion and development of cooperative programmes from three members to four.

1.54 Section 3 (4) (xvii) as amended will read as under ;

3 (4) (xvii) Four members representing national level organisations engaged or interested in the promotion and development of cooperative programmes to be nominated by the Central Government; and

1.55 Pertaining to the reasons for amendment in the composition of the Governing Council, the Committee have been informed by the Ministry in a written note that it may not be necessary to give representation to the State Bank of India in the General Council of the Corporation. Similarly, with the formation of the national Bank for Agriculture & Rural Development (NABARD), the functions relating to rural credit have been transferred from the Reserve Bank of India to the NABARD. It is, therefore, appropriate to include Chairman, NABARD in place of Dy. Governor, Reserve Bank of India in charge of rural credit. Furthermore, it has been stated in the written material that at present, the General Council of the NCDC has 50 : 50 representation of officials and non officials excluding the Managing Director. The proposed amendment would give a clear majority to non-officials in the General Council. Answering to a query whether nomination of one member by the Central Government from amongst the Chairmen of one of the

Central Financing Institutions in Section 3 (4) (xvii) of the Principal Act will lead to too much of governmental interference, the Ministry of Agriculture has stated that presently, Clause (xvii) of sub-Section (4) in Section 3 of NCDC Act confines to nomination of the Chairman of the industrial Finance Corporation of India, ex-officio by Central Government. With the proposed change, nomination will now be from among one of the Chairmen of the 3 institutions mentioned viz. IDBI, IFCI, ICICI. As such, the role of the Government will remain unchanged.

1.56 Clause (iii) of Section 4 of the NCDC Bill seek to expand the number of Members to be nominated by the Central Government for representing national level organisation engaged or interested in the promotion and development of cooperative programmes. The present number of members represented by the Central Government is 3. The proposed amendment seeks to represent 4 members instead of 3 members. Answering to a query, whether it will not be desirable to make the General Council send 3 members on its own instead of resorting to nomination by the Union Government, the Ministry in a written note informed the Committee that the present arrangement for nomination by the Central Government under this Section is working satisfactorily and this may continue.

### **Clause 5 of the Bill**

#### **Functions of the Corporation**

##### *Clause 5 (i)*

1.57 Clause 5 (i) of the Bill seeks to amend section 9 (1) of the NCDC Act, 1962 to increase the activities of the NCDC. The present provision under Section 9 (1) reads as under:

- 9 (1) "Subject to the provisions of this Act, the functions of the Corporation shall be to plan and promote programmes, through cooperative societies, for
- (a) the production, processing, marketing, storage, export and import of agricultural produce, food stuffs, poultry feed and notified commodities;

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

1.58 After the proposed amendment the provision under 9 (1) of the Principal Act will read as :

“9(1) Subject to the provisions of this Act, the functions of the Corporation shall be to plan, promote and finance programmes, through cooperative 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;

- (c) development of notified services.

1.59 Explaining the reasons for amending the above mentioned existing provision the Ministry of Agriculture in a written note informed the Committee that :

“Section 9(1) of the Principal Act at present provides that the function of the Corporation ‘shall be to plan & promote programmes through cooperative societies’. This provision does not spell out clearly the financial role of NCDC. Since section 9(1) is the principal section dealing with the basic functions of NCDC *vis-a-vis* cooperative societies, it is felt that the financial role of NCDC need to be expressly reflected therein to remove any ambiguity.”

*Clause 5(ii)*

1.60 Clause 5(ii)(1) of the Bill seeks to amend clause (b) of sub-section 2 of section 9 of the Act.

Clause (b) of Section 9(2) of the Principal Act reads as follows :

9(2)(b) “Provide funds to State Governments for financing Cooperative Societies for the purchase of agricultural

produce, foodstuffs and notified commodities on behalf of the Central Government.”

1.61 After amendment, this provision will read as under :

9(2)(b) “provide funds to State Governments for financing cooperative societies for the purchase of agricultural produce, foodstuffs, livestock, poultry feed, industrial goods, notified commodities and notified services on behalf of the Central Government.”

1.62 Explaining the need to insert the words livestock, poultry feed, industrial goods and notified services in Section 9(2)(b) of the original Act, 1962, the Ministry in a written reply stated that the proposed amendment under Section 9(2) will enable provision of funds, loans or grants—for specified purposes which will in turn broadbase the activities of NCDC as per the statement of objects and reason contained in the NCDC (Amendment) Bill, 1995 *i.e.* “covering livestock and notified services amongst its activities.”

1.63 Clause 5(ii)(2) of the NCDC Bill, 1995 seeks to insert a new clause after 9(2)(e) of the Principal Act.

Clauses (d), (e) & (f) of Section 9(2) of the Principal Act reads as under :

- (d) provide loans and grants directly to the national level cooperative societies and other cooperative societies having objects extended beyond one State;
- (e) provide loans to cooperative societies on the guarantee of State Governments or in the case of cooperative societies in the Union Territories, on the guarantee of Central Government;
- (f) participate in the share capital of the national level cooperative societies and other cooperative societies having objects extending beyond one State.

1.64 After insertion of proviso to clause 2(e) of section 9, the amended Section shall read as under :

- (d) provide loans and grants directly to the national level cooperative societies and other cooperative societies having objects extended beyond one State;
- (e) provide loans to cooperative societies on the guarantee of State Governments or in the case of cooperative 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 cooperative societies and other cooperative societies having objects extending beyond one State.

1.65 Explaining the purpose of this clause, the Ministry of Agriculture has stated that the NCDC is now being made eligible to provide assistance to cooperative societies against security without obtaining guarantees from State Governments/Central Government.

1.66 Pertaining to the need to waive the conditions of guarantee and the present terms and conditions to waive guarantee, the Department of Agriculture & Cooperation in its written reply informed the Committee that Clause (e) of sub-Section (2) of Section 9 of the Principal Act provides that the Corporation may provide loan to cooperative societies on the guarantee of the State Governments or in the case of cooperative societies in the Union Territories on the guarantee of the Central Government.

1.67 The Amendment bill envisages a proviso that no such guarantee shall be required in cases where security to the satisfaction of the Corporation is furnished by the borrowing cooperative society itself. In several cases such as in cases of modernisation/expansion of sugar and other processing cooperatives, there is considerable financial burden on the part of the cooperative societies by way of guarantee commission payable to the State Government for getting State guarantee. In some cases, the cooperatives find it difficult to obtain guarantee in time. The



delay obviously results in escalation of project cost which adversely affects the cooperative and its members. In certain cases the State Governments are not agreeable to stand guarantee as and when required. The proposed proviso would enable NCDC to provide assistance in such cases without insisting on guarantee but on the condition of creation of commensurate mortgage/security to the satisfaction of the Corporation.

1.68 When asked about the guidelines to determine the suitability or genuineness of cases for the purpose of waiving the guarantee, the Ministry of Agriculture has stated that the NCDC will formulate detailed guidelines governing grant of assistance to cooperative societies without guarantees only after the Act is amended. However, as in all cases, broadly, the techno-economic feasibility, the market potential, availability of raw material as well as financial viability will be seen in case of new societies. In addition, the past record of functioning, the repayment of earlier loans, the need for expansion/modernisation and networth as of the society will be considered before grant of assistance.

#### Clause 6 of the Bill

#### Receipt of Grant & Donations by the Corporation *vide* Section 12

1.69 Section 12 of the Principal Act reads as under :

12A.(1) The Corporation may, for the purposes, of carrying out its functions under this Act, and with the previous approval of, and subject to the directions of the Central Government, borrow money from .

- (a) the public by the issue by sale of bonds or debentures, or both, carrying interest at such rates as may be specified therein;
- (b) any bank or other financial institutions;
- (c) any other authority, organisation or institution as may be specially approved by the Central Government in this behalf.

(2) The Central Government may guarantee the repayment of the moneys borrowed by the Corporation under clause (a) or clause (b)

or clause (c) of sub-section (1) and the payment of interest thereon and other incidental charges.

1.70 After insertion of a new clause 12 (B), section 12 of the original Act will read as under :

12A.(1) The Corporation may, for the purposes, of carrying out its functions under this Act, and with the previous approval of, and subject to the directions of the Central Government, borrow money from .—

- (a) the public by the issue by sale of bonds or debentures, or both, carrying interest at such rates as may be specified therein;
- (b) any bank or other financial institutions;
- (c) any other authority, organisation or institution as may be specially approved by the Central Government in this behalf.

(2) the Central Government may guarantee the repayment of the moneys borrowed by the Corporation under clause (a) or clause (b) or clause (c) of sub-section (1) and the payment of interest thereon and other incidental charges.

12B.(1) the Corporation may receive gifts, grants, donations or benefactions from Government or any other agency in or outside India.

(2) The Corporation shall not receive any gifts, grants, donations or benefactions from a foreign government or any other agency outside India except with the previous approval of the Central Government.”

NCDC's main sources of funds are budgetary allocation from Plan Funds from Central Government, line of credit, if any, from international agencies, internal revenue generation and market borrowings through SLR bonds. Of these, funds from Central Government constitute a major share (50-60%). On account of budgetary constraints the Government is not in a position to step up its outlays for NCDC substantially. Further, there is a growing gap

between the resources available and those required. The new provision in the amendment bill could help in enhancing the deployable resources of NCDC.

1.71 When asked about the way the new clause will be helpful to the cooperatives, the Ministry of Agriculture informed the Committee that in the past, the possibilities of offers of gifts/donations in kind etc. could not materialise in the absence of proper provision in the Act which is now proposed to be rectified through the amendment in question. This will add to the overall financial resources of NCDC which could be deployed for cooperative development.

### Clause 7 of the Bill

#### Maintenance of the Funds of the Corporation

1.72 Section 13(1) of the Principal Act reads as under :

13 (1) The Corporation shall maintain a fund called the National Cooperative Development Fund (hereinafter referred to as the Fund) to which shall be credited—

- (a) all moneys and other securities transferred to it under clause (a) of Sub-Section (2) of Section 24;
- (b) the grants and other sums of money by way of loan paid to the Corporation by the Central Government under Section 12;
- \*(ba) all moneys borrowed under section 12.
- (c) such additional grants, if any, as the Central Government may make to the Corporation for the purposes of this Act; and
- (d) such sums of moneys as may, from time to time, be realised out of repayment of loans made from the Fund or from interest on loans or dividend or other realisation on investments made from the Fund.

1.73 After insertion of clauses (bb) & (bbb) after clause (b), the amended section 13 will read and under :

13 The Corporation shall maintain a fund called the National Cooperative Development Fund (hereinafter referred to as the Fund) to which shall be credited—

- (a) all moneys and other securities transferred to it under clause (a) of Sub-Section (2) of Section 24;
- (b) the grants and other sums of money by way of loan paid to the Corporation by the Central Government under Section 12;
- (ba) all moneys borrowed under section 12A;
- (bb) all moneys received under section 12B;
- (bbb) all moneys received for services rendered;
- (c) such additional grants, if any, as the Central Government may make to the Corporation for the purposes of this Act; and
- (d) such sums of moneys as may, from time to time, be realised out of repayment of loans made from the Fund or from interest on loans or dividend or other realisation on investments made from the Fund.

1.74 Sub-section 3 of Section 13 of the Principal Act, reads as follows :

“13(3) All moneys in the Fund shall be deposited in the Reserve Bank or the State Bank or a nationalised bank.”

1.75 After amendment the provision under sub-section (3) of section 13 will read as under :

“(3) All moneys in the Fund shall be deposited in the Reserve Bank or the State Bank or a nationalised bank or a scheduled bank or a State cooperative bank.”

1.76 Regarding the justification of such amendments, the Committee have been informed in a written note that :

“Under this provision the NCDC becomes eligible to receive charges for the services rendered by it. This amendment also enables NCDC to deposit its funds in the Reserve Bank of India or the State Bank or a nationalised bank or a scheduled bank or a state cooperative bank. Earlier the scheduled banks and State cooperative bank were not covered for this purpose.”

#### General Performance of NCDC

1.77 The primary objective for the NCDC was to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs and certain other commodities through the cooperative societies with a view to securing prosperity of rural areas and for matters connected therewith. The (Amendment) Bill, 1995 is suggested keeping in view the proposal of including industrial cooperatives in the rural areas in which the weaker sections of the community would be interested.

The programme-wise disbursement of assistance by the end of 1995-96 is as follows :

		(Rs. in crores)	
S. No.	Activity	Assistance disbursed 1962-63 to 1995-96 (Provisional)	%age of Total disbursed
1.	Agro-Processing (Sugar, Oilseeds, Cotton Processing etc.)	1849.97	50.34
2.	Storage (including Cold Storage)	658.12	17.91
3.	Marketing & Inputs	415.46	11.31
4.	Weaker Sections	385.45	10.49
5.	Rural Consumers	119.45	3.25
6.	Integrated Cooperative Development Projects (ICDP)	171.50	4.67
7.	Promotional & MIS	74.72	2.03
		3674.67	100.00

## RECOMMENDATIONS/OBSERVATIONS

### *Clause 2 of the Bill—Amendment of Long Title*

The informal Committee had recommended that the long title of the Act i.e. the Preamble may include "livestock, foodstuffs, products of cottage and village industries, handicrafts and other rural craft, allied economic activities in rural areas on Cooperative principles with a view to securing prosperity of rural areas and for matters connected therewith and incidental thereto" after the words 'agricultural produce'. However, the Amendment Bill, 1995 adds the words "and services" in place of all the above items and has made provisions of inclusion of the suggested items by insertion of new clauses viz. (dba) and (dbb) under the headings industrial goods & livestock respectively after clause (db) under section 2 of the Principal Act.

The Preamble should be short and also broadly indicative of the contents of the entire Act. Since the words 'certain other commodities' have been incorporated in the preamble already and these words could include 'industrial goods' within their ambit, there appears to be some necessity to include the words 'industrial goods' to remove any doubt. It is felt that 'livestock' in common parlance cannot be considered to be a 'a commodity', this word should be specifically included.

The Committee, therefore, recommend that the long title i.e. Preamble should read as follows :

"An act to provide for the incorporation and regulation of a corporation for the purpose of planning and promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs, industrial goods, livestock and certain other commodities and services on cooperative principles and for matters connected therewith or incidental thereto."

### *Clause 3 (i) of the Bill*

2.2 The statement of objects and reasons attached to the NCDC Amendment Bill, 1995 proposes to broaden the base of the activities of NCDC. The Committee examined the pros and cons for inclusion of 'non-edible oilseeds', produce of horticulture and animal

husbandry, forestry, poultry farming and pisciculture and other allied activities whether or not jointly undertaken with Agriculture, in Section 2 (a) of the Principal Act. It was brought to the notice of the Committee that this amendment has been proposed to broaden the activities of NCDC on the lines of the provisions of the NABARD Act, 1981. It was explained to the Committee in the written reply that both edible and non-edible oilseeds are of high medicinal value and these oilseeds have to be sold by the producers almost at throw away prices. Regarding inclusion of "other seeds for production purposes" in section 2a(i) of the Act, the Committee was told by the Ministry of Agriculture that this will further make the clause more comprehensive. The proposed amendment will help the cooperatives so that non-edible oilseeds would be produced, collected and processed and all these activities will result in value addition and consequently would fetch remunerative prices for the farmers.

The Committee agree with the perceptions of the Government of adding non-edible oilseeds and recommend the proposed amendment to the house for its acceptance. The Committee further recommend that 'other seeds for production purposes' may be added to edible and non-edible oilseeds in Section 2a(i) of the Principal Act. They also desire that the words 'produce of' should be added before the words 'forestry', 'poultry farming', 'pisciculture' and 'other allied activities'.....in this clause.

*Clause 3 (i) (a) of the Bill*

2.3 The Committee observe that Section 2 (a) (iii), (iv) and (v) of the Original Act 1962 as amended in 1974 has the following as agricultural produce mentioned in it :

- 2 (a) (iii) raw cotton, whether ginned or unginned and cotton seed;
- (iv) raw jute; and
- (v) vegetable oils.

These have now been substituted by

- 2 (a) (iii) produce of horticulture and animal husbandry;
- (iv) forestry;
- (v) poultry farming;

- (vi) pisciculture; and
- (vii) other allied activities, whether or not jointly undertaken with agriculture.

The Committee fail to understand why raw cotton whether ginned or unginned, raw jute, cotton seeds, etc. have been eliminated from the definition of agricultural produce. Raw cotton, raw jute, vegetable oils are all principal money earning agricultural products.

The Committee, therefore, strongly feel and recommend that these agricultural produce i.e. raw cotton, whether ginned or unginned, raw jute, cotton seeds & vegetable oils should be classified under agricultural as originally produce defined under Section 2 of the Principal Act.

*Clause 3 (ii) of the Bill*

2.4 The Committee observe that clause 3 (ii) of the bill seeks to insert a new clause (aba) in section 2 of the Principal Act to specify the three financial institutions namely, Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and Industrial Credit and Investment Corporation of India (ICICI) to facilitate the purpose of development of rural industrial sector, which is a quite significant sector of cooperative movement. While agreeing with the amendment proposed in principle, the Committee recommend the proposed amendment in its modified form to the House for its acceptance.

*Clause 3 (iii) of the Bill*

2.5 Clause 3 (iii) of the Bill seeks to amend sub-sections (b) & (c) of Section 2 of the Act. The Committee express its consent to the amendment proposed on sub-sections (b) & (c) of Section 2 of the Act. Regarding all inclusiveness of the term "Cooperative Land Development Bank" in Clause (c) contained in Clause 3 (iii) of the Bill, the Committee feel that this may lead to ambiguity because these banks are known by various names in different States. The Government also agreed with the observation of the Committee and stated that in order to overcome the difficulty it would be in order if after the words "Cooperative Land Development Banks", the word "or its renamed equivalents in various States" are added in the relevant sub-section. The Committee feel that even the use of the



term 'renamed' may be omitted to make the proposed amendment more comprehensive.

Therefore, the Committee recommend that the words "or its equivalents in various States" should be added duly in sub-clause (c) of clause 3 (iii) of the Amendment Bill.

*Section 3 (iv)*

2.6 Clause 3 (iv) seeks to insert the new sub-clauses after sub-section (db) of Section 2 of the NCDC Act, 1962 which seek to cover livestock & livestock products within the purview of the NCDC. The Committee agree with the amendment proposed in subclause (dba). However, in respect of sub-clause (dbb) of clause 3(iv), the Committee recommend that the word 'and birds' should be added after the word 'animals' in order to make the provision more comprehensive. The Committee also feel that the term 'livestock' should cover the livestock that are used for draught purposes and for carrying out normal agricultural work, as there could be cooperatives for these purposes also. They, therefore, desire that the government may come up with a suitable official amendment in this regard.

*Clause 3 (v)*

2.7 The Committee observe that Clause 3 (v) of the bill seeks to amend clause (dd) of Section 2 of the Principal Act for the purpose of bringing into the purview of the Principal Act all the banks that have been nationalised in 1969 and in 1979 and also the banks that might be nationalised in future. The Committee recommend that the proposed amendment may be accepted.

*Clause 3 (vi) of the Bill*

2.8 Clause 3 (vi) seeks to insert a new clause (ea) after clause (e) of Section 2 of the NCDC Act, 1962 and the new clause defines 'Notified Services'. The Committee agree with the perception of the Government and recommend the proposed amendment to the house for its acceptance.

*Clause 3 (vii)*

2.9 The Committee observe that clause 3 (vii) of the Bill seeks to include the subsidiaries of the "State Bank" within the definition of the "State Bank" and also defines the meaning of the term 'State Cooperative Bank'. The Committee agree with

this amendment and recommend the proposed amendment to the House for its acceptance.

*Clause 4 of the Bill*

2.10 The Committee note that Clause 4 (i), (ii) and (iii) seek to substitute Clause 3 (4) (iii), (iv) & (xvii) of the NCDC Act, 1962. Pertaining to the reasons for change in the composition of the General Council. The Committee was informed that after the formation of the NABARD, the functions relating to rural credit have been transferred from RBI to NABARD. Therefore, it is appropriate to include Chairman, NABARD in place of Deputy Governor, RBI. Regarding representation of officials & non-officials in the General Council, the Committee was informed that the proposed amendment will give a clear majority to non-officials. Moreover, with the proposed change in Clause (xvii) of Sub-section (4) in Section 3 of NCDC Act, the role of the Government will remain unchanged.

Considering the above mentioned reasons as stated by the Department of Agriculture & Cooperation, the Committee agree with the proposed amendment and recommend that the proposed amendment to the House for its acceptance.

*Clause 5 (i) & 5(ii) of the Bill*

2.11 Clause 5 (i) of the bill seeks to add the word 'finance' in section 9 (1) of the Act and one new clause after Section 9 (1) (b) i.e. 'development of notified services'. The reasons for the amendment are to spell out clearly the financial role of NCDC and to expand its activities to cover the 'notified services' under the purview of NCDC. Therefore, the Committee recommend that the proposed amendment may be accepted.

*Clause 5 (ii) (1) of the Bill*

2.12. Clause 5 (ii) (1) of the Bill seeks to insert the words 'livestock, poultry feed, industrial goods and notified services' in section 9 (2) (b) of the Principal Act, 1962 in order to broaden the activities of NCDC as per the statement of objects & reasons contained in the NCDC (Amendment) Bill, 1995. The Committee recommend that this amendment may be accepted.

*Clause 5 (ii) (2) of the Bill*

2.13 The Committee observe that clause 5 (ii) (2) of the NCDC Bill, 1995 seeks to insert a proviso to 9 (2) (e) of the Principal Act, whereby no guarantee shall be required in cases in which security to the satisfaction of the corporation is furnished by the borrowing cooperative society.

The Committee observe that the Corporation needs no guarantee if the security is furnished by the borrowing cooperative society. In other words the thrust is on the security matter than on the social objective of the cooperative organisation which organises the weaker sections into groups.

The Committee at this juncture wish to recommend that a suitable amendment favourable to the cooperatives organised by the weaker sections of the society in the matter of waiving the state guarantee and security stipulations may be introduced in the bill in view of the social obligations and objectives behind the setting up of the NCDC. The Committee recommend the adoption of this clause with a modification in favour of the cooperative societies organised by the weaker sections of the society in view of the stark ground realities of poverty and lack of control over productive resources on their part.

*Clauses 6 & 7 of the Bill*

2.14 The Committee observe that Clause 6 of the Bill seeks to insert new clause 12 (B) which is related to the receipt of grants and donations by the Corporation. The Committee also observe that clause 7 of the Bill seek to insert new clauses bb & bbb after clause (b) of Section 13 of the Principal Act. These new provisions will help in enhancing the deployable resources of NCDC and enable NCDC to deposit its funds in the Reserve Bank of India or the State Bank or a Nationalised Bank or Scheduled Bank or a State Cooperative Bank. The Committee agree with these amendments and recommend the proposed amendments to the House for their acceptance.

*General Observation*

2.15 The Committee note with concern the share of disbursement of loan to the weaker sections, Rural consumers and Integrated Cooperative Development Projects (ICDP) which is as low as 10.49, 3.25 & 4.67% respectively. It shows either a lack of interest

among the weaker sections to form cooperatives or a lack of will on the part of the organisation in extending actual credit to weaker sections cooperatives. The Committee feel that the fruits of these liberalised/soft loans are actually being reaped by big houses under the garb of cooperatives. The (Amendment) Bill seeks to widen the scope of NCDC. The Committee is of course, all out for the widening the scope of NCDC. Looking to the performance of NCDC, the Committee wish to recommend that it should be ensured that there is fairness in the proportion of distribution of resources in favour of the weaker sections cooperatives so that the Corporation really achieves the noble objectives for which it was created.

The Committee, therefore, advise stricter monitoring, qualitative analysis, better management of money so that the weaker section beneficiaries improve their life standard and the Corporation prospers.

NEW DELHI;  
12 December, 1996  
21 Agrahayana, 1918 (Saka)

SANTOSH KUMAR GANGWAR,  
*Chairman,*  
*Standing Committee on Agriculture.*

## APPENDIX I

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 12TH DECEMBER, 1996 AT 1500 HRS. IN ROOM NO. 118, PARLIAMENT HOUSE ANNEXE.

The Committee sat from 1500 hrs. to 1615 hrs.

### PRESENT

Shri Santosh Kumar Gangwar — *Chairman*

### MEMBERS

#### *Lok Sabha*

2. Shri Gangadhar Kunturkar
3. Shri Ramesh Bais
4. Shri Thawar Chand Gehlot
5. Shri Padamsen Chaudhary
6. Shri Bhimrao Badade
7. Shri G. Mallikarjunappa
8. Shri Gordhanbhai Javia
9. Shri Manibhai Chaudhuri
10. Shri Sohanveer Singh
11. Shri Bhupender Singh Hooda
12. Shri Gulam Mohd. Mir Magami
13. Shri Sukdeo Paswan
14. Shri Bajuban Riyan
15. Shri Mahabcoob Zahedi
16. Shri Sydaiah Kota
17. Shri Suresh Jadhav
18. Shri Sode Ramaiah
19. Shri Bhim Prasad Dahal

*Rajya Sabha*

20. Shri Ananta Sethi
21. Maulana Habibur Rahman Nomani
22. Shri Jagir Singh Dard
23. Shri Shiv Charan Singh
24. Dr. Ranbir Singh
25. Shri Anil Kumar

## SECRETARIAT

1. Shri S. Bal Shekar — *Deputy Secretary*
2. Shri Mange Ram — *Under Secretary*
3. Shri K.L. Arora — *Assistant Director*

At the outset Chairman (AC) welcomed the Members to the sitting of the Committee and requested them to take up the adoption of the Draft Seventh Report of the Committee on National Co-operative Development Corporation (Amendment) Bill, 1995, in respect of Ministry of Agriculture, Department of Agriculture and Co-operation.

The Draft Report was considered and unanimously adopted without any change.

The Members of the Committee, thereafter authorised the Chairman to present the Report on National Co-operative Development Corporation (Amendment) Bill, 1995, in respect of Ministry of Agriculture, Department of Agriculture and Co-operation to the House on a date and time convenient to him. The Committee decided to hold next sitting of the Committee on 3rd January, 1997.

*The Committee then adjourned.*

As Introduced in the Rajya Sabha on  
25 August, 1995

Bill No. LVII of 1995

THE NATIONAL CO-OPERATIVE DEVELOPMENT CORPORATION  
(AMENDMENT) BILL, 1995

A

BILL

*further to amend the National Co-operative Development  
Corporation Act, 1962.*

Be it enacted by Parliament in the Forty-sixth Year of the Republic  
of India as follows :—

- |  |                                  |
|--|----------------------------------|
|  | Short title and<br>Commencement. |
| 1. (1) This Act may be called the National<br>Co-operative Development Corporation<br>(Amendment) Act, 1995.   |                                  |
| (2) it shall come into force on such date as<br>the Central Government may, by<br>notification in the Official Gazette,<br>appoint.  |                                  |
| 2. In the National Co-operative Development<br>26 of 1962. Corporation Act, 1962 (hereinafter referred to<br>as the principal Act), in the long title, for<br>the words "and certain other commodities"<br>the words "and certain other commodities<br>and services" shall be substituted. | Amendment of<br>long title.      |
| 3. In section 2 of the principal Act,—   | Amendment of<br>section 2.       |
| (i) for clause (a), the following clause shall<br>be substituted, namely :—  |                                  |
| (a) "agricultural produce" includes the<br>following :—  |                                  |

- (i) edible and non-edible oil seeds;
  - (ii) cattle feed, including oil-cakes and other ingredients,
  - (iii) produce of horticulture and animal husbandry;
  - (iv) forestry,
  - (v) poultry farming;
  - (vi) pisciculture; and
  - (vii) other allied activities, whether or not undertaken jointly with agriculture;'
- (ii) after clause (ab), the following clause shall be inserted, namely :—
- (aba) "Central financing institution" means Industrial Development Bank of India established under sub-section (1) of section 3 of the Industrial Development Bank of India Act, 1964 and includes an institution specified in section 6A of that Act; 18 of 1964.
- (iii) for clauses (b) and (c), the following clauses shall be sub-situted, namely:—
- (b) "Central Warehousing Corporation" means the Central Warehousing Corporation established under sub-section (1) of section 3 of the Warehousing Corporation Warehousing Corporations Act, 1962; 58 of 1962.
  - (c) "co-operative society" means a society registered or deemed to be registered under the Co-operative Societies Act, 1912 or under the Multi-State Co-operative Societies Act, 1984 or under any other law with respect to co-operative societies for the time being in force in any State, which is engaged in any of the activities specified in 51 of 1984. 2 of 1912.



sub-section (1) of section 9 and includes a Co-operative Land Development Bank';;

- (iv) after clause (db), the following clauses shall be inserted, 25 namely :—

'(dba) "industrial goods" means the products of industrial cooperatives or cottage and village industries or products of allied industries in the rural area and includes any handicrafts or rural crafts;

(dbb) "livestock" includes all animals to be raised for milk, meat, fleece, skin, wool and other by-products;

- (v) for clause (dd), the following clause shall be substituted, namely :—

'(dd) "nationalised bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.;;

40 of 1980.

5 of 1970.

- (vi) after clause (e), the following clause shall be inserted, namely :—

'(ea) "notified services" means any service which the Central Government may, by notification in the Official Gazette, declare to be notified services for the purposes of this Act;;

- (vii) for clause (h), the following clauses shall be substituted namely :—

'(h) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955 or any of the subsidiary banks of the State Bank of India;

28 of 1955.

- (ha) "State Co-operative Bank" has the same meaning as in the Reserve bank of India Act 1934.;

2 of 1934.

- Amendment of section 3
4. In section 3 of the principal Act, in sub-section (4),—
- (i) for clauses (iii) and (iv), the following clause shall be substituted, namely:—
  - “(iii) Chairman of the National Bank of Agriculture and Rural Development constituted under the National Bank for Agriculture and Rural Development Act, 1981 *ex-officio*.”; 61 of 1981.
  - (ii) for clause (vii), the following clause shall be substituted, namely :—
  - “(vii) one member to be nominated by the Central Government from amongst the chairmen of one of the Central financing institutions, *ex-officio*.”
  - (iii) in clause (xvii), for the words “three members”, the words “four members” shall be substituted.
- Amendment of section 9
5. In section 9 of the principal Act,—
- (i) in sub-section (1)—
  - (1) in the opening portion, for the words “plan and promote”, the words “plan, promote and finance” shall be substituted;
  - (2) after clause (b), the following clause shall be inserted, namely :—
  - “(c) development of notified services.”;
  - (ii) in sub-section (2),—
  - (1) in clause (b), for the words “and notified commodities”, the words “livestock,

poultry feed, industrial goods, notified commodities and notified services" shall be substituted;

- (2) in clause (e), the following proviso shall be inserted, namely :—

"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;"

6. After section 12A of the principal Act, Insertion of new section 12B.  
the following section shall be inserted  
namely :—

"12 B (1) The Corporation may receive Grants, donations, gifts, grants, donations or benefactions etc. from Government or any other agency in or outside India.

- (2) The Corporation shall not receive any gifts, grants, donations or benefactions from a foreign Government or any other agency outside India except with the previous approval of the Central Government."

7. In section 13 of the principal Act, Amendment of section 13.

- (i) in sub-section (I), after clause (b), the following clauses shall be inserted, namely :—

"(bb) all moneys received under section 12B;

(bbb) all moneys received for services rendered;"

- (ii) for sub-section (3), the following sub-section shall be substituted, namely :—

"(3) All moneys in the Fund shall be deposited in the Reserve Bank or the State Bank or a nationalised bank or a scheduled bank or a State Co-operative Bank".

## STATEMENT OF OBJECTS AND REASONS

• The National Cooperative Development Corporation was set up under the National Cooperative Development Corporation Act, 1962. In the administration of the said Act, with the passage of time it was felt that there was need to further broadbase the activities of the Corporation.

2. With a view to enlarge the scope of the Act, a Committee was constituted which recommended that the activities of the Corporation be broadbased. It is accordingly proposed to amend the said Act, *inter-alia*, to provide for—

- (i) covering livestock and notified services amongst its activities;
- (ii) authorising the Corporation to accept grants, donations, etc. from any agency in and outside India; and
- (iii) empowering the Corporation to waive, in suitable cases, conditions with regard to guarantee.

3. The Bill seeks to achieve the aforesaid objectives.

•  
NEW DELHI;

BAL RAM JAKHAR

The 21st August, 1995.

# RAJYA SABHA

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A

BILL

further to amend the National Co-operative  
Development Corporation Act, 1962.

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*(Shri Bal Ram Jakhar, Minister of Agriculture)*

THE NATIONAL COOPERATIVE  
DEVELOPMENT CORPORATION  
ACT, 1962

(No. 26 of 1962)

(As modified upto 13th March, 1974)



NATIONAL COOPERATIVE DEVELOPMENT CORPORATION  
4, Siri Institutional Area, Hauz Khas,  
New Delhi -110 016.

## PREFACE

As a result of the recommendations of the Expert Committee appointed by the Government of India in 1970 to review the working of the National Cooperative Development Corporation, the National Cooperative Development Corporation Act, 1962 (26 of 1962) under which the Corporation was set up, has been modified in 1973 and 1974 through two amendments passed by Parliament. These changes have been carried out in the principal Act. The two amendments, as passed by the Parliament, are also reproduced at Annexures I & II.

2. The amendments of 1973 extending, among others, the jurisdiction of the N.C.D.C. to the State of Jammu & Kashmir came into force w.e.f. 21st August, 1973, while the changes except those relating to the constitution of the General Council and the Board of Management, contemplated in second amendments, were brought into force by the Government of India, with effect from 1st April, 1974, *vide* Notification No. L. 12011/3/74-MWS, dated the 26th March, 1974, a copy of which is at Annexure-III. The provisions regarding constitution of the General Council and Board of Management have been enforced w.e.f. 7th April, 1975 *vide* Notification No. F.L. 12011/3/74-MWS dated 4th April, 1975 (Annexure IV).

3. The NCDC Act has been extended to Sikkim from 2nd October, 1975 *vide* Notification No. L-12012/19/73-CMP dated 22nd September, 1975 (Annexure V).

M.S. Gill  
Managing Director.

New Delhi 110019, National Cooperative Development Corporation  
1st June, 1976.

THE NATIONAL COOPERATIVE DEVELOPMENT CORPORATION

ACT, 1962 (NO. 26 OF 1962)

(31st August, 1962)

- \* [An act to provide for the incorporation and regulation of a corporation for the purpose of planning and promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs and certain other commodities on cooperative principles and for matters connected therewith].

Be it enacted by Parliament in the Thirteenth year of the Republic of India as follows:

1. (1) This Act may be called the National Cooperative Development Corporation Act, 1962. Short Title, Extent and Commencement.

\*\* (2) it extends to the whole of India.

- (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

\*\*\* [it shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act].

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\* Substituted by the NCDC (Amendment) Act, 1974 for the following original provision:—

"An act to provide for the incorporation and regulation of a corporation for the purpose of development of agricultural produce and certain other commodities on cooperative principles and for matters connected therewith".

\*\* The words "except the State of Jammu and Kashmir" omitted by the NCDC (Amendment) Act, 1973

\*\*\* Inserted by the NCDC (Amendment) Act, 1974 in relation to provisions under it.



Definitions. 2. In this Act, unless the context otherwise requires:

(a) "agricultural produce" \* [includes the following] classes of commodities, namely:

- (i) \*\*edible oil seeds;
- (ii) Cattle fodder, including oil-cakes and other concentrates;
- (iii) raw cotton, whether ginned or unginned and cotton seed;
- (iv) raw jute; and
- (v) vegetable oils.

\*\*\* [(aa) "bank" means a nationalised bank and includes a scheduled bank];

\*\*\*\*[(ab) "Board" means the Board of Management of the Corporation constituted under Section 10];

(b) "Central Warehousing Corporation" means the Central Warehousing Corporation established under section 17 of the Agricultural produce (Development and Warehousing) Corporation Act, 1956.

28 of 1956.

(c) "cooperative society" means a society registered or deemed to be registered under the Cooperative Societies Act, 1912 or under any other law with respect to cooperative societies for the time being in force in any State, which is engaged in any of the activities specified in sub-section (1) of section 9 and includes a cooperative land mortgage bank;

2 of 1912.

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\* Substituted by the NCDC (Amendment) Act, 1974, for the words "means any of the following".

\*\* The words "foodstuffs, including" omitted by the NCDC (Amendment) Act, 1974.

\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

\*\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

(d) "Corporation" means the National Cooperative Development Corporation established under \*[Sub-section (1) of Section 3].

\*\* [(da) "*foodstuffs*", include

(i) coconuts and arecanuts;

(ii) eggs and egg products;

(iii) fish, whether fresh, frozen, dried or preserved;

(iv) fruits, whether fresh, dried or dehydrated;

(v) honey;

(vi) meat, whether fresh, frozen, dried or preserved;

(vii) milk and milk products;

(viii) Vegetables

(db) "General Council" means the General Council of the Corporation constituted under sub-section 4 of Section 3;

(dc) "Managing Director" means the managing director of the Corporation;

(dd) "Nationalised Bank" means a corresponding new banks as defined in the Banking Companies (Acquisition, and Transfer of Undertakings) Act, 1970;

5 of 1970.

(e) "Notified Commodity" means any commodity (other than agricultural produce \*\*[and foodstuffs], which the

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\* Substituted by the NCDC (Amendment) Act, 1974 for the word and figure "Section 3".

\*\* Inserted by the NCDC (Amendment) Act, 1974.

Central Government may, by notification in the office Gazette, declare to be a notified commodity for the purposes of this Act<sup>1</sup>, being a commodity with respect to which Parliament has power to make laws by virtue of Entry 33 in List III in the Seventh Schedule to the Constitution;

- (f) "Prescribed" means prescribed by rules made under this Act;
- (g) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934;
- \*\*[(ga) "Scheduled Bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934];
- (h) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955;
- (i) "Year" means one financial year.

20 of 1934.

23 of 1955.

Construction of reference to any law not in force or any functionary not in existence in the State of Jammu and Kashmir.

- \*\*\* 2A. Any reference in this Act to any law which is not in force, or any functionary not in existence, in the State of Jammu and Kashmir, shall, in relation to that State, be construed as a reference to the corresponding law in

\* Inserted by the NCDC (Amendment) Act, 1974

\*\* Inserted by the NCDC (Amendment) Act, 1974.

\*\*\* Inserted by the NCDC (Amendment) Act, 1973.

<sup>1</sup> List of commodities notified at Annexures-VI.

Establishment of  
National Coopera-  
tive Development  
Corporation.

force, or to the corresponding functionary in existence, in that State.

3. (1) The Central Government shall, by notification in the official Gazette, establish with effect from such date as may be specified in the notification, a Corporation by the name of the national Cooperative Development Corporation which shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract and may, in the said name, sue and be sued.
- (2) The head office of the Corporation shall be in New Delhi.
- \*(3) The Corporation shall carry on its functions through the General Council and the board.

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\* Substituted by the NCDC (Amendment) Act, 1974 for the original sub-sections (3) to (5) of Section 3, which were as under :—

“(3) The Corporation shall consist of the following members, namely :—

- (i) nine members representing the Central Government to be nominated by that Govt. in such manner as may be prescribed;
- (ii) one representative of the Reserve Bank to be nominated by the Reserve Bank to be nominated by the Reserve Bank;
- (iii) one representative of the State Bank, to be nominated by the State Bank;
- (iv) one representative of the Central Warehousing Corporation, to be nominated by that Corporation;
- (v) eight non-officials nominated by the Central Government of whom—
  - (a) one shall be a representative of the National Cooperative Union of India;
  - (b) two shall be persons who have special knowledge of rural economics and cooperation; and
  - (c) five shall be persons recommended by State Governments on a zonal basis in consultation with non-official cooperative organisations in the States in accordance with rules made under this Act.

4. A member of the Corporation nominated by the Central Government may be nominated by virtue of office.

5. There shall be a Chairman and a Vice-Chairman of the Corporation who shall be chosen from among the members in such manner as may be prescribed”.

- (4) The General Council shall consist of the following members, namely :—
- (i) a President and a Vice-president both to be nominated by the Central Government;
  - (ii) eight members, *ex-officio* to be nominated by the Central Government from such of its ministries dealing with economic matters as it may think fit;
  - (iii) Deputy Governor of the Reserve Bank in-charge of rural credit, *ex-officio*;
  - (iv) Managing Director of the State Bank, *ex-officio*,
  - 37 of 1964. (v) Managing Director of the Food Corporation of India, constituted under Food Corporation Act, 1964, *ex-officio*;
  - 58 of 1962. (vi) Managing Director of the Central Warehousing Corporation, constituted under the Warehousing Corporation Act, 1962 *ex-officio*;
  - 15 of 1948. (vii) Chairman of the Industrial Finance Corporation of India, constituted under the industrial Finance Corporation Act, 1948, *ex-officio*;
  - (viii) a member representing banks, to be nominated by the Central Government;
  - (ix) Chairman of the national Cooperative Union of India, *ex-officio*;
  - (x) Chairman of the national Agricultural Cooperative Marketing Federation, *ex-officio*;
  - (xi) Chairman of the National Federation of Cooperative Sugar Factories, *ex-officio*;

- (xii) Chairman of the All India Federation of Cooperative Spinning Mills, ex-officio;
  - (xiii) Chairman of the All India State Cooperative Banks' Federation, ex-officio;
  - (xiv) eleven members other than those nominated under clause (xv), representing the States and the Union Territories, to be nominated by the Central Government, provided that not more than one person shall be so nominated from each State or Union Territory;
  - (xv) eleven members to be nominated by the Central Government from among the Chairman of the State level cooperative federations from the States and Union Territories, provided that not more than one person shall be so nominated from each State or Union Territory;
  - (xvi) four members representing persons having special knowledge of, or practical experience in agricultural cooperative development, to be nominated by the Central Government;
  - (xvii) three members representing national level organisations engaged or interested in the promotion and development of cooperative programmes to be nominated by the Central Government, and
  - (xviii) the managing director.
- (5) The powers and functions of the Corporation shall be exercised or discharged, as the case may be, by the General Council. and references elsewhere in this Act to the Corporation shall, unless the context otherwise requires, be construed as references to the General Council.

- (6) Notwithstanding the expiry of the prescribed term of his office, every member of the General Council shall continue to hold office as such, until his successor in such office has assumed charge of such office.
- (7) Members of the General Council, other than the managing director, shall be entitled to receive such sittings fees as may be specified by regulations made by the Corporation under this Act, for attending any meeting of the General Council, Board or any committees of the Corporation.

Provided that no official member shall be entitled to receive any sitting fee.]

Disqualifications  
for being a  
Member of  
Corporation.

4. A person shall be disqualified for being chosen as and for being a member of the Corporation —
- (i) if he is, or at any time has been adjudicated insolvent or has suspended payment of his debt or has compounded with his creditors; or
- (ii) if he is or has been convicted of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months, unless a period of five years has elapsed from the date of expiry of the sentence; or
- (iii) \*except in the case of managing director, if he is a salaried official of the Corporation.

5. (1) The term of office of members of the Corporation and the manner of filling vacancies among members shall be such as may be prescribed. Term of Office of Members of Corporation.
- (2) Any member of the Corporation other than an *ex-officio* member may resign his office by giving notice in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office.
6. The Central Government may, at any time remove from office any member other than an *ex-officio* member of the Corporation after giving him a reasonable opportunity of showing cause against the proposed removal. Removal from Office of Member, EFC.
7. (1) The Corporation shall ordinarily meet twice a year at such times and places and shall, subject to the provisions of sub-sections (2) and (3), observe such procedure in regard to transaction of business at its meeting (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act. Meetings etc. of Corporation.
- (2) The **\*\*[President]** or in his absence the **\*\*[Vice-President]** or in the absence of both the **\*\*[President]** and the **\*\*[Vice-President]**, any member chosen by the

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\*Inseted by the NCDC (Amendment) Act, 1974.

\*\*Substituted by the NCDC (Amendment) Act, 1974 for the words "Chairman" and "Vice-Charman".



members/represent from amongst themselves, shall preside at a meeting of the Corporation.

- (3) All questions at a meeting of the Corporation shall be decided by a majority of votes of the members present and voting, and in the case of an equality of votes, the \*\*[President] or, in his absence, the \*\*[Vice-President] or in the absence of both the \*\*[President] and the \*\*[Vice-President], the person presiding shall have and exercise a second or casting vote.

Officers and  
other Employees  
of Corporation

8. (1) The Central Government shall, in consultation with the Corporation, appoint a person to be the \*\*\* [Managing Director.]
- (2) Subject to such rules as may be made by the Central Government in this behalf, the Corporation may appoint such other officers and employees as it considers necessary for the efficient performance of its functions.
- (3) The methods of appointment, the condition of service and the scales of pay of the officers and other employees of the Corporation shall,—
- (a) As respects the \*\*\*\*[Managing Director] be such as may be prescribed; and
- (b) as respects the other officers and employees, be such as may be determined by regulations made by the Corporation under this Act.
- \*(4) The Managing Director shall exercise such powers and perform such duties as the board may entrust or delegate to him.]

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\*\* Substituted by the NCDC (Amendment) Act, 1974 for the words "Chairman" and "Vice-Chairman".

\*\*\* Substituted by the NCDC (Amendment) Act, 1974, for the words, "Secretary of the Corporation".

\*\*\*\* Substituted by the NCDC (Amendment) Act, 1974 for the word, "Secretary".

- 9.1 (1) Subject to the provisions of this Act, the functions of the Corporation shall be to plan and promote programmes, through cooperative societies, for :
- (a) the production, processing, marketing, storage, export and import of agricultural produce, food stuffs, 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:
- (a) advance loans or grant subsidies to State Governments for financing cooperative societies; and for employment of staff for implementing programmes of cooperative development;
  - (b) provide funds to State Governments for financial cooperative societies for the purchase of agricultural produce, **\*\*\***{foodstuffs} and notified commodities on behalf of the Central Government.
  - (c) plan and promote programmes through cooperative 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 cooperative societies and other cooperative societies having objects extended beyond one State;
  - (e) provide loan to cooperative societies on the guarantee of State Governments or to in the case of cooperative societies in the Union Territories, on the guarantee of Central Government;
  - (f) participate in the share capital of the national level cooperative societies and other cooperative 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

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\* Inserted by the NCDC (Amendment) Act, 1974.

\*\* Substituted by the NCDC (Amendment) Act, 1974, for the original provision 9 (1) which was as under : "9 (1) Subject to the provisions of this Act, the functions of the Corporation shall be to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce and notified commodities through cooperative societies".

\*\*\* Inserted by the NCDC (Amendment) Act 1974

the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956.

61 of 1956.

Board of Management of the Corporation.

10. **\*\***[(1) there shall be a Board of Management of the Corporation which shall consist of the following members, namely:—
- (i) the Vice-president of the General Council, who shall be the Chairman;
  - (ii) three members of the General Council, to be nominated by the Central Government from among the members referred to in Clause (ii) of Sub-Section (4) of Section 3 ;
  - (iii) the member of the General Council referred to in clause (iii) of Sub-Section (4) of Section 3;

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\* Inserted by the NCDC (Amendment) Act, 1974.

\*\* Substituted by the NCDC (Amendment) Act, 1974 for original provisions 10 (1) to 10 (5), which were as follows

- "10. (1) There shall be an Executive Committee of the Corporation which shall consist of the following members, namely :—
- (a) the Vice-Chairman of the Corporation,
  - (b) three members nominated by the Central Government in such manner as may be prescribed, from among the members of the Corporation referred to in clause (i) of Sub-Section (3) of Section 3
  - (c) the representative of the Reserve bank nominated under clause (ii) of Sub-Section (3) of Section 3,
  - (d) two members nominated by the Central Government from among the members of the Corporation referred to in clause (v) of Sub-Section (3) of Section 3
- (2) (a) The Vice-Chairman of the Corporation shall be the Chairman of the Executive Committee
- (b) The Vice-Chairman of the Executive Committee shall be nominated in such manner as may be prescribed, from among the members referred to in clause (b) of Sub-Section (1)

- (iv) one member of the General Council, to be nominated by the Central Government from among the members referred to in clauses (ix), (x), (xi), (xii) and (xiii) of Sub-Section(4) of Section 3;
  - (v) two members of the General council, to be nominated by the Central Government from among the members referred to in clause (xiv) of Sub-Section (4) or Section 3;
  - (vi) two members of the General Council to be nominated by the Central Government from among the members referred to in clause (xv) of Sub-Section (4) of Section 3;
  - (vii) one member of the General Council to be nominated by the Central Government from among the members referred to in clauses (xvi) of Sub-Section (4) of Section 3;
  - (viii) the managing director.
- (2) The Vice-chairman of the board shall be nominated by the Central Government.
  - (3) Subject to the general control, direction and superintendence of the General council, the Board shall be competent to deal with any matter within the competence of the Corporation.
  - (4) The Board shall meet at such times and at such places and shall observe such procedure in regard to transaction of business at its meetings (including the quoram at meetings) as may be provided by regulations made by the Corporation under this Act.
  - (5) The confirmed minutes of every meeting of the Board shall be laid before the General Council at its next following meeting].

Other Committees. 11. The Corporation may constitute such other Committee for general or special purposes as it deems necessary for the efficient performance of its functions under this Act.

Grants by the Central Govt. to Corporation. 12. The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay to the Corporation :—

(a) by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Governments and for meeting its administrative expenses.

(b) by way of loan, such sum of money on such terms and conditions as the Central Government may determined; \*\*[and]

\*\*\*[(c) such additional grants, if any, for the purposes of this Act].

\*[12A.(1)The Corporation may, for the purposes, of carrying out its functions under this Act, and with the previous approval of, and subject to the directions of the Central Government, borrow money from :—

Power of Corporation to Borrow Money.

- 
- (3) Subject to the general control, direction and super-intendence of the Corporation, the Executive Committee shall be competent to deal with any matter within the competence of the Corporation
- (4) The Executive Committee shall meet at such times and at such places and shall observe such procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act
- (5) The minutes of every meeting of the Executive Committee shall be laid before the Corporation at its next following meeting.

\* The word "and" omitted by the NCDC (Amendment) Act.

\*\* The word "and" inserted by the NCDC (Amendment) Act, 1974.

\*\*\* Inserted by the NCDC (Amendment) Act, 1974.

- (a) the public by the issue by sale of bonds or debentures, or both, carrying interest at such rates as may be specified therein;
  - (b) any bank or other financial institutions;
  - (c) any other authority, organisation or institution as may be specially approved by the Central Government in this behalf.
- (2) The Central Government may guarantee the repayment of the moneys borrowed by the Corporation under clause (a) or clause (b) or clause (c) of Sub-Section (1) and the payment of interest thereon and other incidental charges].

Corporation to  
Maintain Fund.

13. The Corporation shall maintain a fund called the National Cooperative Development Fund (hereinafter referred to as the Fund) to which shall be credited—

- (a) all moneys and other securities transferred to it under clause (a) of Sub-Section (2) of Section 24;
- (b) the grants and other sums of money by way of loan paid to the Corporation by the Central Government under Section 12;
- \*\*[(ba) all moneys borrowed under Section 12A.]
- (c) such additional grants, if any, as the Central Government may make to the Corporation for the purposes of this Act; and
- (d) such sums of moneys as may, from time to time, be realised out of repayment of loans made from the Fund or from interest on loans or dividend \*\*\*[or other realisation] on investments made from the Fund.

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\* Inserted by the NCDC (Amendment) Act, 1974.

\*\* Inserted by the NCDC (Amendment) Act, 1974.

\*\*\* Inserted by the NCDC (Amendment) Act, 1974

- (2) The moneys in the Fund shall be applied for—
- (a) advancing loans and granting subsidies to State Governments on such terms and conditions as the Corporation may deem fit for the purposes of enabling State Governments to subscribe to the share capital of cooperative societies or for otherwise financing cooperative societies;
  - (b) meeting the pay and allowances of the \*[Managing Director], officers and other employees of the Corporation and other administrative expenses of the Corporation; and
  - (c) carrying out the purpose of this Act.
- (3) All moneys in the fund shall be deposited in the Reserve Bank or the State Bank \*\*[or a nationalised bank].
14. (1) The Corporation shall furnish to the Central Government at such times and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to the discharge of its functions under this Act as the Central Government may, from time to time require. Returns and Reports.
- (2) Without prejudice to the provisions of Sub-Section (1), the Corporation shall, as

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\* Inserted by the NCDC (Amendment) Act, 1974

\*\* Inserted by the NCDC (Amendment) Act, 1974

\*\*\* Inserted by the NCDC (Amendment) Act, 1974

soon as possible after the end of the each year, submit to the Central Government a report, in such form and manner and before such date as may be prescribed, giving a true and full account of its activities policy and programme during the previous year.

- (3) A copy of the report received under Sub-Section (2) shall be laid before both Houses of Parliament.

Directions by  
Central  
Government.

15. In all matters including matters of policy, the Corporation shall be guided by such directions as may be given to it by the Central Government.

Submission of  
Programme of  
Activities and  
Financial  
Estimates.

16. (1) The Corporation shall prepare before the commencement of each year a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof.

- (2) A statement prepared under Sub-Section (1) shall not later than three months before the commencement of each year, be submitted to the Central Government for approval.

Accounts of Board  
and Audit.

17. (1) The Corporation shall maintain proper account and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

- (2) The account of the Corporation shall be audited annually by the Comptroller and Auditor-General of India or any person authorised by him in this behalf and any expenditure incurred in connection with such audit shall be payable by the Corporation.



- (3) The Comptroller and Auditor-General of India and any person authorised by him in connection with the audit of the accounts of the Corporation shall have the same rights, privilege and authority in connection with such audit as the Comptroller and Auditor-General has in connection with audit of Government accounts and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any office of the Corporation.
- (4) The accounts of the Corporation certified by the Comptroller and Auditor-General of India or any other person authorised by him in this behalf together with an audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

18. No act or proceedings of the \*[General Council the Board or any of the Committee of the Corporation] shall be invalid by reason only of the existence of any vacancy among its members or any defect in the constitution thereof.

Vacancies etc. Not to Invalidate Acts and Proceedings of the Corporation.

19. The Corporation may, be general or special order in writing delegate to the \*\*President or the \*\*[Vice-President] or any other member or any officer of the Corporation subject to such conditions and limitations, if any, as may be specified in the order such of its powers and functions under this Act, as it may deem necessary

Delegation.

20. Every member, auditor, officer or other employee of the Corporation shall, before entering upon his duties make a declaration of fidelity and secrecy in the form set out in the schedule.

Declaration of Fidelity and Secrecy.

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\* Substituted by the NCDC (Amendment) Act, 1974, for the word "Corporation".

\*\* Substituted by the NCDC (Amendment) Act, 1974, for the word "Chairman" and "Vice-Chairman"

Dissolution  
of Corporation.

21. (1) The Central Government, if it is of opinion that the Corporation has failed to carry out its functions under this Act or that for any other reason it is not necessary ...the Central Government by notification in the official gazette, dissolve the corporation from such date as may be specified in the notification.
- (2) When the Corporation is dissolved under Sub-Section (1),—
- (a) all members of the Corporation shall, from the date of dissolution, vacate their office as such members;
- (b) all powers and duties of the Corporation shall, as from the date of dissolution, be exercised and performed by the Central Government or such person or persons as the Central Government may appoint in this behalf;
- (c) all moneys and other properties of the Corporation shall vest in the Central Government.

Power of Make  
Rules.

22. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.
- (2) Without prejudice to the generality of the foregoing power, such rules may provide for —
- (a) }  
(b) } •  
(c) }

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\*Omitted by the NCDC (Amendment) Act, 1974. The original provisions were as under :—

- (a) the manner in which representatives of the Central Government shall be nominated under clause (i) of Sub-Section (3) of Section 3;
- (b) the zonal basis on which non-officials may be recommended under Sub-clause (c) of clause (v) of Sub-Section (3) of Section 3;
- (c) the manner in which the Chairman and the Vice-Chairman of the Corporation shall be chosen.

- (d) the term of office of members of the Corporation and the manner of filling vacancies among them;
  - (e) the methods of appointment, the conditions of service and the scale of pay of the \*(Managing Director);'
  - (f) \*\*
  - (g) the returns, statement and other particulars in regard to the discharge of its functions to be furnished by the Corporation to the Central Government;
  - (h) the form and the manner in which, and the time within which, the Corporation shall furnish to the Central Government returns, statements and other particulars with regard to the discharge of its functions;
  - (i) the form and the manner in which, and the time within which the Corporation shall furnish to the Central Government a report of its activities, policy and programme ; and
  - (j) any other matter which has to be, or may be prescribed.
- (3) Every rule made under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of

\* Substituted by the NCDC (Amendment) Act, 1974 for the words "Secretary to the Corporation".

\*\* Omitted by the NCDC (Amendment) Act, 1974. The original provision was as under :—

"(f) the manner in which the members shall be nominated under clause (b) of Sub-Section (1) of Section 10 and the manner in which the Vice-Chairman of the Executive Committee shall be nominated under clause (b) or Sub-Section (2) of that Section":

thirty days which may be comprised in one session \*or in two [or more successive sessions and if, before the expiry of the session immediately following the session or the successive sessions aforesaid] both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall there after have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Power of Corporation to make Regulations.

23. (1) The Corporation may, with the previous sanction of the Central Government, by notification in the official Gazette, make regulation not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for :—
- (a) the manner in which meetings of \*\*[the General Council, the board and other committees of the Corporation] shall be convened, the fees for attending such meetings and the procedure to be followed there thereat;

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\* Substituted by the NCDC (Amendment) Act, 1973 for the words "or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following".

\*\* Substituted by the NCDC (Amendment) Act, 1964 for the words "the Corporation, the Executive Committee and other committees thereof".

- (b) the methods of appointment, the conditions of service and the scales of pay of the officers other than the \*\*[Managing Director] and other employees of the Corporation;
  - (c) the duties and conduct of officers and other employees of the Corporation; and
  - (d) any other matter in respect of which the Corporation is empowered or required to make regulations under this Act.
- (3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and there upon the regulation shall cease to have effect.
24. (1) With effect from the date on which the Corporation is established under Section 3, the Agricultural Produce (Development and Warehousing) Corporation Act, 1956 shall, in so far as it relates to the National Cooperative Development and Warehousing Board, stand repealed :—
- Repeal and Saving  
28 of 1956.
- (2) Notwithstanding such repeal :—
- (a) all moneys and other securities belonging to the National Cooperative Development Fund which, immediately before the said date, was maintained by the National Cooperative Development and Warehousing Board established under the repealed Act (hereinafter referred to as the said board), shall stand transferred to, and be maintained by the Corporation

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\*\* Substituted by the NCDU (Amendment) Act, 1974 for the word, "Secretary".

established under Section 3 of the Act.

- (b) all moneys and other securities belonging to the National Warehousing Development Fund which immediately before the said date, was maintained by the said board under the repealed Act, shall stand transferred to and be maintained by the Central Warehousing Corporation;
- (c) all shares in the capital of the Central Warehousing Corporation held by the said board shall stand transferred to the Central Government subject to the same liabilities as the payment of unpaid calls on such shares as the said Board was subject to;
- (d) anything done or any action taken (including any loan advanced, subsidy granted and appointment, delegation, rule of regulation made) under the repealed Act, shall in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under this Act; and
- (e) all rights, liabilities and obligations of the said board, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations respectively of the Corporation established under Section 3 of this Act.

THE SCHEDULED

(See Section 20)

*Declaration of Fidelity and Secrecy*

I, \_\_\_\_\_ declare that

I will faithfully, truly and to the best of my judgement, skill and ability execute and perform the duties which are required of me as a member, officer, employee or auditor (as the case may be) of the National Cooperative Development Corporation and which properly relate to the office or position in the said Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any persons not legally entitled thereto any information relating to the affairs of the said Corporation nor will I allow any such persons to inspect or have access to any books or documents belonging to, or in the possession of, the Corporation and relating to the business of the Corporation.

Signature

Signed before me

Date

THE GAZETTE OF INDIA  
EXTRAORDINARY

PART II, SECTION I

PUBLISHED BY AUTHORITY

No. 34/New Delhi, Wednesday, August 22, 1973/Sravana 31, 1895  
*Separate paging is given to this Part in order that it may  
be filed as a separate compilation.*

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

(Legislative Department)

New Delhi, the 22nd August, 1973/Sravana 31, 1895 (Saka)

The following Act of Parliament received the assent of the President on the 21st August, 1973, and is hereby published for general information :—

THE NATIONAL COOPERATIVE DEVELOPMENT CORPORATION  
(AMENDMENT) ACT, 1973

(21st August, 1973)

An Act to amend the National Cooperative Development Corporation Act, 1962.

Be it enacted by Parliament in the Twenty-Fourth year of the Republic of India as follows :—

1. This Act may be called the National Cooperative Development Corporation (Amendment) Act, 1973. Short Titles.
2. In sub-section (2) of section 1 of the National Cooperative Development Corporation Act, 1962 (hereinafter referred to as the principal Act), the words "except the State of Jammu and Kashmir" shall be omitted. Amendment of Section 1.



Insertion of  
new Section  
2A.

3. After section 2 of the principal Act, the following section shall be inserted, namely :—

Construction of  
references to  
any law not in  
force or any  
functionary not  
in existence in  
the State of  
Jammu &  
Kashmir.

- “2A. Any reference in this act to any law which is not in force, or any functionary not in existence, in the State of Jammu & Kashmir, shall in relation to that State, be construed as a reference to the corresponding law in force, or to the corresponding functionary in existence, in that State”.

Amendment of  
Section 22.

4. In sub-section (3) of section 22 of the principal Act, for the words “do in two successive sessions, and if, before the expiry of the session in which it is so said or the session immediately following”, the words “or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid” shall be substituted.

(K.K. SUNDARAM)

*Secretary to the Government of India.*

ANNEXURE II

Registered MO D-(D)-72

THE GAZETTE OF INDIA EXTRAORDINARY

PART II— SECTION 1

PUBLISHED BY AUTHORITY

No. 8/New Delhi, Wednesday, March 13, 1974/Phalgun 22, 1895  
Separate paging is given to this part in order that it may be filed as  
a separate compilation.

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

(Legislative Department)

*New Delhi, the 13th March, 1974/Phalgun 22, 1895 (Saka)*

The following Act of Parliament received the assent of the President  
on the 13th March, 1974, and is hereby published for general  
information :—

THE NATIONAL COOPERATIVE DEVELOPMENT CORPORATION  
(AMENDMENT) ACT, 1974

No. 3 of 1974

[13th March, 1974]

An Act further to amend the National Cooperative Development  
Corporation Act, 1962.

Be it enacted by Parliament in the Twenty-fifth year of the Republic  
of India as follows:—

1. (1) This Act may be called the National Cooperative Development Corporation (Amendment) Act. Short title and commencement.
- (2) It shall come into force on such date as the Central Government may, by

notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

Substitution of  
Long title.  
26 of 1962

2. In the National Cooperative Development Corporation Act, 1962, (hereinafter referred to as the principal Act), for the long title, the following shall be substituted, namely :—

“An Act to provide for the incorporation and regulation of a corporation for the purpose of planning and promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce, food-stuffs and certain other commodities on cooperative principles and for matters connected therewith.”

Amendment of  
Section 2.

3. In Section 2 of the principal Act,

- (i) in clause (a),
  - (1) for the words “means” any of the following the words “include the following” shall be substituted
  - (2) in item (i), the words “foodstuffs”, including shall be omitted;
- (ii) after clause (a), the following clauses shall be inserted, namely :—
  - (aa) “bank” means a nationalised bank and includes a scheduled bank;
  - (ab) “Board” means the Board of management of the Corporation constituted under Section 10;
- (iii) in clause (d), for the word and figure “Section”, the words, brackets and figures “Sub-section (1) of Section 3” shall be substituted;

- (iv) after clause (d), the following clauses shall be inserted, namely:—
- (da) "foodstuffs" include:—
- (i) coconuts and areca-nuts;
  - (ii) eggs and egg products;
  - (iii) fish, whether fresh, frozen dried or preserved;
  - (iv) fruits, whether fresh, dried or dehydrated;
  - (v) honey;
  - (vi) meat, whether fresh, frozen, dried or preserved;
  - (vii) milk and milk products;
  - (viii) vegetables;
- (db) "General Council" means the General Council of the Corporation constituted under sub-section (4) of section 3;
- (dc) "managing director" meant the managing director of the Corporation;
- (dd) "nationalised bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1976;
- (v) in clause (e), after the words "agricultural produce", the words "and foodstuffs" shall be inserted;
- (vi) after clause (g), the following clause shall be inserted, namely :—
- (ga) "scheduled bank" means a bank for the time being include in the Second Scheduled to the Reserve Bank of India Act, 1934.

5 of 1970

2 of 1934.

Amendment of  
Section 3.

4. In section 3 of the principal Act, for sub-section (3), (4) and (5), the following sub-sections shall be substituted, namely :—

- (3) The Corporation shall carry on its functions through the General Council and the Board.
- (4) The General Council shall consist of the following members, namely:—
  - (i) a President and a Vice-President, both to be nominated by the Central Government;
  - (ii) eight members, *ex-officio*, to be nominated by the Central Government from such of its Ministries dealing with economic matters as it may think fit;
  - (iii) Deputy Governor of the Reserve Bank, in-charge of rural credit, *ex-officio*;
  - (iv) Managing Director of the State Bank, *ex-officio*;
  - (v) Managing Director of the Food Corporation of India, constituted under the Food Corporation Act, 1964, *ex-officio* 37 of 1964
  - (vi) Managing Director of the Central Ware-housing Corporation, Constituted under Warehousing Corporation Act, 1962, *ex-officio*; 59 of 1962.

- (vii) Chairman of the Industrial Finance Corporation of India, constituted under the Industrial Finance Corporation Act, 1948, *ex-officio*;
- (viii) A member representing banks, to be nominated by the Central Government,
- (ix) Chairman of the National Cooperative Union of India; *ex-officio*;
- (x) Chairman of the National Agricultural Cooperative Marketing Federation, *ex-officio*;
- (xi) Chairman of the National Federation of Cooperative Sugar Factories, *ex-officio*;
- (xii) Chairman of the All India Federation of Cooperative spinning Mills, *ex-officio*;
- (xiii) Chairman of the All India State Cooperative Banks Federation, *ex-officio*;
- (xiv) Eleven members other than those nominated under clause (xv), representing the States and the Union Territories, to be nominated by the Central Government, provided that not more than one person shall be so nominated from each State or Union Territory;
- (xv) Eleven members to be nominated by the Central Government from among the Chairman of the State Level Cooperative Federations from the States and the Union Territories, provided that not more than one person shall be so nominated from each State or Union Territory;
- (xvi) Four members representing persons having special knowledge of or practical experience in, agricultural cooperative development to be nominated by the Central Government;

- (xvii) Three members representing national level organisations unengaged or interested in the promotion and development of cooperative programmes, to be nominated by the Central Government.
  - (xviii) The managing director.
- (5) The powers and functions of the Corporation shall be exercised or discharged, as the case may be, by the General Council, and references elsewhere in this Act to the Corporation shall, unless the context otherwise requires be construed as references to the General Council.
  - (6) Notwithstanding the expiry of the prescribed term of his office, every member of the General Council shall continue to hold Office as such, until his successor in such office has assumed charge of such office.
  - (7) Members of the General Council, other than the managing director, shall be entitled to receive such sitting fees as may be specified by regulations made by the Corporation under this Act, for attending any meeting of the General Council, Board of any committee of the Corporation.

"Provided that no official member shall be entitled to receive any sitting fee."

Amendment of  
Section 4.

5. In Section 4 of the principal Act, in clause (iii) before the words "if he is a salaried official", the words "except in the case of managing director", shall be inserted.

Amendment of  
Section 7.

6. In section 7 of the principal Act,—

- (i) in sub-section (1) for the words "shall meet at such times", the words "shall ordinarily meet twice a year at such times" shall be substituted;
- (ii) in sub-section (2) and (3), for the words "Chairman" and "Vice-Chairman", wherever they occur, the words "President" and "Vice President" shall respectively, be substituted.

Amendment of  
Section 8.

7. In section 8 of the principal Act,

- (i) in sub-section (1), for the words "Secretary" of the Corporation, the words "managing director" shall be substituted;
- (ii) in sub-section (3), in clause (a), for the word "Secretary", the words "managing director" shall be substituted;
- (iii) after sub-section (3), the following sub-section shall be inserted :—  
  
“(4) The Managing Director shall exercise such powers and perform such duties as the Board may entrust or delegate to him”.

8. In section 9 of the principal Act,—

Amendment of  
Section 9.



- (i) for sub-section (1), the following sub-sections shall be substituted, namely:—
  - “(1) Subject to the provisions of this Act, the functions of the Corporation shall be to plan and promote programmes, through cooperative 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.”;
- (ii) in sub-section (2),—
  - (a) in clause (b), for the words “agricultural produce”, the words “agricultural produce, foodstuffs”, “shall be substituted”;
  - (b) after clause (c), the following clauses shall be inserted, namely:—
    - “(d) provide loans and grants directly to the national level cooperative societies and other cooperative societies having objects extending beyond one State;
    - (e) provide loans to cooperative societies on the guarantee of State Government or in the case of cooperative societies in the Union Territories on the guarantee of Central Govt.,
    - (f) participate in the share capital of the national level cooperative societies and other cooperative societies having object extending beyond one State”.

Substitution of new Section for Section 10.

Board of Management of the Corporation.

9. For Section 10 of the principal Act, the following section shall be substituted, namely :

“10.(1) There shall be a Board of Management of the Corporation which shall consist of the following members, namely :—

- (i) the Vice-President of the General Council, who shall be the Chairman;
  - (ii) three members of the General Council to be nominated by the Central Government from among the members referred to in clause (ii) of Sub-Section (4) of Section 3;
  - (iii) the member of the General Council referred to in clause (iii) of Sub-Section (4) of Section 3;
  - (iv) one member of the General Council, to be nominated by the Central Government from among the members referred to in clauses (ix), (x), (xi), (xii), and (xiii) of Sub-Section 4 of Section 3;
  - (v) two members of the General Council, to be nominated by the Central Government from among the members referred to in clause (xiv) of Sub-Section (4) of Section 3;
  - (vi) two members of the General Council, to be nominated by the Central Government from among the members referred to in clauses (xvi) of Sub-Section (4) of Section 3;
  - (vii) one member of the General Council, to be nominated by the Central Government from among the members referred to in clauses (xvi) and (xvii) of Sub-Section (4) of Section 3;
  - (viii) the Managing Director.
- (2) The Vice-Chairman of the Board shall be nominated by the Central Government.

- (3) Subject to the general control, direction and superintendence of the General Council, the board shall be competent to deal with any matter within the competence of the Corporation.
- (4) The Board shall meet at such times and at such places and shall observe such procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.
- (5) The confirmed minutes of every meeting of the board shall be laid before the General Council at its next following meeting."

10. In Section 12 of the principal Act,—

Amendment of Section 12.

- (i) in clause (a), the word "and" occurring at the end shall be omitted;
- (ii) in clause (b), the word "and" shall be inserted at the end;
- (iii) after clause (b), the following clause shall be inserted, namely :—  
 "(c) such additional grants, if any, for the purpose of this act."

Insertion of new Section 12A.

11. After Section 12 of the principal Act, the following Section shall be inserted, namely :—

Power Corpora-  
tion to borrow  
money.

"12(1) the Corporation may, for the purpose of carrying out its functions under this Act, and with the previous approval of, and subject to the directions of the Central Government, borrow money from:—

- (a) the public by the issue or sale of bonds or debentures, or both carrying interest at such rates as may be specified therein;
- (b) any bank or other financial institution;
- (c) any other authority, organisation or institution as may be specially approved by the Central Government in this behalf.

12(2) The Central Government may guarantee the repayment of the moneys borrowed by the Corporation under Clause (a) of Clause (b) or Clause (c) of Sub-Section (1) and the payment of interest thereon and other incidental charges."

Amendment  
of Section 13.

12. In Section 13 of the principal Act :—

- (i) in Sub-Section (1):—
  - (a) after Clause (b), the following Clause shall be inserted, namely :—
  - "(ba) all moneys borrowed under Section 12A";
  - (b) in Clause (d) after the words "or dividends", the words "or other realisation" shall be inserted;

- (ii) in Sub-Section (2), in Clause (b), for the word "officers" the words "Managing Director" and the "officers" shall be substituted;
- (iii) in Sub-Section (3), for the words "State Bank" the words "State Bank or a nationalised bank" shall be substituted.

13. In Section 18 of the principal Act, for the words "the Corporation", the words "the General Council, the Board or any of the committees of the Corporation" shall be substituted. Amendment of Section 18.

14. In Section 19 of the principal Act, for the words "Chairman or the Vice-Chairman", the words "President or the Vice-President" shall be substituted. Amendment of Section 19.

15. In Sub-Section (2) of Section 22 of the principal Act,— Amendment of Section 22.

- (i) in clause (a), (b) and (c) shall be omitted;
- (ii) in clause (e), for the words "Secretary to the Corporation", the words "Managing Director" shall be substituted;
- (iii) clause (f) shall be omitted;

16. In Sub-Section (2) of Section 23 of the principal Act,— Amendment.

- (i) in clause (a), for the words "the Corporation, the Executive Committee and other committees thereof", the words "the General Council, the Board and other committees of the Corporation" shall be substituted;
- (ii) in clause (b), for the word "Secretary", the words "Managing Director" shall be substituted.

(K. K. SUNDARAM)  
Secretary to the Government of India.

ANNEXURE III

PUBLISHED IN PART II SUB-SECTION (I) OF SECTION 3 OF  
THE GAZETTE OF INDIA EXTRAORDINARY ON  
29TH MARCH, 1974

Government of India  
Ministry of Agriculture  
(Department of Cooperation)

Krishi Bhavan,  
New Delhi.

NOTIFICATION

No. GSR. 148 (E)

Dated the 26th March, 1974

In exercise of the power conferred by Sub-Section (2) of Section 1 of the National Cooperative Development Corporation (Amendment), Act, 1974 (3 of 1974), the Central Government hereby appoint the 1st day of April, 1974, as the date on which all the provisions of the said Act, other than those specified below, shall come into force.

Section 3 (ii) in so far as it relates to the definition of "Board";  
Section 3 (iii);

Section 3 (iv) in so far as it relates to the definition of "General Council";

Section 4;  
Section 6;  
Section 7 (iii);  
Section 9;  
Section 13;  
Section 14;  
Section 15 (i);  
Section 15 (iii); and  
Section 16 (i).

(File No. L-12011/3/74-MWS)

Sd/-  
(A. DAS)  
Joint Secretary to the Government of India.  
Dated 26.3.1974

ANNEXURE IV

(TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY  
PART II SUB-SECTION (1) OF SECTION 3)

Government of India  
Ministry of Industry and Civil Supplies  
(Department of Civil Supplies and Cooperation)

NOTIFICATION

No. GSR. 148 (E)

New Delhi  
Dated the 4th April, 1975

In exercise of the Powers conferred by Sub-Section (2) of Section 1 of the National Cooperative Development Corporation (Amendment) Act, 1974 (3 of 1974), the Central Government, hereby appoints the 7th day of April, 1975, as the date on which the following provisions of the said Act shall come into force, namely:

Section 3 (ii), in so far as it relates to the definition of "Board";

Section 3 (iii);

Section 3 (iv) in so far as it relates to the definition of "General Council";

Section 4;

Section 6;

Section 7 (iii);

Section 9;

Section 13;

Section 14;

Section 15 (i);

Section 15 (iii); and

Section 16 (i).

(File No. L-12011/3/74-MWS)

Sd/-

(A. DAS)

Joint Secretary to the Government of India.

General Manager,  
Government of India Press,  
New Delhi.

ANNEXURE V

TO BE PUBLISHED IN THE GAZETTE OF INDIA PART II  
SUB-SECTION II OF SECTION 3

Government of India  
Ministry of Industry and Civil Supplies  
(Department of Civil Supplies and Cooperation)

New Delhi

Dated the 22nd September, 1975

NOTIFICATION

No. S.O.

Dated

In pursuance of the notification of the Government of India in the Ministry of Home Affairs No. S.O. 452 (B), dated the 26th August, 1975, the Central Government hereby appoints the 2nd day of October, 1975, as the date on which the National Cooperative Development Corporation Act, 1962 (26 of 1962), shall come into force in the State of Sikkim.

Sd/-

(A. DAS)

Joint Secretary to the Government of India.

To

The General Manager,  
Government of India Press,  
Ring Road,  
New Delhi.

No. L. 12012/19/73-CMP

Copy to all concerned.

The Managing Director,  
National Cooperative Development Corporation,  
C-56, South Extension, Part-II,  
New Delhi-110049.



ANNEXURE VI

(TO BE PUBLISHED IN PART II, SUB-SECTION (I)  
OF SECTION 3 OF THE GAZETTE OF INDIA

Government of India  
Ministry of Food, Agriculture,  
Community Development & Cooperation  
(Department of Cooperation)

Krishi Bhavan, New Delhi -1.

January 30, 1967  
Magha 10, 1888

NOTIFICATION

No. G.S.R.

Dated :

In exercise of the powers conferred by clause (e) of Section 2 of the National Cooperative Development Corporation Act, 1962, the Central Government hereby declares the following commodities to be "notified commodities" for the purpose of this Act, namely:—

- (i) Scaps
- (ii) Match Boxes
- (iii) Kerosene Oil
- (iv) Textiles
- (v) Cement
- (vi) Tea

No. F. 6-1/66-Plan

Sd/-

(V.V. Nathan)

Deputy Secretary to the Government of India.

To

The General Manager,  
Government of India Press,  
New Delhi.

Copy forwarded to :

1. The Secretary, National Cooperative Development Corporation, New Delhi, with reference to his letter No. 13-44/66-SS dated the 12th December, 1966.
2. The Secretaries in charge of Cooperation, All State Governments/Union Territories.
3. The Registrar of Cooperative Societies, All States/Union Territories.
4. The Director (Publication), National Cooperative Union of India, 72, Jorbagh, New Delhi-3.

Sd/- S.K. Malik  
for Deputy Secretary to the Government of India

(Ref. File No. NCDC. 16-3/76-P&C).

ANNEXURE VI

Continued.

(TO BE PUBLISHED IN PART II, SUB-SECTION (I) OF  
SECTION 3 OF THE GAZETTE OF INDIA)

Government of India  
Ministry of Food, Agriculture, Community  
Development and Cooperation  
(Department of Cooperation)

Krishi Bhawan, New Delhi.

July 25, 1967

Sravana, 3, 1889

NOTIFICATION

G.S.R. No.

Dated :

In exercise of the powers conferred by clause (e) of section 2 of the National Cooperative Development Corporation Act 1962, the Central Government hereby declares the following commodities to be "notified commodities" for the purpose of that Act, namely :—

1. Fertilisers.

- (1) Inorganic fertilisers.
- (2) Organic fertilisers.
- (3) Mixed fertilisers.

2. Insecticides, fungicides, weedicides and the like.

3. Agricultural machinery,

- (1) Tractors, harvestors and the like,
- (2) Agricultural implements.

4. Earth moving machinery :

Bulldozers, dumpers, scrapers, loaders, shovels, draglines, bucket-wheel, excavators, road rollers and the like.

5. Paper and pulp including paper products :

- (1) Paper-writing, printing and wrapping.
- (2) Newsprint.
- (3) Paper board, straw board.
- (4) Paper for packing (corrugated paper, Craft paper, paper bags, papercontainers, and the like)
- (5) Pulp-wood pulp, mechanical, chemical including dissolving pulp.

6. Fermentation industries :

- (1) Alcohol
- (2) Other products of fermentation industries.

7. Timber products :

- (1) Plywood.
- (2) Hardboard, including fibre-board, chip board and the like.
- (3) Matches.
- (4) Miscellaneous furniture components, (bobbins, shutters and the like).

No. F. 6-1/66-Plan

Sd/-

(Shri V.V. Mathan)

Deputy Secretary to the Government of India

To

The General Manager,  
Government of India Press,  
New Delhi.

Copy forwarded to :—

1. The Secretary, National Cooperative Development Corporation, New Delhi, with reference to their letter No. NCDC. 10-21/65-Coord. dated the 9th June, 1967.
2. The Secretaries in charge of Cooperation, All State Governments/Union Territories.
3. The Registrars of Cooperative Societies, All States/Union Territories.
4. The Director (Publication), National Cooperative Union of India, 72, Jorbagh, New Delhi—110003.

(Sd/-

(S.K. Malik)

for Deputy Secretary to the Government of India

ANNEXURE VI

Continued.

Copy

(TO BE PUBLISHED IN PART II, SUB-SECTION (I) OF  
SECTION 3 OF THE GAZETTE OF INDIA)

Government of India  
Ministry of Food, Agriculture, Community  
Development and Cooperation  
(Department of Cooperation)

Krishi Bhawan, New Delhi.  
October, 16, 1967

NOTIFICATION

G.S.R. No.

Dated :

In exercise of the powers conferred by clause (e) of Section 2 of the National Cooperative Development Corporation Act, 1962, the Central Government hereby declares the following commodity to be "notified commodity" for the purpose of that Act, namely :—

(i) LAC

(F. No. 6-1/66-Plan)

Sd/-

(R. Vengu)

Under Secretary to the Government of India

To

The General Manager,  
Government of India Press,  
New Delhi.

Copy forwarded to :—

1. The Secretary, NCDC, C-56, South Ext. (Part-II), New Delhi-16, with reference to his letter No. 12-21/65-Coord. (NCDC) 28.6.1967.
2. The Secretaries-in-charge of Cooperation, All States/U.Ts.

3. The Registrar of Cooperative Societies, All States/U.Ts.
4. The Director (Publication), National Cooperative Union of India, 72, Jorbagh, New Delhi-110003.

Sd/-

(R. Vengut)

Under Secretary to the Government of India

ANNEXURE VI

Continued

Copy

(TO BE PUBLISHED IN PART II, SUB-SECTION (I) OF  
SECTION 3 OF THE GAZETTE OF INDIA)

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Government of India  
Ministry of Food, Agriculture, Community  
Development and Cooperation  
(Department of Cooperation)

Krishi Bhawan, New Delhi.  
Dated the 17th March, 1970.

NOTIFICATION

G.S.R.No.

Dated :

In exercise of the powers conferred by clause (e) of Section 2 of the National Cooperative Development Corporation Act, 1962 (26 of 1962), the Central Government hereby declares "Rubber" to be a "notified commodity" for the purpose of the said Act.

(No. F-6-1/66-Plan)

Sd/-

(S.V. Ramaswamy)

Under Secretary to the Government of India

To

The General Manager,  
Government of India Press,  
New Delhi.



Copy forwarded to :—

1. The Secretary, NCDC, New Delhi.
2. The Secretaries incharge of Cooperation, All State Governments/UnionTerritories.
3. The Registrar of Cooperative Seocieties/All States/Union Territories.
4. The Director (Publication), National Cooperative Union of India, 72, Jorbagh, New Delhi-110003.

Sd/-

(S.V. Ramaswamy)

Under Secretary to the Government of India