



Bombay Chamber of Commerce & Industry

KS/Agri/1411

July 3, 2009

Dr. Sudhir Kumar Goyal, IAS
Principal Secretary to the Govt. of Maharashtra
Department of Co-operation & Marketing,
3rd Floor, Room No.311, Annexe,
Mantralaya, Mumbai – 400 032.

Dear Sir,

'Producer Companies' Due Recognition and Extension of Subsidies / Soft Loans at par with the Co-operatives

To organise and promote the "producer companies", the Government of India as well as the State Governments have been taking various measures from time to time. The Companies (Amendment) Act 2002 has also, w.e.f. 6.2.2003 inserted Chapter I in Part IXA of the Companies Act, 1956, to make specific provisions for these Companies. The members of the Bombay Chamber appreciate the initiatives in this regard.

Among our members, many companies are engaged in Agri related businesses and development of the Rural economy. We have recently undertaken a study of this sector and understand that the following facilitative steps by the Government of Maharashtra can promote the growth of this sector. We request that our following suggestions may be considered favourably.

Issues :

'Producer Companies' are registered under the Companies Act 1956 and merit a special consideration by the State Governments. The Producer Company (PC) legislation is a step distinctly ahead of the co-operatives and provides producers the ownership to their producer's institution. The Producer Companies often called as New Generation Cooperative, operate as co-operatives but are incorporated as 'company' and are clearly outside the purview of the Co-operatives.

While members of the co-operatives do receive the State Government grants and soft loans, Producer Companies depend heavily on external borrowings, leading to high cash out-flow (expense) in the form of interest. The net profits of the producer companies, owned by poor and marginal producers are therefore, reduced significantly.

...2...

... 2 ...

Request

The State Government considers to **recognize Producer Companies as the 'Producers' Institution' and treat them at par with the Co-operatives. The financial assistance should also be extended to the Producer Companies, as is done in case of co-operatives.**

We will be pleased to meet you in your office at a mutually convenient date and time to further discuss these proposals.

Thanking you,

Yours faithfully,



Manju Sood
Executive Director