

COOPERATION DIVISION

OVERVIEW

Annual Report 2012-13

16.1 The Cooperative Sector has been playing a significant role in the area of disbursing agricultural credit, providing market support to farmers, distribution of agricultural inputs and imparting cooperative education and training etc. The basic objective of the Cooperation Division is to design long term and short term strategies for reducing economic disparities between the downtrodden rural people and the rural rich as well as regional imbalances including rural and urban differences.

Cooperation Division is implementing two Central Sector Plan Schemes in the country during the year 2012-13 namely Restructured Central Sector Scheme for Cooperative Education and Training and Restructured Central Sector Scheme for assistance to NCDC Programmes for Development of Cooperatives. The budget provision for the schemes during 2012-13 and funds released up to 11.02.2013 was as under:-

(Rs. In lakhs)

S.No.	Name of the Scheme	BE 2012- 13	Funds released as on 11.02.2013
	Plan		
1.	Restructured Central Sector Scheme for Cooperative Education and Training	3000.00	516.00
2.	Restructured Central Sector Scheme for assistance to NCDC Programmes for Cooperative Development.	7500.00 (RE-Rs.7000.00)	6300.00
	Total	10500.00	6816.00
	Non-Plan		
3	Grants to NAFED for MIS/PSS	1100.00	9000

16.2 Cooperative Education and Training

The Government of India is implementing a Central Sector Scheme for Cooperative Education and Training through the National Cooperative Union of India (NCUI) and the National Council for Cooperative Training (NCCT) since the 3rd Five year plan. The programmes of cooperative Education are being implemented by the NCUI in cooperatively under developed States/under developed areas of Developed States. The Department of Agriculture and Cooperation has been providing 100% grants-in-aid to NCUI for implementing the Special Scheme of intensification of Cooperative under Developed States. From 12th five year Plan it has been proposed that DAC will provide 50% of expenditure to NCUI and rest of 50% will be met from Cooperative Education fund. At present NCUI is running 44 projects spread over 22 States/UTs. During the year 2012, NCUI organized 13,359 events and imparted education to 4.84 lakh persons. The National Center for Cooperative Education of NCUI organized 59 training programmes in which 1640 persons participated. During the year under report, 14.51 lakh persons were educated by the NCUI under various cooperative education programmes.

16.3 The Cooperative Training Programmes are being conducted by the National Council for cooperative Training (NCCT) through its 5 Regional Institutes of Cooperative management, 14 Institutes of Cooperative Management, located in different states and the Vaikunth Mehta National Institute of Cooperative Management, Pune. The DAC has been providing 100 percent financial assistance in form of grants-in-aid to NCCT for conducting cooperative training programmes. However, from 12th five year plan onwards it has been proposed that NCCT will meet its requirement by utilising interest earnings of corpus funds and only gap in resources will be provided by DAC. The Council also provides academic and financial support to Junior Cooperative Training Centres (JCTC) in the country in the country which are run by State Cooperative Unions/States Governments. No change in pattern of financial assistance to JCTC has been proposed during 12th five year plan.

16.4 The outlay earmarked for implementing the Cooperative Education an Training programme during the year 2012-13 is Rs.1271.75 lakhs including Rs.105.00 lakhs for the N.E. Region.

16.5 Cooperative Education and Training Activities in the North Eastern Region

The Government of India is implementing a special scheme for Intensification of cooperative education in cooperatively under-developed states including the North-Eastern Region through NCUI. NCUI has established 7 field projects namey Aizwal (Mizoram), Thobal, Jorhat ,Kohima, Morigaon, Shillong, Sikkim are being running is the North-Eastern Region.

16.6 Women Development Activities

With the overall objective of bringing women in the cooperative fold from grass root levels by informal approach and to revitalize and develop women participation in group activities and to improve the socio-economic conditions of women of selected blocks, NCUI is now running 4 exclusive women development projects located at Shimoga (Karnataka), Aska Berhampur (Orissa), Imphal (Manipur) and Bhopal (MP) under the Special Scheme of Intensification of Cooperative Education in the cooperatively under-developed states. Besides, each field project has got a special women development component. Under this, women are organized into self-help groups and help them to develop thrift habits. Women are also given training to undertake income-generating activities with the help of their own resources or by borrowing from cooperatives. The projects personnel help them in marketing their produce in the local market and by organizing fair/exhibitions. During the year 2011-12 a total number of 23,896 women were benefited by the education programmes organized by the cooperative education field projects in NE states.

16.7 Restructured Central Sector Scheme for assistance to NCDC Programmes for Development of Cooperatives:

The Government of India implements its cooperative development programmes through National Cooperative Development Corporation (NCDC). The programmes/schemes being implemented through NCDC are (i) Integrated Cooperative Development Projects in selected districts, (ii) assistance to cooperative marketing, processing and storage etc., programmes in cooperatively under-developed/least developed States/Union Territories, and (iii) share capital participation in growers'/weavers' cooperative spinning mills under the restructured central sector scheme. It has been decided that under this scheme, subsidy component will be provided by Government of India and the loan component will be arranged by NCDC through its own sources.

16.8 NCDC is a non-equity based development financing institution created exclusively for the cooperative sector with the objective of planning and promoting programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuff and certain notified commodities and services on cooperative principles. With amendment of the NCDC Act in

2002, scope of activities of the Corporation has been widened to cover livestock, cottage and village industries, handicrafts, rural crafts and certain notified services besides enabling NCDC to lend directly to cooperative societies on furnishing security to the satisfaction of the Corporation. With notification of additional services like tourism, hospitality, transport, electricity & power, rural housing, healthcare, hospitals and education cooperatives, the scope of NCDC funding has been further broadened. The Central Government has however prescribed an overall ceiling of twenty five percent (25%) of annual budget of NCDC for financing all activities under notified services so that focus of NCDC continues on financing of cooperatives in agriculture & allied sector. The rates of interest on NCDC loans ranged between 10.65% to 13.25% during the year. In 2012-13, (up to 05.11.2012) an assistance of Rs.1561.45 crore (provisional) has been disbursed by the NCDC against approved outlay of Rs.4200.00 crore.



Spinning Mills Constructed in Cooperative Sector with financial Assistance of NCDC under Restructured Central Sector Scheme for assistance to NCDC Programmes for Cooperative Development, Deptt of Agriculture & Cooperation, Ministry of Agriculture, Govt. of India

16.9 COOPERATIVE SPINNING MILLS

In order to improve the economic condition of the cotton growers as well as handloom & powerloom weavers and to consolidate the gains achieved so far, the Department, through NCDC, continued to provide financial assistance to the spinning mills & ginning and pressing units in the cooperative sector. During the year 2012-13 (upto 05.11.2012) NCDC released an overall amount of Rs.16.98 crore, including Rs.2.85 crore under Restructured Central Sector Scheme.

NCDC is implementing Restructured Central Sector Scheme of DAC for share capital participation in Growers'/Weavers' Cooperative Spinning Mills. Terms Loans are met out of funds of the Corporation and subsidy is provided by DAC under this scheme.





Cold Storage Constructed in Cooperative Sector with financial Assistance of NCDC under Restructured Central Sector Scheme for assistance to NCDC Programmes for Cooperative Development, Deptt of Agriculture & Cooperation, Ministry of Agriculture, Govt. of India

16.10 COOPERATIVE STORAGE AND COLD STORAGE

The Department of Agriculture and Cooperation (DAC), through NCDC, has been making systematic and sustained efforts to assist cooperatives in creating additional storage capacity aimed at facilitating expanded operations of cooperative marketing of agriculture produce,

distribution of inputs and sale of consumer articles. Storage capacity assisted by NCDC has increased from 11 lakh MT during 1962-63 to 154.24 lakh MTAs on 31.3.2012.

During the year 2012-13, (upto 11.02.2013) financial assistance of Rs.26.85 crore (Rs.17.51 crore loan + Rs.9.34 crore subsidy) has been released and Rs.76.60 crore (Rs.52.89 crore loan + Rs.23.71 crore subsidy) has been sanctioned for the storage programme under Central Sector Scheme of DAC.

The Department of Agriculture & Cooperation through NCDC, has been providing financial assistance through State Government and also directly to the cooperative societies for establishment of Cold Storages aimed at facilitating expanded shelf life of potatoes and other fruits and vegetables. By the end of the financial year 2011-12, total cold storage capacity created with NCDC's finance has increased to 9.298 lakh tons.

16.11 NCDC provides financial assistance to the extent of 90% of the block cost to the State Govts. for setting up / modernization / expansion / rehabilitation of cold storages and Ice plants by cooperatives. In case of direct funding, assistance to the extent of 75% is provided. NCDC has also dovetailed its cold storage programme with National Horticulture Board (NHB). In such cases quantum of assistance provided by NCDC is reduced by the subsidy available under the Capital Investment Scheme(CIS) of NHB. The scheme provides enhanced back-ended subsidy @ **40%** of the project cost for general and **55%** in case of hilly and scheduled areas for maximum storage capacity upto 5,000 ton per project at normative cost @ Rs.6000 / 7000 / 8000 per ton as per prescribed standards under the scheme.

16.12 Due to inability of State Governments / Cooperative Societies to pose suitable proposals during the financial year 2012-13 (upto 11.02.2013), no financial assistance could be sanctioned so far to cold storage projects .

16.13 INTEGRATED COOPERATIVE DEVELOPMENT PROJECTS

DAC has made systematic efforts to develop primary cooperatives as multi-purpose entities to provide a package of services to rural communities. With this in view, NCDC is implementing Integrated Cooperative Development Projects(ICDP) Scheme in selected districts in the rural areas. During the year 2012-13, (upto 11.02.2013) ten projects in the States of

Uttarakhand(4), Tamilnadu(1) and Madhya Pradesh(5) worth Rs.218.73 crore have been sanctioned involving NCDC's share of assistance of Rs. 210.94 crore (Rs.167.85 crore as loan and Rs.43.09 crore as subsidy). During the same period, NCDC has released loan assistance of Rs.141.39 crore and Subsidy of Rs.22.02 crore totaling to Rs.163.41 crore for ICDP. Subsidy of Rs.5.69 crore has been released towards expenditure on Project Implementation Team(PIT)

16.14 COOPERATIVES IN UNDER DEVELOPED STATES

The process of economic development in the country brought to light certain regional disparities and imbalances in some parts due to inherent factors like topography, agro-climatic conditions and poor infrastructure. During formulation of the Fifth five-year plan, the limitations of this approach came to force and as a consequence, the concept of cooperatively under-developed States evolved to ensure balanced regional development.

The categorization of States for funding by NCDC was reviewed by the Planning Commission in November, 2004. Accordingly, Andhra Pradesh, Uttar Pradesh, Madhya Pradesh and Goa were also placed under the category of cooperatively under developed states. Similarly Jharkhand, Bihar and Jammu & Kashmir were classified as cooperatively least developed States, in addition to the existing States. Now ten states and two UTs. have been categorized as cooperatively under-developed and 11 States as least-developed.

During the year 2011-12, financial assistance of Rs.2671.08 crore has been disbursed by the NCDC to cooperatives in cooperatively least/under-developed states/UTs. under its various schemes.

16.15 STRENGTHENING OF NATIONAL-LEVEL COOPERATIVE FEDERATIONS

The progressive expansion and diversification of the cooperative movement has led to organization of national-level cooperative institutions in different fields of economic activity with a view to accelerating the pace of cooperative development and also to strengthen cooperatives in their economic activities in a coordinated manner. National-level cooperative federations have been playing a significant leadership role. Most of these federations are promotional in nature excepting a few which are involved in commercial activities. DAC has been providing both policy direction and financial support to these federations. The objective of the scheme is to assist the

national-level federations in undertaking promotional and research activities, bringing about improvement in infrastructural facilities and also to assist in building up their equity base.



Handloom in Cooperative Sector with financial Assistance of NCDC under Restructured Central Sector Scheme for assistance to NCDC Programmes for Cooperative Development, Deptt of Agriculture & Cooperation, Ministry of Agriculture, Govt. of India

16.16 Women Development Activities:

NCDC encourages women cooperatives to avail themselves of the assistance under its various schemes. A large number of women members are engaged / involved in cooperatives dealing with fruits & vegetables, ICDP, sugarcane processing, consumer stores, handloom, power loom, spinning and services etc. activities.

Upto 31.03.2012 the NCDC has cumulatively sanctioned and released financial assistance of Rs.140.51 crore and Rs.87.00 crore respectively for the development of cooperative societies exclusively organized by women. This included food grain processing, plantation crops, oilseed

processing, fisheries, integrated cooperative development projects (ICDPs), spinning mills, handloom and powerloom weaving and sugar mills etc.

During 2012-13, upto 05.11.2012 NCDC has sanctioned Rs.2.97 crore to one women cooperative society for setting up of a food grain unit and released Rs.0.05 crore to two Handloom Cooperatives.

16.17 REVITALISATION OF COOPERATIVES

With phenomenal expansion of cooperatives in almost all the sectors, signs of structural weakness and regional imbalances have also become apparent. The reason for such weakness could be attributed to the large percentage of dormant membership, heavy dependence on Government assistance, poor deposit mobilization, lack of professional management, mounting overdues, etc. Concrete steps have now been initiated to revitalize the cooperatives to make them vibrant democratic organizations with economic viability and active participation of members. The steps taken for revitalization of cooperatives include enunciation of a National Policy on Cooperatives, revamping of cooperative credit structure and reforms in cooperative legislation for providing an appropriate legislative frame-work for sound and healthy growth of cooperatives.

16.18 Amendment to the Constitution in respect of Cooperatives

Pursuant to the Common Minimum Programme of the UPA Government to ensure the democratic, autonomous and professional functioning of cooperatives, it was decided to initiate a proposal for amendment to the Constitution for the purpose. Accordingly, the Constitution Amendment Bill was introduced in 14th Lok Sabha, However, the same could not be discussed for passing. The Bill lapsed upon dissolution of the 14th Lok Sabha. Thereafter, The Constitution (One Hundred and Eleventh Amendment) Bill, 2009 was introduced in Lok Sabha on 20.11.2009. The Bill was passed in Lok Sabha on 21.12.2011 and in Rajya Sabha on 28.12.2011 as " The Constitution (Ninety Seventh Amendment) Act, 2011" and Hon'ble President of India gave her assent to the aforesaid Act on 12.01.2012. The Act came into force w.e.f. 15.02.2012 vide Gazette Notification dated 08.02.2012.

16.19 The object of The Constitution (Ninety Seventh Amendment) Act, 2011 is to ensure that the cooperative societies in the country function in a democratic, professional, autonomous

and economically sound manner. The amendment in the Constitution, inter alia, seeks to empower the Parliament in respect of multi-State Cooperative Societies and the State Legislatures in case of other cooperative societies to make appropriate law, laying down the following matters, namely:-

- (a) Right to form cooperative societies as a Fundamental Right by insertion of the words "cooperative societies" in sub clause (c) of clause (1) of Article 19.
- (b) Provisions for incorporation, regulation and winding up of co-operative societies based on the principles of democratic member-control, member-economic participation and autonomous functioning.
- (c) Insertion of Article 43B in part IV of the constitution as directive principle of State Policy for Voluntary formation of cooperative societies.
- (d) Specifying the maximum number of director of a co-operative society to be not exceeding twenty-one members.
- (e) Providing for a fixed term of five years from the date election in respect of the elected members of the board and its office bearers; and an authority or body for the conduct of elections to a cooperative society.
- (f) Providing for a maximum time limit of six months during which a board of directors of co-operative society could be kept under supersession or suspension.
- (g) Providing for independent professional audit.
- (h) Providing for right of information to the members of the co-operative societies.
- (i) Empowering the State Governments to obtain periodic reports of activities and accounts of co-operative societies.
- (j) Providing the reservation of one seat for the Scheduled Castes or the Scheduled Tribes and two seats for women on the board of every cooperative society, which have individuals a members from such categories.
- (k) Providing for offences relating to-operative societies and penalties in respect of such offences.

16.20 Amending the State Cooperative Societies Acts in tune with the provisions of the above amendments in the Constitution will not only ensure autonomous and democratic functioning of the cooperatives, but also ensue accountability of management to the members & other stakeholders and also enhance public faith in these institutions. The Constitutional

amendment provides for a maximum period of one year from the date of its commencement to amend the state laws relating to cooperative societies, if required, to make them consistent with the provisions of the amendment.

16.21 Amendment to the Multi-State Co-operative Societies Act, 2002.

The MSCS (Amendment) Bill, 2010 was introduced in Lok Sabha on 15.11.2010. The proposed amendment intends to strengthen the Cooperatives by making them more member-driven and professional. Bill was referred to Standing Committee on Agriculture for examination and report. The report of Standing Committee on Agriculture was presented on 20.12.2012 and the same is under consideration of the Department.

16.22 Helping farmers in getting remunerative price for their produce through NAFED: DAC is implementing Price Support Scheme (PSS) for procurement of oilseeds and pulses through NAFED which is the central nodal agency at the Minimum Support Price (MSP) declared by the Govt. The Department is also implementing Market Intervention Scheme (MIS) for horticultural and agricultural commodities generally perishable in nature and not covered under Price Support Scheme, thus, helping the farmers in getting remunerative price for their produce.

16.23 Price Support Scheme (PSS): DAC is implementing Price Support Scheme (PSS) for procurement of oilseeds and pulses through NAFED, NCCF, CWC and SFAC as central nodal agencies at the Minimum Support Price (MSP) declared by the Govt. NAFED is the central nodal agency for procurement of cotton also under PSS. Procurement under PSS is continued till prices stabilize at or above the MSP. Losses, if any, incurred by NAFED in undertaking MSP operations are fully reimbursed by the Govt. Profits, if any, earned in undertaking MSP operations are credited to the Central Govt.

16.24 During the year 2012-13, the prices of Milling Copra ruled below respective MSP fixed for the relevant marketing season. NAFED procured Milling Copra during the year 2012-13 as per the details given below:-

S. No.	State	Quantity in MTs	Ex-godown value (Rs. In lakhs)
1)	Tamil Nadu	29999	15299.49
2)	Lakshadweep	2900	1479.00
3)	Kerala	18100	9231.00
4)	Andhra Pradesh	6628	3308.28
5)	Andaman & Nicobar Islands	7140	3641.40
6)	Total	64767	32959.17

16.25 Further, a quantity of 9227.790 MTs of Ball Copra at the MSP of Rs. 5350 per quintal valuing Rs. 4936.86 lakhs and a quantity of 49.450 MTs of Special Grade Milling Copra at the MSP of Rs. 4335 per quintal valuing Rs. 21.43 lakhs were also procured. During the crop season 2012-13 (Kharif), a quantity of 59724.04 MTs of Urad valuing Rs. 25681.34 lakhs and

1020.49 MT of Arhar at the MSP of Rs. 3850 per quintal respectively valuing 392.90 lakhs were also procured.

Further, a quantity of 1364019.11 quintals of cotton valuing Rs. 53162.18 lakhs were also procured during cotton season 2012-13 as on 26.1.2013.

16.26 Market Intervention Scheme (MIS): DAC is implementing MIS on the request of a State/U.T. Govt. for procurement of agricultural and horticultural commodities generally perishable in nature and not covered under Price Support Scheme. The MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of bumper crop when there is glut in the market and the prices tend to fall below economic levels/cost of production. Procurement under MIS is made by NAFED as central agency and by the State designated agencies. Losses, if any incurred by the procuring agencies are shared between Central Govt. and the concerned State Govt. on 50:50 basis (75:25 in case of North-Eastern States). However, the amount of loss to be shared between Central Govt. and the concerned State Govt. is restricted to 25% of the procurement cost. Profit, if any, earned by the procuring agencies is retained by them. The details of MIS implemented during the year 2011-12 and 2012-13 as on 11.2.2013 are as below:-

S. No.	Year	Commodity	MIP (Rs. per Qtl.)	State	Sanctioned Qty. in MTs.
1)	2)	3)	4)	5)	6)
1)	2011-12 12.3.2011 to 14.04.2011	Potato	305	Uttar Pradesh	100,000
2)	2011-12 6.4.2011 to 31.05.2011	Areca nut	7590 (white) 9790 (red)	Karnataka	8,000 (white) 4,000 (red)

3)	2011-12 15.8.2011 to 15.10.2011	Apple		525	Himachal Pradesh	50600
4)	2011-12 14.12.2011 to 14.01.2012	Onion		600	Karnataka	54,000
5)	2011-12 10.02.2012 to 15.06.2012	Turmeric		4092	Karnataka	12,400
6)	2011-12 10.02.2012 to 10.03.2012	Potato		328	Uttar Pradesh	1,00,000
7)	2011-12 20.03.2012 to 20.05.2012	Turmeric		4,000	Andhra Pradesh	54,000
8)	2011-12 06.06.2012 to 06.07.2012	Garlic		1700	Rajasthan	60,000
9)	2011-12 25.05.2012 to 25.06.2012	Chilly	Hybrid Straight	4100 3700	Andhra Pradesh	31,200 20,800
10)	2011-12 01.06.2012 to 31.07.2012	Turmeric		4,000	Tamil Nadu	35,000
11)	1.12.2012 to 31.12.2012	Iskut (Choyate)		560	Mizoram	4,000
12)	1.1.2013 to 31.3.2013	Oil Palm FFB		572	Andhra Pradesh	90,000