

## **CHAPTER - 8**

### **COOPERATION**

8.1 The co-operative movement in Rajasthan is playing vital role in the social and economic development of the State, particularly in rural areas. Initially, this movement was confined to agricultural credit, later on, it rapidly spread to other fields like agro-processing, agro-marketing, milk production and distribution, rural industries, consumer stores, social services etc.

8.2 About 90% of the institutional credit to the farmers is being provided by cooperatives. About 70% of the district credit plan is fulfilled by cooperative banks. 30% of the total agricultural inputs are being supplied by the cooperative marketing organisations. India leads the worlds in milk production. The contribution of the cooperative sector in milk production and distribution is about 95%.

8.3 At present there are 20 State Level Federations, 27 Central Cooperative Banks, 16 milk Unions, 32 Upbhokta Wholesale Bhandars, 36 Primary Land Development Banks (PLDB), 5,244 Primary Agricultural Credit Societies (PACS) and 212 Kraya - Vikraya Sahakari Samities (KVSS). Thus about 23727 co-operative societies are registered in the State including above societies.

8.4 During Eleventh Plan efforts will be made to evolve an environment in which co-operatives become efficient, viable and competitive. Emphasis will be on regeneration, restoration and revitalization of the co-operative structure in the state .For this purpose, following strategies will be adopted to strengthen the co-operative structure.

- Revitalization of PACS/LAMPS and ensuring their viability and profitability with a view to making them financially strong enough to provide greater assistance of rural credit to the farmers by increasing their loan business and increasing the resource base through mobilization of rural small savings.
- Adoption of new technology at par with public sector, private sector and foreign banks so as to compete with them for providing better customer services and cutting down the costs, wherever possible.
- Encouraging micro credit groups and women co-operatives to inculcate the habit of small savings in the rural areas as a sub system of co-operatives. The co-operative credit institutions are required to function as facilitators for linking these small groups and women co-operatives with credit institutions.
- There is an urgent need to diversify the loans portfolio of co-operative credit institutions, particularly in the area of housing,

rural trading sector, integrated loaning in rural areas, agro processing and financing for MIS aiming at water saving devices.

- Diversifying lending operations to activities allied to agriculture like dairy, farming, animal husbandry, fisheries etc. so that there is additional employment generation in the rural areas.

8.5 The important physical targets proposed for Eleventh Plan, likely achievements during 2007-08 and targets proposed for Annual Plan 2008-09 are as under :-

Table No. 8.1

(Rs. in crores)

S. NO.	Scheme	Proposed Target for Eleventh Plan	Anticipated Achievement 2007-2008	Proposed Target for 2008-09
1	Short Term Loan Distribution	20800.00	2900.00	3000.00
2	Medium Term Loan Distribution	1275.00	165.00	180.00
3	Long Term Loan Distribution	2020.00	300.00	350.00
4	Sale of fertilizers	2480.00	467.99	480.00
5	Marketing of Agriculture Produce	6300.00	170.48	190.00
6	Distribution of Consumer goods	4750.00	803.70	820.00

8.6 An amount of Rs. 10000.00 lakhs has been proposed for Eleventh Plan, out of which Rs. 4749.75 lakhs is for committed items and Rs.5250.25 lakhs for new items. Likely expenditure to be incurred during 2007-08 is Rs. 895.98 lakhs and amount proposed for Annual Plan 2008-09 is Rs. 1044.50 lakhs. Scheme wise details of outlays during Eleventh Plan and Annual Plan 2008-09 and likely expenditure during 2007-08 are as under :-

Table No. 8.2

(Rs. in Lakhs)

S. NO.	Scheme	Proposed Target for Eleventh Plan	Anticipated Achievement 2007-2008	Proposed Target for 2008-09
1	Direction & Administration	2093.00	75.00	35.01

S. NO.	<i>Scheme</i>	Proposed Target for Eleventh Plan	Anticipated Achievement 2007-2008	Proposed Target for 2008-09
2	Credit Cooperative	5886.95	760.96	969.44
3	Warehousing & Marketing	250.00	-	0.01
4	Consumer Cooperatives	500.00	-	0.01
5	Large Scale Processing Units	-	-	0.01
6	Cooperative Education & Training	100.05	10.00	15.00
7	Miscellaneous Cooperatives	1170.00	50.02	25.02
	TOTAL	10000.00	895.98	1044.50

8.7 Scheme wise details are as under:-

#### **Directions and Administration**

8.8 The amount proposed for Eleventh Plan under the scheme direction and administration is Rs.2093.00 lakhs . The likely expenditure during 2007-08 is Rs.75.00 lakhs and amount proposed for Annual Plan 2008-09 is Rs.35.01 lakhs for publication and publicity, construction of cooperative complexes and assistance to GRAMSAT. Details are as under.

#### **Constructions of Cooperative complexes**

8.9 At present there are 7 cooperative complexes in the state at zonal head quarters and one at Jhalawar is under construction. An amount of Rs. 1150.00 lakhs is proposed for Eleventh Plan for construction of cooperative complexes against which likely expenditure to be incurred during Annual Plan 2007-08 is Rs. 40.00 lakhs and a token amount of Rs. 0.01 lakhs is proposed for Annual Plan 2008-09.

#### **Publication and Publicity**

8.10 Publication and publicity is the integral part of the Cooperative Department. For the purpose of publication of different magazines and bulletins provisions have been proposed. Apart from this Cooperative Department is organizing cooperative fair for facilitating the common people. For this purpose provision of Rs.143.00 lakhs has been proposed for the Eleventh Plan . Likely expenditure during 2007-08 is Rs. 25.00 lakhs and amount proposed for 2008-09 is Rs. 25.00 lakhs.

## **GRAMSAT**

8.11 This scheme is being run by the Science and Technology Department and Government of Rajasthan. Under this scheme Rs. 500.00 lakhs is proposed for the Eleventh Plan. Likely expenditure during 2007-08 is Rs.10.00 lakhs and amount proposed for Annual Plan 2008-09 is also Rs.10.00 lakhs.

## **Credit Cooperatives**

- Share Capital to Cooperative Credit Institution (LTO Fund): - To strengthen the share capital base of the credit Cooperatives, NABARD provides an easy loan @ 9.5% to the State Government. State Government provides this loan to credit cooperatives of the state as share capital. This amount is to be paid back after two years in 10 installments, with moratorium period of 2 years. This enables credit cooperatives to provide loans and other facilities to the farmers of the state. In the Eleventh Plan, Rs.1500.00 lakhs is proposed for this purpose against which likely expenditure during 2007-08 is Rs.105.00 lakhs and amount proposed for 2008-09 is Rs. 250.00 lakhs .
- Conversion of ST loans into MT loans:-Because of irregular rains, drought and flood position, there is an adverse effect on the farmer's produce. This results in non-repayment of loans to the credit institutions. In effect of this, farmers do not remain in the eligibility zone for the further loans. As per the declaration of state government regarding drought position in the state the short term loans are converted into medium term loans which makes the farmers (members) eligible for further loans. As the position of drought, flood etc cannot be pre assessed, a token provision of Rs.0.10 lakh for Eleventh Plan and a token amount of Rs.0.01 lakhs for the Annual Plan 2008-09 is proposed.
- Rajasthan State Cooperative Revitalisation Fund:- This is a revolving fund under which loan is provided to such cooperative societies which are economically weak and are not eligible to get assistance from any other institutions, or such societies who want to start new business venture. There is a committee under the Chairmanship of Secretary, Cooperatives for utilisation of this fund. For the Eleventh Plan, Rs.50.00 lakhs is proposed under the scheme and a token provision of Rs.0.01 lakh is proposed for the Annual Plan 2008-09.
- Rajasthan State Cooperative Renewal Fund:- Under this scheme assistance is provided to such cooperative institutions who want to decrease their establishment expenditure by providing voluntary retirements under the golden handshake scheme. This amount is repaid in five equal installments by the society. Rs. 50.00 lakhs is proposed under this scheme for the Eleventh Plan and a token provision of Rs.0.01 lakh is proposed for the Annual Plan 2008-09.

- Integrated Cooperative Development Project:- Out of the 32 districts of the state this project has already been completed in 7 district namely, Banswara, Jalore, Sikar, Alwar, S. Madhopur, Tonk and Jhalawar districts. At present this scheme is under process in Dausa, Baran , Hanumangarh, Bhilwara, Ajmer, Jaisalmer ,Bundi and Jhunjhunu.The approval of NCDC for a matching basis the projects Barmer, Bikaner, Kota, Dungarpur and Bharatpur has since been received. During 2008-09, in remaining districts Churu and Nagaur this scheme will be started with the assistance from NCDC. For the Eleventh Plan Rs.1686.65 lakhs are proposed.Likely expenditure during 2007-08 is Rs.264.88 lakhs and amount proposed for 2008-09 is Rs.319.37 lakhs.
- Assistance for PACS Manager Salary Guarantee Fund: - Assistance is provided for payment of PACS Managers salary by way of fulfilling the shortage. For the year 2008-09 a token amount of Rs 0.01 lakhs is proposed.
- Assistance for Health Insurance of Farmers through PACS: - A token provision of Rs. 0.01 lakhs is proposed for 2008-09.
- Assistance for Payment of Interest of Cooperative Credit Institutions:- As per the directions of Government of India and NABARD, state government has declared to provide short term loans @ 7% in the state. State Government will provide 2% subsidy for distribution of short term loan. In the Eleventh Plan Rs.0.10 lakh is prposeded.Likely expenditure during 2007-08 is Rs.391.00 lakhs and amount proposed for 2008-09 is Rs. 400.00 lakhs.
- Revival of Credit Cooperative Structure:- NABARD has constituted Vaidyanathan Committee to reorganise and increase viability of the state credit cooperative institutions which include Central Cooperative Banks, Primary Land Development Banks and Primary Agriculture Cooperative Societies. On the recommendations of Vaidyanathan committee Government of India had announced a package to revamp the short term cooperative credit structural reforms in PACS to curb net losses of CCBS and Apex Bank.

The main features of this package are as below:-

- ❖ Financial aid will be given on the basis of accounts as on 31.03.04.
- ❖ NABARD shall get the audit done to asses the loss of PACS, CCBS & Apex Bank as on 31.3.04
- ❖ The responsibility of financial aid shall vest with Government of India, State Govt. and concerned institution collectively. Govt. of India shall reimburse fully all losses suffered by PACS,CCBS, Apex Bank due to their agriculture credit link business and would reimburse 50% of losses suffered by institution during civil supplies business. Govt. of India shall also bear all the expenses to

upgrade human resources development, computerization and accounting ways .It shall also assist the banks to increase their CRR up to 7%. But any embezzlement or irregularities done at the level of PACS and consequent losses will have to be borne by the PACS.

- ❖ As per the above plan MOU has been signed between govt. of India, NABARD and State Govt. on 14 Nov2006.Govt. of India shall release the financial assistance amount only after the reimbursement of losses incurred are paid by the State Govt.
- ❖ As per recommendations of the Vaidyanathan committee, the revamping of short term cooperative structure and financial responsibility to be commonly shared by Govt. of India, State Govt. and the respective institution is depicted as follows:

1-Loss incurred due to credit business	431.59 crores(100% by Govt. of India)
2- Loss incurred due to the civil supply business	17.85 crores (by Gogovernment of India) 17.85 crores (by by State Govt )
3- For increasing CRR by 7%, HRD, computerization and accounting reforms	100%(by Govt. of India)
4- Embezzlement,irregularities in PACS	100% By PACS
5- Grant in aid (For PACS more than 25% of share capital)	5.79 crores (by State Govt.)
6- P.F. & Gratuity	45.00 crores (by State Govt.)

- ❖ As mentioned above the amount required is Rs. 68.64 crores to be made by State Govt. If budget provision is not made fo the year 2007-08 then it is to be proposed for 2008-09.
- ❖ According to special audit done by SLIC of PACS/ LAMPS it has been calculated that 50% of losses incurred in civil supplies business i.c. 17.85 crores has to be bone by State Govt. Similarly Rs. 5.79 crores (grant in aid) and Rs. 45.00 crores for gratuity and P.F. has to be borne by State Govt. The calculations are adhoc as the work of special audit it still underway.For this purpose a token amount of Rs.0.10 lakh for the Eleventh Plan and Rs.0.01 lakh for the Annual Plan 2008-09 is proposed.

## **Warehousing & Marketing**

8.12 An amount of Rs. 250.00 lakhs is proposed for Eleventh Plan and a token amount of Rs. 0.01 lakhs for 2008-09 is proposed to assist marketing bhandars and to trained their employees.

## **Consumer Cooperatives**

8.13 Rajasthan State Cooperative Consumer Federation is working as an apex institution for the consumer business in the state. 32 consumer bhandars are working under this federation. Medical business is being successfully done by these bhandars and its branches. These bhandars are providing consumer goods at a reasonable price and even in emergent situations these bhandars distribute consumer goods to the common citizens. Cooperative Department is organizing fairs to provide consumer goods to the common citizens. Cooperative medical shops in all the districts are proposed to be opened. Areas where the scope of business is more, branches of such bhandars are to be opened. As Confed is providing top quality spices it is proposed that modern masala plant is to be established so that the quality can be maintained. For these purposes Rs. 500.00 lakhs in the Eleventh Plan and a token amount of Rs. 0.01 lakhs is proposed for the Annual Plan 2008-09.

## **Cooperative Education and Training**

8.14 Training to departmental employees:- To increase the efficiency and to provide the information regarding new schemes and also to train the newly inducted employees, Rajasthan Institute of Cooperative Education and Management (RICEM) is working as a leading institution in the cooperative sector. Besides this, training is also provided in different training institutes as and when required. For this purpose Rs.100.05 lakhs for the Eleventh Plan is proposed. Likely expenditure during 2007-08 is Rs. 10.00 lakhs and amount proposed for 2008-09 is Rs.15.00 lakhs .

## **Miscellaneous Cooperatives**

8.15 Assistance to Women Cooperatives:-There is a scheme in the department to provide assistance to women cooperatives for their successful running. Under this scheme Rs.20000/- is provided as share capital in one installment and Rs.10,000/- is provided as managerial subsidy which is given in three installments i.e. Rs.2500/-, Rs. 5000/- and Rs. 2500/-. It has been noticed that this scheme has helped the women cooperative societies to function in a successful manner and has resulted to better the economical conditions of women in the state. At present there are 2947 women cooperative in the State including Annapoorna Mahila Cooperative Societies out of these 394 have already been benefited. In the Eleventh Plan, Rs.120.00 lakhs is proposed. Likely expenditure during 2007-08 is Rs. 50.00 lakhs and amount proposed for 2008-09 is Rs.25.00 lakhs .

8.16 Assistance to Cooperative Press:- The Rajasthan State Cooperative Press is functioning as an apex institution in the printing sector. The cooperative press is working successfully since 1990. At present cooperative press is printing different material for the government sector, private and cooperative institutions. Against Eleventh Plan provision of Rs. 50.00 lakhs, a token provision of Rs. 0.01 lakhs is proposed for 2008-09.

8.17 Assistance to Spinfed & Tilam Sangh:- The machinery, established at the Spinfed's units viz., Gulabpura, Gangapur and Hanumangarh, has become quite old and obsolete and need replacement as well as modernization in order to maintain adequate level of production and profitability. State Government has sent proposals for providing assistance to NCDC under "TUFF" scheme for modernization and rehabilitation for all three units. It is estimated that a sum of Rs.3307.50 lakhs will be required for modernization and rehabilitation of these units out of which Rs. 507.50 lakhs will be required from State Plan. Against Eleventh Plan provision of Rs. 1000.00 lakhs, a token provision of Rs. 0.01 lakhs is proposed for 2008-09.

### **Agriculture Credit**

8.18 The amount proposed for Eleventh Plan is Rs.3500.10 lakhs. Likely expenditure to be incurred during Annual Plan 2007-08 is Rs.650.02 lakhs and amount proposed for 2008-09 is also Rs. 650.02 lakhs. Detail is as under:-

Table No. 8.3

(Rs. In lakhs)

S. NO.	Scheme	Proposed Target for Eleventh Plan	Anticipated Achievement 2007-2008	Proposed Target for 2008-09
1	Special Debentures	3500.00	650.00	650.00
2	Ordinary Debentures	0.05	0.01	0.01
3	Share Capital Contribution in RRBs	0.05	0.01	0.01
	Total	3500.10	650.02	650.02

8.19 The main source of funding long term credit is through floatation of special development debentures, being executed by state land development bank. For Eleventh Plan, an amount of Rs. 3500.00 lakhs and token provision of Rs. 0.05 lakhs is proposed for special and ordinary debentures respectively and for Annual Plan 2008-09, Rs. 650.00 lakhs and Rs. 0.01 lakh is proposed for special and ordinary debentures.