

CHAPTER - 10 COOPERATION

10.1 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.

10.2 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%.

10.3 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. These societies are functioning with a share capital of about Rs. 1113.38 crores and working capital of Rs.15639 crores.

10.4 During Tenth Plan Rs.13853.59 lakhs is likely to be incurred. The progress made under various activities during Annual Plan 2002-03 to 2006-07 is as under :-

(Rs. in crores)

S. No.	Item	Progress made during				Likely 2006-07	Total likely progress 2002-07
		2002-03	2003-04	2004-05	2005-06		
1.	Short Term Loan Distribution	1093.71	1154.92	1907.15	2293.13	2700.00	9148.91
2.	Medium Term Loan Distribution	92.26	94.39	79.96	129.29	155.00	550.90
3.	Long Term Loan Distribution	206.95	202.22	217.41	269.34	310.00	1205.92
4.	Sale of Agriculture inputs	145.63	195.20	246.28	204.34	360.00	1151.45

S. No.	Item	Progress made during				Likely 2006-07	Total likely progress 2002-07
		2002-03	2003-04	2004-05	2005-06		
5.	Marketing of Agriculture Produce	551.78	183.66	597.71	1916.09	1975.83	5225.07
6.	Distribution of Consumer goods	608.73	537.43	700.82	633.63	750.00	3230.61

10.5 The turn-over and profitability of cooperative institutions, including major apex level institutions, has increased over the years. During 2004-05, the profit of some apex level cooperative institutions is as under:-

(Rs. In lakhs)

S.No.	Name of the Institution	Profit
1	Rajasthan State Cooperative Bank	1933.78
2	Rajasthan State Land Development Bank	1115.74
3	RAJFED	326.60
4	CONFED	13.32
5	Rajasthan State Cooperative Press	71.21

10.6 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.

- Revitalisation 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.

10.7 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. Rs. 895.98 lakhs is proposed for the Annual Plan 2007-08, out of which Rs. 685.91 lakhs is for committed items and Rs.210.07 lakhs is for new items. Scheme wise details of outlay are as under :-

(Rs. in Lakhs)

S.NO.	Scheme	Proposed Outlay	
		Eleventh Five Year Plan	Annual Plan 2007-08
1	Direction & Administration	2093.00	175.00
2	Credit Cooperative	5886.95	530.96
3	Warehousing & Marketing	250.00	25.00
4	Consumer Cooperatives	500.00	25.00
5.	Cooperative Education & Training	100.05	10.02
6.	Miscellaneous Cooperatives	1170.00	130.00
	TOTAL	10000.00	895.98

10.8 The important physical targets proposed for Eleventh Plan and Annual Plan 2007-08 are as under :-

(Rs. in crores)

S. No.	Item	Targets	
		2007-08	Eleventh Plan
1.	Short Term Loan Distribution	3105.00	20800.00
2.	Medium Term Loan Distribution	255.00	1275.00
3.	Long Term Loan Distribution	310.00	2020.00
4.	Sale of Agriculture inputs	400.00	2480.00
5.	Marketing of Agriculture Produce	1000.00	6300.00
6.	Distribution of Consumer goods	800.00	4750.00

10.9 Scheme wise details of Eleventh Plan and Annual Plan 2007-08 are as under:-

Directions and Administration

10.10 The amount proposed during Eleventh Plan under the scheme direction and administration is Rs.2093.00 lakhs out of which Rs. 243.00 lakhs is for committed items and Rs. 1850.00 lakhs is for new items. The proposed outlay for Annual Plan 2007-08 is Rs.175.00 lakhs out of which Rs.35.00 lakhs is for committed items and Rs.140.00 lakhs for new items. The details of new items are as under: -

(Rs. In lakhs)

S. No.	Proposed Outlay For New Items		Details of New Items
	Eleventh Plan	Annual Plan	
1.	1150.00	80.00	At present, out of 32 districts only 7 district have cooperative complexes and construction of cooperative complex in Jhalawar district is in progress. For the rest 24 districts amount is proposed for construction of cooperative complexes.
2.	500.00	50.00	1. During the year 2004, State Government constituted Cooperative Election Tribunal for the purpose of conducting elections within time. No separate staff was sanctioned for the Tribunal. At present the staff from the existing strength of the Cooperative Department is being provided to the Tribunal. Therefore following new posts are to be created for smooth functioning of the tribunal. Private Secretary-1, Inspector-3, Steno-2, UDC-2, LDC-3, Class IV-2, 2. Following new posts are required to be created for 9 new special auditor offices sanctioned in the year 2006. UDC-18, LDC-18, Class-IV-18, 3. For computerization of the department, post of programmer and data entry operator are urgently required to be created.
3.	200.00	10.00	For furniture and photocopier required in 9 offices of special auditor and hiring of vehicles for additional registrar, chief auditor and chief accounts officer.

10.11 The details of committed items are as under:-

Publication and Publicity

10.12 Publication and publicity is the integral part of the Cooperative Department. For the purpose of publication of different magazines,

bulletins, to constitute a video unit and publicity vehicle provisions have been made. Apart from this Cooperative Department is organising cooperative fair for facilitating the common people and also to promote cooperative societies of Rajasthan and other states also. For this purpose provision of Rs.143.00 lakhs for the Eleventh Plan and Rs. 25.00 lakhs for the Annual Plan 2007-08 is proposed.

GRAMSAT

10.13 This scheme is being run by the Science and Technology Department, Government of Rajasthan. Under this scheme Rs. 100.00 lakhs is proposed for the Eleventh Plan and Rs.10.00 lakhs is proposed for Annual Plan 2007-08.

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 @ 8% 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 and for the Annual Plan 2007-08, Rs. 245.98 lakhs is proposed.
- 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 Rs.0.02 lakh for the Annual Plan 2007-08 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. Token provision of Rs.0.01 lakh is proposed for the Annual Plan 2007-08.
- 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. Token provision of Rs.0.01 lakh is proposed for the Annual Plan 2007-08.

- 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 Jodhpur, Dausa, Baran and Hanumangarh. In addition, as per the announcement of Hon'ble Chief Minister, Government of Rajasthan, this scheme has been started in Ajmer, Bundi, Jaisalmer, Jhunjhunu and Bhilwara districts. In the remaining districts of Rajasthan this scheme will be started with the assistance from NCDC. Under this scheme the state share is between 10-15% as per the project report. The rest of the amount is provided by NCDC. For the Eleventh Plan Rs.1686.65 lakhs and for the Annual Plan 2007-08, Rs.264.89 lakhs is proposed.
- Deposit Guarantee Scheme:- A Corpus fund for the purpose of safety of depositors of cooperative institutions in the state is proposed to be established. This will establish faith and confidence in the common citizen. For this fund, Rs. 100.00 lakhs is proposed in the Eleventh Plan and Rs.20.00 lakhs for the Annual Plan 2007-08 as new item.
- Interest Subsidy for Credit Cooperatives:- 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 and in the Annual Plan 2007-08, Rs.0.02 lakh is proposed as subsidy under new items.
- 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 the NABARD and the MOU between the state government and NABARD a package of Rs.920.00 crores is expected. Under this package the losses generated because of PDS will be borne equally by the state government and Central Government. Apart from this, credit institutions which are provided with more than 25% of their share capital the access amount will be converted into subsidy. For this purpose Rs.0.10 lakh for the Eleventh Plan and Rs.0.02 lakh for the Annual Plan 2007-08 is proposed as new item.
- Assistance for storage of fertilizers to PACS:- Primary cooperative societies of the state make fertilizers available to the farmers in the state. These cooperative institutions have to take loan for the purpose of storing the fertilizers for which they have to bear heavy interest. It

is proposed that either these societies should be provided with interest free loan as margin money or they should be reimbursed with the interest paid by them. For this purpose Rs.2500.00 lakhs in the Eleventh Plan and Rs.0.01 lakh in the Annual Plan 2007-08 is proposed.

Warehousing & Marketing

- Constitution of new Marketing Societies and opening new Branches of Marketing Societies - Business of agriculture produce and consumer items is done through cooperative marketing societies on reasonable price in the state. In the distant and command areas where such societies are not in existence, constitution of such societies is proposed. In the Eleventh Plan, 20 new marketing societies are proposed to be constituted. Rs. 3.00 lakhs, to each society is proposed in the form of share capital, margin money and subsidy for this purpose. Also for large number of societies, area of operation is very extensive and there is lot of scope to increase the business in these societies. For this purpose it is proposed that the branches of these societies should be opened. In the Eleventh Plan, 95 such branches are to be opened for which Rs.2.00 lakh per society is required as subsidy and margin money. For constituting new marketing societies and opening branches of marketing societies in the Eleventh Plan, Rs.250.00 lakhs and for the Annual Plan 2007-08, Rs. 25.00 lakhs is proposed

Consumer Cooperatives

10.14 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 Rs.25.00 lakhs for the Annual Plan 2007-08 is proposed under new items.

Cooperative Education and Training

- 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.50.00 lakhs for the Eleventh Plan and Rs.10.00 lakhs for the year 2007-08 is proposed as a committed item.

- Upgradation of RICEM:- As mentioned above RICEM is successfully conducting training programmes in the state. It is situated at Jhalana Institutional Area in the Jaipur City. Recently it has successfully conducted foundation course of Rajasthan Administrative and Allied Services. Looking the potential of RICEM, there is a proposal of starting MBA and MCA degree courses with this. It is also proposed that the computer training equipments are to be modernized and increased to provide the best of training. For these purposes Rs.50.00 lakhs is proposed in the Eleventh Plan and Rs.0.01 lakh in the Annual Plan 2007-08 under new items.
- Assistance to Rajasthan State Cooperative Union:-The Rajasthan State Cooperative Union, Jaipur is working since 1957 as a representative organization of State Cooperative movement and spokesmen institution of Cooperative Sector in Rajasthan. The main objective of State Cooperative Union is to impart education to elected non-officials, conduct the training programmes for employees of Cooperative Institutions and bring out publicity material for promotion of Cooperative movement in the State.
- Rajasthan State Cooperative Union is running 4 cooperative education projects in Dausa, Alwar, Kota and Nagaur. In the Eleventh Plan 2 more cooperative education projects are under consideration to be started at Karauli and Rajsamand. The requirement for these projects would be Rs.150.00 lakhs for the purpose of creating 4 new posts i.e. Project Officer -1, Cooperative Instructor-3, Farm Guidance Instructor-1. Other than this for the upgradation of head office of Rajasthan State Cooperative Union Rs.10.00 lakhs will be required for putting up new furniture, computer etc. In total Rs.160.00 lakhs will be required. A token provision of Rs.0.05 lakh for Eleventh Plan and Rs.0.01 lakh for the Annual Plan 2007-08 is proposed as new items.

Miscellaneous Cooperatives

- 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. In the Eleventh Plan, Rs.120.00 lakhs and for the Annual Plan 2007-08, Rs. 25.00 lakhs is proposed.

- 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. Rs.50.00 lakhs for the Eleventh Plan and Rs.5.00 lakhs for the Annual Plan 2007-08 is proposed under this scheme as share capital, for providing modern machines.
- 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 modernisation in order to maintain adequate level of production and profitability. State Government has sent proposals for providing assistance to NCDC under "TUFF" scheme for modernisation and rehabilitation for all three units. Accordingly NCDC has sanctioned project for Gangapur, Gulabpura and Hanumangarh of Rs. 23.52 crores, Rs.25.00 crores and Rs. 29.20 crores respectively. This assistance consists of loan, share capital and subsidy.
- Tilam Sangh is running in loss of nearly more than 180.00 crores. Tilam Sangh has loan liability of nearly 197.00 crores consisting 85.22 crores of principal amount and 102.00 crores of interest. A proposal is under consideration of State Government for conversion of Rs.85.22 crores of loan amount into share capital. Secondly, for making Tilam Sangh a profitable institution certain steps for modernisation and developing marketing strategy and diversifications etc. has to be taken. Therefore, Rs.10.00 crores for Eleventh Plan and Rs.1.00 crore for Annual Plan 2007-08 is proposed for Tilam Sangh/Spinfed.

Agriculture Credit

10.15 Under agriculture credit, the likely expenditure to be incurred during Tenth Plan is Rs. 4349.57 lakhs. The amount proposed for Eleventh Plan and Annual Plan 2007-08, is respectively Rs. 3500.10 lakhs and Rs. 650.02 lakhs. Detail is as under:-

(Rs. In lakhs)

S. No.	Scheme	Likely Exp. Tenth Plan	Proposed Outlay	
			Eleventh Plan	Annual Plan (2007-08)
1	Special Debentures	2950.00	3500.00	650.00
2	Ordinary Debentures	0.01	0.05	0.01
3	Share Capital Contribution in RRBs	1399.56	0.05	0.01
	Total	4349.57	3500.10	650.02

10.16 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 2007-08, Rs. 650.00 lakhs and Rs. 0.01 lakh is proposed for special and ordinary debentures.

10.17 The loan in special development debentures are subscribed by NABARD (90% to 100%), State Government (2.5% to 5%) Central Government (2.5% to 5%). Normal debentures are not floated at present.

10.18 Projections for floatation of special development debentures during the Eleventh Five Year Plan period, and requirement of NABARD, state government & central government contribution in respect of special development debentures are as under :-

(Rs.in Crores)

Year	NABARD	GOI	GOR	Total
2007-08	272.00	6.50	6.50	285.00
2008-09	311.00	7.00	7.00	325.00
2009-10	356.00	7.00	7.00	370.00
2010-11	395.50	7.25	7.25	410.00
2011-12	460.50	7.25	7.25	475.00
Total	1795.00	35.00	35.00	1865.00