

COOPERATION

The cooperative sector has played 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. It is, therefore, considered imperative to design long-term and short-term strategies for reducing economic disparities between the down-trodden rural people and the rural rich, as well as regional imbalances including rural and urban differences.

17.2 The Department of Agriculture and Cooperation is implementing the following main schemes/programmes to promote cooperatives in India for achieving the aforesaid objectives.

17.3 **Cooperative Education and Training:** This scheme has been under operation since the Third Five-Year Plan and is implemented through the National Cooperative Union of India (NCUI) and the National Council for Cooperative Training (NCCT). At present, the Union is operating 45 projects. During the year 2006-07, up to 31 December 2006, over 12,23,00 persons were educated under the NCUI projects, as against the target of 14,84,000 persons fixed for the purpose. The NCCT conducted programmes through its five 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 Government of India provides 100 per cent financial assistance in the form of grants-in-aid to NCCT for conducting cooperative training programmes. The Council also provides academic and financial support to Junior Cooperative Training Centres in India, which are financed by State Cooperative Unions/State Governments.

17.4 The outlay earmarked for implementing the cooperative education and training programmes during the year 2006-07 is Rs 65.00 crore including Rs 3.00 crore for the north-east region, Rs 40.00 crore for the Corpus Fund for Cooperative Training and Rs 5.38 crore for Junior Cooperative Training Centres and Rs 0.07 crore for Centre for International Cooperation in Agricultural Banking under the re-structured central sector scheme for cooperative education and training during the year.

17.5 **Cooperative Education and Training Activities in the North-Eastern Region:** The Scheme for Intensification of Cooperative Education in Cooperatively Under-Developed States including the North-Eastern region is being implemented through the NCUI with 100 per cent financial assistance. The NCUI-run projects have been established at eight places in the north-east, namely, Aizwal (Mizoram), Bishnupur, West Imphal (Manipur), Jorhat, Kamrup (Assam), Kohima (Nagaland), Shillong (Meghalaya), and West Sikkim. These projects have made a tangible impact in improving the income

of members of SGHs and cooperatives. During the period from April to December 2006, 71,175 persons were imparted education and training by these projects.

17.6 Cooperative Development Programmes through National Cooperative Development Corporation: The Government of India implements its cooperative development programmes also through the National Cooperative Development Corporation (NCDC). The programmes/schemes being implemented through this agency are: integrated cooperative development projects in selected districts; assistance to cooperative marketing, processing and storage etc., in cooperatively under-developed states/UTs; and share capital participation in growers'/weavers cooperative spinning mills. The subsidy component is provided by the Government of India and the loan component by the NCDC through its own sources.

17.7 During 2005-06, the NCDC sanctioned a record assistance of Rs 3170.00 crore and disbursed the highest ever assistance of Rs 2300.00 crore under various schemes and programmes implemented by it. The rates of interest on NCDC loans were between 8 per cent and 10.5 per cent as on 31 March 2006. The highest ever net surplus (before tax) was recorded by the Corporation at Rs 14005 crore during 2005-06, as against Rs 12519.00 crore in the previous year. In the year 2006-07, an assistance of Rs 1658.13 crore till 31 December 2006 was disbursed by the NCDC against an approved outlay of Rs 1800.00 crore under different schemes of the Corporation.

17.8 Cooperative Spinning Mills: In order to improve the economic condition of the cotton growers as well as handloom and power-loom weavers and to consolidate the gains achieved so far, the Department of Agriculture and Cooperation through the NCDC, continued to provide financial assistance to the spinning mills and ginning and pressing units in the cooperative sector. During the year 2006-07 (up to 31 December 2006), the NCDC sanctioned financial assistance of Rs 5281.29 crore (including a subsidy of Rs 769.61 crore) to four cooperative spinning mills.

17.9 Cooperative Storage and Cold Storage: The government is making systematic and sustained efforts to assist through the NCDC, cooperatives in creating additional storage capacity, aimed at facilitating expanded operations of cooperative marketing and distribution of inputs and sale of consumer articles. Storage capacity, assisted by the Corporation and owned by the cooperatives, increased from 11 lakh tonnes in 1962-63, to 146.31 lakh tonnes by the end of December 2006.

17.10 During the year 2006-07 (up to 31 October 2006), the NCDC released Rs 486.63 crore (Rs 207.89 crore as loan and Rs 218.35 crore as subsidy) for storage programmes. Similarly, during 2006-07 (up to 31 December 2006), the NCDC released funds to the tune of Rs 205.34 crore (Rs 162.22 crore as loan; Rs 1.00 crore as subsidy) under the cold storage programme.

17.11 Integrated Cooperative Development Projects: In order to promote the development of primary cooperatives as multi-purpose entities to provide a package of services to rural communities, the NCDC is implementing the scheme of integrated

cooperative development projects in selected districts in the rural backdrop. During the year 2006-07 (up to 31 December 2006), eight projects (three in Rajasthan; three in Jharkhand; and one each in Haryana and Uttar Pradesh) at a project cost of Rs 82.16 crore were sanctioned involving the NCDC's share of Rs 76.25 crore (loan - Rs 60.66 crore and subsidy Rs 15.59 crore). During the same period, the NCDC released a loan assistance of Rs 765.59 crore and a subsidy of Rs 158.90 crore aggregating Rs 924.45 crore for these projects.

17.12 Cooperatives in Under-developed States: In the year 2005-06, the NCDC provided financial assistance of Rs 944.29 crore to the least/under-developed states for various cooperative development programmes. During the year 2006-07 (up to 31 December 2006), financial assistance of Rs 1923.14 crore has been sanctioned and Rs 757.16 crore has been disbursed by the NCDC to the cooperatives in cooperatively least/under-developed states/UTs under its different schemes.

17.13 Strengthening of National-level Federations: The progressive expansion and diversification of the cooperative movement has led to the organisation of national-level cooperative institutions in different fields of economic activities with a view to accelerate the pace of cooperative development in various directions and also to strengthen the cooperatives in their economic activities in a coordinated manner. The Government of India has been providing both policy direction and financial support to these federations. During the year 2005-06, a budgetary provision of Rs 1.25 crore was made under the scheme of assistance to national federations and special schemes for training and skill development of unskilled labour and women through National Federation of Labour cooperatives.

17.14 Revitalization 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 would be attributed to the large percentage of dormant membership, heavy dependence on government assistance, poor deposit mobilization of members, lack of professional management, mounting overdues, etc. Concrete steps have now been initiated to revitalize the cooperatives to make them vibrant democratic organisations with economic viability and active participation of members. The steps taken include the enunciation of a national policy on cooperatives, revamping of the cooperative credit structure and reforms in cooperative legislation for providing an appropriate legislative framework for the sound and healthy growth of cooperatives.

17.15 The Constitution (One Hundred and Sixth Amendment) Bill, 2006, was introduced in the Lok Sabha on 22 May 2006. The Bill seeks to make the functioning of cooperatives autonomous, democratic and professional in nature and has been referred to the Standing Parliamentary Committee on Agriculture for examination and report.

17.16 Helping Farmers Obtain Remunerative Prices for their Produce: NAFED is the national-level apex organisation of agricultural marketing cooperatives in India, with its headquarters at New Delhi. The Department of Agriculture and Cooperation is

implementing two important schemes, namely, the Price Support Scheme (PSS) and Market Intervention Scheme (MIS), through NAFED and the state-designated agencies, to assist farmers in getting remunerative prices for their produce.

- **PSS:** In order to provide remunerative prices to the growers of agricultural commodities, the Government of India on recommendation of the CACP announces the MSP for each crop season i.e., Rabi and Kharif, for various agricultural commodities. NAFED acts as the central nodal agency for procurement of oilseeds - mustard seed, Groundnut-in-shell, Soya bean, safflower seed, sunflower seed, sesame seed, niger seed, copra, toria; and pulses – gram, arhar (toor), urad, moong, and masoor, under the PSS. NAFED has also been appointed as the central agency of this Department for the procurement of cotton under the PSS with effect from 17 February 2005, in addition to the Cotton Corporation of India (CCI) on CCI pattern. The losses incurred, if any, by NAFED, are fully reimbursed by the government. Profit earned, if any, under the PSS is credited to the government account. In addition, the central government is required to pay to NAFED the service charges at the approved rate. At present, NAFED is paid service charges at the rate of 1.5 per cent for non-perishable commodities and 2.5 percent for perishable commodities.

Due to bumper production of mustard during Rabi 2005 and Rabi 2006 seasons, the rates of mustard was much below the MSP of Rs 1700 per quintal and Rs 1715 per quintal respectively. NAFED, as the central nodal agency, procured a record quantity of 20.93 lakh MT of mustard valued at Rs. 3914.00 crore, at the MSP of Rs 1700 per quintal during Rabi 2005; and 22.05 lakh MT mustard valued at Rs 4214.00 crore at the MSP of Rs 1715 per quintal during Rabi 2006 (2006-07). Besides mustard, NAFED also procured 66,670 MT of other oilseeds, namely, safflower seed, copra, sunflower seed, groundnut and sesame valued at Rs 144.37 crore.

- **MIS:** This scheme is implemented at the request of State Government/UT administration. The losses are shared between the Central Government and the State Governments/UT administration concerned as per the guidelines laid down under the scheme. During 2006-07, at the request of the State Government of Rajasthan, Uttaranchal and Mizoram, the MIS for procurement of 9,250 MTs of onions, apples and chillies valued at Rs 3.02 crore has been implemented through NAFED and the state-designated agencies. Thus, the growers of onions, apples and chillies in Rajasthan, Uttaranchal and Mizoram were saved from distress sale and helped in obtaining remunerative prices for their produce. The rate of chillies in Mizoram was below the economic levels. On the request of the Government of Mizoram, 1250 MT of chilli valued at Rs 0.35 crore was purchased during 2006-07. This helped the chilli growers of Mizoram in obtaining remunerative prices for their produce.

17.17 Programmes under Implementation in the North-Eastern States: The details of programmes under implementation in the North-Eastern states are given in **Annexure – 17.1.**