



DEMAND No.12

**Cooperation (Cooperation Food and
Consumer Protection Department)**

POLICY NOTE

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**GOVERNMENT OF TAMIL NADU
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POLICY NOTE ON COOPERATION

CHAPTER - I

INTRODUCTION

The cooperative movement, which is the largest socio-economic movement in the world, has contributed significantly to the alleviation of poverty, creation of productive employment as well as the enhancement of social integration in the country. Cooperative societies are institutions serving mainly the rural population and therefore they deserve special attention. Cooperative societies have played an important role in the economy especially in sectors such as agricultural credit, distribution of fertilizer and other agricultural inputs, storage and marketing of agricultural produce, dairies, fisheries, sugar, textiles and industries.

As Tamils, we can be proud of the fact that we have pioneered the cooperative movement in India by starting the first societies in at least two sectors of cooperation i.e. cooperative credit and consumer business. The cooperative institutions in Tamil Nadu are also engaged in the distribution of essential commodities through the network of fair price shops under the Public Distribution System. The cooperative societies in Tamil Nadu touch the lives of the rural masses on a day-to-day basis.

However, in the recent past, all is not well with cooperative movement in the country and in Tamil Nadu. The share of the cooperatives in agricultural credit disbursed has declined over the years. The sluggish growth of the agrarian economy marked by a series of poor crop seasons affected by adverse weather

conditions has led to lower levels of business volumes for the cooperative societies. Their relatively high overhead costs and increased competition from other commercial banks have contributed to the diminishing role of the agricultural cooperative credit institutions in over all credit disbursement. In such a scenario, the waiver of agricultural loans by the present Government has infused a new life into the agricultural sector in Tamil Nadu giving relief from debt burden to more than 22 lakh farmers. The Government's decision to reimburse the waived amount to the cooperative institutions in five instalments with 8% interest will help the cooperative institutions to receive a massive infusion of capital that would pave the way for greater liquidity and financial stability to the cooperative credit system in Tamil Nadu.

The cooperatives in Tamil Nadu that come under the purview of the Cooperation, Food and Consumer Protection Department can be broadly classified into following five categories.

- I. Cooperative Credit Societies
- II. Consumer Cooperatives
- III. Cooperatives for agricultural produce marketing
- IV. Cooperatives engaged in Cooperative Education, Training and Research
- V. Special Cooperatives

The activities of the cooperative societies are furnished in detail in the following chapters.

CHAPTER - II

COOPERATIVE CREDIT STRUCTURE

The cooperative institutions play a vital role in providing credit at the right time at an affordable rate of interest thereby eliminating the excessive dependence of the farmers on the informal credit sources which usually charge exorbitant rates.

The cooperative credit structure in Tamil Nadu comprises of the following.

- A. *Short term and medium term credit structure*
- B. *Long term credit structure and*
- C. *Urban Cooperative Banks.*

(A) Short Term Credit Structure

The short term credit structure operates in three tiers viz.,

- i. *Tamil Nadu State Apex Cooperative Bank (at the state level)*
- ii. *Central Cooperative Banks (at the district level) and*
- iii. *Primary Agricultural Cooperative Banks (at the village level)*

i) Tamil Nadu State Apex Co-operative Bank, Chennai

The Tamil Nadu State Apex Co-operative Bank, which is the federation of the Central Co-operative Banks, has been disbursing credit through its affiliates for both agricultural and non-agricultural purposes since 1905. It channelises the funds provided by NABARD

towards short term loans and medium term loans for agricultural purposes besides financing from its own resources the district central cooperative banks to enable them to finance their affiliates.

The Bank has been providing term finance to spinning mills/sugar mills and direct financial assistance to other apex co-operative institutions in the State. The Bank operates 45 branches in and around Chennai which provide loan facility to the people of Greater Chennai.

As on 31.03.2007, the Tamil Nadu State Apex Co-operative Bank has a share capital of Rs.56.60 crores including Government share of Rs.0.26 crores, reserves of Rs.583.79 crores and deposits of Rs.3217 crores. The Bank earned a net profit of about Rs.32 crores during 2006-2007.

A Fund called, "The Primary Co-operative Development Fund", is maintained by the Apex Bank to strengthen the infrastructural facilities of the primaries in the State. The total assistance provided to the Primary Agriculture Cooperative Banks from this fund so far is Rs.21.81 crores.

ii) District Central Co-operative Banks

There are 23 District Central Co-operative Banks functioning in the State, with branches mostly in rural areas to serve the affiliates and the rural public. The District Central Co-operative Banks are financing the Primary Agricultural Cooperative Banks from their own resources and also by availing credit from National Bank for Agriculture and Rural Development through the State Apex Cooperative Bank for agricultural purposes. They are also financing Primary Handloom Weavers

Cooperative Societies by availing credit from National Bank for Agriculture and Rural Development.

These banks also sanction loans for non-agricultural purposes such as purchase of lorries and buses, bulldozers, earth movers, construction purpose, establishment of clinics / service centers by doctors / engineers and education loans for pursuing professional courses etc.,

As on 31.03.2007, the District Central Co-operative Banks have a share capital of Rs.760.36 crores, reserves of Rs.760.56 crores, deposits amounting to Rs.7286.62 crores and working capital of Rs.11,822.50 crores.

iii) Primary Agricultural Co-operative Banks

As on date, 4474 Primary Agricultural Co-operative Banks are functioning in the State which provide short term loans to the farmers for cultivation purposes repayable within 15 months. They also provide medium term loans for undertaking subsidiary occupations such as dairying, sheep rearing, poultry farming etc. repayable within 3 to 5 years. The crop loans are provided on personal surety basis as per the scales of finance upto 10 acres in respect of registered sugarcane growers for cultivation of sugarcane and upto Rs. 1,00,000 in respect of other crops. The crop loans over and above 10 acres in respect of registered sugarcane with reference to the scales of finance and crop loans above Rs. 1,00,000 in respect of other crops are issued on mortgage of property and / or pledge of jewels.

These banks issue loans for other agricultural purposes like purchase of tractors, power tillers and other agricultural implements. They have also been permitted to issue loans for purchase of consumer

durables, two wheelers, tempos, trucks, tractors, power tillers, buses, cars, jeeps, construction and repair of houses and for starting service centers by engineers and doctors.

At the end of 2006-2007, the Primary Agricultural Co-operative Banks have deposits to the tune of Rs.2326.93 crores.

The Government with a view to provide crop loans at low rate of interest has issued orders reducing the rate of interest from 9% to 7% per annum for the crop loans issued during 2006-2007. The Government have reimbursed an amount of Rs.18.28 crores during 2006-07 in order to compensate the loss incurred by the cooperative banks due to the reduction of rate of interest.

The details of short term, medium term and non-farm sector loans issued during the X Five Year Plan period are as follows:-

(Rupees in crores)

Year	Short term cultivation loans		Medium term agricultural loans		Non-farm sector loans issued
	Prog ramme	Achieve ment	Prog ramme	Achieve ment	
2002-03	1360.00	963.69	106.00	94.37	118.89
2003-04	1251.45	616.59	194.88	72.15	116.28
2004-05	1037.69	1080.58	94.37	50.19	83.93
2005-06	1097.50	1132.18	59.80	37.76	72.63
2006-07	1235.00	1250.62	70.00	44.02	59.81

The Government realising that the availability of crop loans to all farmers at low interest rates is vital for strengthening the

agricultural sector, has decided to further reduce the interest rate on such cooperative loans from 7% to 5% from the financial year 2007-2008 in respect of those farmers who repay their dues in time.

As against the crop loan target of Rs. 1235 crores in 2006-07, the disbursement during the year has been Rs.1250 crores.

It is programmed to disburse crop loans to the tune of Rs.1360 crores during 2007-2008.

(B) Long Term Credit Structure

The long term credit structure consists of two tiers viz.,

i. Tamil Nadu Cooperative State Agriculture and Rural Development Bank (at the state level)

ii. Primary Cooperative Agriculture and Rural Development Bank (at taluk / block level)

These credit institutions are providing credit to the members for development purposes like minor irrigation, horticulture and plantation crops, poultry keeping, dairying, sheep breeding, sericulture, purchase of tyre carts, etc., on schematic basis.

i) Tamil Nadu Co-operative State Agriculture and Rural Development Bank

The Tamil Nadu Cooperative State Agriculture and Rural Development Bank raises the funds necessary for its loaning operations through floatation of ordinary and special development debentures. The ordinary debentures are subscribed by State and Central

Governments, LIC of India, State Bank of India and its groups, commercial banks, Tamil Nadu State Apex Cooperative Bank and other State Agriculture and Rural Development banks. The special development debentures are subscribed by NABARD, State and Central Governments.

Automatic refinance facility from NABARD is available for schemes which do not exceed Rs.15.00 lakhs.

The bank is maintaining a Debenture Redemption Fund for effecting redemption of ordinary debentures on the maturity period of each series and the sum outstanding under this fund as on 31.3.2007 stood at Rs. 22.58 crores.

There is a monitoring and evaluation cell in the Tamil Nadu Cooperative State Agriculture and Rural Development Bank to study the problems in the implementation of various schemes and evaluate the benefits that accrue to farmers.

ii) Primary Cooperative Agriculture and Rural Development Banks

There are 180 Primary Cooperative Agriculture and Rural Development Banks at the taluk / block level. The funds needed for the long-term credit of Primary Cooperative Agriculture and Rural Development Banks are being channelised by the apex institution, viz. the Tamil Nadu Cooperative State Agriculture and Rural Development Bank.

The Primary Cooperative Agriculture and Rural Development Banks are providing long term credit under

normal lending programme for purposes like repairs to wells, laying of pipelines, purchase of tractors, power tillers, construction of cattle sheds, farm house etc. The period of repayment of such loans ranges from 5 to 15 years.

In order to cope up with the changing trend in providing credit by other financing agencies, the Primary Cooperative Agriculture and Rural Development Banks have been permitted to undertake financing in non farm sector and loans to small road transport operators in rural areas.

The performance of long term credit institutions during the last five years was not satisfactory due to negligible deposit mobilization and refusal of NABARD to refinance fresh lendings. In order to safeguard the interests of the farmers, the Government have decided to issue fresh loans.

This Government with a view to increase the investments in farm irrigation infrastructure will provide Rs.100 crores as loans through Primary Cooperative Agriculture and Rural Development Banks.

(C) Urban Cooperative Banks

Urban Cooperative Banks are functioning as financial institutions for providing loans and credit facilities to the people living in urban and semi urban areas. At present there are 120 Urban Cooperative Banks functioning in the State. They mobilise deposit from the public and lend the funds for specified purposes. Their lending operations include provision of credit facilities to small traders, artisans and persons belonging to middle income group for purposes such as extension / repair of houses, establishment of small cottage industries etc. They have issued short term and

term loans to the extent of Rs.2004.36 crores during 2006-2007 to the urban and semi urban population. The deposit position at the level of Urban Cooperative Banks as on 31.3.2007 stood at Rs.2448.19 crores. As per the guidelines issued by the Reserve Bank of India, the Urban Cooperative Banks are required to issue not less than 60% of their total lending to the priority sector and at least 25% of the priority sector advances should be issued to benefit the weaker sections of the community.

There are also 41 Urban Cooperative Credit Societies functioning in the State which provide loan facility to their members in urban and semi urban areas.

Schemes implemented by the Cooperative Credit Structures

(i) Waiver of Cooperative Loans availed by farmers

The Government, considering the inability of the farmers to repay their loans to the cooperatives due to successive crop loss on account of natural calamities waived all agricultural loans with interest outstanding as on 31.3.2006 with the cooperative banks. However, to ensure the continued service of the cooperative banks in providing loans to the farmers, the Government has decided to reimburse the entire waived amount to the cooperatives in 5 annual instalments with interest at 8% per annum.

The Government has also taken over the liabilities of the Tamil Nadu State Apex Cooperative Bank and Tamil Nadu Cooperative State Agriculture and Rural Development Bank to NABARD. **As on 31.3.2007, the Government has released a sum of Rs. 1044.63 crores to the cooperative banks towards the waived amount and also released a sum of**

Rs. 613.59 crores to the cooperatives towards repayment to NABARD.

A provision of Rs.1628 crores has been made for issuing fresh loans and repayment of dues to NABARD in 2007-2008.

(ii) Interest reduction for non farm sector loans

In order to provide relief to the members of the cooperative banks who have availed non-farm sector loans, the Government have waived penal interest and also reduced the interest charged on the loans from 18% to 12% with effect from 31.3.2001 for those loanees who are having overdues. To avail this facility, the loanee should pay 25% of the overdue amount before 30.06.2007 and enter into an agreement with the bank for remitting the balance 75% on or before 31.12.2007. The penal interest is also reduced to 1.5% with effect from 27.12.2006. The reduced interest is applicable for the fresh loans and also to the loanees who are not having overdue with effect from 27.12.2006.

(iii) Jewel Loans

The cooperative banks issue loan on pledging of jewels for both agriculture and non-agriculture purposes. The cooperatives also provide jewel loans to meet the urgent needs of the weaker sections, particularly in rural areas with a view to prevent them from falling into the trap of unscrupulous private money lenders. The jewel loan for agriculture purpose is issued at 7% interest and the other loans are issued at 12% per annum.

(iv) Kisan Credit Card Scheme

The Kisan Credit Card Scheme is implemented to provide timely credit to the farmers so that the cost of credit is minimised. As on 31.12.2006, the Primary Agricultural Cooperative Banks have issued Kisan Credit Cards to 16,03,845 farmer members.

(v) Credit Supply to Weaker Sections

The Primary Agricultural Co-operative Banks are paying due attention to meet the credit needs of weaker sections in the State. As per the guidelines of NABARD, not less than 30% of short term lending by the co-operatives shall go to the small farmers, i.e. those owning or cultivating 5 acres or less of wet or dry lands.

It is programmed to issue loans to the extent of 14% in respect of short term loans and 30% in respect of medium term loans to the members belonging to the Scheduled Caste / Scheduled Tribe.

(vi) Micro Credit to Women for Small Business

The then existing scheme of Savings Linked Micro Credit to women doing small business has been revamped to enable the women doing small business to get maximum benefit by reducing the interest rate from 15% to 12% and waiving the service charges under the scheme. The District Central Cooperative Banks and Urban Cooperative Banks are implementing this scheme.

Under this scheme, women doing small business like selling flowers, vegetables, fruits, running petty shops etc., can avail loan in the range of Rs. 100 to Rs.5,000 according to their business requirements.

The beneficiaries under this scheme availing of loan facilities may stand surety for each other and take the responsibility to repay the loan. The beneficiaries, according to their convenience, may choose to repay the loan dues directly at the bank or make payments to the bank official in their business area.

During 2006-07, a sum of Rs.27.63 crores has been issued to 69,867 beneficiaries under Micro Credit Scheme in the Corporations, Municipalities and Town Panchayat areas in Tamil Nadu.

The scheme was extended to men also from 2006-07.

(vii) Assistance to Self Help Groups

The Micro Credit Scheme for self-help groups has been extended to rural areas in coordination with Tamil Nadu Corporation for Women Development by getting refinance from National Bank for Agriculture and Rural Development. Government have permitted to admit the Self Help Groups as members in the District Central Cooperative Banks and Primary Agricultural Cooperative Banks. During 2006-07, the banks have issued loan to the tune of Rs.138.63 crores to Self Help Groups.

(viii) Women Entrepreneur Loan Scheme

Under the scheme, the District Central Cooperative Banks and Urban Cooperative Banks are providing loans upto Rs.10 lakhs repayable in 60 monthly instalments at 12% interest to women entrepreneurs to start small industries and service centers. During 2006-2007, a sum of Rs.7.59 crores have been disbursed to 2400 women entrepreneurs under this loan scheme.

(ix) Working women loan scheme

Under the scheme, the District Central Cooperative Banks and Urban Cooperative Banks issue loans upto Rs.1,00,000/- to working women drawing monthly income at an interest rate of 12% per annum. The loan is repayable in 36 monthly instalments. As many as 4,651 women beneficiaries have availed loan to the extent of Rs.5.74 crores during 2006-2007 under this loan scheme.

(x) Maternity loan scheme

The District Central Cooperative Banks, Urban Cooperative Banks and Primary Agricultural Cooperative Banks are issuing maternity loan to women up to Rs.2000/- at an interest rate of 11%. During 2006-07, a sum of Rs.44 lakhs has been disbursed to 2,207 women beneficiaries under this scheme.

(xi) Interest free share capital loan to Scheduled Caste/Scheduled Tribe Members

In order to enhance the borrowing power of the Scheduled Caste/Scheduled Tribe members, interest free share capital loan is provided.

During 2006-2007, a sum of Rs.20.00 lakhs has been provided at the rate of Rs.250/- per member as interest free share capital loan to 8000 scheduled caste/scheduled tribe members of the Primary Agricultural Cooperative Banks. The Government has also provided a sum of Rs 5 lakhs at the rate of Rs. 500 per member towards interest free share capital loan to 1000 Scheduled Caste / Scheduled Tribe members for investment in the Urban Cooperative Banks.

(xii) Professional Loans

The District Central Cooperative Banks are extending professional loans to doctors and engineers upto Rs.100 lakhs at an interest rate of 12% per annum. This loan is repayable over a period of 15 years.

(xiii) Interest free share capital loan to women members

The borrowing power of the members in the cooperative banks is linked to their share capital. Considering the poor financial condition of the rural women belonging to weaker sections, interest free share capital assistance is provided to the women members for enhancing their borrowing power, which ranges from 20 to 40 times of the share capital invested. This loan is repayable in 5 equal annual instalments.

The details of the share capital assistance provided during 2006-07 are furnished below:

Sl. No.	Name of the Institution	Loan amount per individual	No.of beneficiaries	Total loan amount (Rs. in lakhs)
1	Primary Agricultural Cooperative Banks	Rs. 500/-	2000	10.00
2	Primary Cooperative Agriculture and Rural Development Banks	Rs.1000/-	500	5.00

3	Urban Cooperative Banks	Rs. 500/-	1000	5.00
4	Loans to physically handicapped by the above banks	Rs. 500/-	1000	5.00

The scheme will be continued during the year 2007-08 also.

(xiv) Financing in Non-Farm Sector

The Primary Cooperative Agriculture and Rural Development Banks have also undertaken financing of rural artisans, handicraftsmen, small scale entrepreneurs etc., under Non Farm sector since 1990-91 onwards. Under such financing, the rural people are benefited to a great extent in augmenting their income through gainful employment. The NABARD provides 100% refinance under this scheme without reference to the lending eligibility criteria of the Primary Cooperative Agriculture and Rural Development Banks. The maximum individual credit limit under the scheme is fixed at Rs.2.00 lakhs under composite loan and Rs.15.00 lakhs under integrated loan.

(xv) Non-Farm Sector Loans by Urban Cooperative Banks

The Urban Cooperative Banks are issuing non-farm sector loans to the tiny cottage and small scale industries. During the year 2006-07 a sum of Rs.105.75 crores has been disbursed under the scheme. The number of beneficiaries is 36,271.

(xvi) National Agricultural Insurance Scheme

The National Agricultural Insurance Scheme for crop insurance is implemented by the State Government from Khariff 2000. Under the scheme insurance coverage and financial support are provided to the farmers for the crops notified in the notified areas. In the event of failure of notified crops due to natural calamities, pest and diseases, the maximum sum insured will be 150% of the value of the average yield for the crop. Under the scheme the small and marginal farmers are given a subsidy equivalent to 10% of the

premium which is equally shared between the central and state Governments.

During 2006-2007 a sum of Rs.17.60 lakhs was disbursed towards the premium subsidy and a sum of Rs.20.82 .crores was disbursed towards the insurance coverage over and above 100% of the premium collected.

As a special initiative to protect farmers from crop loss due to natural calamities like drought and floods, financial assistance will be provided to 10 lakh farmers for taking crop insurance. A provision of Rs.15 crores has been made for this purpose.

CHAPTER - III

CONSUMER COOPERATIVES

The Consumer Cooperatives play a vital role in ensuring availability of quality products at reasonable prices to the public. These cooperatives prevent the exploitation of consumers by the private traders. They have a major role in controlling and stabilizing the market price.

The structure of the consumer cooperatives in Tamil Nadu comprises of three tiers viz.,

- i. Tamil Nadu Consumer Cooperative Federation (at the apex level)*
- ii. Cooperative Wholesale Stores (at the district level) and*
- iii. Primary Cooperative Stores (at the base level)*

(i) Tamil Nadu Consumer Cooperative Federation

The Tamil Nadu Consumer Cooperative Federation is the apex body of the consumer cooperatives in the state. At present its business is restricted to the procurement and distribution of paper in bulk to the district cooperative wholesale stores and the cooperative printing presses and the purchase and sale of crackers during the festival season.

During 2006-07, the business turnover of the federation was Rs.113.25 lakhs.

(ii) Cooperative Wholesale Stores

There are 34 Cooperative Wholesale Stores functioning in the districts in Tamil Nadu. The Cooperative Wholesale Stores are engaged in procuring consumer goods in bulk directly from the producing centres and the marketing societies and supplying the same to the consumers at reasonable prices. The wholesale stores are also engaged in the sale of pharmaceutical drugs, distribution of indane gas, dispensation of petrol and diesel etc.,

The wholesale stores, apart from their normal functioning of procurement and distribution are also engaged in taking delivery of the essential commodities from the Tamil Nadu Civil Supplies Corporation godowns as lead societies and distributing them to the public through their own fair price shops and those operated by the primary societies.

During 2006-07, the cooperative wholesale stores had transacted business to the tune of Rs.1006.52 crores of both controlled and non-controlled commodities.

(iii) Primary Cooperative Stores

There are 3255 primary cooperative stores including students' cooperative stores, employees cooperative stores and women cooperative stores at base level. These consumer stores function as an outlet for distribution of consumer goods to the members and public. They also function as an outlet for the distribution of essential commodities to the public under the public distribution system.

During 2006-07, the cooperative institutions have effected retail sale of non-controlled and controlled items to the tune of Rs. 2391.85 crores.

CHAPTER - IV

ROLE OF COOPERATIVES IN PUBLIC DISTRIBUTION SYSTEM

In Tamil Nadu, the public distribution system is used to provide food security to the people and as a tool to control prices of essential commodities. The cooperative societies play a major role in the distribution of essential commodities. They run 27017 fair price shops throughout the State. The fair price shops run by the cooperatives distribute essential commodities like rice, sugar, wheat, kerosene to 1.68 crore cardholders out of 1.90 crore card holders in the state. This function is carried out through an extensive net work of 21599 full time shops run by 5060 cooperative societies comprising of 86 lead societies, 4540 link societies and 434 self lifting societies. The cooperatives are also running 5418 part-time fair price shops, 36 mobile fair price shops and 266 kerosene bunks. The unique feature of the public distribution system in Tamil Nadu is that no private trader is given license to run fair price shops.

During the year 2006-2007, the fair price shops run by cooperatives have distributed essential commodities to the tune of Rs. 1513.02 crores to the family cardholders as indicated below: -

Sl. No.	Commodity	Quantity distributed (in MTs / KLS)	Value (Rs in crores)
1	Rice	2521614	564.85
2	Sugar	324410	437.95
3	Wheat	66176	49.63
4	Kerosene	548320	460.59

	Total		1513.02
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In order to ensure the correct weighing of essential commodities distributed in all fair price shops, an amount of Rs. 11.50 crores has been allocated for the supply of modern electronic weighing machine to 23,601 cooperative fair price shops.

(i) Fair Price Shops run by Women Self Help Groups

There can be real empowerment of women only when their status improves both socially and economically. One step towards this is the Government decision to handover certain fair price shops to women Self Help Groups. 630 fair price shops in the state are run by women as on 31.3.2007.

ii) Steps to control the price rise of other essential commodities.

In order to protect poor and middle income families from the spiralling price rise of other daily used commodities like pulses and edible oil , the Government, as an immediate and temporary measure, has decided to procure these commodities and distribute the same through the fair price shops. This scheme will be implemented mainly by the cooperative societies.

(iii) Sale of Ooty Tea through Cooperative Fair Price Shops

In order to alleviate the sufferings of the small tea growers in the Nilgiris district, the Government have introduced the sale of tea processed by INDCOSERVE

through fair price shops. The cooperatives have distributed 2960 MTs of Ooty Tea during 2006-2007.

(iv) Sale of Iodised Arasu Salt through Cooperative Fair Price Shops

In order to prevent the incidence of goitre due to Iodine deficiency, the Government has introduced the sale of iodised Arasu salt through the fair price shops at the rate of Rs.2.50 per kg. On an average, 1869 MTs of salt per month is distributed through fair price shops. The sale of Arasu iodised salt is 23886 MTs. during 2006-07.

(v) Sale of Khadi Products through Fair Price Shops

With a view to encourage and promote rural industries, the Government have announced that the products of Tamil Nadu Khadi and Village Industries Board will be sold through fair price shops run by cooperative societies. The scheme is now implemented in the state for the sale of 10 varieties of Khadi products through fair price shops . The value of khadi products sold through Cooperatives during 2006-07 is Rs.178.69 lakhs.

(vi) Public Distribution System – Regulation and Supervision

In order to ensure the timely opening of fair price shops, to regulate the distribution of essential commodities to the public without shortage, ensuring correct weighing and quality of essential commodities and maintenance of proper accounts, 35 Deputy Registrars (Public Distribution System) 391 Cooperative Sub Registrars (Public Distribution System), 72 Senior Inspectors (Public Distribution System) and the Special Officers of Primary Cooperatives totally 708 Inspection

Officers are functioning under the control of Regional Joint Registrars of District concerned and the Joint Registrars (Public Distribution System) in Chennai.

In addition, 30 District Vigilance teams appointed by the Registrar of Cooperative Societies and flying squads inspect on an average 17563 fair price shops every month to regulate and supervise the Public Distribution System.

CHAPTER - V

COOPERATIVE MARKETING, PROCESSING AND STORAGE

The cooperatives for the distribution of agricultural inputs, marketing, processing and storage of agricultural produce operate at two tiers,

1. Tamil Nadu Cooperative Marketing Federation (at apex level)
2. Primary Marketing Societies (at base level)

Tamil Nadu Cooperative Marketing Federation

The Tamil Nadu Cooperative Marketing Federation (TANFED) was started in 1959 as an apex institution, serving the public through the primary cooperative marketing societies in all the districts in the state except the Nilgiris, Thanjavur, Thiruvarur and Nagapattinam districts. The TANFED, as the wholesaler distributes chemical fertilizers and pesticides, through Primary Agricultural Cooperative Banks and Cooperative Marketing Societies. In the year 1970, TANFED established a fertilizer plant at Pamini near Mannargudi in Thiruvarur district. Further it is operating 38 owned godowns with a total capacity of 28,640 MTs. and 9 hired godowns with a capacity of 3450 MTs. and two cold storage godowns, one at Basin Bridge, Chennai with 1350 MTs. capacity and the other with 2500 MTs. at Koyambedu wholesale market complex.

Primary Cooperative Marketing Societies

At present 113 Primary Co-operative Marketing Societies are functioning in Tamil Nadu.

Thanjavur Cooperative Marketing Federation

The Thanjavur Cooperative Marketing Federation is serving the farmers of Thanjavur, Thiruvavur and Nagapattinam districts through 12 primary marketing societies affiliated to it.

Nilgiris Cooperative Marketing Society

The Nilgiris Cooperative Marketing Society, a special type of primary society, serves the farmers of Nilgiris district in marketing the members' produce. The society manufactures mixed fertilizers and sells the same to the farmers at an affordable price. Further it distributes implements to the farmers through its 18 sales centres.

Tudiyalur Cooperative Agricultural Services

The Tudiyalur Cooperative Agricultural Services Limited (TUCAS) is a special type of Primary Agricultural Cooperative Society in the State, which is also distributing its own seeds, pesticides and other agricultural implements to the farmers throughout the state. It also undertakes banking operations.

Functions of Cooperative Marketing Societies

(i) Marketing of Agricultural Produce

The Cooperative Marketing Societies help the member farmers in processing, storing and marketing their agricultural produce to the best advantage of its members. The marketing societies arrange for auction sale of agricultural produce and also make outright purchase from members and sell them to the consumers. The Tamil Nadu Cooperative Marketing Federation purchases agricultural commodities from cooperative marketing societies and sell them to consumer cooperative stores or occasionally to the

merchants also when the prices are favourable. Thus cooperative marketing societies serve as a bridge between producers and consumers.

During 2006-07, the cooperative marketing societies have marketed the agricultural produce to the tune of Rs. 882 crore.

(ii) Linking of Credit with Marketing

Under this scheme, the borrowers of the primary agricultural cooperative banks are enrolled as members of the cooperative marketing societies. The produce of the borrower – members are sold by the cooperative marketing societies in open auction to the satisfaction of the producer and the dues to the Primary Agricultural Cooperative Banks are recovered from the sale proceeds and remitted to Primary Agricultural Cooperative Banks. The achievements made by marketing societies in this year 2006-2007 under this scheme is Rs.199.00 lakhs

(iii) Linking of Consumer Cooperative Stores with Marketing

In order to enable the producers to get a remunerative price for their produce and also to help the consumers to get essential commodities at reasonable prices, the Cooperative Marketing Societies have been linked with Cooperative Wholesale Stores.

In the year 2006-2007, Cooperative Marketing Societies marketed produce worth of Rs.1668 lakhs.

(iv) Issue of Produce Pledge Loan

The cooperative marketing societies also provide loans on the pledge of agricultural produce to the farmer members so as to enable them to sell the produce during favourable market conditions to realize better price for their produce. Under the scheme a sum of Rs.2287 lakhs has been disbursed during the year 2006-07.

(v) Processing Units

Certain cooperatives under the control of Registrar of Cooperative Societies run processing units like Rice Mills, Ginning Units, Flour Mills, Dhal Mills, etc., These units provide processing facilities to the farmers at affordable rates.

During 2006-07, the quantity processed by these units works out to 24865.630 MTs.

(vi) Procurement of Copra under price support scheme

Whenever the price of copra declines in the market, the Tamil Nadu Cooperative Marketing Federation procures copra under the price support scheme on behalf of the National Agricultural Cooperative Marketing Federation at the support prices fixed by the Government of India. During 2006-07, 922 MTs of copra valued at Rs. 331.00 lakhs was procured by TANFED on behalf of NAFED.

The scheme will be in operation during 2007-08 also.

CHAPTER - VI

COOPERATIVE EDUCATION, RESEARCH AND TRAINING

The cooperative movement, which came into existence in the country ten decades ago, has proved to be an effective and powerful instrument to bring about socio-economic transformation. The Tamil Nadu Cooperative Union as an apex society with 29 district cooperative unions at district level help the growth of co-operatives and spread the knowledge of its achievements among the people.

The main activities of the cooperative unions are to impart training to the students on cooperative movement, conduct refresher courses to the personnel working in the cooperative institutions, encourage research and development on cooperative movement and propagate the messages of cooperative movement through conduct of exhibitions and other methods of publicity.

Cooperative Training

In Tamil Nadu, 20 cooperative training institutes are functioning of which 11 are independent and 9 are the units of Tamil Nadu Cooperative Union. These institutes conduct diploma course for 36 weeks on cooperation for the students. During the year 2006-2007, 1326 students have been trained. In addition, correspondence course is also being conducted in these institutions for the benefit of employees of all types of cooperatives. Annually about 1000 employees are being trained. These institutes also conduct short duration course for the benefit of employees of cooperatives

functioning under the control of all functional Registrars. Diploma Course in Computer Application and other short term computer courses are being conducted. A course on jewel appraisal and its techniques is also being conducted at all cooperative training institutes.

Higher Diploma in Cooperative Management

There are two Institutes of Cooperative Management, one at Chennai and another at Madurai run by the National Council for Cooperative Training, New Delhi. These institutes conduct the Higher Diploma Training Course for 36 weeks in Cooperative Management to graduate students. 31 students have undergone this training during the year 2006-2007.

Technical Education

Under the control of Tamil Nadu Cooperative Union, there are three Cooperative Industrial Training Institutes, functioning at Bargur in Dharmapuri district, Pattukottai in Thanjavur district and Thiruchuzhi in Virudhunagar district. These provide technical training to the unemployed youth. An average of about 280 students get technical education in a year through these three cooperative Industrial Training Institutes. A Cooperative Polytechnic at Lalgudi in Tiruchirapalli district is functioning under the control of Tamil Nadu Cooperative Union.

Cooperative Research

The Tamil Nadu Cooperative Union has created a chair of Rs.5.00 lakhs each in the Universities at Madras, Kamarajar, Bharathiar and Annamalai for award of scholarship from out of the interest earned on the investment of deposit to the research students who are doing research on the topic of Cooperation.

Resources

The Tamil Nadu Co-operative Union is administering the following two funds:-

- a) Cooperative Research Development Fund; and
- b) Cooperative Education Fund

The Union mobilizes its resources through annual subscription from the member societies, sale of publications and collection of the share of profits from cooperative societies.

CHAPTER - VII

SPECIAL TYPE OF CO-OPERATIVES

(i) Cooperative Printing Presses

Twenty six cooperative printing presses have been established under the cooperative fold in our state. They cater to the needs of all cooperatives, Government, Quasi Government, Local bodies and general public.

As on 31-3-2007 the total members enrolled in these presses was 12,645 with a paid up share capital of Rs.2.09 crores.

(ii) Salt Workers Cooperative Production and Sale Societies

Eleven Salt Workers Cooperative Production and Sales Societies were started to uplift the living conditions of the salt workers . At present only six societies are functioning in the state of which 4 societies are exclusively functioning for the Adi Dravida members.

Various schemes including production of Iodised salt are implemented by these salt societies with the financial assistance provided by the Government under the TAHDCO scheme.

(iii) Labour Contract Cooperative Societies

There are 113 Labour Contract Cooperative Societies functioning in Tamil Nadu. Most of the Labour Contract Cooperative Societies are concentrated in the regions of Kancheepuram, Kanyakumari, Dharmapuri, Salem and Tiruchirapalli. Further, many Labour Contract Cooperative Societies formed for raising the standard of living of Scheduled Castes / Scheduled

Tribes by providing employment opportunities to the members by securing contract work. They are given financial assistance in the form of share capital, working capital and managerial subsidies from the funds obtained from the Government of India.

(iv) Other Special Types of Societies

In order to raise the standard of living of the weaker sections like barbers and washermen, 6 barbers cooperative and three washermen cooperative societies have been started. 35 cooperative canteens also are functioning for the benefit of the weaker sections.

To enable the unemployed youths to engage in self employment in Tamil Nadu, two special types of societies namely, Chennai Thuridha Tapal Pattuvada Cooperative Society and the Tamil Nadu Unemployed Youth Courier Society are functioning at Chennai.

(v) LAMPS

In order to improve the living condition of the Hill Tribes, 19 Large Sized Multi Purpose Cooperative Societies (LAMP) are functioning in Tamil Nadu with a membership of 81298 tribal members and 9267 non tribal members. Government is extending financial assistance to the LAMP Societies under the Tribal Sub Plan Scheme. These societies provide credit assistance to tribal members for cultivation and other productive purposes at free of interest. Government is providing financial assistance in the form of subsidy every year under Tribal Sub Plan to the LAMP societies under various schemes, such as share capital subsidy, interest subsidy, transport subsidy and subsidy for drivers' pay and maintenance of vehicles.

CHAPTER - VIII
INTEGRATED COOPERATIVE
DEVELOPMENT PROJECT

The Integrated Cooperative Development Project adopts a holistic approach focusing on improving productive infrastructure and providing margin money assistance to widen the equity base of cooperatives for business expansion in cooperative ventures. The scheme helps in the development of cooperatives at all levels and pave the way to facilitate over all development of cooperatives.

The State Government provides financial assistance after availing financial assistance in the form of loan from National Cooperative Development Corporation and the funds are channalised through the District Central Cooperative Banks to agriculture and allied sectors like fisheries, poultry, dairy, handlooms, rural industries etc. Generally the period of implementation of the scheme is 5 years.

Details about implementation of the project

a) The Integrated Cooperative Development Project scheme has been implemented in the following 8 districts:-

Sl. No.	Name of the District	Period	Outlay (Rs. in lakhs)
1	Virudhunagar	1989-1995	862.51
2	Cuddalore	Integrated South Arcot District	1506.97
3	Villupuram		
4	Coimbatore	1995-2001	1080.99
5	Dharmapuri	1995-2001	1160.25
6	Tiruvannamalai	1996-2001	816.58
7	Kancheepuram	1998-2004	1123.88
8	Ramanathapuram	2000-2004	687.03
	Total		7238.21

b) At present Integrated Cooperative Development Project is being implemented in the following 6 districts:

Plan outlay and amount released

(Rupees in lakhs)

Sl. No.	Name of the District	Total Outlay	Amount released by Government
1.	Tiruchirapalli	1216.98	1216.98
2.	Thanjavur	1101.09	1101.09
3.	Perambalur	937.81	937.81
4.	Tiruvarur	1222.44	1222.44
5.	Theni	987.73	493.34
6.	Thoothukudi	942.08	452.24

	Total	6408.13	5423.90
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c) The Government have selected Salem, Erode, Madurai, Pudukottai and Tirunelveli Districts for implementation of Integrated Cooperative Development Project. The project reports prepared by the consultants in respect of the above districts except Tirunelveli were approved by the State Level Coordination Committee and the National Cooperative Development Corporation has approved the scheme recently. The National Cooperative Development Corporation has given its concurrence for implementation of Integrated Cooperative Development Project in Tirunelveli District also.

d) During 2006, the Government have identified Dindigul, Karur, Vellore, Sivagangai and Nagapattinam Districts for implementation of Integrated Cooperative Development Project. The National Cooperative Development Corporation, New Delhi, has since given its approval for implementation of Integrated Cooperative Development Project in principle.

e) It is proposed to implement Integrated Cooperative Development Project in the remaining districts over a period of next two years in a phased manner. So far, the average allocation under the scheme was in the range of Rs.7 crores to Rs.12 crores only. In the schemes to be implemented hereafter, proposals have been drawn with value ranging from Rs.14 crores to Rs.36 crores.

Monitoring the scheme

At State level, the implementation of Integrated Cooperative Development Project is being monitored by the State Level Coordination Committee headed by the Secretary to Government, Cooperation, Food and Consumer Protection Department. At District level, it is being monitored by the District Level Co-ordination Committee headed by the District Collector and consists of officials of participating departments. Besides, a cell has also been functioning in the Office of the Registrar of Cooperative Societies with Additional Registrar of Cooperative Societies (Integrated Cooperative Development Project) as the head to supervise the overall performance of the scheme which is being reviewed monthly.

The impact of the scheme is very much felt as the cooperatives have improved their infrastructure facilities to considerable extent.

CHAPTER - IX

COOPERATIVE ELECTIONS

This Government firmly believes in the democratic principle of administration. The elections to the primary cooperative institutions were held in 1996. In the case of district level and state level societies elections were held in 1998 and 1999 respectively. However the term of elected boards of management of all the societies was curtailed during 2001 and special officers were appointed to the societies. The term of these special officers was extended from time to time by amendments to the Act and the last extension has been given upto 24.5.2007 and 25.5.2007 for primary cooperative societies and central cooperative societies respectively.

An ordinance was promulgated on 12.6.2001 (Tamil Nadu Ordinance 3 of 2001) inserting section 89-A of the Act which empowers the special officers to admit members to the cooperative societies. This was challenged in the High Court which struck down Section 89-A of the Act on the ground that it is against established democratic norms. Against the judgement of the High Court, the then Government filed a Special Leave Petition in the Supreme Court of India. This Government has accepted the decision of the High Court Chennai and withdrew the Special Leave Petition filed in the Supreme Court and also made amendment to the Act deleting Section 89-A of the Act.

As announced in the budget, the elections to the cooperative societies in the State will be held during May-June 2007.

E.V. Velu

Minister for Food and Cooperation