

POLICY NOTE ON CO-OPERATION DEPARTMENT

FOR THE YEAR 2008-2009

Demand No. 12

CHAPTER- I

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INTRODUCTION

When numerous persons join together
It'll give a new strength! Progress is sure
In the task that is performed!
Think of it, O Comrades!

Can a single hand produce
A noise so loud?
If numerous hands join together
Won't it be achieved, O Comrades?

By Pavendar Bharathidasan

The words of Pavendar Bharathidasan calling the comrades to join together for doing business, reflects the achievements made by the cooperative institutions in the country. Hon'ble Chief Minister while elucidating the principles of cooperation has mentioned that unlike crows which gather together cawing and then disperse, we should come together like clouds bringing prosperity and develop ourselves. We should approach cooperatives to invest in small, small amounts and work hard to increase the earnings and then share the benefit with others. This is the basic principle of cooperatives. Coming together is not for taking away the resources but to give; not to exhaust but to accumulate; not to divide but to share. In India, the cooperative movement started in a small village viz. Tirur in the present Tiruvallur district in 1904 which is the first step in starting of rural credit society there. Over the period the movement was transformed into full fledged movement. Following this in 1904 the first consumer cooperative society was started as Triplicane Urban Cooperative Society. Cooperative movement has spread to diverse economic fields giving birth to different types of cooperative societies and has contributed immensely to the improvement of socio economic status of millions of people especially the poor and downtrodden in the rural areas.

All types of cooperative societies in the State were under the administrative control of the Registrar of Cooperative Societies till 1955. From 1956-1957 onwards due to massive expansion in cooperative movement, certain categories of the societies were transferred to the control of the respective heads of department who are designated as the Functional Registrars of these societies. As on date, there are 15 Functional Registrars besides Registrar of Cooperative Societies. The Registrar of Cooperative Societies remains the authority for interpretation of Cooperative Societies Act and Rules for all types of societies.

The Cooperative Societies presently under the control of Registrar of Cooperative Societies are involved mainly in disbursement of agricultural credit in rural and non-agricultural credit in urban areas, marketing of agricultural produce, sale of consumer goods and provision of fertilisers and other agricultural inputs to farmers. There are other specialized cooperative institutions like Printing Cooperatives, Employees Cooperative Thrift and Credit Societies and Labour Contract Cooperative Societies serving the interests of their members. Of late, the cooperative societies have come under severe threats to their existence because of agricultural loan defaults, market competition and lack of member patronage. At this

junction, the decision of the Government to waive all agricultural loans in the year 2006-07 has given a new lease of life to the entire cooperative sector. While the scheme has broken the shackles of indebtedness among the farming community, it has greatly improved the cash flow within the cooperative credit sector, facilitated greater provision of credit and other inputs for agricultural production and improved their operational viability. Government has so far released Rs.3304.42 crores to cooperative credit institutions over the last two years and will release the balance amount in next 3 years as per its commitments. Such is the success of this scheme that the Government of India have chosen to follow its foot steps and to announce a massive waiver of agricultural loans of Rs.60,000 crores in 2008-09 budget.

Government is fully aware of the critical role played by cooperatives in the development and well being of agriculture and rural sector. Cooperatives provide credit, provide fertilizers and other inputs and also distribute essential commodities under public distribution system. More than that they are accessible to all sections of people. Therefore Government will continue to support these institutions in all possible manner. To that end, Government have signed Memorandum of Understanding with Government of India and National Bank for Agriculture and Rural Development for implementation of the scheme of revival of Short Term Cooperative Credit Structure based on the recommendations of Prof. A. Vaidyanathan Committee. State and District Level Committees have been constituted and special audit of the societies to arrive at the accumulated loss as on 31.3.2004 is in progress. A part of recapitalization assistance as per the scheme is expected in 2008-09 and this will infuse substantial liquidity back into the system. Similarly, Government will also take action for reviving Long Term Cooperative Credit Structure, {Tamil Nadu Cooperative State Agriculture and Rural Development Bank (TNCSARDB) and Primary Cooperative Agriculture and Rural Development Bank (PCARDB)} as and when a similar scheme is announced by Government of India. Government will also take steps to sign Memorandum of Understanding with Reserve Bank of India for improving the status of Urban Cooperative Banks. These efforts will enable the cooperative institutions to work more effectively.

The Cooperative institutions coming under the purview of this department can be broadly classified as follows:

- (i) Cooperative Credit Institutions
- (ii) Cooperatives for marketing agricultural produce
- (iii) Consumer Cooperatives.
- (iv) Cooperatives engaged in cooperative education, training and research.
- (v) Special types of Cooperative Societies.

The current activities and future prospects of the above types of cooperative societies are elaborately discussed in the following chapters.

CHAPTER-II
COOPERATIVE CREDIT STRUCTURE

Cooperative credit structure is the single largest institutional credit delivery system in the State. It provides credit to the people particularly in rural areas at reasonable interest rate thereby reducing the dependency of the farmers on the informal credit source and usurious rate of interest. Geographically and culturally it is the most convenient institutional arrangement for availing the credit by farmers.

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

- (A) Short term and medium term credit structure consisting of Tamil Nadu State Apex Cooperative Bank at the state level, Central Cooperative Banks at the district level and Primary Agricultural Cooperative Banks at the village level.
- (B) Long term rural credit structure consisting of Tamil Nadu Cooperative State Agriculture and Rural Development Bank at the state level and Primary Cooperative Agriculture and Rural Development Banks at taluk/block level.
- (C) Urban credit structure comprising of Cooperative Urban Banks located in the urban and semi urban areas and catering to the credit needs of their members and the public.

(A) Short Term Credit Structure

The Short Term Cooperative credit structure in Tamil Nadu is a three tier structure with Tamil Nadu State Apex Cooperative Bank at State level with 45 branches, 23 District Central Cooperative Banks at the district level with 717 branches and 4474 Primary Agricultural Cooperative Banks at the grass root level.

(i) Tamil Nadu State Apex Cooperative Bank (TNSACB) Chennai

The Tamil Nadu State Apex Cooperative Bank is the federation of the District Central Cooperative Banks. Being the Apex Bank, it raises resources and channelises them through District Central Cooperative Banks for both agricultural and non-agricultural purpose. It also channelises the refinance provided by National Bank for Agriculture and Rural Development (NABARD) towards short term and medium term agriculture and allied sector loans to District Central Cooperative Banks.

As on 29.2.2008, the Tamil Nadu State Apex Cooperative Bank has a share capital of Rs.61.07 crores including Government's share of Rs.0.26 crore. It has the reserves of Rs.700.48 crores and deposits of Rs.3944.98 crores. Compared to the previous year's level of reserves at Rs.517.95 crores and deposits at Rs.3263.50 crores, the growth in the reserves and the deposits in the current year have gone up by 35% and 21% respectively. The bank has earned a net profit of Rs.42.80 crores during 2007-2008 upto 29.2.2008.

The Tamil Nadu State Apex Cooperative Bank maintains a fund called the Primary Cooperative Development Fund financed out of contribution of profit making Central Cooperative Banks and the Tamil Nadu State Apex Cooperative Bank. The fund is utilized to strengthen the infrastructure facilities of the Primary Agricultural

Cooperative Banks in the State. As on 29.2.2008, Rs.29.84 crores is available in this account. A special scheme was launched by Hon'ble Chief Minister Dr. Kalaignar to rejuvenate about 1192 weak Primary Agricultural Cooperative Banks with the help of this fund. Most of the societies in the above category had fallen dormant because of lack of resources and had stopped lending and other operations. To help them to restart lending, a special cash credit at the rate of Rs.20 lakhs per society is being provided by District Central Cooperative Banks at a concessional rate of interest and the difference between cost of funds and the concessional rate is being reimbursed to District Central Cooperative Banks from out of this fund. It is expected that these 1192 Primary Agricultural Cooperative Banks through this scheme will resume their normal operation of lending and to become financially viable in a course of 3 years, by securing breakeven level of business and through this, will offer adequate institutional credit to the farmers in their area of operation. As on 29.2.2008, 631 Primary Agricultural Cooperative Banks have been sanctioned with cash credit to the tune of Rs.126.20 crores and the entire 1192 Primary Agricultural Cooperative Banks will be covered under this scheme before April, 2008.

(ii) District Central Cooperative Banks (DCCB)

There are 23 District Central Cooperative Banks in the State with 717 branches mostly in rural areas to serve the Primary Agricultural Cooperative Banks and the rural public. The District Central Cooperative Banks raise resources through public deposits and also from Tamil Nadu State Apex Cooperative Bank and channelise them through Primary Agricultural Cooperative Banks for agriculture and rural credit. In addition, they meet the credit needs of dairy, handlooms, sugar and such other affiliated cooperatives. They also lend directly to the public for non-agricultural purposes within the area of operation of their branches.

As on 26.3.2008, the District Central Cooperative Banks have extended credit to Primary Agricultural Cooperative Banks to the tune of Rs.1323.20 crores for crop loan of which Rs.985.59 crores is from their own funds and Rs.337.61 crores from National Bank for Agriculture and Rural Development refinance.

The details of District Central Cooperative Banks' activities are given below:-
(Rs. in crores)

Year	Deposits	Direct Loans
2004-05	6275.78	1778.12
2005-06	6979.34	2005.33
2006-07	7286.62	2973.02
2007-08*	7666.70	3292.53

* As on 29.2.2008

Compared to the last year, upto February 2008 the amounts of deposit have increased by 5.22%. Due to concerted efforts, better financial discipline and also adequate credit flow through waiver, as per final audit of the year 2006-2007, out of 12 District Central Cooperative Banks which were classified under Section 11(1) of Banking Regulation Act with negative net worth, 7 District Central Cooperative Banks have come out of this problem and it is expected that remaining 5 District Central Cooperative Banks also will record positive networth and come out of Section 11(1) by 31.3.2009. **Efforts are being made to computerize all the branches of the District Central Cooperative Banks.**

(iii) Primary Agricultural Cooperative Banks (PACB)

In Tamil Nadu, there are 4474 Primary Agricultural Cooperative Banks which provide credit to the farmers, distribute inputs like fertilizers and also run outlets under Public Distribution System. These banks provide short term and medium term credit for agriculture and allied activities. The short term loans are repayable within a period of 12 to 15 months and the medium term loans are repayable within 3 to 5 years.

Crop loan is the prominent item of credit to the farmers by Primary Agricultural Cooperative Banks, provided without collateral security upto 10 acres in respect of registered sugarcane growers and upto Rs.1 lakh in respect of other crops. The loan amount exceeding this limit is secured with mortgage of property or pledge of jewels. Primary Agricultural Cooperative Banks also issue loans for other agricultural purposes like purchase of farm machineries and for non-agricultural purposes including loans for the purchase of consumer durables, housing loans, education loans and professional loans.

The details of the loans issued by these banks from 2004-05 are furnished below:

(Rs. In crores)

Year	Crop Loans	Other Loans
2004-05	1080.58	2609.07
2005-06	1132.18	2718.69
2006-07	1250.62	3082.20
2007-08	1323.20 (As on 26.3.2008)	3254.68 (As on 29.2.2008)

Considering the importance of increasing credit flow into the agriculture sector, Government has reduced the interest rate for the crop loans from 9% to 7% per annum from 2006-07, the interest differential being compensated by the Government. For the year 2006-07, Rs.18.28 crores was released and a sum of Rs.15.04 crores has been released for the year 2007-08 to the cooperatives as compensation to make up this interest subvention.

The Government is taking all efforts to inculcate the habit of financial discipline among the farmers. As a special measure, Government have announced further reduction of interest from 7% to 5% for all crop loans being repaid promptly by the farmers. **This has been further reduced to 4% in 2008-09.**

The Government lays emphasis on the timely disbursement of crop loan in adequate quantity. **It is proposed to disburse Rs.1500 crores as crop loan during 2008-09. It is further proposed that the lending through Farmers Group will be encouraged by forming Joint Liability Groups which will benefit the farmers to get additional assistance by way of revolving fund to the tune of Rs.10 crores. This is expected to benefit the farmers in a great way to consolidate themselves and pool their resources in arranging their inputs supply, organizing cultivation activities and making joint efforts in marketing to fetch a better price for their produce. Ultimately this will pave way for**

consolidation of the farming activities by the farmers facilitating appropriate technological intervention for improving the productivity of the farm sector.

As a policy, this Government is not for liquidation of any Primary Agricultural Cooperative Bank which has been set up for the specific purpose of serving the farmers in their respective operational areas. Though liquidation notices were issued for 199 Primary Agricultural Cooperative Banks upto 2005-06, as a follow-up of the announcement made in the year 2006-07 to revive them, all out efforts have been made to revive them and bring them back to normalcy. The Government is happy to inform that out of 199 banks, 197 banks have already been revived and an amount of Rs.17.23 crores were issued as loans during 2006-07 to the members. During 2007-08, Rs.13.07 crores were disbursed as loans upto 29.2.2008. The efforts of the Government will continue for reviving the remaining two Primary Agricultural Cooperative Banks.

Due to long years of neglect, several societies have been put into doldrums. The pathetic status of some of the societies have forced them not to pay even the salaries to their own employees for many months. Due to the efforts made by this Government, the condition of many of the societies have appreciably changed. Due to initiatives such as waiver of agricultural loan, revival of societies through the assistance from Primary Cooperative Development Fund (PCDF), subsidy for running public distribution system and through various other measures, the business of the societies have improved and the non payment of salary has been brought down significantly. The Government will continue its efforts to ensure that all the societies become financially viable and no employee in any of the societies goes without salary.

The Primary Agricultural Cooperative Banks were permitted to mobilize deposits from the public for issue of loans and were unable to refund the deposits on due dates of maturity to the depositors by the Primary Agricultural Cooperative Banks. If this chronic problem continues then the confidence of the people will be shaken. **This Government have made all out efforts to ensure that the depositors credibility is restored and their matured deposit amount with the interest is paid back to them. In this regard, an amount of Rs.170.62 crores as public deposit was pending on 30.6.2006 due to be refunded to the depositors. A promise was made in the Assembly that efforts will be taken to settle these deposits at the earliest. Due to the initiatives taken by the Government, Primary Agricultural Cooperative Banks were able to refund Rs.117.68 crores as on 29.2.2008 and further efforts are being made to refund the entire amount fully with due interest to the depositors.**

This Government considers that Primary Agricultural Cooperative Banks are the fulcrum on which integrated package of services such as credit, insurance, inputs, marketing and extension can be delivered to the farmers. Recognising the importance of increasing productivity in agricultural sector as envisaged in the XI Five Year Plan, Primary Agricultural Cooperative Banks will be actively engaged in provision of integrated service to the farmers and serve as a point of dissemination of the technology and the improved cultivation practices. It is expected to increase the prosperity of farmers by availing better services particularly in the area of technological intervention. **In this process, Primary Agricultural Cooperative Banks will actively collaborate with Agriculture Department and the Research**

& Development organisations and provide all inputs and services under one roof.

The Primary Agricultural Cooperative Banks will also act as Paddy Procurement Centres on behalf of Tamil Nadu Civil Supplies Corporation and will procure paddy at the minimum support price announced by the Government in the non delta areas apart from Direct Purchase Centres operated by Tamil Nadu Civil Supplies Corporation. Primary Agricultural Cooperative Banks will also assist the Cooperative Marketing Societies, Tamil Nadu Cooperative Marketing Federation and National Agricultural Cooperative Marketing Federation of India (NAFED) to procure the agricultural produce directly from the farmers. Primary Agricultural Cooperative Banks will expand their produce pledge loan operations substantially to prevent distress sale by the farmers during peak harvest. A target of Rs. 100 crores will be set for disbursal under produce pledge loan by Primary Agricultural Cooperative Banks in 2008- 09.

Most of the Primary Agricultural Cooperative Banks are operating under manual system of record maintenance and face a serious threat from the new generation banks using latest banking technology to penetrate the rural areas. **To counter such threat, state-of-art banking technology will be introduced and all the Primary Agricultural Cooperative Banks will be computerized by the end of 2008.**

(B) Long Term Credit Structure

Long Term Cooperative Credit Structure consists of Apex Bank viz., Tamil Nadu Cooperative State Agriculture and Rural Development Bank, Chennai and 180 Primary Cooperative Agriculture and Rural Development Banks at taluk/block levels. These credit institutions are providing investment credit to the members for activities like minor irrigation, horticulture, plantation crops and other agriculture and allied sectors.

(i) Tamil Nadu Cooperative State Agriculture & Rural Development Bank (TNCSARDB)

The Tamil Nadu Cooperative State Agriculture and Rural Development Bank raises the funds necessary for its lending by floating ordinary and special development debentures. As the National Bank for Agriculture and Rural Development refinance could not be availed from 2004, due to National Bank for Agriculture and Rural Development's insistence on automatic debit mechanism, Tamil Nadu Cooperative State Agriculture and Rural Development Bank could not make available required resources to Primary Cooperative Agriculture and Rural Development Banks for lending to agricultural sector. As on today the Bank is extending small quantum of loans for Non-Farm Sector using its own resources. As on 29.2.2008, the share capital of the Bank stood at Rs. 40.29 crores and reserves Rs.566.10 crores and deposits Rs.1.19 crores. Due to virtual suspension of lending operations, the bank is in cumulative loss of Rs.143.84 crores as on 29.2.08.

(ii) Primary Cooperative Agriculture and Rural Development Banks (PCARDB)

There are 180 Primary Cooperative Agriculture and Rural Development Banks at taluk/block levels. The Primary Cooperative Agriculture and Rural Development Banks provide long term credit for purposes like minor irrigation, land development, purchase of agricultural machineries, horticulture, animal husbandry and other allied activities. The period of repayment of such loans ranges from 5 to 15 years.

Due to non-availability of refinance from National Bank for Agriculture and Rural Development, the lending activity by these Banks is practically nil for the last four years. During 2007-08, efforts were made to revive the activities of Tamil Nadu Cooperative State Agriculture and Rural Development Bank and Primary Cooperative Agriculture and Rural Development Banks by mobilizing resources through collection of overdues in Non-Farm Sector. From 1.4.2007 till 29.2.2008, Rs.72.91 crores was collected as against the overdue of Rs.278.43 crores under the Non-Farm Sector. Further through waiver, an amount of Rs.42.45 crores each for the year 2006-07 and 2007-08 were released to the long term credit structure as waiver compensation. This has increased the liquidity of both Tamil Nadu Cooperative State Agriculture and Rural Development Bank and Primary Cooperative Agriculture and Rural Development Banks.

As a result, during 2007-08, the Primary Cooperative Agriculture and Rural Development Banks have again started lending for the Non-Farm Sector including Jewel Loans. **The Government will make all efforts to revive them by arranging refinance from National Bank for Agriculture and Rural Development during 2008-09. Activities like horticulture, organic farming, hi-tech farming, precision farming, micro irrigation project based activities like floriculture, cultivation of medicinal plants, plantations in waste land and farm mechanization will be given priority under agricultural investment credit during 2008-09.**

The revival package for long term cooperative credit structure based on the recommendations of Prof. A. Vaidyanathan Committee is expected from Government of India soon. In principle, the Government has already agreed to implement the revival package. It is expected that the implementation of this package will help the long term lending structure to wipe out the accumulated loss and to regain its position as the pioneer of agricultural investment credit.

(C) Urban Cooperative Banks (UCB)

Urban Cooperative Banks provide banking and credit facilities to urban and semi urban population. As of now 120 Urban Cooperative Banks are functioning in the State. They mobilize deposits from the public and extend credit facilities for specified purposes. Their lending operations include provision of credit facilities to small traders, artisans and persons belonging to low and middle income group for purposes ranging from housing, business, education, consumer and other non-farm sector activities. During 2007-08, they have issued working capital and term loans to the extent of Rs.2144.29 crores. The deposit position in the Urban Cooperative Banks is Rs.2592.29 crores as on 29.2.2008 compared to Rs.2448.19 crores as on 31.3.2007. The Urban Cooperative Banks are expected to issue not less than 60% of their total lending to priority sector and to ensure that at least 25% of the priority sector lending is issued to the weaker section of the community.

Action will be taken to computerize all the branches of the Urban Cooperative Banks and Credit Societies during 2008-09, so as to improve operational efficiency and to provide better service to the customers in the lines of commercial banks.

Schemes implemented by Cooperative Credit Structure

(i) Waiver of agricultural loans

The unprecedented move of the Government to waive the entire crop loan outstanding in the Cooperative Banks as on 31.3.2006 have benefited lakhs of farmers to break the debt trap besides giving a new lease of life to the cooperative credit institutions. Government have ordered to compensate the amount of waiver of agricultural loan in five equal instalments starting from 2006-07. So far waiver certificates have been issued to 2281617 farmers. The amount released so far to compensate the waiver of loan is as below:

(Rs. in crores)

Agency to which released	2006-2007			2007-2008		
	Prin- cipal	Inter- est	Total	Prin- cipal	Inter- est	Total
Government of India	12.29	3.53	15.82	6.94	2.12	9.06
NABARD	507.38	106.21	613.59	572.91	72.36	645.27
TNSC Bank	191.34	88.20	279.54	191.34	53.26	244.60
DCCBs	343.78	128.67	472.45	318.33	76.96	395.29
PACBs	172.43	60.78	233.21	215.92	66.13	282.05
TNCSARDB	42.45	16.98	59.43	42.45	11.66	54.11
Total	1269.67	404.37	1674.04	1347.89	282.49	1630.38

Following this path breaking efforts of the Government of Tamil Nadu, the Government of India has now made an announcement of massive agricultural loan waiver to the extent of Rs.60,000 crores during 2008-09 budget. This laudable initiative taken by the Government of India to redeem the farm sector from the stagnation is expected to trigger further growth in agricultural sector. It is expected that this loan waiver announced by the Government of India will be fully extended to Tamil Nadu and the amount released already by the Government of Tamil Nadu as loan waiver will be fully compensated by the Government of India on the eligible components.

(ii) Interest subvention for crop loan

The crop loan has been extended with the concessional rate of interest by reducing the effective rate of lending from 9% to 7% with effect from 2006-07. Further to imbibe the discipline of better repayment among the farmers, the Government of Tamil Nadu has ordered to give further interest subvention @ 2% from 2007-08 so that the effective rate of lending of crop loan to the farmers who are prompt in repaying the loans will be 5%. **During 2008-09 budget, the Government have further reduced this rate to 4% for crop loan lending.**

(iii) Interest reduction for Non-Farm Sector Loans

The Government have ordered to reduce the rate of interest to 12% on all the outstanding non-farm sector loans as on 31.3.2001 availed from the cooperative

credit institutions besides completely waiving the penal interest as a one time measure to wipe out the overdues. Under this scheme, the borrower has to remit 25% of the outstanding and avail the concessions extended and pay the remaining 75% within the stipulated period. In order to encourage the repayment, the scheme which originally ended on 31.3.2007 extended upto 31.3.2008 under various spells. Under this scheme upto 29.2.2008, 113252 beneficiaries availed the scheme and paid the dues. The benefit to the extent of Rs. 96.02 crores were passed on to these beneficiaries.

(iv) Jewel Loans

The cooperative banks issue loans on the pledge of jewels both for agriculture and non-agriculture purposes. The jewel loans are more popular among the public and banks are more secure and borrowing is hassle free for the beneficiaries. During 2007-08, Rs.8409.40 crores was disbursed as Jewel Loan upto 29.2.2008.

(v) Kisan Credit Card Scheme

The Kisan Credit Card Scheme is being implemented to provide timely credit to the farmers so that delay in disbursement of credit is minimized. As on 29.2.2008, the Primary Agricultural Cooperative Banks have issued Kisan Credit Cards to 17.13 lakh farmer members.

(vi) Credit supply to weaker sections

The Primary Agricultural Cooperative Banks are paying special attention to meet the credit needs of weaker sections. NABARD has stipulated to extend not less than 30% of short term lending by cooperatives to small farmers who own or cultivate less than 5 acres. Further, it is targeted to extend 14% of the quantum of loan issued under short term loans and 30% under medium term loans to the members belonging to Scheduled Caste/ Scheduled Tribe.

(vii) Micro Credit Scheme

The District Central Cooperative Banks and Urban Cooperative Banks are implementing this unique scheme to benefit marginalized small and petty merchants and street vendors engaged in the business of selling flowers, vegetables, fruits and running petty shops. They are the most vulnerable group for exploitation by usurious money lenders. Their credit requirements are very small but critical. This scheme which was launched by this Government has been amplified and streamlined over the years. Under the scheme the loan amount upto Rs.5000/- is being provided without any security. **It is proposed to improve the scheme further by issuing credit card to such beneficiaries and organize them as a self help group. During 2007-08 upto 29.2.2008, a sum of Rs. 27.79 crores has been issued to 67288 beneficiaries. It is proposed to issue such loan for Rs.50 crores during 2008-09.**

(viii) Assistance to Self Help Groups

Lending through self help groups is considered extremely effective to ensure financial inclusion. It is also beneficial to the banks in terms of better repayment and lower transaction cost. Under various schemes and Government sponsored

programmes, lending is extended through self help groups. During 2007-08, cooperative institutions have issued loans to the tune of Rs.170.13 crores to self help groups upto 29.2.2008. It is proposed to lend Rs.200 crores during 2008-09.

(ix) Women Entrepreneur Loan 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 to take up service activities. During 2007-08, a sum of Rs.9.96 crores has been disbursed to 4848 women entrepreneurs till 29.02.2008.

(x) Working Women Loan Scheme

Under this scheme, the District Central Cooperative Banks and Urban Cooperative Banks are issuing loans upto Rs.1.00 lakh at an interest rate of 12% per annum to working women drawing monthly income. This loan is repayable in 36 instalments. As many as 5063 women beneficiaries were benefited to the extent of Rs.11.81 crores during 2007-2008 upto 29.2.2008.

(xi) Maternity Loan Scheme

Cooperative credit institutions are issuing maternity loan to pregnant women upto Rs.2000/- at an interest of 11%. During 2007-2008, a sum of Rs.0.39 crores has been disbursed to 1929 women beneficiaries upto 29.2.2008.

(xii) Professional Loan

The District Central Cooperative Banks are extending professional loan to doctors and engineers upto Rs.10 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 SC/ST members

In order to enhance the borrowing power of SC/ST members, interest free share capital loan is provided every year. During 2007-08, a sum of Rs.20 lakhs have been provided to 8000 SC/ST members of Primary Agricultural Cooperative Banks @ Rs.250/- per member and a sum of Rs.5 lakhs have been provided to 1000 SC/ST members of Urban Cooperative Banks @ Rs.500 per member.

It is proposed to continue the same and during the year 2008-09, a sum of Rs.20.00 lakhs will be provided to 8000 SC/ST members in the Primary Agricultural Cooperative Banks @ Rs.250 per member and a sum of Rs.5.00 lakhs will be provided to 1000 SC/ST members of Urban Cooperative Banks @ Rs.500 per member as interest free share capital loan.

(xiv) Interest free share capital loan to women members

The borrowing power of the members in the cooperative banks needs to be enhanced. This inevitably requires adequate step up in the share capital. Considering the poor financial condition of the rural women particularly to those belonging to weaker sections, the Government is providing interest free share capital loan as the normal level of borrowing is limited to 20 to 40 times of the share capital

investment. This amount is repayable in five instalments commencing from the succeeding year in which loan is sanctioned.

The details of the share capital assistance provided during 2007-08 are furnished below:

(Rs. in lakhs)

Sl. No	Name of the Institution	Loan amount per individual	No. of beneficiaries	Total loan amount
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
	Total		4500	25.00

It is proposed to extend the scheme of interest free share capital loan to the women members of Primary Agricultural Cooperative Banks, Primary Cooperative Agriculture and Rural Development Banks and Urban Cooperative Banks and physically handicapped persons during 2008 -09 also. Accordingly, it is proposed to issue interest free share capital loan to 2000 women members of Primary Agricultural Cooperative Banks at the rate of Rs. 500/-, five hundred women members of Primary Cooperative Agriculture and Rural Development Banks at the rate of Rs. 1000/- and thousand women members of Cooperative Urban Banks at the rate of Rs. 500/- and 1000 physically handicapped persons at the rate of Rs. 500/- through the above banks.

CHAPTER – III

COOPERATIVE MARKETING SOCIETIES

The Cooperative Marketing Societies have been established with the object of facilitating the marketing of agricultural produce of its members at a remunerative price besides distributing farm inputs to them advancing pledge loan on agricultural produce and undertaking the processing and adding value to the agricultural produce handled.

The structure of Cooperative Marketing in Tamil Nadu is a two tier structure with the Tamil Nadu Cooperative Marketing Federation (TANFED) at apex level and 110 Primary Cooperative Marketing Societies (CMS) at district/taluk levels. Tamil Nadu Cooperative Marketing Federation was established in 1959 and is currently engaged in sale of fertilizers and other inputs through Cooperative Marketing Societies and Primary Agricultural Cooperative Banks. The federation owns a fertilizer mixing unit at Pamani near Mannargudi in Tiruvarur district. It also operates 38 owned godowns with capacity of 28,640 metric tonnes and two cold storage godowns one at Basin Bridge, Chennai with 1350 metric tonnes capacity and the other at Koyambedu with 2500 metric tonnes capacity. Tamil Nadu Cooperative Marketing Federation also undertakes price support operations on behalf of National Agricultural Cooperative Marketing Federation for Copra and for commodities like chillies as and when ordered by Government. During 2007-08, upto 29.2.2008, Tamil Nadu Cooperative Marketing Federation has distributed chemical fertilizer worth Rs.175.67 crores. This is 23% higher than the distribution of Rs.142.30 crores during 2006-07.

Apart from Tamil Nadu Cooperative Marketing Federation and Cooperative Marketing Societies, there are 3 special types of Cooperative Marketing Societies as detailed below:

The Nilgiris Cooperative Marketing Society

The Nilgiris Cooperative Marketing Society runs a potato auction yard at Mettupalayam and fertilizer mixtures to meet the specific requirement of selected crops in Nilgiris. It also supplies seed material to its members on demand basis and extends credit supplies as and when required.

Thanjavur Cooperative Marketing Federation

Thanjavur Cooperative Marketing Federation is fulfilling the needs of Thanjavur, Tiruvarur and Nagapattinam districts through 12 Primary Marketing Societies affiliated to it. These societies act independently from the Tamil Nadu Cooperative Marketing Federation.

Tudiyalur Cooperative Agricultural Service Society

This society is engaged in the production and distribution of seeds, distribution of fertilizers, pesticides and agricultural implements to the farmers. It also provides credit to its members on demand.

Functions of Cooperative Marketing Societies

(i) Marketing of Agricultural Produce

The Cooperative Marketing Societies perform the following two types of functions:-

- (a) Providing agency service by making available the facilities like auction yards, drying facilities etc. and facilitate the traders and farmer members to transact their business. The marketing societies collect service charge for this purpose.
- (b) Engaging in purchase, process and sale of agricultural produce. The processed products are also sold through consumer cooperative stores.

During 2007-08, cooperative societies have marketed the agricultural produce to the tune of Rs.907.94 crores upto 29-2-2008.

(ii) Linking of credit with Marketing

Cooperative Marketing Societies enroll the borrowers of Primary Agricultural Cooperative Bank as members and assist in the sales of the produce brought to the cooperative marketing society by the borrower member of the Primary Agricultural Cooperative Banks. These efforts helped the Primary Agricultural Cooperative Banks to recover loans besides assisting the farmers for selling their produce at remunerative price. In the year 2007-08, upto 29-2-2008, Rs.153.21 lakhs was recovered in this process.

(iii) Linking of Consumer Cooperative Stores with Marketing

Cooperative Marketing Societies have tie-up with the Cooperative Wholesale Stores. This enables the Cooperative Marketing Societies to procure the farmers' produce, process it and sell it to the Cooperative Wholesale Stores so that the wholesale stores get a quality product at a reasonable price and the farmers also get a good price. During 2007-08, the Cooperative Marketing Societies marketed produce worth Rs.16.48 crores upto 29-2-2008 to the Cooperative Wholesale Stores.

(iv) Issue of Produce Pledge Loan

During the peak harvesting season, farmers invariably resort to distress sale to meet their urgent need for cash. To protect the interest of such farmers, Cooperative Marketing Societies provide Produce Pledge Loan so that farmers are able to store the produce and dispose at later date to get a better price. During 2007-08 upto 29-2-2008, a sum of Rs.18.32 crores has been disbursed to the farmer members as Produce Pledge Loan.

(v) Processing of and value addition to agricultural produce

Some of the cooperative marketing societies are having processing units to process and add value to the agricultural produce transacted by them. They also provide processing facilities to the farmers at affordable rates. During 2007-08 upto 29.2.2008, cooperative processing units have processed agricultural produce to the tune of 16,500 metric tonnes.

(vi) Procurement of Copra under price support scheme

To protect the interest of the coconut farmers, cooperative marketing societies are implementing Price Support Scheme for copra at the minimum support price fixed by Govt. of India on behalf of National Agricultural Marketing Federation. The support price for the copra has been revised from Rs.36.20 to Rs.36.60 per Kilo gram for the year 2008. During 2007-08 upto 29.2.2008, cooperative marketing societies have procured 5676.66 metric tonnes.

Despite the efforts of the Government, there are several cooperative marketing societies which are not functioning vibrantly. It is a great concern for the Government that these societies are not serving the intended purpose. Many of them are now confined to Public Distribution System operation instead of taking up agricultural marketing. **A study by a special team has been conducted on the functioning of the Cooperative Marketing Societies and this Government will consider recommendation of this report and take appropriate action for the revival of these societies.**

The global economic changes have boosted the prospects for the commodity trade and it is necessary that the benefits which accrue due to information revolution should ultimately reach the farmers. The Government is well aware of the importance of introducing a better price discovery mechanism and disseminating the price information and trends of the various major markets and to the farmers so that they can take appropriate decision in disposing of their produce and get better price.

As a new venture, this Government will take steps to provide a platform in the selected cooperative marketing premises to disseminate the information on the price trend in various markets and commodity exchanges. Tamil Nadu Cooperative Marketing Federation will also institutionalize the system of providing consulting service on the commodity price trend and link it up with these cooperative markets so that the farming community are guided properly to take appropriate decisions on their production and marketing. This is expected to help the farmers to find out the correct price for their produce, based on the assessment of market fluctuation and price forecast.

CHAPTER IV
CONSUMER COOPERATIVE SOCIETIES

The major objective of the consumer cooperatives is to serve the consumers by supplying quality products at reasonable prices. They play a vital role in containing the prices of commodities by market intervention at the time of crisis.

The consumer cooperatives in Tamil Nadu comprises of three tiers:

- 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 grass root level)

(i) Tamil Nadu Consumer Cooperative Federation

Tamil Nadu Consumer Cooperative Federation at Chennai is the apex body. It procures paper and other stationery material in bulk and distributes them to the district cooperative wholesale stores, primary cooperative stores and cooperative printing presses. The Federation also purchases crackers during the festival season and distributes them to the cooperative wholesale stores and primary agricultural cooperative banks for sale to the general public. Though on a cumulative loss of Rs. 4.28 crores, the Federation has earned a current profit of Rs.62.00 lakhs in 2007-08 from a turnover of Rs.3.01 crores. In the current year, this organization has ventured into purchase of onions from Nasik through SAFAL (vegetables and fruits) National Exchange (SNX) and is distributing them throughout the state through Public Distribution System outlets. Action is being taken to enroll as a member of SNX so as to source fresh vegetables and fruits from all over the country. **The Government will take steps to expand the operations of this Federation further and facilitate it to take up procurement and sale of wide ranging consumer products from upcountry locations during 2008-09.**

(ii) Cooperative Wholesale Stores

At present 34 cooperative wholesale stores are functioning in Tamil Nadu. They are engaged in transporting the essential commodities from the Tamil Nadu Civil Supplies Corporation godowns as lead societies and deliver them to the public distribution system outlets run by cooperative societies. The wholesale stores also procure consumer goods in bulk directly from the producing centres, manufacturers and the marketing societies and offer the same to the consumers at reasonable prices.

During the year 2007–08, the cooperative wholesale stores had transacted business to the tune of Rs. 1015.71 crores on both controlled and non controlled commodities. In the year 2008–09, it is expected that the turnover will touch Rs.1100 crores. A high level committee has been constituted by the Government to identify the cause for the sickness of the five huge loss making Stores viz., Triplicane Urban Cooperative Society, Park Town Cooperative Wholesale Stores, Chennai, Madurai Pandian Cooperative Wholesale Stores, Trichy Chinthamani Cooperative Wholesale Stores and Coimbatore Chinthamani Cooperative Wholesale Stores and to suggest ways and means to rehabilitate these wholesale stores and to monitor their proper functioning. **The report is expected soon and on the basis of this report action will be taken to rehabilitate these five stores and to set them on a growth path during 2008-09.**

(iii) Primary Cooperative Stores

As on date, 3550 primary cooperative stores including students' cooperative stores at base level are functioning in Tamil Nadu. These primary cooperative stores are engaged in the distribution of quality consumer goods at reasonable prices, besides functioning as outlets for distribution of essential commodities under Public Distribution System.

During the year 2007-08, consumer cooperatives achieved retail sales to the tune of Rs. 318.93 crores.

CHAPTER V
COOPERATIVE EDUCATION, RESEARCH
AND TRAINING

The Tamil Nadu Cooperative Union which was established in 1914 imparts cooperative education and training. The union also takes steps to propagate the ideals of cooperative movement through conduct of exhibition and other methods of publicity.

Cooperative Training

There are 20 cooperative training institutes in the State. Out of these 11 are independent and 9 are functioning as the units of Tamil Nadu Cooperative Union. All these units conduct Diploma course in cooperation of 36 weeks duration and award diploma to the candidates. During the year 2007-08, 866 students have been trained. In addition, these institutes conduct short term courses on computer operation and jewel appraisal. These institutes also conduct correspondence courses for the employees of the cooperatives who are unable to undergo the direct training.

Higher Diploma in Cooperative Management

Two institutes of cooperative management, one at Chennai and another at Madurai are run by

the National Council for Cooperative Training, New Delhi. These institutes conduct, higher diploma course in cooperative management. They also run a number of short term courses for the staff and officers of cooperative department and societies including those under the Functional Registrars. In the year 2007-08, these 2 institutes conducted 172 courses till 29.2.2008. They have planned to conduct 195 courses in 2008-09.

Technical Education

Three cooperative industrial training institutes at Bargur in Dharmapuri District, Pattukottai in Thanjavur District and Tiruchuzhi in Virudhunagar District and one cooperative Polytechnic at Lalgudi in Trichy District are run by Tamil Nadu Cooperative Union. These institutes provide technical training to the youths for their self-employment. An average of about 400 students get technical education every year through these industrial training institutes and polytechnic.

Cooperative Research

In order to encourage the students who are doing research in cooperation, the Tamil Nadu Cooperative Union has created a chair of Rs. 5.00 lakhs each in the Madras University, Madurai Kamarajar University, Bharathiar University and Annamalai University. Out of the interest earned on the investment of this deposit, scholarships are awarded to the research students.

Mobilising the resources

The Tamil Nadu Cooperative Union collects 3% of the net profit of cooperative societies for Cooperative Research and Development Fund and 2% of the net profit for Cooperative Education Fund and maintains these funds. As on 29.2.2008 the amount available in this corpus fund of CRDF and CEF are Rs.65.80 crores and 44.15 crores respectively. Proceeds from such corpus is being utilized for development of cooperative movement, development of societies through infusion of new technology, research in critical areas, conduct of member education programme and training and carrying out publicity and propaganda.

In the year 2008-09, it has been proposed to meet the cost of development of common banking software for all the cooperative banks and Employees' Cooperative Thrift and Credit Societies (ECS). Further it has been proposed to give appropriate grants to unviable and financially weak Primary Agricultural Cooperative Banks and Employees' Cooperative Thrift and Credit Societies to purchase computers and other accessories for taking up computerization.

CHAPTER VI
SPECIAL TYPES OF COOPERATIVES

Cooperative Printing Press

There are 26 cooperative printing press in our State with a total membership of 12645 with share capital of Rs. 2.09 crores. They fulfill the printing needs of all cooperatives, Government, quasi-Government and general public.

Salt Workers Cooperative Production and Sale Societies

In our State 10 Salt Workers' Cooperative Production and Sale Societies are functioning at present. Out of these, 5 societies are functioning exclusively for the welfare of Adi Dravida members. These societies are engaged in the production of iodised salt with financial assistance from the Government under TAHDCO scheme.

Labour Contract Cooperative Societies

As of now, 115 Labour Contract Cooperative Societies are functioning in our State with a total membership of 34,431 labourers. These societies are formed to raise the standard of living of SC/ST by providing employment opportunities to the members by securing contract works. The members of these societies are availing the benefits in full as the middle man between the management and the labourers are eliminated. These societies are provided with financial assistance in the form of share capital, working capital and managerial subsidies from the funds obtained from the Government of India.

Barbers and Washermen Cooperative Societies

In our State, six Barber Cooperative Societies and three Washermen Cooperative Societies are functioning with the object of improving the conditions of barbers and washermen who belong to the economically weaker sections.

Large Sized Multi-Purpose Cooperative Societies (LAMPS)

At present 17 LAMP cooperative societies under Integrated Tribal Development Programme areas and two societies under non-Integrated Tribal Development Programme areas are functioning in the State. These societies provide single window service for production credit, consumption credit, supply of agricultural inputs, marketing of agriculture produce, collection and marketing of minor forest produce and supply of essential commodities under Public Distribution System to the Tribals.

These societies have 81955 tribal members and 9364 non-tribal members. In order to enable the Tribals to undertake agricultural operations, LAMP societies provide short term loans for cultivation and medium term loans for allied activities of agriculture. In order to avail the loan facility, share capital subsidy has been provided to the members of the society. As these loans are provided free of interest, interest subsidy to compensate the interest loss has also been provided. In addition, financial assistance in the form of subsidy for transport, drivers' pay and maintenance of vehicles have also been provided. An amount of Rs. 90 lakhs each for the year 2006-07 and 2007-08 has been sanctioned by the Government as

subsidy to these LAMP societies for the above purposes. Presently most of these LAMP societies are not healthy.

The Government took special efforts during 2007 – 08 to rejuvenate LAMP societies in Kolli Hills area by infusing funds, increasing lending activities and taking up marketing of tapioca directly to the mills, it being the major produce in that area. In the process, besides increasing turnover and profits, higher price for tapioca to the tribal farmers could be ensured on a sustainable basis.

This experiment will be repeated in other LAMP societies to improve their performance during 2008-09.

Other type of societies

35 Cooperative canteens are also functioning for providing food at economic cost to students, workers and staff of various institutions.

CHAPTER VII

ROLE OF COOPERATIVES IN PUBLIC DISTRIBUTION SYSTEM

The Cooperative societies play a major role in the distribution of essential commodities in public distribution system. Cooperatives run 21630 fair price shops which accounts for 93% of the Public Distribution System outlets. These shops are run by 5060 cooperative societies comprising of 86 lead societies, 4540 link societies and 434 self lifting societies. In addition to this the cooperatives are also running 5898 part time fair price shops to serve the families in far-flung and remote areas and 36 mobile fair price shops to serve the people in hilly areas to deliver essential commodities at the door steps of people. At present 266 kerosene bunkers are also run by cooperatives in order to streamline the distribution of kerosene.

The Government has been compensating the loss met out by the fair price shops on account of the sale of essential commodities at subsidised prices under public distribution system over and above the present retail margin provided by the Government. During the year 2006-07 and 2007-08 an amount of Rs. 97.05 crores and Rs.106.90 crores respectively have been sanctioned to the cooperatives as subsidy.

Control of price and sale of non controlled commodities in Public Distribution System outlets

There has been increase in the prices of certain daily used commodities such as pulses, edible oil, wheat products etc., In order to protect the poor and middle income families from the spiralling price rise, the Government as a measure of price control has been selling these commodities through the fair price shops at reasonable prices. Besides, more than 20 non-controlled commodities are being sold through the Public Distribution System outlets at reasonable prices. The required products are purchased in bulk through wholesale stores to reduce intermediary margins. During 2007-08 upto 29.2.2008, non controlled goods worth of Rs.842.87 crores have been sold through Public Distribution System outlets.

Supply of Electronic Weighing Machines

The supply of essential commodities in correct weightment to the cardholders under public distribution system is accorded top priority by this Government. Accordingly an amount of Rs. 11.50 crores has been sanctioned in 2007 - 08 for the supply of modern electronic weighing machines to all cooperative shops. The supply and installation is in progress. It is expected that by end of May 2008, all the fair price shops run by cooperatives will have electronic weighing machines.

Revision of Pay Scales to the Employees of fair price shops

The Government has considered the plea of the employees of fair price shops and issued orders revising the scales of pay of salesmen and packers working in the fair price shops run by the cooperatives as announced while moving the demand on Cooperation in the last Budget Session. Giving effect to this, all the regularized salesmen and packers were brought under regular time scale of pay.

Sale of Ooty Tea

In order to alleviate the sufferings of the small tea growers in the Nilgiris District, the Government has ordered to sell tea processed by INDCOSERVE under public distribution system through fair price shops. The Government have fixed a target of 250 metric tonnes per month and the cooperatives have distributed a total quantity of 2673 metric tonnes of Ooty tea from April, 2007 upto February, 2008 through cooperative fair price shops.

Sale of Iodised Salt

With a view to minimize the health hazard caused by iodine deficiency, the Government has decided to promote the sale of iodised salt produced by the Tamil Nadu Salt Corporation and has ordered to sell the iodised salt through fair price shops in all districts of Tamil Nadu. Iodised salt is being sold at Rs.2.50 per Kg. During 2007-08, upto 29.2.2008, 28562 metric tonnes of Arasu salt were sold.

Sale of Khadi Products

Government has announced that soap products of Tamil Nadu Khadi and Village Industries Board will be sold through fair price shops run by the cooperative

societies. Initially it was proposed to sell 4 varieties of toilet and washing soaps, to start with 11 districts. The scheme has now been extended to all the districts in the State with a view to sell 10 varieties of Khadi products through fair price shops. The value of Khadi products sold through cooperatives during 2007 – 08 upto 29.2.2008 is
Rs. 152.59 lakhs.

CHAPTER VIII
INTEGRATED COOPERATIVE DEVELOPMENT PROJECT

The Integrated Cooperative Development Project is implemented for the overall development of the cooperatives in the selected districts of this State. This scheme has an integrated area based approach for cooperative development in rural areas. It aims on the development of functional linkages between cooperatives to promote their overall development to cater to the needs of rural community in an effective manner. Emphasis is laid on the strengthening and turning the primary cooperatives into multi-purpose entities.

The State Government have been receiving financial assistance from National Cooperative Development Corporation in the form of loan and the funds are channalised to the district central cooperative banks concerned which are acting as Project Implementing Agencies.

The Integrated Cooperative Development Project scheme had been implemented in the following 8 districts as shown below:

Sl. No	Name of the District	Year of implementation	Outlay (Rs. in lakhs)
1.	Virudhunagar	1989-1995	862.51
2. 3.	Cuddalore } Villupuram } Integrated South Arcot District	1992-1997	1506.97
4.	Coimbatore	1995-2001	1080.99
5.	Dharmapuri	1995-2001	1160.25
6.	Tiruvannamalai	1996-2001	816.58
7.	Kancheepuram	1998-2005	1123.88
8.	Ramanathapuram	2000-2004	687.03
	Total		7238.21

At present Integrated Cooperative Development Project is being implemented in the following six districts.

(Rs. 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	695.75
6	Thoothukudi	942.08	638.49
	Total	6408.13	5812.56

The detailed project reports prepared by the consultants in respect of Salem, Erode, Madurai and Pudukottai have been cleared by the State Level Coordination

Committee and the National Cooperative Development Corporation. The administrative approval for implementation of the scheme in the above districts is under consideration of the Government. As regards Tirunelveli district, the National Cooperative Development Corporation has given its approval and the detailed project report is under examination.

The Government has selected Dindugul, Karur, Vellore, Sivaganga and Nagapattinam districts for implementation of Integrated Cooperative Development Project in the next stage of assistance. The National Cooperative Development Corporation has given its concurrence for implementation of the scheme in these districts. Draft Project Reports for implementation of the scheme are under preparation by the appointed consultants. The Government have also selected the Nilgiris district for implementation of Integrated Cooperative Development Project and the National Cooperative Development Corporation has given its approval in principle.

CHAPTER IX
COOPERATIVE ELECTIONS

This Government is keen to conduct polls to cooperatives in a fair and democratic way so that they function independently in an effective and efficient manner under the guidance of the elected representatives. Consequent on the cancellation of the elections a spate of petitions were filed in the High Court and the final verdict of the Court in this matter is still awaited. After the receipt of the verdict of High Court and in consultation with the political parties in the Legislature, necessary further action will be taken for the constitution of separate Election Commission and to conduct election to cooperatives in a fair and free manner.

Ko.Si. Mani,

Minister for Cooperation