

DEMAND NO. 12

POLICY NOTE ON COOPERATION DEPARTMENT

FOR 2009-2010

INTRODUCTION

Tamil Nadu, all along, has been a pioneer in the Indian Cooperative movement. The very first Cooperative Society for dispensation of agricultural credit and that for distributing consumer articles was started here only. Cooperatives serve as key institutions for implementing many important socio-economic development programmes like agricultural credit, market intervention, price support for agricultural commodities, public distribution etc., for the upliftment of rural population and especially the poor and down-trodden.

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

- i. Cooperative Credit Societies
- ii. Cooperatives for Agricultural Produce Marketing
- iii. Consumer Cooperatives
- iv. Cooperatives engaged in Cooperative, Education, Training and Research
- v. Other Cooperative Societies.

The activities of these Cooperative Societies seek to promote economic welfare of the people particularly, farmers in the rural areas and consumers in the urban area. Urban Cooperative credit societies and banks cater to the economic need of the general public and small depositors and borrowers by providing all types of banking services. Thus, the policy of the Government is to promote and preserve the spirit of mutual help and cooperation among people in the field of agriculture credit, marketing, consumer welfare and such other areas as to bring about a positive and lasting change in the socio economic sphere in the state.

Chapter I

COOPERATIVE CREDIT STRUCTURE

Cooperative credit structure is the single largest institutional credit delivery system in the State in terms of spread and branch network. It provides credit to the people particularly in rural areas at reasonable interest rate thereby reducing the dependency on the informal and exploitative credit sources often associated with usurious rate of interest. Geographically and culturally it is the nearest institutional arrangement available to the rural folks for accessing institutional credit.

The credit institutions in the State belong to two distinct structures commonly known as the short-term cooperative credit structure and the long-term cooperative credit structure. The short-term cooperative credit structure in Tamil Nadu comprises of Primary Agricultural Cooperative Credit Societies at the village level, District Central Cooperative Banks at intermediate level and the State Cooperative Bank at apex level. The long term cooperative credit structure has, the State Cooperative Agriculture and Rural Development Bank at the state level and the Primary Cooperative Agriculture and Rural Development Banks at the district or block level. The Urban Cooperative Credit Structure comprising of Cooperative Urban Banks are located in the urban and semi urban areas and cater to the credit needs of their members and the public. In addition, there are Employees' Credit Cooperative Societies to cater to the needs of their members.

A. SHORT TERM CREDIT STRUCTURE

This consists of the Tamil Nadu State Apex Cooperative Bank at State level with 45 branches, 23 District Central Cooperative Banks at the district level with 734 branches and 4522 Primary Agricultural Cooperative Credit Societies at the grass root level. They cater to the credit needs of their members particularly the rural people.

(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. It raises resources from public deposits, refinance from National Bank for Agriculture and Rural Development, loan from National Cooperative Development Corporation etc., and channelises them through District Central Cooperative Banks for both agricultural and non-agricultural purpose. Tamil Nadu State Apex Cooperative Bank, apart from providing resources, plays a pivotal role in development of Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies through preparation and monitoring of Development Action Plans. It guides the District Central Cooperative Banks in the management of surplus funds, trains their personnel in banking and related fields and prepares development action plan for them.

As on 31.3.2009, the Tamil Nadu State Apex Cooperative Bank has share capital at Rs. 61.07 crores including Government's share of Rs. 0.26 crore, reserves to the tune of Rs. 718.54 crores and deposits of Rs. 4465.23 crores. The bank has earned a net profit of Rs.15.12 crores in 2007 – 08. Tentatively it is expected that the profit for the year 2008 – 09 would be Rs. 45.92 crores.

It has signed a Memorandum of Understanding with the National Bank for Agriculture and Rural Development for the period from 2007 - 08 to 2011 - 12 and has prepared development action plans for Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies for the above period. Goals and targets have been set for each District Central Cooperative Bank and Primary Agricultural Cooperative Credit Society for improvement in core

credit business, for diversification and for improvement in operational efficiency and reduction in costs. It is expected that all the District Central Cooperative Banks and all the Primary Agricultural Cooperative Credit Societies will turn the corner and come back to profit by the successful implementation of Draft Action Plan.

Tamil Nadu State Apex Cooperative Bank is the pivot of Short Term Cooperative Credit structure and hence, it must be efficient and competitive to the commercial banks. Keeping this in mind, **it has taken steps to migrate to Core Banking environment and provide ATMs and Any Where Banking and the process is expected to be completed in 2009 - 10.**

Tamil Nadu State Apex Cooperative Bank has already achieved **a milestone by implementing Real Time Gross Settlement (RTGS), being the 2nd Apex Bank to achieve the feat and National Electronic Fund Transfer (NEFT) in 2008 - 09, the third bank in the nation in implementation.** It is now in the process of integrating District Central Cooperative Banks and Urban Cooperative Banks so that customers of these banks **can avail themselves of this instant money transfer service throughout the country with minimal cost.**

The Tamil Nadu State Apex Cooperative Bank maintains a number of funds for the development of District Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies. One of them is **“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 being utilized to strengthen the Primary Agricultural Cooperative Credit Societies in the State by providing infrastructure.

Another important fund maintained by Tamil Nadu State Apex Cooperative Bank is **Deposit Guarantee Fund**, which is meant to repay the depositors if any Primary Agricultural Cooperative Credit Society is unable to repay the deposits on maturity.

ii) District Central Cooperative Banks (DCCB)

The District Central Cooperative Banks meet the credit needs of Primary Agricultural Cooperative Credit Societies, other Cooperatives such as sugar mills, dairy societies, weaver societies etc., and the public. They raise resources through public deposits and from Tamil Nadu State Apex Cooperative Bank for this purpose. While lending to agriculture and other allied sectors like dairy, handloom, housing through concerned primary societies, they also lend directly to the public for non-agricultural purposes. As on 31.3.2009, net deposits and net outstanding of all District Central Cooperative Banks put together stood at Rs.10317.31 crores and Rs.12621.62 crores respectively. District Central Cooperative Banks have taken special efforts to finance agricultural business operations such as micro irrigation, high density agriculture like Green House cultivation and precision farming etc.

The matrix below shows the steady and sustained growth in the performance of the District Central Cooperative Banks:

(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	8849.44	3711.17
2008-09	10317.31	4531.65

Government have waived the entire gas loan outstanding as on 31.12.2006, which were issued by the District Central Cooperative Banks during 2000 - 01. The outstanding amount on

account of gas loan waiver with 7% interest will be disbursed in 3 annual instalments by the Government of Tamil Nadu to the respective District Central Cooperative Banks. For the year 2008 - 09, a sum of Rs 28.113 crores has been released by the State Government.

Concerted efforts are being taken to fill up vacancies, streamline cadre and to impart necessary skills to compete with commercial banks. As part of augmenting human resources, 375 persons were inducted into District Central Cooperative Banks during 2008-09. **It is proposed to fill up all the remaining vacancies in District Central Cooperative Banks in 2009-10.** In addition, extensive training programme will be conducted to update the skills of existing manpower.

A scheme has been launched to introduce common banking software so as to make them efficient in operations. **11 branches have gone online as on 30.4.2009 and it is programmed to cover all branches of the District Central Cooperative Banks and Urban Cooperative Banks by November 2009.**

(iii) Primary Agricultural Cooperative Credit Societies (PACCS)

In Tamil Nadu, there are 4522 Primary Agricultural Cooperative Credit Societies providing agricultural and non - agricultural credit in rural areas. They also distribute agricultural inputs like fertilizers, seeds etc. Primary Agricultural Cooperative Credit Societies also run outlets under Public Distribution System. Out of the 4522 Primary Agricultural Cooperative Credit Societies, 1290 societies are running with current profit. Six Hundred and Four (604) Primary Agricultural Cooperative Credit Societies are earning net profit as on 31.3.2009.

Crop loan is the prominent item of credit support extended to the farmers by Primary Agricultural Cooperative Credit Societies. Primary Agricultural Cooperative Credit Societies also issue loans for other agricultural purposes like purchase of farm machineries, micro irrigation, dairy and other allied activities 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 to 2008-09 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	1393.97	3641.45
2008-09	1570.99	5485.50

In the last 5 years, Crop Loan disbursement by Primary Agricultural Cooperative Credit Societies has gone up by 50% and other credit being disbursed has more than doubled.

It was programmed to disburse Rs.1500 crores as crop loan and Rs. 126 crores as Medium Term loan for the year 2008 - 09. **During 2008 - 09, Rs.1570.99 crores as crop loan and Rs. 114.20 crores as medium term loan have been disbursed to farmers, thus achieving the overall target cent percent. Fresh crop loans to the tune of Rs. 2000 crores will be disbursed during 2009 – 10.**

Interest Subvention

Government consider that the timely availability of agricultural credit and particularly crop loan is very crucial for increasing the agricultural production. Considering the risky nature of agricultural operations, cheaper credit is very essential for sustaining the agriculture. Therefore this Government has reduced the interest rate for crop loans from 9% to 7% from 2006 – 07. The interest differential is being compensated by the Government to the cooperative institutions. A part of the differential is being compensated by the Government of India. To incentivize the prompt repayment of crop loan, State Government further reduced the interest on crop loan from 7% to 5% in 2007 – 08 and from 5% to 4% in 2008 - 09 for the cases of prompt repayment. **The Government have announced that from this financial year interest will not be charged on cooperative crop loans to all farmers who repay their crop loans on time. As ever being a pioneer state in caring for the farming community, the State Government have introduced this bonanza to the farmers which is the first State in the whole country to do so.** Though, the National Bank for Agriculture and Rural Development had initially provided credit to the cooperative institutions at the rate of 2.5 % it has over the years, steadily increased the rate to the present level of 4%. **Yet, the State Government announced this path breaking scheme to give a boost to the agricultural sector and protect the farmers' interest. The Government have decided to compensate the entire interest loss to the cooperative institutions and the required provision of Rs. 140 crores has been provided in the Budget 2009 – 10.**

Group lending concept has been introduced during 2008 - 09 in agricultural credit by organizing 10,000 Joint Liability Groups from among the small and marginal farmers, tenant farmers and lessees who hitherto could not access credit from this sector. Under this concept, small and marginal farmers, though not a member in cooperatives, form themselves as Joint Liability Groups, which can avail credit as associate members. Joint Liability Group is also considered a vehicle to facilitate high adoption of technology and mechanization in small holdings through joint agricultural operations including post harvest operations, besides promoting financial inclusion by bringing hitherto neglected small and marginal farmers into the fold of instant credit. Joint Liability Groups are expected to bring about functional consolidation in agricultural operations leading to higher productivity and incremental income to the farmers. These groups are expected to take loan from Primary Agricultural Cooperative Credit Societies either individually or together and jointly plan their cropping operations, purchase inputs and market their farm produce etc.

In 2008 - 09, the Government decided to form 10,000 Joint Liability Groups with 1,00,000 farmers with the objective of smooth flow of credit. Government provided Rs.10 crores as revolving fund at Rs.10,000/- per group as an incentive for effective functioning of groups and this amount has been released to 10,000 Joint Liability Groups. Out of these 10,000 groups, 9776 Joint Liability Groups have been sanctioned crop loan to the tune of Rs. 106.67 crores as on 31.3.2009. **Experience shows that this scheme has considerably reduced the paper work and facilitated quick sanction and disbursal of crop loans to the marginalized poor. Joint Liability Groups have become a vehicle of providing access of credit to the poor even if he is not a member in the cooperatives. Many groups have also come forward to jointly purchase and use farm machineries such as power sprayers and power tillers, etc., facilitating the farm mechanization process.** This initiative of group lending will be strengthened further. **During 2009-10, the number of such groups will be increased to 20,000.** These groups will be assisted with revolving fund and crop loan.

Revival Package for Short Term Cooperative Credit Structure (STCCS)

A Memorandum of Understanding was signed with Government of India and National Bank for Agriculture and Rural Development by the State Government for the revival of short-term credit structure. Under this package, the losses suffered by the Primary Agricultural

Cooperative Credit Societies are compensated and enabled to meet the full credit requirement of the rural and agricultural population by fully recapitalizing them. Accordingly, Government of Tamil Nadu have carried out necessary amendments in the Tamil Nadu Cooperative Societies Act, 1983, constituted State and District Level Implementing Committee and facilitated conduct of special audit by cooperative auditors under supervision of National Bank for Agriculture and Rural Development. Tentatively, 4337 Primary Agricultural Cooperative Credit Societies were found eligible for compensation of Rs.1909.82 crores being the total loss incurred as on 31.3.2004. The State Government have sanctioned and released an amount of Rs.207.51 crores as their share for the 4111 Primary Agricultural Cooperative Credit Societies and Government of India have also released Rs.777.10 crores as their share to 3552 Primary Agricultural Cooperative Credit Societies. The remaining amount will be released to the remaining societies after examination.

Other measures for revival

A number of other steps have also been taken to strengthen the Primary Agricultural Cooperative Credit Societies and to improve their financial viability.

1. The staff structure is being rationalized and surplus staff are being redeployed on deputation basis to needy societies. This is expected to control administrative expenses of societies.
2. A special scheme was launched by the Hon'ble Chief Minister Dr. Kalaingar on 3.1.2008 to rejuvenate financially weak and almost dormant Primary Agricultural Cooperative Credit Societies. Under this scheme, Rs. 187.54 crores have been given to 999 Primary Agricultural Cooperative Credit Societies. Each society has been provided lendable resources upto a limit of Rs.20 lakhs at a concessional rate of interest of 5%. This has helped them to revive their lending operations and many of them have reached an outstanding of Rs.50 lakhs within a period of 6 - 9 months. The interest subsidy envisaged in the scheme is being provided from the Primary Cooperative Development Fund. The scheme will be continued to cover all other eligible weak Primary Agricultural Cooperative Credit Societies, so as to help them to achieve financial viability by 2011.
3. Activities like sale of fertilizers and seed, cattle feed, telecom products and general retailing have been encouraged. **In 2008-09, Primary Agricultural Cooperative Credit Societies distributed 7.04 lakh metric tonnes of fertilizers throughout the State, representing a jump of 195% over the previous year.** Primary Agricultural Cooperative Credit Societies **will continue to focus on fertilizer sales and will expand into sale of bio fertilizer and seeds to improve productivity in farm sector.**
4. **Primary Agricultural Cooperative Credit Societies being the fulcrum of providing integrated package of services to farmers are in the process of opening 150 Agri-Clinics to provide soil testing and agriculture consultancy services to farmers in their areas at a cost of Rs. 6 lakhs each.**
5. Rs. 144.81 crores of deposits were refunded by using deposit guarantee fund and other sources. This has restored the confidence and trust of the public in the cooperative institutions.

Most of the Primary Agricultural Cooperative Credit Societies practice manual system of record maintenance. As they have to deliver multiple set of services such as credit, inputs, marketing and retailing, they need to adopt IT solutions to remain efficient. In addition, they face serious threat from commercial banks that are penetrating rural areas through IT enabled service. To enable Primary Agricultural Cooperative Credit Societies to withstand this competition and serve its client better, **state-of-art banking technology will be introduced in all the Primary Agricultural Cooperative Credit Societies through computerization in the coming year.**

Construction of buildings for the needy Primary Agricultural Cooperative Credit Societies will be taken up in the phased manner. **During 2009 – 10, it is proposed to construct buildings to 50 such Primary Agricultural Cooperative Credit Societies with safety locker facilities at a total cost of Rs. 5 crores using the Primary Cooperative Development Fund. Similarly safety locker facilities with alarm will be created in 250 Primary Agricultural Cooperative Credit Societies at a cost of Rs. 2.50 crores from Primary Cooperative Development Fund administered by Tamil Nadu State Apex Cooperative Bank.**

This Government initiated several measures to convert the Primary Agricultural Cooperative Credit Societies as the centre for providing integrated services like credit, extension, sale of inputs, etc. To strengthen it further, agricultural clinics are being started in 150 selected Primary Agricultural Cooperative Credit Societies. **It is proposed to integrate other services like common service centre under e-governance project to facilitate the access of electronic services to farmers besides opening agro-service centres in 100 Primary Agricultural Cooperative Credit Societies for leasing the critical farm machineries to the farmers.**

Crop Insurance

National Agriculture Insurance Scheme (NAIS) for crop insurance was introduced by the Government of India from Rabi 1999, which was introduced in our State by the State Government from Khariff 2000. Under the insurance scheme, financial support is provided to the farmers in the event of failure of the notified crops owing to natural calamities, pests and disease. All the loanee and non-loanee farmers are covered under the scheme. During the year 2008-09, a sum of Rs.267.62 crores was disbursed to 3,14,672 farmers. The amount includes Rs.125.52 crores of State Government share for all the notified area for Paddy II (Samba / Thalady / Pishanam) 2007 season.

B. LONG TERM CREDIT STRUCTURE

Long Term Cooperative Credit Structure consists of Apex Bank viz., The 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 provide investment credit to the members for agricultural activities like minor irrigation, horticulture, plantation crops and other allied sectors.

(i) Tamil Nadu Cooperative State Agriculture and Rural Development Bank (TNC SARDB), Chennai

The operations of Primary Cooperative Agriculture and Rural Development Banks came to a halt, virtually, from 2004, for want of refinance from National Bank for Agriculture and Rural Development. Nevertheless, the Bank has started its lending operations for minor irrigation and other agriculture related activities using its own resources from 2008 - 09. During 2009 – 10, the Tamil Nadu Cooperative State Agriculture and Rural Development Bank will step-up its lending operation by mobilizing additional resources including refinance from National Bank for Agriculture and Rural Development. As on 31.3.2009, the share capital of the bank stood at Rs. 505.61 crores, reserves Rs.39.98 crores and deposits to the tune of Rs. 38.10 crores.

(ii) Primary Cooperative Agriculture and Rural Development Banks

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 agricultural purposes like minor irrigation, land development, farm mechanisation, horticulture, animal husbandry and other allied activities. They also provide credit for rural housing and non-farm sector. Due to non-availability of refinance from National Bank for Agriculture and Rural Development, these banks were practically defunct. Steps have been taken to revive them by mobilizing resources through collection of over dues in non-farm sector and with the amount available under loan waiver schemes.

Government of Tamil Nadu waived agriculture loans to the extent of Rs.1301.30 crores outstanding in the Banks in May 2006. In 2008 - 09, a special thrust was given for provision of credit for the purpose of minor irrigation and precision farming and a target of Rs.100 crores was fixed for such purpose. The Tamil Nadu Cooperative State Agriculture and Rural Development Bank Ltd could disburse Rs.45.46 crores through primary banks for the year ended on 31.3.2009. The target could not be achieved because many Primary Cooperative Agriculture and Rural Development Banks are still in the process of revival. Nevertheless, it is worth mentioning that **long term cooperative credit structure stood first among the lending institutions in the state in terms of disbursement of credit to precision farming, a thrust area for the Government, to increase agricultural productivity.**

The thrust on lending for Minor Irrigation, Micro Irrigation and Precision Farming will be retained in 2009 - 10 as well to focus on the critical areas of agricultural sector in the state. In addition, sincere efforts will be taken to recover Rs.163.36 crores outstanding as Non-Farm Sector loans and to utilize the sum for further lending. Staff of the Primary Cooperative Agriculture and Rural Development Banks will be motivated and suitably reoriented to disburse more jewel loans to attain financial viability in 2009 -10 itself besides innovating new areas in long term agricultural lending by providing credit to project based agriculture, drip irrigation in vegetable cultivation, floriculture, polyhouses, agro forestry, fruit cultivation, farm mechanization etc.

Out of the total 180 Primary Cooperative Agriculture and Rural Development Banks, the Tamil Nadu Cooperative State Agriculture and Rural Development Bank has identified 47 as non-viable. These societies have to be revived in the interest of their members. With a view to revitalize these Banks, the following measures have been taken :-

1. The excess staff in these Banks are being redeployed to the needy societies,
2. Cash credit for jewel loan business for all the Banks is being sanctioned at lesser rate of interest,
3. The amount due to these Primary Cooperative Agriculture and Rural Development Banks from State Cooperative Agriculture and Rural Development Bank on account of waiver, interest relief and One Time Settlement schemes is being released, after adjusting their dues.

Revival of Long Term Cooperative Credit Structure

The Government of Tamil Nadu have agreed in principle to accept the recommendations of Prof. Vaidyanathan Committee to revive the long term credit structure. The final package on revival is still expected from Government of India. This will help in bringing back the Primary Cooperative Agriculture and Rural Development Banks to financial health and substantial flow of investment credit into agriculture.

C. URBAN COOPERATIVE BANKS

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 deposit 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 middle income group for purposes like housing, business, education, consumer and other non-farm sector activities. During 2008-09, they have issued loans to the extent of Rs.3071.32 crores.

The deposit position in the Urban Cooperative Banks has improved by 17% to Rs.3113.07 crores as on 31.3.2009 from Rs.2655.47 crores as on 31.3.2008. The Urban Cooperative Banks are expected to issue not less than 60% of their total lending to priority sector. Besides, it is to be ensured that atleast 25% of the priority sector allocations shall be issued to the weaker section of the community.

The Urban Cooperative Banks have formed **4499 Joint Liability Groups (JLGs) of Petty vendors in urban areas and lent Rs 11.95 crores to them in 2008-09.** The Banks have also disbursed Rs.8.90 crores to 17,986 individual petty traders, thus extending a total credit of Rs.20.85 crores to this sector during 2008-09. This has helped many small vendors to avoid paying exorbitant rates of interest. This initiative will be substantially expanded in 2009-10 and thereafter.

The State Government have also signed the Memorandum of Understanding with the Reserve Bank of India to improve the functioning of Urban Cooperative Banks. Computerisation of all the Urban Cooperative Banks and their branches is under progress and it is expected to improve their operational efficiency and to provide better service to the customers on the lines of commercial banks.

D. SPECIAL SCHEMES IMPLEMENTED BY COOPERATIVE CREDIT STRUCTURE

(i) Waiver of agricultural loans by State Government

The State Government under the Honourable Chief Minister Dr. Kalaignar have waived the crop loans of farmers and issued orders on the very first day of assuming charge. The historic decision of the Government to waive the entire crop loan has benefited lakhs of farmers to avail fresh agricultural credit. So far waiver certificates have been issued to 22,86,405 farmers. The Government ordered to compensate the amount of waiver of agricultural loan in five equal instalments starting from 2006-07. The amount released so far to compensate the waiver of loan is as below:-

(Rs. in crores)

Details	2006-07	2007-08	2008-09
Payment to Cooperative Banks	1044.63	976.05	891.11
Payment to NABARD	613.59	645.11	298.53
Payment to Government of India	15.82	9.06	8.36
Total	1674.04	1630.22	1198.00

A provision of Rs. 1062.48 crores is provided for the release during the year 2009 – 10.

(ii) Waiver of agricultural loans by Central Government

Following the footsteps of the State Government, the Union Government have also waived the agricultural loans of small and marginal farmers which were issued upto 31.3.2007 and overdue on 31.12.2007 and unpaid as on 29.2.2008 and one time settlement of 75% debt relief to other farmers. Under Government of India's waiver scheme the cooperative sector received Rs.88.52 crores as against the eligible amount of Rs.158.07 crores benefiting 1,12,621 farmers. The resultant impact is that the farmers of Tamil Nadu are fully liberated from the burden of debt and they have easy access to institutional credit for agricultural operations.

(iii) 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 31.3.2009, the Primary Agricultural Cooperative Credit Societies have issued Kisan Credit Cards to 17.13 lakh farmer members.

(iv) Credit to weaker sections

The Primary Agricultural Cooperative Credit Societies are paying special attention to meet the credit needs of weaker sections. The National Bank for Agriculture and Rural Development 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. The actual coverage during 2008 - 09 is 47%. Further, it was 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.

(v) Produce Pledge Loan

Produce Pledge Loan is useful to the small and marginal farmers to get remunerative price for their produce by holding their stocks during slump period and selling at a more opportune time. **Hence, the Produce Pledge Loan was reintroduced as one of the main activities** of Primary Agricultural Cooperative Credit Societies from 2008-09. An ambitious target of Rs.100 crores was fixed for Cooperative Institutions under produce pledge loan during 2008-09. Primary Agricultural Cooperative Credit Societies have issued produce pledge loans to the tune of Rs. 60.12 crores during 2008-09 and the Cooperative Marketing Societies issued produce pledge loans to the tune of Rs 46.35 crores thus bringing **the total produce pledge loans issued by the Cooperatives to Rs. 106.47 crores during 2008-09. This operation will be substantially stepped up during 2009 - 10 as well by setting a target of Rs. 125 crores.**

(vi) Micro Credit Scheme

An ambitious scheme of group lending for the petty vendors in urban and semi-urban areas was launched by this Government, amplified and streamlined over the years. The District Central Cooperative Banks and Urban Cooperative Banks are implementing this unique scheme. Under the scheme, the loan amount up to Rs. 5000/- per member is being provided without any security for doing business like selling of flowers, vegetables, fruits and running petty shops. As against the target of Rs. 50.00 crores, co-operatives disbursed Rs. 53.05 crores to 46,909 persons during 2008-09 including Rs. 31.53 crores to 10,410 Groups under group lending programme. A target of Rs. 69.00 crores has been fixed under this scheme for the year 2009 – 10.

(vii) Assistance to Self Help Groups

Under various schemes and Government sponsored programmes, lending is extended through self help groups. During 2008-09, cooperative institutions have issued loans to the tune of Rs. 284.88 crores to self-help groups, marking an increase of 57% over the previous year.

(viii) Women Entrepreneur Loan Scheme

The District Central Cooperative Banks and Urban Cooperative Banks are providing loans upto Rs.10 lakhs to women entrepreneurs to start small industries and to take up service activities. During 2008-09, a sum of Rs. 15.35 crores has been disbursed to 6760 women entrepreneurs.

(ix) Working Women Loan Scheme

Under this scheme, the District Central Cooperative Banks and Urban Cooperative Banks are issuing loans upto Rs.1.00 lakh to working women drawing monthly income. This loan is repayable in 36 instalments. As many as 6946 women beneficiaries were benefited to the extent of Rs. 17.76 crores during 2008-09.

(x) Maternity Loan Scheme

Cooperative credit institutions are issuing maternity loan to pregnant women upto Rs.2000/-. During 2008 - 09, a sum of Rs. 1.23 crores has been disbursed to 6158 women beneficiaries.

(xi) Professional Loan

The District Central Cooperative Banks and Urban Cooperative Banks are extending professional loan to doctors and engineers upto Rs.10 lakhs. This loan is repayable over a period of 15 years. During 2008-09, a sum of Rs. 23.70 crores has been disbursed to 3359 beneficiaries.

(xii) 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 2008-09, a sum of Rs.20 lakhs has been provided to 8000 SC/ST members of Primary Agricultural Cooperative Credit Societies at Rs.250/- per member and a sum of Rs. 5 lakhs have been provided to 1000 SC/ST members of Urban Cooperative Banks at Rs. 500/- per member as share capital loan. It is proposed to extend the scheme for the year 2009 -10 also.

(xiii) Interest free share capital loan to women members

The borrowing power of the women members in the cooperative banks needs to be enhanced. Considering the poor financial condition of the rural women particularly 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.

During 2008-09, 4500 beneficiaries were provided with Rs. 25 lakhs under this scheme. It is proposed to extend the scheme of interest free share capital loan to the women members

of Primary Agricultural Cooperative Credit Societies, Primary Cooperative Agriculture and Rural Development Banks and Urban Cooperative Banks and to the physically handicapped persons during 2009 -10 also.

Chapter – II

COOPERATIVE MARKETING SOCIETIES

The Cooperative Marketing Societies have been established with the objectives of facilitating the marketing of agricultural produce of its members at a remunerative price, distribution of farm inputs to them, provision of produce pledge loan and taking up processing and value addition to the agricultural produce, wherever possible. The structure of Cooperative Marketing in Tamil Nadu is a two-tier structure with the Tamil Nadu Cooperative Marketing Federation (TANFED) at the apex level and 110 Primary Agricultural Producers Cooperative Marketing Societies (APCMS) at district / taluk levels. Besides these, there are three special types of marketing societies viz., The Nilgiris Cooperative Marketing Society, Thanjavur Cooperative Marketing Federation and Tudyalur Cooperative Agriculture Service Society. Their activities are described below.

A. TAMIL NADU COOPERATIVE MARKETING FEDERATION (TANFED)

It was established in 1959. It is currently engaged in procurement and sale of fertilizers and other inputs through Cooperative Marketing Societies and Primary Agricultural Credit Cooperative Societies. The federation operates a fertilizer-mixing unit at Pamani near Mannargudi in Tiruvarur district and sells the products under the brand name 'Pamani'. It also operates 38 godowns with a total capacity of 28,640 metric tonnes. Two cold storages with total capacity of 3850 metric tonnes in Chennai are operated. Tamil Nadu Cooperative Marketing Federation also undertakes price support operations on behalf of National Agricultural Cooperative Marketing Federation for agricultural produce like Copra and Chillies as and when ordered by Government.

In the year 2008 - 09, Tamil Nadu Cooperative Marketing Federation has sold chemical fertilizer worth of Rs. 606.64 crores, registering an increase of 155% over the previous year. It is worthwhile to mention that 2008 - 09 was marked by acute shortage of DAP throughout the country. However, **Tamil Nadu Cooperative Marketing Federation, with great effort, has ensured supply of DAP to all the needy farmers throughout the state, through the network of Cooperative Marketing Societies and Primary Agricultural Cooperative Credit Societies. Given the unpleasant experience in States like Maharashtra, Karnataka and Andhra Pradesh, the efforts of Tamil Nadu Cooperative Marketing Federation are commendable.** In 2009 -10 Tamil Nadu Cooperative Marketing Federation intends to maintain its position in fertiliser distribution and to expand substantially into seed and bio-fertiliser distribution. **During 2009-10, Tamil Nadu Cooperative Marketing Federation will modernize its two cold storages at Koyambedu and Basin Bridge, Chennai, with the latest technology available to make them viably profitable units at an estimated cost of Rs. 2 crores.**

The Nilgiris Cooperative Marketing Society

Nilgiris Cooperative Marketing Society is engaged in marketing of agricultural and horticulture produce coming from Nilgiris district through its auction yards. In addition to the sales of fertilizers, it produces and sells fertilizer mixtures and also provides credit to its members. Its potato auction yard in Mettupalayam handles about 60% of total potato output of the district. In 2008-09, the society has restarted vegetable auction yard in Ooty and has marketed vegetables worth Rs.1.18 crores. It also test marketed high quality potato seeds during 2008 - 09 and received good feedback from the farmers. During 2008 - 09, the business turnover of Nilgiris Cooperative Marketing Society rose to Rs. 46.55 crores recording an increase of Rs. 5.66 crores over the previous year. **In 2009-10, it intends to modernize its**

potato auction yard by providing grading machine at a cost of Rs. 22.30 lakhs and to expand the turnover in vegetable auction yards substantially.

Thanjavur Cooperative Marketing Federation (TCMF)

Thanjavur Cooperative Marketing Federation operates in districts of Thanjavur, Tiruvarur and Nagapattinam districts and has 12 Primary Marketing Societies affiliated to it. Thanjavur Cooperative Marketing Federation distributes primarily fertilizers and undertakes seed distribution on a smaller scale. Because of the stupendous increase in fertilizer sales, the turnover during 2008 - 09 has more than doubled, that is, Rs. 96.69 crores as against Rs. 45.85 crores in 2007-08.

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. The annual turnover for 2008 - 09 stands at Rs.150.70 crores with the profit of Rs. 3.12 crores.

B. COOPERATIVE MARKETING SOCIETIES

There are 110 marketing societies situated all over the state with primary objectives of marketing agricultural produce and selling fertilizers and other inputs. Apart from this, most of them run Public Distribution System outlets.

(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, with a reasonable 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.

(ii) Linking of credit with Marketing

Cooperative Marketing Societies enroll the borrowers of Primary Agricultural Cooperative Credit Societies 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 Credit Societies. These efforts help the Primary Agricultural Cooperative Credit Societies to recover loans besides assisting the farmers in selling their produce at remunerative price. In the year 2008 - 09, Rs. 85.06 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 quality products at reasonable price and the farmers get a good price. During 2008 - 09, the Cooperative Marketing Societies marketed produce worth Rs. 34.09 crores to the Cooperative Wholesale Stores.

(iv) Issue of Produce Pledge Loan

During the peak harvesting season, farmers invariably resort to distress sales to meet their urgent need for cash. To protect the interest of such farmers, Cooperative Marketing Societies and Primary Agricultural Credit Cooperative Societies provide Produce Pledge Loans and farmers are able to store their produce and dispose later to get better prices. During 2008-09, a sum of Rs. 46.35 crores has been disbursed to the farmer members as Produce Pledge Loan, by Cooperative Marketing Societies **registering an increase of 50% over the previous year.** Given the popularity of this operation, steps will be taken to expand it in 2009-10 substantially.

(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 2008 - 09, cooperative processing units have processed agricultural produce to the tune of 55,180 metric tonnes. **During 2009-10, it is proposed to construct godowns with 1000 MT capacity each at Tenkasi-Shenkottai and Gobichettipalayam cooperative marketing societies at a total cost of Rs. 40 lakhs.** This is expected to improve the storage capacity and provide value added service to farmers.

(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 Government of India on behalf of National Agricultural Marketing Federation. Since the open market price on copra was higher than the support price during the year 2008 - 09, there was no procurement under price support scheme. However, the support price for copra for 2009 - 10 has been increased from Rs. 36.00 per Kg to Rs. 44.50 per Kg. Government have also ordered, procurement of milling copra at the rate of Rs. 47.00 per kg.

(vii) Procurement of Paddy

In order to boost procurement of paddy and to help farmers in non delta areas to get fair prices, Government have permitted Cooperative Marketing Societies and Primary Agricultural Cooperative Credit Societies to procure paddy on behalf of Tamil Nadu Civil Supplies Corporation in Khariff 2008 - 09. As a result, some of the Cooperative Marketing Societies situated in districts of Villupuram, Thiruvannamalai, Vellore, Kancheepuram, Madurai, Ramanathapuram and Sivagangai have entered in the business of paddy procurement and **have procured a total of 38,025 tonnes of paddy during 2008-09.** This being the first year, the figures are likely to go up substantially in 2009-10.

(viii) Sale of Quality Seeds

Seed is a very critical requirement and Seed Replacement Ratio in the state is quite low except in Paddy. Cooperative Marketing Societies were motivated to procure and supply quality seeds in pulses, oil seeds, millets and vegetables apart from paddy. In 2008 - 09, a good beginning was made and **seeds to the tune of Rs.7.30 crores were procured and distributed to farmers, registering an increase of 266%.** In areas like Dindigul, initiatives taken to distribute sunflower and maize seeds at a reasonable price evoked considerable appreciation from farmers. **During 2009-10, this initiative will be enhanced further and a target of Rs. 15 crores is set for the sale of quality seeds.**

(ix) Setting up of Information Kiosks

Agriculture has become increasingly market oriented. The farmers have to anticipate what the market demands and then produce instead of producing and then coming to the market for sale. This has increased the need for latest information in various markets. Therefore, Agriculture Producers' Cooperative Marketing Societies have started setting up market information centres within their premises/yards. Four such centres have already been established in Thiruchengodu, Mallasamuthiram, Konganapuram and Salem. This process will be carried on and all Cooperative Marketing Societies will set up facilities to disseminate market information.

(x) Special initiatives taken for revival of marketing activities of Cooperative Marketing Societies during 2008- 09

A special workshop was conducted in May 2008 and all Agriculture Producers' Cooperative Marketing Societies were facilitated to draw up action plan so as to expand business and improve viability. As a result, most of them have shown considerable increase in marketing activities and shown current profits. Marketing activities has substantially increased to Rs. 362.26 crores during 2008-09 registering an increase of 31% over the previous year. Further, many Agriculture Producers' Cooperative Marketing Societies have diversified into jewel loan and consumer goods business. Out of 110 Agriculture Producers' Cooperative Marketing Societies, 17 were working in loss during 2007 - 08. **Owing to the efforts taken as enumerated above, all 17 Agriculture Producers' Cooperative Marketing Societies were brought to the status of earning current profit. Thus, all Agriculture Producers' Cooperative Marketing Societies are now attained the status of earning current profit.** This trend will be maintained and strengthened in future.

(xi) Computerisation of Cooperative Marketing Societies

Marketing facilities and processes of Cooperative Marketing Societies need to be made more efficient. **Therefore, it is proposed to computerize all Cooperative Marketing Societies in the year 2009 - 10 including introduction of e-auction of agricultural commodities.**

Chapter III

CONSUMER COOPERATIVES

The major objective of the Consumer Cooperatives is to serve their member and general public by supplying quality consumer 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)

A. TAMIL NADU CONSUMER COOPERATIVE FEDERATION

Tamil Nadu Consumer Cooperative Federation at Chennai is the apex body. For the past 15 years, its main business has been to procure paper and other stationery materials in bulk and to distribute them to the district cooperative wholesale stores, primary cooperative stores and cooperative printing presses. The Federation also coordinates bulk purchase of crackers during the festival season for sale through cooperative wholesale stores, primary stores and societies, to the public. In 2008 -09 the Federation has initiated purchase of onions from Nasik through SNX for sale through Cooperative Wholesale Stores throughout the State at a rate lower than the local market rates. Federation has also become a member of SNX exchange so as to source fresh vegetables and fruits from all over the country. The Federation has effected a sales turnover of Rs. 6.57 crores for the year 2008 - 09.

B. COOPERATIVE WHOLESALE STORES

At present 34 Cooperative Wholesale Stores are functioning in Tamil Nadu, of which 8 Cooperative Wholesale Stores are working on net profit, 13 Cooperative Wholesale Stores are working on current profit and the rest on loss. These societies run super markets and self-service outlets also. Some of them run gas agencies, petrol bunks and medicine stores. They also run 2567 Public Distribution System outlets among them. They also act as lead societies and transport Public Distribution System commodities from Tamil Nadu Civil supplies Corporation to other 10572 Public Distribution System shops allotted to them. In addition, they are in the business of bulk procurement of consumer articles from production centres / manufacturers for supply of the same to primary cooperative stores for sale to public.

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, the wholesale stores have achieved total sales turnover of Rs.1339.57 crores of both controlled and non-controlled commodities registering an increase of 25% in turnover.**

In the past, these stores suffered heavy losses because of Public Distribution System operation, mismanagement, and lack of professional approach. As Government have been reimbursing Public Distribution System loss in full for the last 5 years, most of them are recuperating back to normal. Still many of them have huge accumulated debts. All efforts are being taken to clean the balance sheet and give a fresh impetus to revive their activity.

A high level committee was constituted to go into the affairs of Triplicane Urban Cooperative Society, Park Town Wholesale Stores, Coimbatore Chintamani, Trichy Chinthamani and Madurai Pandian Cooperative Wholesale Stores to analyse the causes of sickness and give concrete recommendations for their revival. The committee has given its

report, and action is being taken to rehabilitate them through restructuring loans, better use of infrastructure and training of manpower.

In 2008-09, a number of initiatives have been taken to improve the functioning of these societies. **Medicines are being sold at a uniform discount of 10% to MRP.** This has not only helped to double the turnover and has helped the elderly pensioners to cut down on medical bill. **All the stores have been asked to renovate existing self service outlets and supermarkets and to start new such outlets for the benefit of the public.** Further, they have been motivated to increase the range of products to be made available in such outlets.

C. PRIMARY COOPERATIVE STORES

As on date, 3210 Primary Cooperative Stores including Students Cooperative Stores at base level are functioning in Tamil Nadu. During the year 2008 - 09, Primary Cooperatives achieved retail sales including controlled commodities to the tune of Rs. 2931.12 crores. This is 37% higher than the previous year.

Chapter IV

LARGE SIZED MULTIPURPOSE COOPERATIVE SOCIETIES (LAMPS)

There are 19 LAMP Cooperative Societies functioning in the State. These Societies provide single window facility for provision of 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 81,964 tribal members and 8,197 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 is also provided. In addition, financial assistance in the form of subsidy for transport, driver's pay and maintenance of vehicles have also been provided. An amount of Rs. 90.00 lakhs has been sanctioned and released for the year 2008-09 by the Government as subsidy to the LAMP Cooperative Societies.

Since most of these LAMP Cooperative Societies are not healthy, Government have taken special efforts to rejuvenate them. A special Workshop was conducted at Chennai in May 2008 for all the LAMPS, to discuss the problems, find possible solutions and prepare action plans. As a result, concrete action plans have been prepared and LAMPS have been asked to implement them. **As a result, disbursement of credit has increased by 81% over previous year. Similarly, purchase of agriculture produce, supply of agriculture inputs and sale of consumer goods have increased by 121%, 45% and 22% respectively over the previous year.**

Grant to the tune of Rs. 57.50 lakhs from Primary Cooperative Development Fund and interest free loan to the tune of Rs. 68 lakhs from CRDF have been given to 13 LAMPS to set up mini supermarkets so as to make consumer articles available to the tribal and hill people at reasonable prices. Assistance to the tune of Rs. 1130 lakhs is being provided to LAMPS to cover their losses and to recapitalize them under the scheme of revival of Short Term Cooperative Credit Structure. These efforts will be continued in 2009-10. **All the LAMPS will be computerized so as to attain greater operational efficiency so as to serve their members better.**

One of the important functions of LAMP Societies is to market minor forest produce. Earlier, LAMPS used to get lease rights with introduction of Joint Forest Management Committees. This function has dwindled leading to sickness. LAMPS are being motivated to create market/auction yards for minor forest produce, so as to bring transparency in price fixation. LAMPS like Powercadu and Kolli Hills in Namakkal district have already started direct marketing of Tapioca to Sago Mills.

The comparative performance of the LAMP Societies for the last five years are given below:-

(Rs in lakhs)

Year	Loans issued	Purchase of Agriculture Produce	Collection/purchase of minor forest products	Supply of agricultural inputs	Distribution of controlled, Non-controlled commodities	Total
2004-05	1261.79	137.03	16.04	148.77	869.12	2432.75
2005-06	1331.51	174.51	12.72	141.87	1017.99	2678.60
2006-07	1399.73	148.38	14.98	142.13	829.59	2534.81
2007-08	1761.00	212.66	22.72	130.52	853.80	2980.70
2008-09	3189.08	469.85	12.45	188.42	1046.87	4906.67

Chapter – V

COOPERATIVE EDUCATION, RESEARCH AND TRAINING

The Cooperatives are central to socio economic development of people in rural areas. Therefore, it is necessary to educate the public on the benefits of Cooperation. This role is being performed by Tamil Nadu Cooperative Union at state level and by 29 District Cooperative Unions at district level. They carry out the tasks of Cooperative Education, Training, Publicity and Propaganda. Besides, they conduct Members Education Programmes, organize exhibitions and seminars and organize Cooperative Week celebrations. This Government continue to emphasis the importance of strengthening the basic infrastructure under the cooperative sector. **During 2009–10, it is proposed to construct cooperative department complex to accommodate Joint Registrar office and other district offices in the following 10 districts each at Rs. 1.00 crore viz., Tiruvannamalai, Sivagangai, Perambalur, Kanyakumari, Thanjavur, Coimbatore, Kancheepuram, Nilgiris, Erode and Thiruvavur at a total cost of Rs. 10 crores, where the present offices are located in private rented building.** The required fund will be met by Tamil Nadu Cooperative Union.

Cooperative Training

Twenty institutes of cooperative management are functioning in Tamil Nadu. These institutes conduct training in cooperative management, and also offer short term courses on computer and jewel appraisal. In addition, job oriented short term courses are also conducted by them. Correspondence courses are also offered on Diploma in Cooperative Management to the employees of the cooperatives who are unable to undergo regular courses.

Higher Diploma in Cooperative Management

Two institutes of cooperative management are functioning, one at Chennai and the other at Madurai under the aegis of the National Council for Cooperative Training, New Delhi. They offer Higher Diploma course in Cooperative Management. They also conduct a number of short term courses for the staff of Cooperative Department and institutions. Master of Business Administration course has been started during 2008-09 in these two institutes.

Technical Education

Tamil Nadu Cooperative Union runs three Cooperative Industrial Training Institutes at Bargur in Dharmapuri District, Pattukottai in Thanjavur District and Tiruchuzhi in Virudhunagar District. One Cooperative Polytechnic at Lalgudi in Trichy District adds feather to the cap of the Tamilnadu Cooperative Union. These institutes provide technical training to the unemployed youths for their self-employment. 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 chairs at Rs.5.00 lakhs each in the Madras, Madurai Kamarajar, Bharathiar, Annamalai and Periyar Universities. Scholarships are awarded to the research students out of the interest earned on the investment of this deposit.

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. These funds are utilized for the development of Cooperative research and education, training and propoganda of the Cooperative principles.

Action will be taken during 2009-10 to make all the 20 institutes of Cooperative Management as vibrant institutions. Efforts will be taken to upgrade the existing Industrial Training Institutes to Polytechnics. Action is being taken to offer job oriented management certificate courses in the fields of retail management, financial management, computer courses etc., apart from Diploma in Cooperation. To expand the services rendered by the Cooperative Management Institutions, **it is proposed to introduce Bachelor and Master degree level courses in Cooperation by the Tamil Nadu Cooperative Union in association with Bharathiar University, Coimbatore. As a first step a Bachelor degree course viz., B.Com. with Diploma in Cooperative Management will be started.** Last Year nine institutes of Cooperative Management have started catering certificate courses and have received fair response. A Central Academic Council has been established to supervise academic activities of the Institutes of Cooperative Management. All training Institutions have been merged with Tamil Nadu Cooperative Union to improve their functioning.

Chapter VI

COOPERATIVE PRINTING PRESSES

In Tamil Nadu, 26 Cooperative Printing Presses are functioning with a total membership of 12645 and share capital amount of Rs.2.09 crores. These presses cater to the printing needs of all types of Cooperative Societies, Government and Quasi Government and Private parties.

Modernisation of Cooperative Printing Presses

At present 26 Cooperative Printing Presses are functioning under the administrative control of Registrar of Cooperative Societies. To rehabilitate and modernize these Cooperative Printing Presses, a three-member committee was constituted which recommended modernization of technology used in these presses. Based on these recommendations, a technology up-gradation plan for an amount of Rs. 619.34 lakhs has been drawn up, out of which Rs.300 lakhs have been provided from Cooperative Research and Development Fund as announced by Hon'ble Minister for Cooperation on the floor of Assembly and the remaining is being funded by Integrated Cooperative Development Project and the District Central Cooperative Banks. This modernisation process would dramatically improve the efficiency of Cooperative Printing Presses and enhance their profits.

In addition to modernisation process, the problems inherent in the functioning of Cooperative Printing Presses have been identified and comprehensive relief measures have been provided to them in the form of redeployment of surplus staff, one time settlement of dues with Central Cooperative Banks, increased patronage from cooperative sector and access to cheaper raw materials. There are 10 cooperative printing presses viz., Pudukottai, Vellore, Kancheepuram, Madurai, Thiruchirappalli, Thanjavur, Dharmapuri, Thoothukudi, Nilgiris and Tiruvannamalai, which need financial support for improving their financial performance. **To strengthen these 10 financially weak cooperative printing presses, Rs. 110 lakhs is set apart as interest free margin money for the year 2009 – 10.** This will be funded from cooperative research and development fund administered by Tamil Nadu Cooperative Union.

During the year 2008-09, these cooperative printing presses have achieved a turnover of Rs.2684.63 lakhs as compared with the previous year's achievement of Rs. 2444.73 lakhs recording an increase of Rs.239.90 lakhs. Target for the year 2009-10 has been increased to Rs. 3800 lakhs.

Chapter VII

OTHER TYPES OF COOPERATIVE SOCIETIES

The Employees Cooperative Thrift and Credit Societies are the most important among other cooperative societies functioning under the administrative control of Registrar of Cooperative Societies. They are formed for the benefit of the employees of the State and Central Governments, their undertakings and private sector organisations, etc. Their objectives are to encourage the habit of saving and to save them from the clutches of private money lenders by providing loans at a reasonable rate of interest.

There are 1811 Employees Cooperative Thrift and Credit Societies functioning in Tamil Nadu, with 8,11,926 members, with notable sustainability. The Credit Societies provide surety loans to members on the basis of their salary. The societies issued loans to the tune of Rs. 4,441.24 crores during 2008–09 and the loan outstanding as on 31.3.2009 remains at Rs. 4,912.32 crores. The Dividend to the members of these societies are being distributed promptly every year.

Hitherto, the individual Maximum Borrowing Power (IMBP) was upto Rs. 3.00 lakhs and this limit will be increased upto Rs. 5.00 lakhs from 2009–10. It is expected that the members of these societies will be benefited substantially. **Special loan upto Rs. 2.00 lakhs will be provided for the educational purposes of the children of the members of these societies.**

Chapter VIII

COOPERATIVES IN PUBLIC DISTRIBUTION SYSTEM

Cooperatives play a very important role in Public Distribution System in the State. Out of the total 30036 shops, cooperatives under the administrative control of the Registrar of Cooperative Societies run 27999 shops including 6284 part time shops. These shops are run by 5091 cooperative societies comprising of 89 lead societies, 3920 link societies and 448 self-lifting societies. Cooperatives also run 269 kerosene bunks throughout the state.

As Public Distribution System operation itself is not a remunerative venture, Government is compensating cooperatives for the losses suffered in Public Distribution System operation. As a result, Government have sanctioned Rs. 97.05 crores, Rs. 106.90 crores and Rs. 95.31 crores for 2006-07, 2007-08, 2008-09 respectively.

Provision of Electronic Weighing Machines

This Government is very keen to ensure supply of essential commodities at correct weightment to the cardholders under Public Distribution System. Accordingly, 23,600 fair price shops have been provided with modern electronic weighing machines during 2008 - 09. Government have also sanctioned Rs. 24.02 lakhs to purchase 686 weighing machines to meet the requirement of newly opened fair price shops. This has ensured complete switch over to electronic weightment in all fair price shops and helped to improve customer satisfaction levels.

Provisions of Billing Machines

At present salesmen in Public Distribution System shops are required to maintain a number of registers. Maintenance of such registers takes a lot of time and effort and results in poor housekeeping. It is considered that the introduction of hand held billing machines in the fair price shops with connectivity to remote server would minimize the time taken for account keeping and give the salesmen time to improve house keeping. Further, online billing will result in better monitoring of stocks and sales leading to better supply management. Moreover, it is expected to bring down the level of fraud and embezzlement because of online monitoring. Hence, as a pilot scheme, hand held billing machines were introduced at 62 fair price shops in Anna Nagar zone in Chennai city and in 53 kerosene bunks. Because of encouraging results, it is proposed to introduce handheld billing machines in all the fair price shops run by the cooperatives in Chennai city at a cost of Rs. 32 lakhs during 2009 - 10.

Improvement in Shop Ambience

Since cooperative fair price shops cater to nearly 1.8 crores cardholders every month, it is essential to improve the satisfaction level of the cardholders and the public. As a result, steps have been taken to improve the ambience of shops by white washing and painting, better display of products and better housekeeping. Efforts will be taken to secure better accommodation for fair price shops including new construction wherever possible.

Conversion of Fair price shops into Departmental Stores

During 2008-09, as a novel initiative, 512 fair price shops run by the cooperatives were converted into mini departmental stores by improving their ambience and sales. During the year 2008 - 09, these mini departmental stores have achieved the sales turnover in non-controlled commodities to the tune of Rs.2.55 crores. This will be continued in 2009 -10. This will give better visibility and customer service to the consumers going to fair price shops.

Chapter IX

INTEGRATED COOPERATIVE DEVELOPMENT PROJECT (ICDP)

The Integrated Cooperative Development Project (ICDP) aims at improving the viability of cooperatives and thereby improving service delivery to members through fulfilling critical gaps in infrastructure available with the Cooperatives, augmenting volume of business of the Cooperatives through margin money assistance and building the capacity of staff and members. The scheme covers all types of cooperatives and gives preference to those in the fields of Agriculture and allied sectors like Handlooms, Dairy, Fisheries, Rural Industries, Poultry etc.,

The duration of each project is 5 years. The funding for the project is covered by National Cooperative Development Corporation to Government of Tamil Nadu as loan and from Government of Tamil Nadu to Cooperative Societies in a combination of loan and share capital. 25% of subsidy from Government of India is also available for sub-projects dealing with agriculture marketing, processing and creation of infrastructures, like Godown, Office-building cum godown, accessories like Banking Counter, Electronic weighing Machine, Computerization, Tractor with accessories, Harvester, Power Sprayer, Furniture & fixtures, Iron safe, Cash Box, Safe Deposit Locker, Note Counting Machine, Counterfeit Machine, Heavy Truck Machine. In addition, margin money assistance is provided to the needy Primary Agricultural Cooperative Credit Societies and District Central Cooperative Bank to improve their business.

Handloom sector is the next major employment provider after Agriculture Sector. In this sector, cooperatives get assistance for formation of "Integrated Handloom Clusters". Assistance is provided for office building cum godown, computers, furniture, tools (loom) and accessories and margin money to augment business.

Dairy sector is assisted for the formation of bulk chilling units under the concept of Rural Business Hub (RBH). Further, the accessories for Milk Collection centre, like bulk cooler, milk can, lid, milk tester required for milk purchase, sales and preservation through chilling centre and margin money to augment business are also provided under the scheme.

Integrated Cooperative Development Project also provides financial assistance to Fisheries Cooperative Sector for purchase of items like nylon net and aluminium vessels, construction of sales outlets and for provision of margin money to augment business.

Assistance is also provided to Industrial Cooperative Societies for installing / upgrading of Plant & Machinery, construction of office cum work shed and for provision of margin money to augment business.

So far Integrated Cooperative Development Project has been implemented and completed in 12 districts during the period from 1989 to 2008 as detailed below :-

(Rs.in lakhs)

S. No.	Name of the District	Years of implementation	Outlay
1.	Virudhunagar	1989-1995	862.51
2.	Cuddalore	Old 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	1998-2005	1123.88
8.	Ramanathapuram	2000-2004	687.03
9.	Tiruchirapalli	2002-2008	1216.98
10.	Thanjavur	2002-2008	1101.09
11.	Perambalur	2002-2008	937.81
12.	Thiruvarur	2002-2008	1222.44
Total			11716.53

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

(Rs.in lakhs)

S. No.	Name of the District	Year of Implementation	Total outlay	Amount released by Government as on 31.3.2009
1.	Theni	2005-2006	987.73	851.086
2.	Thoothukudi	2005-2006	942.08	811.730
3.	Salem	2008-2009	2651.58	705.640
4.	Erode	2008-2009	3564.43	917.780
5.	Madurai	2008-2009	2439.68	604.360
6.	Pudukottai	2008-2009	1437.56	357.411
Total			12023.06	4248.007

In the financial year 2009 - 10, it is proposed to sanction and utilize Rs.3409.526 lakhs for the on-going 6 districts as follows:-

(Rs. in lakhs)

Sl. No.	District	Loan	Share capital	N C D C subsidy	State Government subsidy	Total
1.	Theni	21.9210	76.1930	19.2650	19.2650	136.6440
2.	Thoothukudi	8.9995	68.5005	26.4250	26.4250	130.3500
3.	Salem	257.0200	359.5775	86.0575	33.3550	736.0100
4.	Erode	590.2350	317.2050	130.0450	31.3250	1068.8100
5.	Madurai	349.8660	391.5810	74.6600	24.9750	841.0820
6.	Pudukottai	182.5450	245.3450	51.4750	17.2650	496.6300
Total		1410.5865	1458.4020	387.9275	152.6100	3409.5260

Further, it has been proposed to extend Integrated Cooperative Development Project to the districts of Sivagangai, Dindigul, Tirunelveli, Karur, Nagapattinam and Vellore districts. Detailed Project Reports have been prepared and are under consideration.

Draft Project Report with respect to Nilgiris District is also under preparation.

Training and capacity building

Training and capacity building is given highest importance in Integrated Cooperative Development Project, as the staff of the cooperatives are crucial to execute delivery of the services they extend to their members. Further, the Development Officers being the extension agents of the project are given intensive training on project formulation, consultancy and handholding.

Chapter X

COOPERATIVE ELECTIONS

This Government firmly believes in the democratic principles of administration. The State Government ordered for the conduct of elections to all Primary, Central and Apex Cooperative Societies in the State commencing from 8th June 2007 under the provisions of the Tamil Nadu Cooperative Societies Act, 1983 and the rules made thereunder. However, due to extra ordinary circumstances that prevailed at the time of conduct of the elections, the Government had no other option than to cancel the process of elections. Consequently, a spate of petitions were filed in the High Court and the Court has set aside the Government orders of cancellation of elections held or in progress in Primary Cooperative Societies from 8.6.2007. Against these orders, the Government have approached the Supreme Court of India and the final verdict of the court is awaited. After getting the verdict from the Supreme Court of India, further action will be taken for conducting the elections to the Cooperatives in a fair and free manner.

Ko.Si. Mani
Minister for Cooperation