

9.9 COOPERATIVES AND CREDIT

A cooperative is generally viewed as a social economic organisation that can fulfill both social and economic objectives of its members, and that has its members' interests truly at heart. A cooperative is based on certain values and principles of its own, which distinguish it from other forms of organizations.

Cooperation has three dimensions, that is, economic, social and moral, which are equally crucial for its success. The very motto of cooperation, 'each for all and all for each', signifies loyalty, trust, faith and fellowship. A cooperative is a perfect democratic institution of the members, for the members, and by the members, and is based on the 'one member, one vote' system of decision-making.

Cooperatives as formal associations came to be set up in India from 1904 mainly as credit societies, followed by non-credit societies from 1912. The Royal Commission on Agriculture in 1928 underlined the importance of cooperatives: "*If cooperation fails, there will fail the best hope of rural India*". With three-fourths of the population in rural areas, cooperatives were considered necessary instruments of agro-socio-economic change.

Cooperatives in India

After Independence, the cooperatives were considered as part of a strategy of planned economic development and over the successive Five Year Plan considerable expansion and diversification has taken place in the field of cooperatives.

The First Five Year Plan clearly placed confidence on the cooperative organisations as vehicles of economic activities of the people, especially in the field of agriculture, marketing, cottage industries, processing industries, and internal trade which formed the most important part of the developmental schemes included in the plan. The plan endorsed the recommendation of the Cooperative Planning Committee to set a target to cover 50 percent of India's villages and 30 per cent of rural population in the fold of cooperation in ten years. Based on the recommendations of the All India Rural Credit Survey Committee (1951-54), the Second Five Year Plan was avowedly committed to the building up of the cooperative sector. The membership of cooperative credit societies was to be raised from 5 million to 15 million. The Third Five Year Plan (1961-66) considered cooperation as a vital factor for social stability and economic growth. 'Growth with Stability' was the keynote of the cooperative movement during the Fourth Five Year Plan. Agricultural cooperative and consumer cooperative societies occupied a central position in the strategy for cooperative development. In the Fifth Five Year Plan, the objective was to consolidate and strengthen the network of cooperatives by correcting regional imbalances and focussing the activities of the cooperatives more and more on small and marginal farmers and weaker sections of the population. During the Sixth Five Year Plan strategies were developed for the strengthening, reorientation and coordination of cooperative federal organisation, and augmentation of professional manpower. During the Sixth Plan period cooperatives had mixed success in their progress. Although quantitatively substantial progress was made and the target laid down in the plan was more or less achieved, a number of shortcomings were also noticed. During the Seventh Five Year Plan, strategies for the development of viable cooperative units, special programmes for underdeveloped states, broad based Public Distribution System etc were taken up. In the Eighth Five Year Plan (1992-97), it was visualized that agricultural cooperatives would continue to occupy an important place in the economic policies of the Government. Recent changes introduced by the Governments in several fields provide an opportunity for

cooperatives to play a much larger role in several areas such as marketing of agricultural produce, creation of marketing infrastructure and establishment of agro-processing units etc. Today they cover the entire spectrum of activities especially in rural areas.

The number of primary cooperatives in the country had gone up to 4.88 lakhs by 1997-98. Out of which 1.38 lakhs were Primary Agricultural Cooperatives (PACs) and the remaining were primary non-credit cooperatives. About 207.57 million people had membership in cooperatives sector. Sixty seven per cent of the rural households had been brought under the fold of cooperatives.

Duly recognizing the important role of cooperatives in India's economy, particularly the rural sector, and the need to revamp them so as to enable them to cope with the challenges pose by the free market forces in the new era, the GOI has formulated a National Policy on Cooperatives in April 2002. The objective of the National Policy is to facilitate all round development of cooperatives in the country. Under this policy, cooperatives would be provided necessary support, encouragement and assistance, so as to ensure that they work as autonomous, self-reliant and democratically managed institutions accountable to their members and make a significant contribution to the national economy, particularly in areas which require people's participation and community efforts. The National Policy on Cooperatives envisages, inter-alia, that the regulatory role of the Government will be mainly limited to the conduct of timely elections, audit of the cooperative societies and measures to safeguard the interest of the members and other stakeholders in the cooperatives. There shall, however, be no interference in the management and working of the cooperatives. The Government recognises the apolitical nature of cooperatives.

A Plan of Action for implementation of the policy has been formulated. The Action Plan envisages amendments of State Cooperative Acts on the line of model cooperative act suggested by Brahm Perakash Committee and removal of restrictive provisions of the cooperative acts. The new Multi-State Cooperative Societies (MSCS) Act, 2002 broad based on the recommendations of the Ch. Brahm Perakash Committee has been enacted by the Parliament and brought into force from 19 August 2002. The Act aims at providing full functional autonomy and democratic management to the societies. It provides for reflection of the Government 's Policy based on internationally recognised cooperative principles, simplification of the registration and amendments. The Government's powers to give direction and suppression of the Board have been restricted to such societies in which the Government holds 51 per cent or more equity. The societies are free to raise resources by receiving deposits, raising loans and grants. Under the Act, the federal cooperatives have more responsibilities and the disputes would be settled through arbitration at the choice of the society. Auditor would be appointed by the society itself.

Cooperatives in Tamil Nadu

Tamil Nadu, a pioneer in the field of cooperation movement in India, witnessed the first Village Cooperative Societies in Thirur in Thiruvallur District, a cooperative urban bank in Periyakancheepuram and the Triplicane Urban Cooperatives Society (TUCS) in Chennai, even before the passing of the Cooperative Societies Act in 1904 by GOI. It is also a pioneer in organising formal cooperatives. After the enactment of the first Cooperative Credit Societies Act (1904), the movement in Tamil Nadu gained support and the movement has progressed in leaps and bounds and made a significant contribution to the socio-economic development through a vast network of cooperative institutions in the

State. The cooperative movement in Tamil Nadu that has rendered peerless service for over ninety years now is spread over the length and breadth of the State with a view to improve the economic status of especially the poorer sections of the society.

In 2002-03, at the primary level there were 4555 PACB including 26 Farmer Service Cooperative Societies (FSS), 19 Large size Multipurpose Cooperative Societies (LAMPs) and 192 PCARDB. In addition, there are 115 general purpose and 193 Special purpose non-credit cooperative societies (SPNCS), 21 Farming Cooperatives (FC), 32 Irrigation Cooperatives, 3550 Consumer Cooperative Stores including students cooperative stores, 181 Labour Contract and Construction Cooperatives, 1 Electricity Cooperatives and 125 urban cooperatives, 10041 Primary Dairy Cooperatives, 1379 Handloom Weavers Cooperative Societies and 64 Powerloom Cooperative Societies. There are also cooperative institutions exclusively for weaker sections such as salt workers, fishermen, cobblers, and other professionals.

To encourage village women entrepreneurs and women engaged in small business, a novel scheme called Saving Linked Micro Credit Programme is being implemented in Tamil Nadu through Cooperative Banks. The urban and semi-urban poor and middle class are also covered by the service of cooperatives. There are 1033 Housing Cooperatives functioning in various parts of Tamil Nadu, out of which 837 societies are serving in urban areas and 196 Taluk Cooperative Housing Societies are serving the poor and downtrodden people.

Tamil Nadu is pioneer in the field of Cooperative Education. At present there are six colleges offering Cooperative Education in Graduation. Two Colleges and two Universities offer post-graduate and research degree programmes in cooperation. In the field of Cooperative Training, there are two institutes (one at Chennai and another at Madurai) offering cooperative training to the employees of cooperatives and young graduates. Moreover, the TN Coop. Union offers training programme through its nine training centres.

Cooperative Credit Structure in Tamil Nadu

The agricultural credit (short term and medium term) sector has a 3 tier federal structure. It consists of the State Cooperatives Bank (SCB) at the Apex level, Central Cooperative Bank (CCB) at the District level, and Primary Agricultural Cooperative Bank (PACB) at the grassroot level (village level).

The Cooperative credit institutions occupy a pride of place in the institutional credit delivery system of the State. In the early fifties, these (together with the cooperatives of the erstwhile province of Bombay) occupied a pre-eminent position among cooperative credit institutions in the entire country. However, over the period, there has been erosion in their status. Even though in terms of geographical coverage, number of retail outlets, membership coverage, volume of credit disbursed, number of farmers assisted for various agricultural activities etc., the cooperatives in Tamil Nadu have made considerable strides, they are yet to reach the top slot in the country.

A) Short Term Credit Structure

The short term credit structure in Tamil Nadu has a three-tier structure comprising the Tamil Nadu State Apex Cooperative Bank, (TNSCB) with 41 branches at the State level, 24 District Central Cooperative Banks (inclusive of one Industrial Cooperative bank) with 75 branches at the district level and around 4585 Primary Agricultural Credit Societies at the grass root level, catering to the needs of the farmers in 16317 villages, as on 31.3.2003. These banks had covered 85.96% of the agricultural operational holdings in the State of which 79.57% belong to weaker sections.

The short term and medium term agricultural loans provided by the Primary Agricultural Cooperative Banks during Ninth Five Year plan were Rs.4476.45 crores and 463.59 crores respectively. During 2002-03 an amount of Rs. 963.96 lakhs was distributed as short term loan and 94.17 lakhs as medium term loan. The achievement for the year 2003-04 is likely to be Rs.1251 crores towards short-term loans and Rs.194.88 crores towards medium term loans.

Tamil Nadu State Apex Cooperative Bank Ltd (TNSCB)-The TNSCB is the oldest among the cooperative credit institutions in the State. It started functioning as an urban cooperative bank in the early nineteen hundreds and was then known as the Madras Provincial cooperative Bank. In the early 40s, the bank transformed itself into a full-fledged State Cooperative Bank focussing its attention on support to the multifarious cooperative societies which were formed in the State in the areas of agriculture and industry. The bank is presently expanding the resources mobilised from the various tiers along with other resources including financial support from NABARD to the DCCBs/PACs, for the objectives enshrined in its bye-laws.

The TNSCB was registered on 23 November 1905 and granted license on 3 August 1972 and was included in the Second Schedule to the RBI Act 1934 on 25 May 1989. The area of operations of the bank covers the entire State of Tamil Nadu. The bank has 41 branches including the HO branch, mainly located in the metropolis of Chennai. The position of the Bank in the various business indicators for the last three years is given below.

(Rs.in crores)

Sl. No.	Parameter	2000-01	2001-02	2002-03	% growth 2002-03
1	Share Capital	28.24	31.93	34.58	22.5
2	Deposits	2745.35	2727.29	2924.41	6.5
3	Borrowings	744.87	815.00	732.28	-1.7
4	Loans and Advances issued	3592.12	3561.65	3360.07	-6.5
5	Loans and Advances Issued (o/s)	1718.76	1938.23	1925.82	12
5	Investment	1953.41	1775.22	1950.47	-0.2
6	Recovery (June) %	97.5	99.5	-	-
7	Net Profit	40.22	0.69	15.74	-60.9
9	C-D Ratio	62.6	71.1	65.9	-

As may be seen from the above, though the Bank's performance in areas such as recovery, deposits, CD ratio, etc. was satisfactory, the performance in other core areas such as borrowings, loans and advances issued, investments, etc. was not satisfactory. The share capital of the Bank grew by 22.5 % during the three year period 2000-03. The Bank has increased its investments from Rs.1775.22 during the year 2001-02 (-9.1%) to Rs.1950.47 crores showing an increase of 9.9% during the year 2002-03. The recovery was robust at 97.40% and NPAs formed only 0.75% of the loans and advances outstanding, an on 31.3.2003.

District Central Co-operative Banks-The State has 23 DCCBs and one Industrial Cooperative Bank (TAICO Bank) comprising the second tier in the short term credit structure. A snapshot analysis of the performance of the DCCBs is attempted below:

(Rs.in crores)

Sl. No.	Parameter	2000-01	2001-02	2002-03	% growth 2002-03
1	Deposits	6465.22	6932.10	7289.38	12.7
2	Borrowings	1326.07	1523.04	1498.37	13
3	Loans and Advances issued	9658.26	9138.86	7356.61	-23.83
4	Loans and Advances Issued (o/s)	5836.14	6518.68	7009.71	20.1
5	Investment	2880.62	2884.90	2860.25	-0.7
6	Recovery (June) %	76.7	78.3	62.5	-18.5
7	No.of DCCBs in profit	10	14	11	10
9	C-D Ratio	90.3	94.0	96.2	6.5

A perusal of the figures for the DCCBs as a whole indicates that the core areas, viz., borrowings, loan and advances issued have shown decreasing trend whereas deposits, loans and advances outstanding have shown growth during the last three years. CD ratio has gone up to 96.2% as on 31st March 2003 from the 2000-01 level of 90.3%. The number of profit making DCCBs has gone down from 14 to 11 during 2002-03. However, the negative growth in quantum of loans issued and investments with increase in the level of NPAs are areas of grave/serious concern.

B) Long Term Credit Structure in Tamil Nadu

The LT cooperative credit structure in Tamil Nadu is federal in character with the Tamil Nadu State Agriculture and Rural Development Bank (TNCSARDB) at the apex level and 181 Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) at the primary level.

Tamil Nadu State Agriculture and Rural Development Bank (TNCSARDB)-The TNCSARDB Ltd., functioning under the federal structure, was registered on 12th Dec 1929. The area of operations covers the entire State of Tamil Nadu. The HO of the bank is located in Chennai. The bank has 18 Regional Offices.

The position of the Bank in the various business indicators for the last three years is given below.

(Rs.in crores)

Sl. No.	Parameter	2000-01	2001-02	2002-03	% growth 2002-03
1	Share Capital	3899.44	4047.56	4161.91	2.8
2	Deposits	3353.60	3785.27	4409.18	16.5
3	Borrowings	112414.51	111294.67	119810.86	7.7
4	Loans and Advances Issued (JL amount in brackets)	23194.7 (3112.95)	21871.59 (4027.43)	28326.88 (6590.07)	29.5
5	Loans and Advances Issued (o/s)	110076.44	118330.92	126584.32	6.5
5	Investment	21778.59	12915.81	14266.59	10.5
6	Recovery (June) %	41.8	45.7	33.5	-
7	Net Profit	51.85	-4381.13	-41.73	
9	Accumulated loss	144.2	4525.43	4567.16	-

The performance of TNCSARDB, during the three year period 2000-01 to 2002-03 as reflected above, was not satisfactory. With negligible deposit mobilisation, coupled with stagnant/negative growth in borrowings and fresh lendings, the banks liquidity and profitability have already started showing signals of pressure. Though there has been a marginal increase in the banks investments, the growth is insignificant especially when seen in the context of bank's borrowings of Rs.300 lakhs against security of FD's. The bank's recovery has dipped to 33.5% and NPAs constitute 45.5% of the bank's loan assets. The net loss for the year 2002-03 is 41.73 lakhs taking the accumulated loss to a staggering Rs.45.67 crores, as on 31 March 2003. Based on NABARD's advice to the TNCSARDB, the bank has recently prepared a time-bound Action Plan indicating therein the steps proposed to be taken to rectify/regularise the major deficiencies, viz., management of NPAs, recovery of overdues, control over lending programme, ability to exercise proper control on the working of PCARDBs.

Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)
- PCARDBs constitute the ground level agencies in the federal Long Term Credit structure in the State. There are 181 PCARDBs in TN established at taluk levels. The position of the PCARDBs as a whole in various business indicators for the last three years is given below.

(Rs.in crores)					
Sl. No.	Parameter	2000-01	2001-02	2002-03	% growth 2002-03
1	Owned Funds	13355.19	16302.95	17764.07	4.8
2	Borrowings	99580.32	119078.00	126086.80	5.9
3	Loans and Advances issued(JL amount in brackets)	23329.88 (3112.95)	22376.14 (4024.43)	28580.97 (6765.55)	-4.1
4	Loans and Advances Issued (o/s)(inclusive of JL)	108606.68	115311.73	126445.91	9.7
5	Investment	4328.83	5291.18	5475.18	3.5
6	Recovery (June) %	42.8	43.5	36.3	
7	No. of PCARDBs in profit	28/153	17/112	61/120	-
8	Accumulated loss	28621.46	23435.1	32276.0	-

The functioning of the PCARDBs which are the conduits through which credit has to flow to the ultimate beneficiaries at the ground level, has not been impressive during the recent past. Though there is a growth in fresh lending, recovery has fallen to below 40% and NPAs from 42% of the gross loan assets. Only 28 out of the 181 banks posted profits during 2000-01. During 2001-02, of the 129 banks in respect of which audit certificate have been issued, only 17 could post profit.

Regional Rural Banks (RRB)- 3 RRBs are functioning in Tamil Nadu State viz., Adhiyaman Grama Bank (AGB), Vallalar Grama Bank (VGB) and the Pandyan Grama Bank (PGB), sponsored by Indian Bank and Indian Overseas Bank. All the three RRBs together, are in operation in 9 districts of the State. The PGB which is the biggest among the three operates in 6 districts, viz., Virudhunagar, Tirunelveli, Tuticorin, Ramanathapuram, Sivaganai and Madurai, the VGB operates in Cuddalore and Villupuram districts, while the AGB in Dharmapuri district. The total number of branches is 210, of which PGB accounts for 162. The VGB is one of the few RRBs in the country, earning profits for the past few years. The AGB and PGB have also turned the corner, and have started earning profit from the year 1997-98. With the profit of Rs.1375 lakh earned during 2002-03, the PGB had, after wiping off the entire

accumulated loss of Rs.960 lakh, contributed, for the first time, Rs.405 lakh to the Statutory Reserve.

Kisan Credit Cards (KCC)

Kisan Credit Cards (KCC) scheme was introduced in 1998-99 to improve credit delivery to farmers. The scheme is being operated by cooperative banks, regional rural banks (RRBs) and SCBs. The KCC scheme has been progressing well, and the number of cards increased from 6.1 lakh at the end of March 1999 to 413.8 lakh at the end of March 2004 in the country. Cooperative banks accounted for the bulk of the cards issued (58.6 percent) followed by PSBs (32.0 percent) and RRBs (9.4 percent). The Government of India had set a time frame of March, 2004 for covering all eligible farmers under the scheme. For meeting this time frame, banks were advised to work out a simple action plan. NABARD had advised banks to organize campaigns and banker-borrower meets to ensure coverage of all eligible farmers by March 31, 2004.

Announcement in Union Budget 2004-05 on Agricultural Credit & Reform in Cooperative Banking System

In the Budget Speech for 2004-05, the Union Finance Minister has indicated that it was intended to double the flow of agricultural credit in three years. A comprehensive policy on agricultural credit was announced on June 18, 2004. The implementation of the policy has been left to the public sector and private sector banks, the regional rural banks (RRBs) and the cooperative banks. A Task Force would be appointed to examine the reforms required in the cooperative banking system including the appropriate regulatory regime.

The announcement of June 18 is for a comprehensive debt-restructuring package for the country's agricultural community, involving a rescheduling of loans (as opposed to write-off) extended by commercial banks, regional rural banks (RRBs) and co-operatives. All farmers who have suffered losses on account of successive droughts, floods or other calamities in districts declared as 'calamity-affected' by the State Governments concerned will be given the facility of debt rescheduling.

Tenth Plan and Programme for Annual Plan 2004-05

The target for 10th Plan is as follows:

Tenth Five Year Plan- Target (Rs. in crores)

Short term loan	7500
Medium term loan	625
Long term loan	1430
Issue of jewel loan	28000
Non-farm sector loan	1450
Loans to professionals	475
Housing loan	825
Produce pledge loan	250
Estimated % of loan to be provided to weaker section	ST-67% MT-95% LT-50% (on an average)

It is programmed to issue short term and medium term loans to the tune of Rs.1038 crores and Rs.100 crores respectively during 2004-2005. The programme for issue of short-term loans to weaker sections is 67% and 95% in respect of medium term loans during the year 2004-05.

Due to the diminishing scope for lending activities for minor irrigation purposes on account of substantial exploitation of ground water resources in Tamil

Nadu, the Primary Agricultural and Rural Development Banks have had to diversify their loan activities to non-farm sector and rural housing purposes. The long term loans issued by the Primary Agricultural and Rural Development Banks during the Ninth Five Year Plan was Rs.995.34 crores as against the target of Rs.1379.66 crores. It has been programmed to issue long term loans to the tune of Rs.200 crores during 2004-2005 as against the achievement of Rs.126.88 crores for year 2003 - 2004. It is programmed to issue 45% of the Long-term agricultural loans to the weaker sections.

The credit cooperatives play a significant role in filling up of the credit gap in the context of debt relief legislation consequent on shrinkage of credit from non - institutional sources by providing loans on the pledge of jewels. The jewel loans provided by these cooperatives during Ninth Five year Plan period was Rs. 16737.95 crores and Rs.4717.06 crores for the year 2002-03. The achievement in issue of jewel loans for the year 2003 - 2004 is estimated to be the tune of Rs.5053.87 crores. It is programmed to issue Rs.5589 crores during 2004 - 2005.

Cooperative Marketing Societies assist their members by undertaking marketing of their agricultural produce and help them in securing a fair and reasonable return. The value of agricultural produce marketed by Cooperatives during the Ninth Five Year Plan period was Rs.2909.99 crores and Rs.410.06 crores for 2002-03. An amount of Rs.340.87 crores value of agriculture products has been marketed for the year 2003 - 2004. It is programmed to increase the value of agricultural product to be marketed to the tune of Rs.825 crores during 2004 - 2005.

The Cooperatives are distributing chemical fertilisers through about 5678 outlets to members of Primary Agricultural cooperative Banks as well as non-members. The value of chemical fertilisers distributed during the Ninth Five Year Plan period was Rs.1215.50 crores and Rs.127.77 crores for 2002-03 and Rs.57.81 crores for 2003-04. It is programmed to distribute fertilisers to the tune of Rs.330.00 crores during 2004-2005.

The Consumer Cooperatives through their network in the State distribute consumer goods of good quality at reasonable prices to the public, both in urban and rural areas. The value of retail sales effected during the Ninth Five Year Plan period was Rs.10175.50 crores and in 2002-03 Rs.2354.19 crores. The retail sales are Rs. 2172 crores during the year 2003-04. The programme for 2004 - 2005 will be of the order of Rs.2660 crores. There are 21669 fair price shops of which 4971 and 16698 are situated in urban and rural areas respectively as on 31.3.2004. These fair price shops ensure free availability of essential consumer goods to the urban and rural masses. The sales effected by the cooperative fair price shops during the Ninth plan period was Rs.7886.04 crores and during 2002-03 Rs.2354.19 crores and for 2003-04 Rs.1291.92 crores.

The **schemes** under the State Plan are outlined below.

I. Assistance To Credit Cooperatives

Integrated Cooperative Development Project (State Subsidy)

	(Rs. in Lakhs)	
Actual Expenditure 2002-03	-	159.96
Revised Estimate 2003-2004	-	83.43
Actual expenditure 2003-04		81.46
Budget Estimate 2004-2005	-	91.91

The National Cooperative Development Corporation has formulated a scheme for Integrated Cooperative Development Project in select districts in the country. The object of the scheme is to diversify and to increase the volume of business of primary cooperatives. The aim of the scheme is to achieve area-based development rather than society based development. It also aims at improving the infrastructural facilities for the Cooperatives in the area. The Implementation of the scheme is phased over a period of five years. The pattern of assistance from N.C.D.C. to State Government will be in the form of loan and subsidy. The pattern of assistance from State Government to beneficiary Societies will be in the form of loan, share capital and subsidy.

The scheme was successfully implemented in Virudhunagar, Cuddalore, Coimbatore, Dharmapuri, Thiruvannamalai, Kancheepuram and Ramanathapuram Districts.

During the year 2002-2003 Government have approved the implementation of Integrated Cooperative Development Projects in Trichy, Perambalur, Thanjavur, and Thiruvarur Districts with a total outlay of Rs.4478.318 lakhs for five years as indicated below.

Sl No.	Name of District	Total cost/ outlay	NCDC Loan	(Rupees in lakhs)	
				NCDC Subsidy	Matching subsidy State
1.	Thanjavur	1101.090	869.610	115.740	115.740
2.	Tiruchirappalli	1216.978	1002.698	107.140	107.140
3.	Perambalur	937.810	744.550	96.630	96.630
4.	Thiruvarur	1222.440	1017.080	102.680	102.680
	Total	4478.318	3633.938	422.190	422.190

For the year 2002-2003 Government have sanctioned a sum of Rs.1336.787 Lakhs for Implementation of Integrated Cooperative Development Projects in the above said 4 Districts and also for Ramanathapuram and Kancheepuram Districts as detailed below:

Sl. No.	Name of the District	Loan	Share Capital	(Rs. in lakhs)		Total
				NCDC Subsidy	State Subsidy	
1.	Thanjavur	50.400	149.255	42.306	42.306	284.267
2.	Trichirappalli	64.473	186.567	26.720	26.720	304.480
3.	Perambalur	69.920	118.320	23.780	23.780	235.800
4.	Thiruvarur	115.660	170.000	19.950	19.950	325.560
5.	Ramanathapuram	-	59.450	16.725	16.725	102.900
6.	Kancheepuram	7.950	37.450	19.190	19.190	83.780
	TOTAL	308.403	721.042	148.671	148.671	1336.787

An amount of 81.46 lakhs as State's share was spent during 2003-04. An amount of Rs.91.91 lakhs is provided for 2004-05.

Similarly for implementation of Integrated Cooperative Development Projects in the above 4 districts during 2004-2005 (III year), a sum of Rs.872.695 lakhs (loan Rs. 199.86 lakhs, capital Rs. 514.41 lakhs, N.C.D.C. Subsidy Rs. 79.21 lakhs, State subsidy Rs.79.21 lakhs) is proposed in BE 2004-2005.

The expenditure towards the cost of staff and the State share of subsidy under this scheme is suggested to the tune of Rs.91.91 lakhs under State subsidy for 2004-2005.

Relief to farmers on Interest and Penal Interest Scheme 2001

	(Rs. in lakhs)	
Actual expenditure 2002-03	-	7300.00
Revised Estimate 2003-2004	-	7356.00
Actual expenditure 2003-04		7356.00
Budget Estimate 2004-2005	-	0.01

The Government announced Relief to Farmers on Interest and Penal Interest Scheme 2001. According to this scheme, borrowers who availed Short-term, Medium Term, Medium Term Conversion Loans in Cooperative Banks for Agriculture and allied activities will be given a concession of waiver of interest and penal interest provided the borrowers repay before 30.09.2001, the overdue principal as on 30.6.2000 either in full or in monthly installments in July, August and September 2001, and also the amounts that due for payment during the period from 1.7.2000 to 31.8.2001. Subsequently, the period of implementation of the scheme was extended up to 30.11.2001.

Under this scheme, 6,11,193 farmers have been so far extended Interest and penal interest relief of Rs.226.56 crores, of which a sum of Rs.80.00 crores was sanctioned and released during the year 2001-2002. Government has sanctioned a sum of Rs.73.00 crores during the year 2002-2003. During 2003-2004 Government have sanctioned a sum of Rs.7356.00 lakhs. A token provision has been proposed in B.E 2004-2005.

Assistance to Agricultural Service Cooperative Societies towards State Government's Share of financial burden for Converting Loans on account of Natural calamities

The State Government will have to meet 15% of the financial burden in converting Short-term agricultural loans of members of primary Agricultural Cooperative Banks into medium term Loans when the crops are affected due to natural calamities.

In the Ninth Five Year Plan a provision of Rs.800.00 lakhs was made. During the year 1997-98, Government sanctioned a sum of Rs.63.78 lakhs for South Arcot District. During the year 1998-99 Government sanctioned a sum of Rs.968.13 lakhs for Tirunelveli and 11 other districts. No expenditure was incurred during 1999-2000 & 2000-2001 and 2001-2002.

During 2002-2003 Government declared the entire State of Tamil Nadu except Chennai district as drought affected. On declaration of drought, the district Revenue officials have issued Annawari certificates. Based on this, the Tamil Nadu State Apex Cooperative Bank sent conversion limit applications to NABARD Mumbai for sanction. The financial burden in the conversion of Loans extended at the level of NABARD has to be borne by the following agencies as noted against each: NABARD -60%: State Government-15%: Apex Bank-10%: District Central Cooperative Banks-15%.

A sum of Rs.4933.76 lakh is expected to be spent in 2003-2004 out of which a sum of Rs.2000 lakhs was sanctioned and spent in 2003-04 and a provision of Rs.500 lakhs has been made in B.E.2004-05.

Interest free loans to Women members of Primary Agricultural Cooperative Banks for enhancing their borrowing power

The women in the rural areas belonging to weaker sections are finding it difficult even to contribute the share capital for availing the loan facility extended by

the Primary Agricultural Cooperative Banks. The borrowing power of a member is linked to share capital subscriptions. The sanction of share capital loan at Rs.500 per women member will enable them to raise loans for agricultural purposes which will generate employment opportunities for women members.

In G.O.(D) No.187, Cooperation Food & Consumer Protection Department dated 22.5.2003, Government has sanctioned interest free loan of Rs.10.00 lakhs under this scheme to assist 2000 women members of Primary Agricultural Cooperative Banks. Hence B.E. provision of Rs.10.00 lakhs is retained in R.E. 2003-2004. A sum of Rs.10 lakhs is spent in 2003-04. An amount of Rs.10 lakhs is provided for 2004-05.

Interest free loans to Women members of Urban Cooperative Banks for enhancing their borrowing power

The Urban Cooperative Banks provide credit facilities to Urban and Semi-Urban population for various purposes like carrying out repairs or additions to houses, carrying on petty trades, small scale cottage industries, discharge of prior debt, education of children etc., The sanction of loan is linked to the share capital invested by the members / beneficiaries which is prescribed at 2.5% for secured loan and 5% for unsecured loan. Considering the hardships experienced by women members of these banks in remitting the required level of share capital for availing loan facilities to the needed extent, it is proposed to extend financial assistance by way of interest free share capital loan to the women member of Urban Cooperative Banks to enhance their borrowing power by taking additional share in these banks.

In G.O.Ms.No.189, Cooperation Food & Consumer Protection Department dated 22.5.2003, Government sanctioned interest free loan of Rs.5.00 lakhs under this scheme to assist 1000 women members of Primary Agricultural Cooperative Banks. The B.E. provision of Rs.5.00 lakhs was retained in R.E. 2003-2004. A sum of Rs.5 lakhs was spent in 2003-04 and an amount of Rs.5 lakhs is provided for 2004-05.

Interest free loans to Women members of Primary Agricultural and Rural Development Banks for enhancing their borrowing power

In the case of Primary Cooperative Agriculture and Rural Development Banks (PCARDB) the borrowers have to contribute 5% of the loan amount towards the share capital. These banks cater to the long-term credit needs of the rural people. As the rural women folk are mostly unemployed and economically weak, they find it difficult to invest the required share capital for availing credit from the banks.

In G.O.Ms.No.188, Cooperation Food & Consumer Protection Department dated 22.5.2003, Government has sanctioned interest free loan of Rs.2.00 lakhs under this scheme to assist 200 women members of Primary Agricultural Cooperative Banks. This amount was spent in 2003-04. An amount of Rs.5 lakhs is provided for 2004-05.

Interest free loan to physically handicapped women for availing credit from Cooperative Bank

The Government is keen on promoting economic rehabilitation of persons with disabilities through loan assistance by the Cooperative Banks. Further the economic condition of the physically handicapped women is far from satisfactory as most of them are below poverty line. This scheme envisages interest free loan to physically handicapped women to facilitate them to invest in share capital to avail loan assistance from cooperative banks so as to improve their standard of living.

Under this scheme, 1000 physically handicapped women will be benefited at the rate of Rs.500/- per member.

In G.O.(D) No.127, Cooperation Food & Consumer Protection Department dated 22.5.2003, Government has sanctioned interest free loan of Rs.5.00 lakhs under this scheme to assist 1000 physically handicapped women for availing credit from the cooperative banks. An amount of Rs. 5 lakhs has been spent during 2003-04. An amount of Rs.5 lakhs is provided for 2004-05.

II. Assistance to Other Cooperatives

Assistance to Cooperative Marketing Societies for improving Marketing Activities

The Cooperative Marketing Societies play a vital role in helping the agriculturists to bring their agricultural produce to the market yards of the Cooperative Marketing Societies and sell them at prices to their best advantage. To improve their activities Government provides assistance consistently to the Cooperative Marketing Societies for the establishment of market yard, auction shed, drying yard, growers rest shed, cart shed, lorry parking places etc., and also for purchase of lorry and grading equipments.

During 2003-2004, Government sanctioned Rs.12.90 lakhs (Rs.6.30 lakhs as loan + 6.60 lakhs under subsidy) to 3 Cooperative Marketing Societies under this scheme. For the year 2004-2005, a sum of Rs.21.51 lakhs is provided.

Assistance of Interest free loan and subsidy for opening of new fair price shops

Government in G.O.Ms.No.188, Cooperation Food and Consumer Protection Department dated 7.10.96 had ordered the bifurcation of shops functioning with more than 1500 family cards in Chennai City and belt area, during the first phase. The Government had also accorded sanction at the rate of Rs.4000/- per shop, as subsidy for purchase of furniture and fixtures and Rs.5000/- per shop towards payment of rent advance as interest free loan repayable in 5 annual installments with a condition that the institutions concerned which receive the loan shall repay it in 5 annual installments to the Government after expiry of one year from the date of sanction.

In G.O. (2D) No.47 Cooperation Food and Consumer Protection Department dated 21.5.2003 Government has sanctioned Rs.95.04 lakhs (Subsidy Rs.42.24 lakhs + Interest free loan of Rs.52.80) towards assistance for 1056 newly opened Cooperative fair price shops. An amount of Rs.95.04 has been spent during 2003-04. Similarly a provision of Rs.31.50 lakhs (Subsidy 14 lakhs + Loan Rs.17.50 lakhs) has been made for Part- II Scheme for 2004-05 .

Assistance to Consumer Cooperative Whole Sale stores

The Consumer Cooperative Whole-sale stores in the State are engaged in the sale of both non-controlled and controlled commodities. On account of meagre margin allowed under Public Distribution System, most of the Cooperative Whole Sale Stores have incurred loss and the financial position has become weak. Since the stores do not have adequate net disposal resources they are not in a position to get required cash credit limit sanctioned from the Central Cooperative Banks for carrying on their business in both controlled and non-controlled commodities. Therefore, with a view to enable them to get adequate cash credit accommodation; the Government provides share capital assistance to serve as margin money. No amount was sanctioned during 2003-04. A token provision is made for 2004-05.

III. Tribal Area Sub-Plan

Assistance to Cooperative Institutions in Tribal Areas

There are 18 LAMP Cooperative Societies having 76133 Tribal members and 5769 non - Tribal members. The societies have enrolled the tribal families in their areas. The LAMP Cooperative Societies are liberally assisted by the Government in view of the poor economic conditions of Tribal people. These societies provide credit for cultivation and other productive purpose free of interest. Hence, Government extends liberal assistance to LAMP Cooperative Societies.

Share capital investment, share capital subsidy to tribals, loan and subsidy for construction of godowns, share capital and subsidy for construction of Village Shop buildings, subsidy for construction of staff quarters and Managing Directors Quarters, managerial subsidy, risk fund subsidy, vehicle subsidy, interest subsidy Tribals are the various types of assistance extended to the Lamp Cooperative Societies for tribals. An amount of Rs.59.19 lakhs was spent during 2002-03, Rs.75 lakhs was spent during 2003-04 and Rs.90 lakhs is provided for the year 2004-05.

IV. Special Component Plan

Interest free loans to Scheduled caste members of Primary Agricultural Cooperative Banks to enable them to contribute additional share capital for raising the required credit

To enable the scheduled caste members of the Primary Agricultural Banks to contribute to the required Share Capital for their borrowings in Primary Agricultural Cooperative Banks Government provides financial assistance to the scheduled Caste members of the Primary Agricultural Cooperative Banks for provision of short term and Medium term loans for which they have to contribute additional share capital. An amount of Rs.45 lakhs was spent during 2002-03, Rs.20.00 lakhs during 2003-04 and a token provision is made for 2004-05.

Assistance to scheduled caste members of Cooperative Urban Banks towards additional share capital

There are 128 Cooperative Urban Banks functioning in this State which provide credit facilities to small traders, artisans and professional class of people for purposes such as conduct of petty traders, repairs or addition to their houses and for establishment of small and cottage Industries etc., In this context in order to enable the scheduled caste members to take additional share capital in the Cooperative Urban Banks Government provides interest free loan at Rs.500/- each to scheduled caste members of Cooperative Urban Banks to improve their borrowing power. This amount will be repayable in 5 years at Rs.100 per annum by the member. During 2003-04 Government have sanctioned financial assistance under this scheme. A token provision is made for 2004-05.

Schemes Financed By Autonomous Bodies- National Cooperative Development Corporation (NCDC)

Assistance for implementation of Integrated Cooperative Development Project

	(Rs. in Lakhs)
Actual expenditure 2002-03	158.67
Revised Estimate 2003-2004	671.59
Actual expenditure 2003-04	819.24
Budget Estimate 2004-2005	593.63

The National Cooperative Development Corporation has formulated a scheme for Integrated Cooperative Development in select districts in the country. The object of the scheme is to diversify and increase the volume of business of Primary Cooperatives. The aim of the scheme is to achieve area based development rather than society based development. It also aims at improving the infrastructural facilities for the Cooperatives in area. The implementation of the scheme is phased over a period of five years. The pattern of assistance from National Cooperative Development Corporation to State Government will be in the form of loan and subsidy. The State Government will sanction a matching subsidy. The pattern of assistance from State Government to beneficiary societies will be in the form of loan, share capital, and subsidy. The capital portion and the NCDC subsidy is shown here.

The scheme was successfully implemented in the erstwhile Kamarajar, South Arcot Districts, Coimbatore, Dharmapuri, Thiruvannamalai, Kancheepuram and Ramanathapuram districts. During the year 2002-2003 Government have approved the implementation of I.C.D.Ps in Trichy, Perambalur, Thanjavur, and Thiruvarur Districts with a total outlay of Rs.4478.318 Lakhs for five years (NCDC loan Rs.3633.94 lakhs, NCDC subsidy Rs.422.19 lakhs, and matching subsidy state Rs.422.19 lakhs)

Assistance to Cooperative Marketing Societies for rehabilitation and Improvement

According to the revised scheme introduced by the National Cooperative Development Corporation, investment in the share of Cooperative Marketing Societies is made at the rate of Rs.5.00 lakhs for every additional increase of Rs.20.00 lakhs in the business turnover of the society to develop their business activities. No amount is likely to be spent during 2003--04 and Rs.7.96 lakhs is provided for the year 2004-05.

For the Cooperative Sector an amount of Rs.768.58 lakhs is provided for State Schemes for the year 2004-05 as follows:

Item	Outlay for 2004-05 (Rs. in lakhs)
1.Assistance to Credit Cooperatives	617.03
2 Assistance to Other Cooperatives	41.53
3. Tribal Sub-Plan	90.00
4. Special Component Plan	0.02
5. Hill Area Development Plan	20.00
A. Total- state schemes	768.58
C. Scheme financed by Autonomous bodies	601.59
D. Centrally Sponsored Schemes-Shared between State and Central	0.06