

9.9 CO-OPERATIVES AND CREDIT

Cooperatives all over the world have become an effective and potential instrument of economic development. The Cooperative movement in Tamil Nadu has witnessed substantial growth over the decades in diverse economic activities. There is not a single major sphere of economic activity, which has not been touched by Cooperatives. Cooperatives are also envisaged as an instrument for implementing many important policies like agricultural credit, market intervention, price support, for agricultural commodities, Public Distribution System etc.,

There are 4510 Primary Agricultural Co-operative banks at the village level, providing short term and medium term credit facilities to the agriculturists. The Primary Agricultural Co-operative banks have covered 85.96 per cent of the agricultural families in the State and 79.57 per cent of the agricultural families of weaker section in terms of their operational holdings.

Achievements during the Ninth and Tenth Five Year Plan period and the programme for 2005-2006

1.Credit Cooperatives

i) Issue of short term and Medium Term loans:

The quantum of short term and medium term loans issued by the Primary Agriculture Cooperative Bank are given below:-

(Rs.in lakhs)

Year	Short Term Loans	Medium Term Loans
2002-2003	963.96	94.37
2003-2004	616.59	72.15
2004-2005	1080.58	43.22

It has been programmed to issue loans to the extent of Rs.1097.50 Crores under short term and Rs.59.80 Crores under Medium term loans during the year 2005-2006.

(ii) Issue of Long Term loans:

The long term credit needs of the agriculturists are met by 181 Primary Agriculture and Rural Development Banks. The details of long term loans issued by the Primary Agricultural and Rural Development Banks during IX and X Five Year plan period are given below:-

(Rs. in Crores)

Year	Long Term loans issued
2002-2003	218.15
2003-2004	126.88
2004-2005	12.44

It has been programmed to issue long term loans to the extent of Rs.220.00 Crores during 2005-2006.

(iii) Issue of Jewel Loans:

The Jewel loan provided by the credit Cooperatives during the year 2004-2005 is Rs.4849.32 Crores. The programme for issue of jewel loans for the year 2005-2006 will be Rs.5800.00 Crores.

iv) Crop Loan:

The State Government set a target of Rs.1037 crores to be given as crop loan to the farmers by the cooperative banks during the year 2004-05 as against the provision of Rs.616.59 crores during the last year. So far an amount of Rs.955.31 crores has been provided as crop loans benefiting 4.76 lakh farmers. The State Government have over the last four years, provided various concessions to the farmers who have been affected by natural calamities. The concessions given on the credit front are as given below:-

		(Rs. in Crores)
1	Relief to farmers on interest and Penal Interest scheme 2001	310.51
2	Waiver of interest to Small and Marginal farms who got annavari certificates in 2002	61.05
3	15% State Government share in the conversion of the crop loans of kharif 2002	20.00
4	Penal interest waiver to Tea growers of the Nilgiris District	1.80
5	Interest waiver to farmers who availed crops loans in Coop.banks during 2003-04	62.00
6	Rephacement of MTC/MTCR outstanding as on 31.3.2004 prior to 1999 to the blocked loan account	68.95
	Total	524.31

In order to ensure the farmers get credit at market rates, the Government reduced the rate of interest on farm loans from 12% to 9%.. Tamil Nadu is the first state in the country that fixed the interest rate on crop loan at such low rate. Similarly, Tamil Nadu is also the first state where Government have rescheduled crop loans and the interest on them outstanding with the cooperative banks as on 31.3.2004 as a term loan to be repayable in the next five years after providing a moratorium period of two years as per the guidelines of NABARD. This facilitates the conversion of Rs.2598 crores as term loan payable in five years. 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 fertilizers distributed during the year 2003-04 and 2004-05 was Rs.57.81 crores and Rs.91.67 crores. It is also programmed to distribute fertilisers to the tune of Rs.345.00 crores during 2005-2006.

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 retail sales are Rs. 1720.24 crores during the year 2004-05(upto 31.12.2004). The programme for 2005 - 2006 will be of the order of Rs.2750 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 position. These fair price shops ensure free availability of essential consumer goods to the urban and rural masses.

2. Cooperative Marketing Societies

Cooperative Marketing Societies assist their members by undertaking marketing of their agricultural produce and thereby help them in securing a fair and reasonable return. The programme for marketing of agricultural produce for the year 2004-2005 is Rs.410.00 crores. The achievement is Rs.307.26 Crores. The programme for marketing of Agricultural Produce for the year 2005-2006 is Rs.500.00 Crores. The Co-operatives are distributing chemical fertilisers through 5678 retail outlets to the members of Primary Agricultural Co-operative Banks as well as non-members to the tune of Rs.114.22 Crores during 2004-05. It is proposed to distribute chemical fertilisers to the tune of Rs.231.50 crores during 2005-2006.

3. Consumer Cooperatives

The Consumer Co-operative through their net work in the State, distribute consumer goods at reasonable prices to the public both in urban and rural areas. The value of retail sales effected during 2004 -2005 was Rs.2348.18 crores. The programme for 2005-2006 is 2780.00 crores.

State Plan Schemes

I. Assistance to Credit Cooperatives

1.Integrated Cooperative Development Project

The NCDC is an autonomous body has formulated a scheme for Integrated Cooperative Development Project in selected districts in the country. The object of the scheme is to diversify and to increase the volume of business of Primary Cooperatives. The NCDC provides assistance in the form of loan and subsidy. The State Government will sanction a matching subsidy. In Tamilnadu, the scheme was implemented in 8 districts as follows : -

Sl.no	Name of the District	Period	Outlay (Rs.in crores)
1	Virudhnagar	1989-95	8.63
2&3	Cuddalore and Villupuram (integrated South Arcot District)	1992-97	15.07
4	Coimbatore	1995-2001	10.81
5	Dharmapuri	1995-2001	11.60
6	Thiruvannamalai	1996-2001	8.16
7	Kancheepuram	1998-2005	11.24
8	Ramanathapuram	2000-04	6.87
	Total		72.38

During the year 2002-2003 Government have approved the implementation of Integrated Cooperative Development Projects in Trichy (Rs.12.17 crores), Perambalur (Rs.9.38 crores), Thanjavur (Rs.11.01 crores), and Thiruvavur Districts (12.22 crores) with a total outlay of Rs.44.78 crores for five years.

The National Co-operative Development Corporation has given its concurrence for implementation of Integrated Co-operative Development Project in the following two districts as detailed below.

(Rs. in lakhs)			
Name of the District	NCDC Assistance	State Govt's subsidy	Total.
Theni	884.145	103.585	987.73
Tuticorin	826.735	115.345	942.08
Total	1710.880	218.930	1929.81

It has been proposed to implement the integrated Cooperative Development Project in five more districts viz. Salem, Erode, Madurai, Tirunelveli and Pudukkottai commencing from the year 2005-06. Action is being taken to prepare the project reports.

2.Assistance to Tamil Nadu State Apex Cooperative bank Central Cooperative Banks and Village Credit societies for strengthening share capital structure.

The amounts sanctioned by the NABARD from its National Rural Credit (Long term operation) fund as loan to the State Government are invested by the State Government in the share capital of the credit cooperatives, based on the proposal received from central cooperative banks, Primary Agricultural Cooperative Banks and Primary Agriculture and Rural Development Banks. A sum of Rs.65.00 lakhs has been provided for 2005-2006.

Further a sum of Rs.5000.00 lakhs has also been provided by the State Government under this scheme for 2005-06.

II. Assistance to other Cooperatives:

1. Assistance to Cooperative Marketing Societies for improving marketing activities

An amount of Rs. 21.50 lakhs has been provided for this scheme during the year 2005-2006.

2. Assistance to Consumer Cooperative Whole Sale Stores

Government have sanctioned a sum of Rs. 20.00 lakhs during the year 2004-2005, to the newly registered Perambalur District Cooperative Whole Sale Stores, towards share capital to serve as margin money to enable the society to get adequate cash credit, from the District Central Cooperative Bank for carrying on its business. A token provision is made for the year 2005-06.

3.Assistance in the form of subsidy to purchase of kerosene barrels to the fair price shops

Under the PDS, 15966 shops are managed by the primary agricultural cooperative banks. These shops are functioning mainly in rural areas, and they are far away from the taluk headquarters. Therefore, they find it very difficult to take delivery of kerosene from the wholesale dealers. Moreover, their financial position does not permit them to purchase more number of kerosene barrels for storing

sufficient quantity of kerosene. Inadequate stock may affect regular supply of kerosene to the cardholders. In order to overcome these difficulties, it proposed to sanction financial assistance to fair price shops towards the purchase of kerosene barrels. A provision of Rs.34 lakhs has been made for the year 2005-06.

4.Assistance in the form of subsidy for the purchase of modern weighing machine to the cooperative fair price shops

To ensure correct weighment in the distribution of essential commodities it is proposed to provide assistance in the form of subsidy for the purchase of modern weighing machine to the cooperative fair price shops functioning under the control of cooperative institutions in Chennai city and its belt areas as a pilot scheme. An amount of Rs.72.52 lakhs is provided for purchase of 879 modern weighing machine (10 kg capacity) to the cooperative fair price shops.

III. Tribal Area Sub Plan:-

1) Assistance to Cooperative institutions in Tribal Areas sub plan:-

There are at present 19 Lamp societies functioning the tribal sub plan areas. Assistance in the form of share capital investment, share capital subsidy to tribal, loan and subsidy for construction of village fair price shop building, managerial subsidy, vehicle subsidy, interest, subsidy etc. A sum of Rs.90.00 lakhs has been provided for the year 2005-2006.

IV. Special component Scheme

Government have sanctioned in the form of interest free loan repayable in five years, under the scheme Rs.500/- per individual towards assistance to members belonging to scheduled castes to take additional shares to enhance their borrowing power in urban banks and Rs.250/- per member in Primary Agricultural Coop. Banks. An amount of Rs.0.02 lakhs has been provided for the year 2005-2006.

New Schemes –2005-06

1) 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.

It is proposed to assist 2000 women members of respective primary agricultural cooperative banks at the rate of Rs.500/- per member and the outlay will be Rs.10 lakhs during 2005-06. this will help to improve the standard of living.

2) 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 etc., The sanction of loans by these banks is linked to the share capital subscription by the members. Considering the hardships experienced by women members of these banks in remitting the required level of share capital for availing loan facilities.

A provision of Rs.5 lakhs has been made for the benefit of 1000 women members at the rate of Rs.500/- each during 2005-06.

3) Interest free loans to Women members of Primary Cooperative 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.

A sum of Rs.5 lakhs has been provided for the year 2005-06 towards sanction of loan to 500 women members at the rate of Rs.1000/ per member.

4) 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 conditions of the physically handicapped women are far from satisfactory as most of them are below poverty line. This scheme envisages in interest free loan to physically handicapped women to facilitate them to invest a 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. An amount of Rs.5 lakhs is provided for 2005-06.

5) Assistance to cooperative marketing societies for improving their marketing activities.

There are 114 cooperative marketing societies functioning in the state. Government provides financial assistance for establishment of market yard, auction shed, drying yard, growers rest shed, cart shed, lorry parking place etc., and also for purchase of lorry and grading equipments. In 2005-06, it has been proposed to assist 5 cooperative marketing societies. Each society will be given a loan of Rs.2.10 lakhs and a subsidy of Rs.2.20 lakhs. The total outlay will be Rs.21.50 lakhs.

Plan outlay

For the Cooperative Sector an amount of Rs.5819.09 lakhs is provided for State Schemes for the year 2005-06 as follows:-

Item	Outlay for 2005-06 (Rs. in Lakhs)
1. Direction and Administration	2.00
2. Assistance to Credit Cooperatives	5526.84
3. Assistance to Other Cooperatives	200.22
4. Tribal Sub-Plan	90.00
5. Special Component Plan	0.02
6. Hill Area Development Plan	0.01
A. Total- state schemes	5819.09
C. Scheme financed by Autonomous bodies	79.22
D. Centrally Sponsored Schemes-Shared between State and Central	0.03