

2.8. Co-operation and Public Distribution System

Co-operation

The co-operative movement, which is the largest socio-economic movement in the world, has contributed significantly to the alleviation of poverty, creation of productive employment as well as the enhancement of social integration in the country. Co-operative societies have played an important role in the economy especially in sectors such as agricultural credit, distribution of fertilizer and other agricultural inputs, storage and marketing of agricultural produce, dairies, fisheries etc. There are 4474 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 sections in terms of their operational holdings. The waiver of agricultural loans by the government has provided the much-needed relief to the farmers whose debt burden was becoming increasingly difficult to discharge largely due to the vagaries of nature.

The order of the government, waiving all the co-operative farm loans and interest thereon outstanding loans (as on 31.3.2006) amounting to Rs.6866 crore to provide debt relief to a large number of farmers who have suffered on account of successive natural calamities is an unprecedented step towards the welfare of the farming community. Consequent to the waiver, the government has taken over the entire debt liability of Rs.1628 crore owed by the co-operative banks to NABARD.

Considering the importance of increasing credit flow into the agriculture sector, Government has reduced the interest rate for the crop loans from 9% to 7% per annum from 2006-07, the interest differential being compensated by the Government. The Government is taking all efforts to inculcate the habit of financial discipline among the farmers. As a special measure, Government have announced further reduction of interest from 7% to 5% for all crop loans being repaid promptly by the farmers. This has further reduced to 4% in 2008-09.

Performance

Credit Co-operatives - Issue of Short Term and Medium Term Loans

The quantum of short term and medium term loans issued by the Primary Agriculture Co-operative Banks are given as below:

Year	Issue of Short Term and Medium Term Loans		
	Short Term Loans	Medium Term Loans	Long Term Loans
2005-06	1132.18	37.76	0.02
2006-07	1235.00	70.00	200.00
2007-08	1360.00	100.00	150.00
2008-09	1500.00	150.00	150.00
2009-10	1650.00	200.00	200.00
(Target)			

Co-operative Marketing Societies

Co-operative Marketing Societies assist their members by undertaking marketing of their agricultural produce and thereby helping them in securing a fair and reasonable return. The anticipated turnover for marketing of agricultural produce for the year 2009-10 is Rs.960 crore. The Co-operatives are distributing chemical fertilisers through 5678 retail outlets to the members of the Primary Agricultural Co-operative Banks as well as non-members.

State Plan Schemes

I. Assistance to Credit Co-operatives

Integrated Co-operative Development Project (ICDP)

The National Co-operative Development Corporation (NCDC) is an autonomous body, which supports the implementation of the Integrated Co-operative Development Project in selected districts in the country. The objective of the scheme is to diversify and to increase the volume of business of Primary Co-operatives in agriculture and allied sectors. It aims to achieve area based development rather than society based development. It also aims at improving the infrastructure facilities for the cooperatives in the entire area.

The National Co-operative Development Corporation (NCDC) provides assistance in the form of loan and subsidy. The State Government will sanction a

matching subsidy. It is proposed to implement the scheme in respect of new ICDP project in Theni, Thoothukudi districts, (outlay proposed Rs.2.66 crore with 0.45 crore state subsidy) and in Salem, Erode, Madurai, and Pudukkottai districts (Outlay proposed Rs.31.43 crore with state subsidy of Rs.1.06 crore).

Subsidy for Kerosene Barrel

Under the PDS, shops are managed by the PACB, which find it very difficult to lift the kerosene from the kerosene wholesale dealers then and there. In order to overcome the difficulties, financial assistance has been provided to purchase kerosene barrel. An amount of Rs.50 lakh is proposed for this scheme.

Provision of Subsidy to Loss Making Fair Price Shops

The Government decided that no cardholders need to walk more than 2 kms to draw their articles and this distance is recently reduced to 1.5 kms. Hence more number of fair price shops were opened. More than 70% fair price shops are sustaining loss as these shops are not run on profit motive. Hence the Government of Tamil Nadu sanctions financial assistance by way of subsidy to loss making fair price shops every year.

Share Capital Assistance to Cooperative Institutions

In order to mitigate the problems of farmers arising out of non payment of loans, the Government have decided for waiver of cooperative loans outstanding as on 31.03.2006, suitably compensating the cooperative institutions. The outstanding amount will be paid in 5 annual instalments.

Interest Subsidy to Co-Operative Institutions towards Reduced Interest for Crops Loans to the Farmers

It is programmed to issue crop loans to the tune of Rs.1650 crore NABARD has released Rs.442.32 crore. Assuming that NABARD will be providing refinance not less than Rs.500 crore during 2009-10, the co-operative banks will be involving Rs.1150 crore. Accordingly, Rs.900 crore is proposed for interest subsidy. Further, the Government have announced to charge revised interest rate of 4% for the prompt repayment of loans by the farmers. Tentative allocation of Rs. 28 crore is sought.

Assistance to Co-operative Institutions in Tribal Area Sub plan

There are at present 19 Large Sized Multi Purpose (LAMP) societies functioning in the Tribal sub plan areas. Assistance in the form of share capital investment, share capital subsidy to tribals, loan and subsidy for construction of village fair price shop buildings, managerial subsidy, vehicle subsidy, interest subsidy etc., are being provided. A sum of Rs.90 lakh has been proposed for the year 2009-10.

Plan Outlay for 2009-10

An amount of Rs.573.82 crore is expected to be spent during the year 2008-09 and an amount of Rs.352.30 crore is approved for 2009-10. Of this, an outlay of Rs.40.20 crore and Rs.0.90 crore is set apart for Scheduled Caste Sub Plan and Tribal Sub Plan respectively.

Public Distribution System

The policy of the State Government is to ensure adequate supply of essential commodities of acceptable quality at an affordable price to the general public, particularly the poor. The State is keen to ensure that the benefits of the Public Distribution System (PDS) reach the poorest of the poor.

Though the Government of India introduced the Targetted Public Distribution System (TPDS) in 1997, under which rice and wheat are supplied to families at different prices, based on whether they fall below or above the poverty line, Tamil Nadu had continued to implement the Universal Public Distribution System. The Public Distribution System in Tamil Nadu is unique since it covers all families and is based on the choice of the people. All cardholders who opt to buy rice from the Public Distribution System shops are given rice upto 20 kg per month at an uniform rate of Rs.1 per kg, as against the Govt. of India rates of Rs.5.65 per kg for Below Poverty Line (BPL) and Rs.8.30 per kg for Above Poverty Line (APL) families. The State has the unique distinction of maintaining the price of rice at the lowest level in the country.

To control the prices of essential commodities like pulses, oil etc., a special scheme was launched on 14.4.2007 in Chennai city as a temporary measure to intervene in the market by procuring, supplying toor dhal, black gram dhal and palmolein oil. Also a package containing 10 items of spices at the lowest cost of Rs.50/- only, are being distributed to the family cardholders. Each cardholder is entitled to get 1 Kg each of pulses and 1 litre of palmolein oil at a concessional rate. Besides these commodities, out of the special allotment of wheat of 15,000 MT received from the Government of India at open market rate, rava and maida were produced and distributed under the scheme at open market rates. In the case of maida, it was sold at the cost price of Rs.16/- per Kg. and in the case of rava, it was sold at Rs.17/- per Kg. with Rs.1/- per Kg. as subsidy by Govt. of Tamil Nadu. However, further allotment of wheat at open market rate was not made by Government of India due to non-availability of stock. However, a special order was obtained from the Government of India to convert a part of wheat allotted under the Public Distribution System into fortified wheat flour (atta) with iron, folic acid and Vitamin 'A' and supply it at cost price. As on 31.10.2008, about 6403 MTs of toor dhal, 3046 MTs of Blackgram dhal, 10259 litres of palmolein oil were distributed.

There are 29878 (23537 Full time, 6341 Part time) fair price shops functioning in Tamil Nadu. The state has evolved a system of issuing family cards on an option basis whereby all the families, which prefer to draw rice under PDS have been issued with green colour cards and families which want only sugar or do not want any commodity, have been issued with white colour cards. White colour cardholders with sugar option are eligible for an additional quantity of 3 Kg of sugar per month. Issue of family cards to eligible families is a continuous process. There are 1.99 lakh family cards in circulation (187.85 lakh Green card, 10.80 lakh White cards, 0.47 lakh Kakhi cards and 0.62 lakh 'No' commodity cards) as on 31.10.2008.

Out of the families with rice cards, 18.38 lakh poorest of the poor families have been identified as beneficiaries under the Antyodaya Anna Yojana (AAY) Scheme sponsored by the GOI and the letters "AAY" have been stamped on their

family cards so as to enable them to draw food grains at the special scale and subsidised rate specified by the GOI. The AAY beneficiaries are now supplied with 35 kg of rice per card per month at the rate of Rs.1/- per kg through Fair Price Shops. Under this scheme, 18.54 lakh families are benefited.

The Government of Tamil Nadu have issued order for provision of free LPG connection and Stove with burners to all families not having LPG connection with an objective to mitigate the sufferings of the women folk engaged in traditional way of cooking with firewood over the next five years from 2006-07. During the year 2006-07, 3 lakh families were provided with free LPG connection and gas stoves and rubber tubes of ISI Standards. The above scheme to the poor families will result in reducing destruction of the forest for fire wood purpose besides controlling the pollution to certain extent. During the year 2007-08, 8 lakh families were benefited and during 2008-09, it is expected that 20 lakh families will be benefitted. An amount of Rs.40 crore have been proposed for 2009-10.

Plan Outlay for 2009-10

An amount of Rs.40.35 crore is approved for this sector for the year 2009- 10, which includes an outlay of Rs.31.11 crore for Scheduled Caste Sub Plan.