

POLICY NOTE ON COOPERATION
DEPARTMENT

FOR 2011-2012

INTRODUCTION

Cooperatives in Tamil Nadu play a pivotal role in the development of rural economy by disbursing credit, facilitating marketing of agricultural produce and selling inputs and consumer goods at reasonable prices.

2. The Cooperatives in Tamil Nadu functioning under the Cooperation, Food and Consumer Protection Department, broadly fall into the following categories:

- i) Credit Cooperatives
- ii) Marketing Cooperatives
- iii) Consumer Cooperatives
- iv) Cooperatives promoting Cooperative Education and Training

3. While rural and urban credit needs are taken care of by the credit cooperatives and banks, the Cooperative Marketing Societies facilitate in marketing agricultural produce. The Consumer Cooperatives with their wide net work in the State help in holding the price line of essential commodities. These Cooperatives run the Fair Price Shops under the Public Distribution System.

4. The Cooperative Education and Training institutions work towards inculcation of Cooperative principles among the public and students and assist in capacity building among the employees of the cooperatives.

5. It is the policy of the Government to modernise and strengthen the Cooperatives so that they serve the needs of the public effectively and play a significant role in the development of rural economy.

CHAPTER-I

COOPERATIVE CREDIT STRUCTURE

6. The Cooperative Credit Structure in Tamil Nadu is the largest institutional credit delivery system in terms of reach and network. It has evolved as an integrated credit system based on the concept of thrift, self reliance and mutual help. Apart from providing standard banking services of deposit, credit and money transfer, it undertakes to supply inputs and market agricultural produce in the rural areas. It also implements various schemes for improving the socio-economic status of the people.

7. The cooperative credit institutions in the State broadly fall under three distinct structures viz., Short Term Cooperative Credit Structure, Long Term Cooperative Credit Structure and Urban Cooperative Credit Structure. The Short Term Cooperative Credit Structure consists of Primary Agricultural Cooperative Credit Societies at the village level, District Central Cooperative Banks at the District level and the State Apex Cooperative Bank at the State level. The Long Term Cooperative Credit Structure comprises Primary Cooperative Agriculture and Rural Development Banks at the taluk/block level and the State Agriculture and Rural Development Bank at the State level. In addition, there is another category of credit cooperatives called Employees Thrift and Credit Societies which cater to the credit needs of their members.

8. The Short Term Cooperative Credit Structure and the Long Term Cooperative Credit Structure caters predominantly to the short term and long term credit

needs of the rural areas. The Urban Cooperative Credit Structure consisting of Urban Cooperative Banks and Urban Cooperative Credit Societies located in the urban/semi-urban areas fulfil the credit as well as the banking needs of the middle and lower middle classes in the urban and semi-urban areas.

(A) SHORT TERM COOPERATIVE CREDIT STRUCTURE

9. This consists of the Tamil Nadu State Apex Cooperative Bank at the State level, 23 District Central Cooperative Banks in the Districts and 4534 Primary Agricultural Cooperative Credit Societies in the villages.

(i) The Tamil Nadu State Apex Cooperative Bank, Chennai

10. The Tamil Nadu State Apex Cooperative Bank is the federation of the District Central Cooperative Banks. It mobilises resources through public deposits, refinance from the National Bank for Agriculture and Rural Development (NABARD) and loans raised from higher financial institutions like the National Cooperative Development Corporation (NCDC). It provides finance to the needy District Central Cooperative Banks (DCCBs) for onlending purposes and manages the surplus funds of the cooperative sector. It also offers expertise on funds management and helps in capacity building of the staff of the District Central Cooperative Banks (DCCBs) and Primary Agricultural Cooperative Credit Societies (PACCS) through its Agricultural Credit Staff Cooperative Training Institute. In addition, it extends banking and financial services to the public through its 45 branches in Chennai city.

11. The Tamil Nadu State Apex Cooperative Bank continues to remain financially strong and stable with Rs.95.82 crore of equity which includes the Government share of Rs.0.26 crore, Rs 706.62 crore of reserves, Rs.5552.08 crore of deposits, Rs.1912.60 crore of borrowings and Rs. 5844.90 crore of loans outstanding as on 31.7.2011. All efforts will be taken to sustain incremental profit during the year 2011-12.

12. The Tamil Nadu State Apex Cooperative Bank has signed a Memorandum of Understanding with the **National Bank for Agriculture and Rural Development (NABARD)**. Based on this, Development Action Plans (DAP) for the District Central Cooperative Banks (DCCBs) and Primary Agricultural Cooperative Credit Societies (PACCS) were prepared for the years from 2007-08 to 2011-12 and are being executed. In this exercise, goals and targets have been set for each District Central Cooperative Banks (DCCBs) and Primary Agricultural Cooperative Credit Societies (PACCS) for improvement in the core credit business, for diversification and for improvement in the operational efficiency and reduction in costs. It is expected that all the District Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies will be back to profit with the successful implementation of these Development Action Plans.

13. The Tamil Nadu State Apex Cooperative Bank being the fulcrum of the short term cooperative credit structure has to be competent and efficient. Therefore, the Apex Bank has taken steps to migrate to core banking environment and provide modern banking

facilities such as Automated Teller Machines (ATMs) and Any Where Banking.

14. Accordingly, the Core Banking Solution has been fully implemented and with this the bank has reached technological level of commercial banks. Further it has already commissioned six Automated Teller Machines (ATMs) in Chennai City and is in the process of becoming a member of the National Financial Switch which will enable its customers to use any ATM to access its services. In addition, it is the second cooperative bank which has implemented the Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT) system in the country. This has helped the customers of the Tamil Nadu State Apex Cooperative Bank and District Central Cooperative Banks to transfer funds anywhere in India electronically.

15. The Tamil Nadu State Apex Cooperative Bank is the facilitator for the introduction of modern technology in cooperative banking. Currently, it is in the process of introducing e-banking facilities in the District Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies by which the members of cooperative societies can transfer funds seamlessly across the sector. This will enable the people in the rural areas to transact money in a hassle-free manner and at a very less cost.

16. The Tamil Nadu State Apex Cooperative Bank maintains “**Primary Cooperative Development Fund**” and “**Deposit Guarantee Fund**” on behalf of the credit cooperatives. The Primary Cooperative Development Fund created out of the contribution of the cooperative banks is utilised to strengthen the

infrastructure facilities of the cooperative institutions. The Deposit Guarantee Fund has been created to refund the public deposits mobilised by Primary Agricultural Cooperative Credit Societies in case such Primary Agricultural Cooperative Credit Societies fail to honour their commitment.

17. The Tamil Nadu State Apex Cooperative Bank was crowned with the National Award by Her Excellency, the President of India for being the the Best Channelising Agency for having disbursed more loans to differently abled persons through the cooperative banks in Tamil Nadu.

(ii) District Central Cooperative Banks

18. The District Central Cooperative Banks meet the credit requirements of all the affiliated cooperatives such as Primary Agricultural Cooperative Credit Societies, Consumer Cooperatives, Cooperative Marketing Societies, Cooperative Sugar Mills, Weavers Cooperative Societies, Employees Cooperative Credit Societies and Dairy Societies and also extend financial services to the public of every walk of life. They raise resources through public deposits and also refinance through the Tamil Nadu State Apex Cooperative Bank.

19. The performance of District Central Cooperative Banks is given below:

(Rs. in crore)

Year	Deposits	Direct Loans	Outstanding
2011-12 upto 31.07.2011	13590.47	2231.41	18320.99

20. Apart from registering an impressive growth in deposits and advances, the District Central Cooperative Banks have taken special efforts to develop the business of their affiliates ie., Primary Agricultural Cooperative Credit Societies, Cooperative Marketing Societies and Consumer Cooperatives. Loans given to many such societies have been restructured and rescheduled to reduce the interest burden and help them increase the business.

21. A number of steps have been taken to improve the functioning and efficiency of the District Central Cooperative Banks. Staff strength has been streamlined and a number of training programmes on the subjects like credit appraisal, funds management and business development and management of Non-Performing Assets have been organized and thus has honed the skill and the efficiency of the staff.

22. Computerization and introduction of information technology has become the key to improve the efficiency of the banking operations and enhance the service level in the modern banking. Cooperatives should be competitive in their service delivery. Keeping this in mind, common banking software has been introduced in the District Central Cooperative Banks. 733 branches out of 737 branches have already migrated to the computerized platform and the process will be completed shortly in the remaining branches. Further, action is being taken to implement the core banking solution in these District Central Cooperative Banks.

(iii) **Primary Agricultural Cooperative Credit Societies**

23. In Tamil Nadu, there are 4,534 Primary Agricultural Cooperative Credit Societies as on 31.7.2011. Their main objective is to provide agricultural and non-agricultural credit in the rural areas. They also undertake the distribution and sale of agricultural inputs viz., fertilizers, seeds and small agricultural equipments. In addition, they operate 15,569 public distribution system outlets, making the essential commodities available in the rural areas.

Crop loan to farmers

24. Crop loan is the most important component of the agricultural credit extended by Primary Agricultural Cooperative Credit Societies. Efforts have been made to achieve inclusive growth in crop loan disbursal through the strategy consisting of increasing the disbursal of crop loan, covering new farmers and promoting the concept of group lending among farmers. Credit is also being provided for the promotion of other agricultural and allied activities like purchase of farm equipments, micro irrigation, land development and dairy. Primary Agricultural Cooperative Credit Societies do also lend for other purposes of their members such as housing, self-help groups, etc.

25. It is proposed to disburse Rs.3,000 crore of crop loan to farmers and Rs. 300 crore of investment credit for agriculture and allied activities during the year 2011-12.

Joint Liability Groups

26. Group lending concept was first introduced by the National Bank for Agriculture and Rural Development in the agricultural credit sector during 2008-09 through Joint Liability Group scheme. Under this scheme, each group is given a revolving fund of Rs.10,000 each, besides being facilitated to avail the normal credit facilities extended by cooperative credit societies. Presently, 32,284 Joint Liability Groups are in the State. These groups comprise of small and marginal farmers, agricultural tenants and other lease holders who hitherto have not accessed credit from institutional sources. Apart from promoting financial inclusion, this scheme has paved way for the adoption of technology and mechanization through joint agricultural operations including post harvest operations. This leads to functional consolidation of small holdings in the long run, thereby increasing productivity and income of such disadvantaged group of farmers.

27. These groups are venturing into joint purchase of seeds and fertilisers. They have also started to jointly purchase and own critical equipments like power tiller and power sprayers for use in their operations. **10,000 Joint Liability Groups will be formed during the year 2011-12.** Further, steps will be taken to combine such Joint Liability Groups at society level to form Farmers' Clubs, which will act as a forum for exchange of new ideas, experience and technologies.

Interest Subsidy and Subvention for Crop Loan

28. This Government considers that cost of agricultural credit must be kept at the minimum to

encourage farmers to take up production. To accomplish this laudable object, the interest loss suffered by the cooperative banks and societies will be fully reimbursed by the Government. Accordingly, an interest subvention of 2% is being given on the total crop loan disbursed by the cooperatives from their own resources. Similarly, the entire interest loss accruing out of interest free crop loan scheme is being given by the Government to the cooperatives on actual basis.

Kisan Credit Card Scheme

29. The Kisan Credit Card Scheme is being implemented to disburse timely credit to the farmers. Under this scheme, farmers have the flexibility to draw the credit as per their requirement within the sanctioned credit limit.

Credit to weaker sections

30. The Primary Agricultural Cooperative Credit Societies are devoting special attention to meet the credit aspirations of the weaker sections. The NABARD has fixed 30% of the short term credit to be provided to small and marginal farmers.

Pledge Loan for agricultural produce

31. The scheme of Pledge Loan for agricultural produce has been designed to help the small and marginal farmers to get a remunerative price for their produce by holding their stocks during peak harvest season when the prices are down and selling at a more opportune time after the prices have recovered. In 2011-12 it is proposed to disburse Rs.100 crore of

produce pledge loan by Primary Agricultural Cooperative Credit Societies.

Investment Credit for agriculture and allied activities

32. Sufficient investment in agriculture is essential to ensure a sustained growth in agriculture output and productivity. Keeping this in mind, cooperative banks and credit societies have been extending credit for investment activities such as micro-irrigation, milch animals, land development and agriculture machinery. For the year 2011-12, a target of Rs.300 crore has been fixed for the disbursal of loan under this head.

Micro Credit Scheme

33. The concept of group lending has been introduced for the petty vendors in the urban areas. The District Central Cooperative Banks and Urban Cooperative Banks are implementing this scheme. Under the scheme, a loan of Rs. 10,000 is being provided without any security for doing small business like selling of flowers, vegetables, fruits and petty shops. During 2011-12, (upto 31.07.2011), a sum of Rs.26.89 crore has been lent as micro credit as against the annual target of Rs.125 crore.

Credit to Self-Help Groups

34. The Self Help Group movement in Tamil Nadu was started with the active support of cooperatives in Dharmapuri District. The Cooperative credit structure will continue to support the Self-Help Groups and will try to fulfill all their credit needs. In 2011-12, it is proposed

to disburse Rs.500 crore. Upto 31.07.2011, Rs.97.72 crore has been disbursed.

Women Entrepreneur Loan Scheme

35. The District Central Cooperative Banks and Urban Cooperative Banks are providing loans up to Rs.10 lakh to women entrepreneurs to start small industries and to take up service activities. During 2011-12, a target of Rs.40 crore has been fixed and upto 31.07.2011, a sum of Rs.6.70 crore has been disbursed as loan to 1997 women entrepreneurs.

Working Women Loan Scheme

36. Under this scheme, the District Central Cooperative Banks and Urban Cooperative Banks sanction loans upto Rs.1 lakh to the working women drawing monthly income. This loan is repayable in 36 monthly instalments. For the year 2011-12, a target of Rs.30 crore has been fixed and upto 31.07.2011, a sum of Rs.6.94 crore has been disbursed as loan to 2110 women.

Government Share Capital Assistance

37. Government is providing share capital assistance to the cooperative credit societies to augment the borrowing powers of the target groups ie. SC/ST, women and differently abled members.

(a) Interest free share capital loan to SC/ST members

38. The borrowing power of SC/ST members is enhanced by providing interest free share capital loan

every year. During 2011-12, a sum of Rs.20 lakh will be provided to 8000 SC/ST members of Primary Agricultural Cooperative Credit Societies at Rs.250 per member and a sum of Rs.5 lakh will be granted to 1000 SC/ST members of Urban Cooperative Banks at Rs.500 per member as share capital loan.

(b) Interest free share capital loan to women members

39. Considering the poor financial condition of the rural women, particularly of those belonging to weaker sections, the Government is providing interest free share capital loan to enhance their borrowing capacity. Under this scheme, 2,000 women members of Primary Agricultural Cooperative Credit Societies will be given with a share capital assistance of Rs.500 each totalling Rs.10 lakh. 500 women members of Primary Cooperative Agriculture and Rural Development Banks will get share capital assistance of Rs.1,000 each totalling Rs.5 lakh. 1000 women members of Urban Cooperative Banks are provided with a share capital assistance of Rs.500 each totalling Rs.5 lakh. During 2011-12, 3500 women beneficiaries will enjoy the share capital assistance through this scheme to the tune of Rs.20 lakh.

(c) Interest free share capital loan to differently abled members

40. To increase the borrowing capacity of the differently abled members, during 2011-12, the Government will provide an interest free share capital loan of Rs.500 each to 1000 Differently abled members, totalling Rs.5 lakh.

REVIVAL PACKAGE FOR SHORT TERM COOPERATIVE CREDIT STRUCTURE (STCCS)

41. The Short Term Cooperative Credit Structure was ailing due to non-recovery of loans, high staff cost and overheads and poor management. But the Short Term Cooperative Credit Structure being an important component in the hierarchy of rural credit institutions, the Government of India designed a scheme to revive it. Accordingly, the Government of Tamil Nadu signed a Memorandum of Understanding with the Government of India and NABARD to undertake necessary legal and institutional reforms and to implement the scheme. As part of the scheme, the accumulated losses as on 31.3.2004 suffered by the cooperative societies and banks forming part of the short term cooperative credit structure, is to be fully recapitalised. Accordingly, special audit has been carried out and total loss for 4540 Primary Agricultural Cooperative Credit Societies as on 31.03.2004 has been arrived at Rs. 2129.50 crore. So far, the State Government and the Government of India have released a sum of Rs.230.82 crore and Rs.1,080.12 crore respectively to 4,296 Primary Agricultural Cooperative Credit Societies. Sanction and release of recapitalisation assistance to the remaining Primary Agricultural Cooperative Credit Societies and eligible District Central Cooperative Banks will be taken up during this year. The Tamil Nadu Cooperative Societies Act, 1983 as well as the Rules and Bylaws of the Societies have been amended suitably to bring improvement in the business environment of Short Term Cooperative Credit Structure. Similarly, the process of professionalizing the operation and management through the induction of competent staff and enhancing the skill of the existing staff through

orientation training is going on with assistance from NABARD.

42. Common Accounting System and Management Information System have been introduced to improve the operation and monitoring of these societies.

43. Several steps have been taken to strengthen the Primary Agricultural Cooperative Credit Societies and to improve their viability. These measures can be categorised into three areas namely, a) diversification measures, b) cost control measures and c) consolidation measures.

Transformation of Primary Agricultural Cooperative Credit Societies into multi-functional organisations

Diversification

44. Till recently, the Primary Agricultural Cooperative Credit Societies were functioning as credit agencies only. Dependence on a single source of income with the limited scope of operation was the main reason for the lack of viability. It was also realised that the Primary Agricultural Cooperative Credit Societies can offer a variety of services to the members and thereby bring a transformation in the rural economy. Therefore, the Primary Agricultural Cooperative Credit Societies are being encouraged to diversify their operation to extend other allied services.

(a) Improving the sale of inputs

45. Primary Agricultural Cooperative Credit Societies are being encouraged to increase the sale of fertilizers, seeds and other agricultural inputs. It is planned to sell seeds to the tune of Rs.41 crore and market fertilizers to the extent of Rs.700 crore during the year 2011-12.

(b) Agri Clinics

46. There are 182 Agri-clinics in 182 Primary Agricultural Cooperative Credit Societies for rendering services of soil and water testing and agricultural consultancy service to the farmers. Each Agri Clinic is established at a cost of Rs.6 lakh with the assistance of Rs.3 lakh each from the Primary Cooperative Development Fund and National Agriculture Development Programme. These Agri Clinics perform soil and water testing.

(c) Common Service Centres

47. There are 537 Common Service Centres in Primary Agricultural Cooperative Credit Societies under the National E-governance Plan to introduce a range of web based and non web-based e-services to the members and the public. Web-based e-services include services like e-mail, copies of land records and e-ticketing. Non web-based services include photocopy and digital photographs.

(d) Agro Service Centres

48. The use of machinery has become a necessity in the agricultural operations in view of the acute shortage of labour during peak agricultural seasons. However, the small and marginal farmers are not able to reap the benefits of mechanization because of lack of resources to own or to hire such machineries. In order to help such farmers to benefit from agricultural mechanization, Agro Service Centres are functioning in 883 Primary Agricultural Cooperative Credit Societies. These centres provide farm machineries and implements to farmers at reasonable hire charges and encourage them to improve their agricultural production and productivity. The main thrust is on stocking light to medium-duty equipments like mini tractors, power tillers with attachment, paddy transplanters and threshers which satisfy the requirement of small farmers / marginal farmers. Steps will be taken to expand the coverage of cooperative led farm mechanization by setting up more Agro Service Centres and augmenting the stock of machinery several times. During 2011-12, 400 Agro Service Centres will be established in 400 Primary Agricultural Cooperative Credit Societies. For this, the Government will provide 50% subsidy, subject to a maximum of Rs.20 lakhs per society.

Other financial services

Insurance

49. Currently Primary Agricultural Cooperative Credit Societies offer only deposit and credit services. There is a vast scope for offering services of money transfer and insurance. Primary Agricultural

Cooperative Credit Societies have already tied up with insurance companies for the distribution of life and general insurance policies and services. These services will be expanded during this year.

Money transfer

50. The Tamil Nadu State Apex Cooperative Bank has tied up with the Tata Consultancy Services (TCS) to provide e-accounts to Primary Agricultural Cooperative Credit Societies by which members of Primary Agricultural Cooperative Credit Societies can transfer funds within the cooperative sector and can receive funds from any bank of the country. The pilot run of this initiative is expected to take place in August-September 2011 and the entire exercise is hoped to be completed by December 2011. Through this facility, reliable, convenient and cost effective money remittance service can be made available as an alternative to money orders. This will improve the revenue of Primary Agricultural Cooperative Credit Societies and greatly benefit the rural community living in remote areas, especially those who are living in far away places.

Cost Cutting Measures

51. The cadre strength of all Primary Agricultural Cooperative Credit Societies is rationalized and surplus staff are redeployed to the needy societies. The bylaws are modified to contain the establishment and contingency cost within 50% of the net income.

Consolidation Measures

52. Primary Agricultural Cooperative Credit Societies need to improve their financial spread from lending activities. This requires improved recovery, sound credit appraisal and reduction in non-performing assets. This is being achieved by training and strict monitoring.

Computerisation

53. As can be seen, the Primary Agricultural Cooperative Credit Societies have to deliver a multiple set of services and compete with the commercial banks. This is not possible without using IT infrastructure and technology. Therefore, Common Accounting System has been introduced and the computerization of Primary Agricultural Cooperative Credit Societies is in progress. All the Primary Agricultural Cooperative Credit Societies will be fully computerized by the end of this year.

(B) LONG TERM COOPERATIVE CREDIT STRUCTURE

54. The Long Term Cooperative Credit Structure consists of 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 agriculture related

activities like minor irrigation, horticulture, plantation crops and other allied sectors.

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

55. The operations of the Primary Cooperative Agriculture and Rural Development Banks (PCARDB) came to a grinding halt because of the stoppage of refinance from NABARD. However, Tamil Nadu Cooperative State Agriculture and Rural Development Bank has started funding the Primary Cooperative Agriculture and Rural Development Banks from out of its own resources, enabling them to lend for minor irrigation and other agriculture related activities. Tamil Nadu Cooperative State Agriculture and Rural Development Bank is making all efforts to improve the financial parameters of its own and that of Primary Cooperative Agriculture and Rural Development Banks. Realizing that long term agricultural loans are inherently risky, it has consciously taken steps to diversify to short term loans like jewel loan. Accordingly, it availed Rs.100 crore each from Tamil Nadu State Apex Cooperative Bank and National Cooperative Development Corporation and utilised it for building up Jewel Loan business of its own and that of Primary Cooperative Agriculture and Rural Development Banks. For the year 2011-12, it is planned to sanction jewel loans to the extent of Rs.200 crore through Tamil Nadu Cooperative State Agriculture and Rural Development Bank branches and its extension counters and to extend credit support to Primary Cooperative Agriculture and Rural Development Banks to the extent of Rs.300 crore for sanctioning jewel loans.

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

56. The Primary Cooperative Agriculture and Rural Development Banks were created to lend long term credit for agricultural purposes like minor irrigation, land development, farm mechanisation, horticulture, animal husbandry and other allied activities. They also offer credit for rural housing and non-farm sector. The period of repayment of such loans ranges from 5 to 15 years.

57. Owing to non-availability of refinance from National Bank for Agriculture and Rural Development, these Banks became practically defunct. Steps have been taken to revive them by mobilizing resources through collection of over dues in non-farm sector and by utilising the amount made available under loan waiver schemes. Last year they were motivated to disburse short term jewel loan out of the available funds in addition to their normal business. In the year 2011-12, it is planned to sanction jewel loans to the extent of Rs.1000 crore.

58. Apart from sourcing funds from the higher financing agencies like NABARD, Tamil Nadu State Apex Cooperative Bank and National Cooperative Development Corporation, steps will be taken to mobilize public deposits. Computerization using common banking software applicable to District Central Cooperative Banks has been initiated. It is expected to be completed for all branches of Tamil Nadu Cooperative State Agriculture and Rural Development Bank and all Primary Cooperative Agriculture and Rural Development Banks by March 2012. Adequate training

will be imparted to the staff to handle new credit business such as lending to technology-oriented agricultural schemes and other purposes.

59. Further as a part of diversification, they have been permitted to do insurance business in collaboration with the leading insurance companies. It is expected that this initiative will yield a moderate income to them.

60. As the long term credit structure is still in revival and restructuring phase, the long term credit needs of the agricultural and rural sector will be met by the short-term cooperative credit structure consisting of the District Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies. Steps have been taken to extend adequate credit to micro irrigation and farm mechanization sectors and the cooperative banks will fully involve themselves in lending for the schemes run by TANHODA, IAMWARM and such other agencies.

REVIVAL OF LONG TERM COOPERATIVE CREDIT STRUCTURE

61. The Government of Tamil Nadu has agreed to implement the recommendations of Prof. Vaidyanathan Committee in principle and to revive the long term cooperative credit structure and conveyed its acceptance to the Government of India. The decision of Government of India is awaited.

(C) URBAN COOPERATIVE BANKS

62. At present, 120 Urban Cooperative Banks are functioning in the State. These Urban Cooperative

Banks provide banking and credit facilities to the urban and semi-urban population. They mobilize deposits from the public and extend credit facilities to small traders, artisans and persons belonging to middle income group for various purposes like housing, business, education, consumer and other non farm sector activities. It is planned to sanction and disburse loans to the extent of Rs.5920 crore by these banks and to collect deposits to the extent of Rs.4500 crore, during the year 2011-12. The Urban Cooperative Banks are expected to lend not less than 60% of their total advances to the priority sector. Besides, it will be ensured that atleast 25% of the priority sector lending shall be disbursed to the weaker sections of the community.

63. The State Government has signed a 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. This will improve their operational efficiency so that they can offer the best services to their customers on par with commercial banks.

CHAPTER – II

COOPERATIVE MARKETING SOCIETIES

64. The Cooperative Marketing Societies have been established with the objectives of facilitating the marketing of agricultural produce of the farmer members at a remunerative price, distribution of agricultural farm inputs to them, sanction of produce pledge loan and taking up processing and adding value to the agricultural produce. The organizational set up of the cooperative marketing in Tamil Nadu is a two-tier structure with the Tamil Nadu Cooperative Marketing Federation at the state level and 110 Primary Agricultural Producers Cooperative Marketing Societies at taluk levels. The Thanjavur Cooperative Marketing Federation is a regional federation of agricultural producers marketing societies in Thanjavur, Tiruvarur and Nagapattinam Districts.

A. TAMIL NADU COOPERATIVE MARKETING FEDERATION

65. The Tamil Nadu Cooperative Marketing Federation was established in 1959. It is currently engaged in distribution of fertilizers and other inputs through the Cooperative Marketing Societies and Primary Agricultural Cooperative Credit 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 operates 38 godowns with a total capacity of 28,640 metric tonnes and two cold storages at Chennai with total capacity of 3850 metric tonnes. Tamil Nadu Cooperative Marketing Federation also undertakes price support operations on

behalf of the National Agricultural Cooperative Marketing Federation (NAFED) for agricultural produce like Copra and Chillies as and when ordered by the Government. During 2011-12, Rs.160.88 crore worth of fertilizers was sold as on 31.7.2011 and Tamil Nadu Cooperative Marketing Federation expects a turnover of Rs.695 crores for the entire year. Tamil Nadu Cooperative Marketing Federation is appointed as one of the distributing agencies of DAP. Since then it has been striving to improve the availability of DAP to the farmers all over Tamil Nadu. Tamil Nadu Cooperative Marketing Federation has taken efforts to increase its share in the fertilizer business during the year 2011-12.

66. The Tamil Nadu Cooperative Marketing Federation is acting as an agency of NAFED. The Tamil Nadu Cooperative Marketing Federation will make efforts to expand its business in the sale of seeds and bio-fertilizers and also make a foray into marketing of agriculture produce during the current year. The Tamil Nadu Cooperative Marketing Federation will also complete modernization of its two cold storages at Koyambedu and Basin Bridge during this year.

67. The Tamil Nadu Cooperative Marketing Federation was reeling under heavy loss for several years. Government has taken a series of measures to improve its earnings. It is appointed as one of the distributing agencies of Di-Ammonium Phosphate (DAP) fertilizer in the State. **The Hon'ble Chief Minister has ordered to enhance the interest free advance to Rs.150 crore during the current financial year.** Due to these and such other initiatives taken, Tamil Nadu Cooperative Marketing Federation which was suffering with loss for the past several years has now started

earning profit. Relentless efforts will be taken to consolidate these gains and to make the Tamil Nadu Cooperative Marketing Federation, a vibrant organization.

THANJAVUR COOPERATIVE MARKETING FEDERATION

68. The Thanjavur Cooperative Marketing Federation operates in the Cauvery delta districts of Thanjavur, Tiruvarur and Nagapattinam districts and has 12 Cooperative Marketing Societies affiliated to it. This Federation which is primarily engaged in the sale of fertilizer has also stepped into the sale of seeds in its area of operation. In the year 2011-12 upto 31.7.2011, it has sold fertilizers worth Rs.9.64 crore.

B. COOPERATIVE MARKETING SOCIETIES

69. There are 110 Agricultural Producers Cooperative Marketing Societies (APCMS) in the State with the primary objectives of marketing agricultural produce and selling fertilizers and other inputs. Most of them also participate in the public distribution system (PDS) as lead societies and as societies running PDS outlets. Among these societies, the performance of the Nilgiris Cooperative Marketing Society, Tiruchengode Agricultural Producers Cooperative Marketing Society and Tudiyalur Cooperative Agricultural Service Limited are worth mentioning.

70. The Nilgiris Cooperative Marketing Society has modernized its potato auction yard by installing a potato grading system. Its potato auction yard in Mettupalayam, handles about 60% of the total potato

production of the district. It also test-markets high quality potato seeds and receives feedback from farmers. Apart from these, it runs vegetable auction unit at Ooty. Further, it produces crop specific fertilizer mixtures and sells them to the Nilgiris farmers. During the year 2011-12, this cooperative society has been given a target of Rs.70 crore in total turnover, Rs.3 crore in the sale of seeds and Rs.3.50 crore in the sale of fertilizer mixtures.

71. The Tiruchengode Agricultural Producers Cooperative Marketing Society continues to function as a dynamic hub for the marketing of agricultural produce like cotton, gingelly seeds, groundnut etc. in Namakkal district. In addition, it has started purchasing agricultural equipments and modern machineries from the leading manufacturers and to supply them through Primary Agricultural Cooperative Credit Societies /Agricultural Producers Cooperative Marketing Societies at reasonable prices to farmer members. The turnover of this society for the year 2011-12 will be Rs.120.85 crore.

72. The Tudiyalur Cooperative Agricultural Services Limited has registered an impressive growth in sale of quality seeds. It aims at selling seeds to the tune of Rs. 6 crore in 2011-12.

FUNCTIONS OF AGRICULTURAL PRODUCERS COOPERATIVE MARKETING SOCIETIES (APCMS)

(i) Marketing of Agricultural Produce

73. The Cooperative Marketing Societies perform the following two types of marketing functions:

- a) Providing marketing facilities such as auction yards, drying facilities, warehousing and produce pledge loans and thereby facilitating the farmer members to sell their produce at a remunerative price in a transparent manner.
- b) Engaging in purchase, process and sale of agricultural produce and thereby adding value to the produce of their members.

74. Upto 31.07.2011, agricultural produce has been marketed to the tune of Rs.207.40 crore. For the year 2011-2012, a target of Rs.1000 crore has been fixed for marketing agricultural produce.

(ii) Linking of Credit with Marketing

75. The 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-members of the Primary Agricultural Cooperative Credit Societies. These efforts help the Primary Agricultural Cooperative Credit Societies to recover the dues besides assisting the farmers in selling their produce at a remunerative price. It is expected that a sum of Rs.5 crore will be recovered during the year 2011-12. During the current year, upto 31.07.2011, a sum of Rs.0.53 crore has been recovered.

(iii) Linking of Consumer Cooperative Stores with Marketing

76. Cooperative Marketing Societies have tie-up arrangement 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 and supply quality products at reasonable price to the consumers and the farmers get a good price. Under this scheme, it is planned to market the produce to the tune of Rs.45 crore during the year 2011-12. During the current year, upto 31.7.2011, produce worth Rs.9.65 crore was marketed to the cooperative wholesale stores.

(iv) Disbursement of Produce Pledge Loan

77. 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 Cooperative Credit Societies provide produce pledge loans and farmers are able to store their produce and sell them when prices are favourable. A target of Rs.85 crore has been fixed for the year 2011-12 under this scheme. Upto 31.7.2011, Rs.17.65 crore was released as produce pledge loan during the current year.

78. Many Agricultural Producers Cooperative Marketing Societies have vacant land and are unable to utilise it because of fund constraint. The Government has proposed to sanction Rs. 17.82 crore for the construction of godowns with a storage capacity of 43500 MT in the year 2011-12. In addition, steps will be taken to register Agricultural Producers Cooperative Marketing Societies with the Warehousing Regulation and Development Authority. This will enable the farmers to access scientific storage facilities. In addition, this will increase the storage capacity and sanction of produce

pledge loan by the Agricultural Producers Cooperative Marketing Societies.

(v) Processing and value addition to agricultural produce

79. Some of the cooperative marketing societies have 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 the current year, upto 31.7.2011, processing of agricultural produce to the tune of 1897.55 MT has been carried out by the cooperative processing units.

(vi) Procurement of Paddy

80. In order to boost the procurement of paddy and to help the farmers in the non-delta areas get fair prices, the Government has permitted the Cooperative Marketing Societies and Primary Agricultural Cooperative Credit Societies to procure paddy on behalf of the Tamil Nadu Civil Supplies Corporation. As a result, some of the cooperative societies situated in the districts of Villupuram, Tiruvannamalai, Vellore, Kancheepuram, Madurai, Ramanathapuram and Sivagangai have entered into the business of paddy procurement. A target of 2,60,000 MT has been fixed for procurement of paddy through cooperatives in non-delta areas, in the year 2011-2012. Upto 31.07.2011, paddy has been procured to the extent of 49000 MT.

(vii) Sale of Quality Seeds

81. The seed is the critical input for successful agriculture. But the Seed Replacement Ratio in the state is quite low except in Paddy. Therefore, Agricultural Producers Cooperative Marketing Societies are motivated to procure and supply quality seeds of pulses, oil seeds, millets and vegetables apart from paddy. A target of Rs.41 crore has been fixed for sale of seeds for the year 2011-12.

(viii) Setting up of Information Kiosks

82. Agriculture has become increasingly market oriented. The farmers have to respond to the market demands and prices before taking production decisions. This has increased the need for latest information like supply, sale, market price in various markets. Therefore, the Agricultural Producers Cooperative Marketing Societies have been asked to set up market information centres within their premises/yards and so far, 8 Agricultural Producers Cooperative Marketing Societies have opened information kiosks. The following facilities are provided by the information kiosks started by the Agricultural Producers Cooperative Marketing Societies.

- a) Display of market price of various agricultural commodities in various markets.
- b) Display of weather forecast and information for the selection of crops for the forthcoming season.
- c) Providing marketing information for agriculture and horticultural crops in various regulated markets.

- d) Display of best package of practices and cultivation methods.
- e) Providing information on Government schemes.
- f) Power point presentation of marketing and farming practices.

(ix) Initiatives for strengthening Agricultural Producers Cooperative Marketing Societies

83. All the Agricultural Producers Cooperative Marketing Societies have drawn up annual action plans incorporating the expansion of the existing business and diversification into new areas and they are implementing the plans. Special emphasis is placed on opening new auction yards and operationalizing the existing yards. The Produce Pledge Loan facility is being improved and augmented. Agricultural Producers Cooperative Marketing Societies have been permitted to run jewel loan business to improve their earnings and to hedge against seasonal swings of the commodity business. The Agricultural Producers Cooperative Marketing Societies with their insufficient working capital have been assisted with interest free working capital to kick start the marketing operations. A tie up with the Hindustan Unilever Limited has been made to retail consumer products through the PDS shops run by them and their link societies. As a result all the societies are now earning current profit. This impetus will be sustained by close monitoring, guidance and financial support, if necessary, vacant spaces will be developed into warehousing complexes through assistance from Rural Infrastructure Development Fund. The godowns of the Agricultural Producers Cooperative Marketing Societies will be registered with the Warehousing Regulation and Development Authority so as to facilitate

issue of warehouse receipts. Processing facilities will be set up wherever necessary either on own or Build, Operate, Transfer (BOT) basis.

CHAPTER – III

CONSUMER COOPERATIVES

84. The Consumer Cooperatives aim at serving the consumers and their members in particular by supplying quality consumer products at reasonable prices. They play a vital role in controlling the prices of commodities by adopting market intervention strategies.

85. The Consumer Cooperatives in Tamil Nadu have a three-tier structure. They are,

- a) Tamil Nadu Consumer Cooperative Federation at the state level
- b) Consumer Cooperative Wholesale Stores at the district level and
- c) Primary Cooperative Stores at the base level.

A) Tamil Nadu Consumer Cooperative Federation

86. The Tamil Nadu Consumer Cooperative Federation being the state level organization, coordinates and facilitates the working of the affiliated societies and assists in their sales promotion and business development. For the past 19 years its main business has been to procure paper and other stationery materials in bulk quantities and distribute them to the District Cooperative Wholesale Stores, Primary Stores, Cooperative Marketing Societies and Cooperative Printing Presses. The Federation also coordinates the bulk purchase of crackers during the festival season for sales through cooperative outlets of all types. In the last few years, Tamil Nadu Consumer Cooperative Federation has been encouraged to venture

into new business. It has entered into a tie up with the Hindustan Unilever Limited and distributes the products of the Hindustan Unilever Limited throughout the state. It has also facilitated in implementation of Enterprise Resources Planning (ERP) Solution for all consumer wholesale stores. Sales target of Rs.15 crore has been fixed for the Tamil Nadu Consumer Cooperative Federation for the year 2011-12. Upto 31.07.2011, sales has taken place to the tune of Rs.4.02 crore.

B. Consumer Cooperative Wholesale Stores

87. These societies are the federations of primary consumer cooperative societies at the district level. At present, 34 Cooperative Wholesale Stores are functioning in Tamil Nadu. Their main function is to procure consumer goods in bulk quantities and sell them to the public through their own outlets and through their affiliates at reasonable prices. They are running 2902 Public Distribution System shops. They are also acting as lead societies for 2098 link societies running 11148 Public Distribution System shops. A target of Rs.655 crore has been fixed for the sales turn-over by the Cooperative Wholesale Stores for the year 2011-12. Upto 31.07.2011, sales turn-over is Rs.471.08 crore.

88. Action has been taken to renovate the existing self service outlets and supermarkets and start new outlets for the benefit of the public.

89. Various special steps taken to reduce liabilities and to improve the business of the wholesale stores have turned the corner and 13 Consumer Cooperative Wholesale Stores are now working with

net profit, another 13 Consumer Cooperative Wholesale Stores are working with current profit and only 8 stores are in loss. Action will be taken to bring all the Cooperative Wholesale Stores into profit making status.

Implementation of Enterprise Resource Planning Tool

90. Considering the importance of Information Technology in modern retailing, Enterprise Resources Planning (ERP) Solution has been introduced to monitor the transactions of the Consumer Cooperative Wholesale Stores directly through online and for sales and purchase of commodities. This helps to analyze sales data and availability of warehouse and to procure commodities at reasonable cost.

C. PRIMARY COOPERATIVE STORES

91. At present 366 Primary Cooperative Stores and 2844 Student Cooperative Stores are functioning at the base level. Apart from them, 4534 Primary Agricultural Cooperative Credit Societies run Public Distribution System shops and do retailing at varying level. The total retail sales at primary level in 2011-12 (Upto 31.07.2011) stood at Rs.1281.67 crore. Out of 366 stores, 340 stores are in profit and 26 stores are in loss. Steps are being taken to bring the remaining 26 loss making Primary Cooperative Stores to profit making status.

CHAPTER – IV

LARGE SIZED MULTI-PURPOSE COOPERATIVE SOCIETIES (LAMPS)

92. There are 19 Large Sized Multi-purpose Cooperative Societies (LAMPS) functioning in the State. These Societies provide a single window facility for the provision of production credit, supply of agricultural inputs, marketing of agricultural produce and supply of essential commodities under public distribution system in the tribal areas. The Large Sized Multi-purpose Cooperative Societies have 96332 tribal members and 17477 non-tribal members.

93. The performance of the Large Sized Multi-purpose Cooperative Societies is given below:-

(Rupees in lakhs)

Year	Loans disbursed	Purchase of Agricultural produce	Collection & purchase of minor forest product	Supply of Agricultural inputs	Distribution of controlled & non controlled commodities	Total
2011-12 (Upto 31.07.2011)	2012.66	74.56	2.60	65.63	415.79	2571.24

CHAPTER – V

COOPERATIVE EDUCATION, RESEARCH AND TRAINING

94. The cooperatives being an alternative to private capitalism, it is necessary to educate the public on the benefit of cooperation. Further, the staff have to be periodically trained to gain the latest knowledge in order to perform better. This role is being achieved through the Tamil Nadu Cooperative Union at State level and 29 District Cooperative Unions at the district level, which carry out the tasks of Cooperative Education, Training, Publicity and Propaganda. Besides, they conduct member education programmes, organize exhibitions, seminars and cooperative week celebrations.

95. 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 utilised for the research on cooperatives, education, training and dissemination of the cooperative principles.

Cooperative Training

96. In Tamil Nadu, there are 20 Institutes of Cooperative Management, functioning as units of the Tamil Nadu Cooperative Union. These institutes offer Diploma in Cooperative Management under correspondence mode for the benefit of the employees of all the cooperatives who have not undergone the formal training. These institutes also run short duration

courses for the benefit of the cooperative department staff and the employees of the cooperatives. Since sanction of jewel loans is a major business in the cooperative institutions, a course on 'Jewel appraisal and its techniques' has been introduced from 2004-05. Similarly short-term courses on computer applications such as DCA, MS Office, Tally 9.0 and DTP are also offered in these institutes.

Technical Education

97. The Tamilnadu Cooperative Union runs three Cooperative Industrial Training Institutes, one at Bargur in Dharmapuri District, one at Pattukkottai in Thanjavur District and one at Tiruchuzhi in Virudhunagar District. It also runs a Cooperative Polytechnic at Lalgudi in Trichy District.

98. The Cooperative ITIs offer courses on Computer Operation Programme Assistant (COPA), Cutting and Tailoring, Dress Making, Electrician and Craftsman, Food Production (General). Cooperative Polytechnic at Lalgudi offers three courses i.e., Diploma in Mechanical Engineering, Diploma in Computer Engineering and Diploma in Electrical and Electronics Engineering.

99. In addition, it supports two Institutes of Cooperative Management one at Chennai and the other at Madurai run by 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 enriching the staff of Cooperative Department and Cooperative Institutions.

Master of Business Administration Course has been started in these two institutes.

Recent Initiatives

100. The Tamil Nadu Cooperative Union has created a chair of Rs.5 lakh each in the University of Madras, Madurai Kamarajar University, Bharathiar University, Annamalai University and Periyar University in order to encourage the students to do research in Cooperation. The interest earned on this deposit is utilized to give grants to the students doing research on Cooperation related topics. So far, 20 research projects have been funded.

101. Certificate course namely "Craftsman Food Production General" has been introduced in the nine Institutes of Cooperative Management. So far, 224 students have been enrolled in this Course and placement has been quite encouraging.

102. Under Graduate and Post Graduate courses like B.Com., BBA., MBA., MCA., etc. have been introduced in all the Institutes of Cooperative Management in association with Bharathiar University, Coimbatore. At present, 663 students are studying in the Degree Courses.

103. Out of 20 Institutes of Cooperative Management, only 8 Institutes of Cooperative Management have their own building. Therefore a program has been chalked out to construct own buildings for them. This year, buildings will be constructed at a cost of Rs. 2 crore each for the

Institutes of Cooperative Management at Nagercoil and Sivagangai.

104. The cadre strength of these Institutes of Cooperative Management has been recently modified so as to convert them into centres of excellence on cooperative management, cooperative administration and cooperative propaganda. Further, it is proposed to induct quality faculty to make the above plan a reality.

CHAPTER – VI

SPECIAL TYPES OF COOPERATIVES

(i) Employees Cooperative Thrift and Credit Societies

105. The Employees Cooperative Thrift and Credit Societies are functioning for the employees of the State and Central Government and employees of Government undertaking and private undertakings. The main objectives of the Employees Cooperative Thrift and Credit Societies are to cultivate the habit of savings among the employees and to relieve the employees from the private money lenders by providing loans at a reasonable rate of interest.

106. In these societies, individual loans are sanctioned upto Rs.5 lakh on the surety of members. Besides, for the educational expenses of members and their wards, education loans are sanctioned upto Rs.2 lakh. There are 1814 Employees Cooperative Thrift and Credit Societies in Tamilnadu. The share capital of the societies is Rs.1072.12 crore and deposit outstanding is Rs.2543.83 crore. The loan outstanding against the members is Rs.8124.97 crore.

(ii) Labour Contract Cooperative Societies

107. There are 90 Labour Contract Cooperative Societies in Tamil Nadu with a total membership of 33,622. These societies are providing employment opportunities to the members by securing contract work to raise their standard of living.

CHAPTER – VII

COOPERATIVE PRINTING PRESSES

108. In Tamil Nadu, there are 26 Cooperative Printing Presses with a membership of 12,645 and a paid up share capital of Rs.2.09 crore. These presses cater to the stationery needs of the Cooperatives. In addition, they take and execute orders for Government and Quasi Government Organisations and private parties.

109. A number of initiatives are taken to revive the printing presses. Detailed plan for each cooperative press is drawn up to make them viable and vibrant. Surplus manpower is redeployed and redundant machinery is auctioned off to reduce costs. Strict monitoring is done to ensure that all cooperative orders go to these presses. Action is being taken to restructure and reschedule old dues to District Central Cooperative Banks by one time settlement.

110. The targeted turnover in 2011-12 is fixed at Rs.45 crore. As most cooperatives are moving towards computerization, action will be taken to set up facility for producing computer stationery and preprinted forms in these presses.

CHAPTER VIII

COOPERATIVES IN PUBLIC DISTRIBUTION SYSTEM

111. Cooperatives play a very important role in the Public Distribution System in the State. In Tamil Nadu, as on 31.7.2011 Cooperatives run 30636 fair price shops including 7712 part time shops. Out of this 3196 fair price shops are housed in own buildings, 12525 fair price shops are located in Government buildings, 6119 fair price shops are functioning in rent-free buildings and 8796 fair price shops are existing in rented buildings. These shops are run by 4562 Cooperative Societies comprising of 94 lead societies, 4031 link societies and 437 self-lifting societies. Cooperatives also run 262 kerosene bunks throughout the State.

112. Government will compensate the loss sustained by the Cooperative Societies in implementing the Public Distribution System. The expected Government subsidy will be around Rs.120 crore during the year 2011-2012.

Handheld Billing Machines

113. At present, salesmen in the Public Distribution System shops are required to maintain a number of registers which take a lot of time and effort and result in poor house keeping. It is considered that the introduction of hand held billing machines in the Fair Price Shops with connectivity to remote server will minimize the time taken for account keeping and free the salesmen to improve house keeping. Further, linking of billing machines with web server will result in better

monitoring of stocks and sales leading to better supply management. Hence, hand held billing machines are being used in 1080 Fair Price Shops in Chennai and belt areas and in 262 Kerosene Bunks throughout the state. Action is being taken to introduce hand held billing machines in the remaining Fair Price Shops based on the performance of the machines.

Improvement in the Ambience of the Shops

114. Cooperative fair price shops cater to meet the essential needs of nearly 1.8 Crore card holders every month. Therefore, there is need to improve the appearance and housekeeping of these shops. Steps are being taken by providing uniform name boards to all shops, by painting the interior and exterior of the shops with uniform colour and by providing furniture, depending on the availability of funds. Action will be taken to construct own buildings depending on the availability of land and funds. In addition, funds are being sourced from MLA Constituency Development Fund for the construction of Public Distribution System shops. In urban areas, local bodies will be approached to give built up shops for rent on priority basis.

CHAPTER IX

INTEGRATED COOPERATIVE DEVELOPMENT PROJECT

115. The Integrated Cooperative Development Project is implemented throughout India with the financial assistance of the National Cooperative Development Corporation. This project is implemented with the financial assistance of the National Cooperative Development Corporation (NCDC) and the State Government. In Tamil Nadu, this project is currently under implementation in 10 districts.

116. The project aims at strengthening and developing the existing Primary Cooperative Societies through technology upgradation and diversification, introduction of improved infrastructure and management practices and through training and capacity building. The duration of the project is 5 years. Under the project, the financial assistance is provided to Cooperative Societies by the State Government in the form of loan, share capital and subsidy under refinance from the National Cooperative Development Corporation. The project is monitored by a District Level Committee headed by the District Collector and implemented by a Project Implementation Agency specifically constituted for the above purpose within the respective District Central Cooperative Bank.

117. Under the project, Primary Agricultural Cooperative Credit Societies and Agricultural Producers' Cooperative Marketing Societies are provided financial assistance for the construction and repairing of

Godowns, and office buildings. Further, 25% subsidy from the Government of India is also made available for sub-projects dealing with agricultural marketing and processing. Assistance is also provided to improve banking infrastructure such as installation of banking counters, modern deposit counters, Iron Safe, Strong Room with defender door, Public Distribution System infrastructure needs and also for the purchase of agriculture equipments such as Tractors with accessories, power sprayers and other agricultural equipments.

118. Handloom Cooperative Societies are assisted for the construction of office building, office building cum godown, for the purchase of computers, furniture, tools, machineries and spare parts. Assistance is extended to Dairy Cooperative Societies to establish chilling units, milk collection centres and bulk milk coolers and for the purchase of milk cans, milk testers and other supporting equipments. Fisheries Cooperative Societies are assisted for establishing fish culture centre, for the purchase of equipments like nylon net and aluminium vessels and for the construction of sales outlets. Assistance is given to the Industrial Cooperative Societies for installing / upgrading of Plant and Machinery and for the construction of Office cum work shed. In addition, margin money is provided to all types of societies to augment working capital to expand business turnover.

119. The details of the projects now under implementation are given below:

Outlay and Release of funds by the National Cooperative Development Corporation

(Rs.in lakhs)

S. No	Name of the District	Year of Implementation	Total outlay	Amount released by Govt. as on 31.03.2011
1.	Salem	2008-2013	2651.580	2138.020
2.	Erode	2008-2013	3564.430	2773.510
3.	Madurai	2008-2013	2439.680	1919.426
4.	Pudukottai	2008-2013	1437.560	1123.101
5.	Tirunelveli	2010-2015	4220.850	780.910
6.	Sivagangai	2010-2015	2743.800	680.360
7.	Dindigul	2010-2015	3085.780	812.980
8.	Karur	2011-2016	2563.700	Financial assistance is being released
9.	Nagapattinam	2011-2016	4219.350	Financial assistance is being released
10	Vellore	2011-2016	3169.870	Financial assistance is being released
	Total		30096.600	10228.307

Construction/infrastructure facilities created in the ongoing districts

S.No.	Name of District	Office-Cum Godown	Office Building	Godown	Strong Room	Compound Wall/ Repairs/ Others	Banking Infrastructure	Computer	Margin Money
1.	Salem	11	20	18	27	68	248	74	524.780
2.	Erode	24	10	31	25	83	242	140	391.150
3.	Madurai	33	3	4	20	99	216	4	388.700
4.	Pudukottai	14	-	-	14	81	134	40	444.200
5.	Tirunelveli	-	-	-	-	-	-	-	100.000
6.	Sivagangai	-	-	-	-	-	-	-	108.000
7.	Dindigul	-	-	-	-	-	-	2	-
8.	Karur	-	-	-	-	-	-	-	-
9.	Nagapattinam	-	-	-	-	-	-	-	-
10.	Vellore	-	-	-	-	-	-	-	-
	Total	82	33	53	86	331	840	260	1956.830

120. The project report in respect of the Nilgiris District for the implementation of the Integrated Cooperative Development Project has been approved by the State Level Coordination Committee and approval of the National Cooperative Development Corporation is awaited. The Government has recommended to the National Cooperative Development Corporation for the implementation of the Integrated Cooperative Development Project in the remaining districts viz. Thiruvallur, Namakkal, Kanyakumari and Chennai. The Detailed Project Report (DPR) for these districts will be prepared after getting the approval of the National Cooperative Development Corporation.

Training and capacity building

121. Training and capacity building is given paramount importance in Integrated Cooperative Development Project since efficient staff is essential to run the cooperative societies and to serve the members in an effective manner. Training on planning and management of cooperatives is imparted to the General Managers and Development Officers who implement the scheme. Member level training programmes are being given to encourage members to participate in the cooperative movement. Monetary incentives are provided to the employees based on the performance of the cooperative societies to motivate the employees working in the beneficiary cooperative societies.

Impact of the Project

122. The project results in positive impact wherever it is being implemented. New infrastructure generates member level confidence and more business. Additional margin money enables the societies to expand operations and to improve profitability. Moreover, the quality of service provided to the members improves significantly. Ultimately, this brings confidence and trust among the members and public.

CHAPTER X

COOPERATIVE ELECTION

123. 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 Tamilnadu Cooperative Societies Act, 1983 and the rules made thereunder. Considering the circumstances that prevailed at the time of the conduct of elections, the Government cancelled the process of elections. Consequently, a number of writ petitions were filed in the High Court and the Court has set aside the Government orders on the cancellation of elections. Against these orders, the Government has approached the Supreme Court of India and the final verdict of the court is awaited. On receipt of the verdict from the Supreme Court of India, appropriate further action will be initiated.

124. The Primary Agriculture Cooperative Credit Societies, Agricultural Producers Cooperative Marketing Societies and Cooperative Credit Societies are functioning to meet the crop loan and inputs requirements, to facilitate the marketing of the produce of the farmers and to satisfy the consumers needs respectively. Under the guidance of the Hon'ble Chief Minister, efforts will be taken to improve the activities of this department.

SELLUR K. RAJU
MINISTER FOR COOPERATION

ANNEXURE

ALLOTMENT FOR 2011-12

(Rupees in lakh)

Department	Revenue	Capital	Loan	Total
Secretariat	579.25	--	1	579.26
Registrar of Cooperative Societies	41015.02	27667.86	1348.89	70031.77
Total	41594.27	27667.86	1348.90	70611.03