

REVISED SCHEME OF CO-OPERATIVISATION OF COIR INDUSTRY

1. ABOUT THE SCHEME

With a view to assist the State Governments in their efforts to encourage the cooperatives in the coir industry by providing the share capital assistance, Managerial and marketing assistance apart from assistance for modernization, the Central Government had evolved a scheme for assisting the coir industry which aims at the formation of viable coir co-operatives and revitalization of the potentially viable, dormant societies and bringing the coir workers into the cooperative fold, so that the quality and quantity of production improves, the workers get better wages and full employment and the growth of the coir industry is put on a sound footing.

The Centrally Sponsored scheme for the cooperativisation of the coir industry came into force with effect from 21st August, 1982 and was in force till the end of the Sixth Five Year Plan i.e. upto 31st March 1985. It was later extended for one more year i.e., upto 31st March, 1986. Taking into account the state of the existing societies in the white fibre sector and objectives set for the development of the brown fibre sector in the Seventh Five Year Plan, Government felt the need to revise the pattern of assistance and continue the scheme till the end of the Seventh Plan period i.e. upto 31st March, 1990. While considering further continuance of the scheme, it was decided to continue the scheme in 1991, until such time a final view is taken in the matter. The Ashim Chatterjee Committee Report has recommended the continuance of the Co-operativisation Scheme during the Eighth Plan Period on selective basis to those societies who will become viable and self sufficient during the VIII Plan Period. The Government has therefore, revised the Scheme and feels that the revised scheme be continued till the end of the Eighth Plan Period i.e. upto March, 1997.

2. COMPONENTS OF THE SCHEME

The scheme provides for:-

1. Share Capital assistance: To enable the Coir Cooperatives to draw adequate working capital from institutional sources to meet funding requirements for full scale production, share capital assistance/capital per member of primary cooperatives (engaged in retting coir extraction and spinning coir yarn) and product societies.
2. Managerial Subsidy: Annual Managerial subsidy for placement of competent persons in supervisory/Management positions in the Primary Coir Cooperatives engaged in the production of coir fibre and coir yarn and weavers cooperative societies engaged in production of coir products, for five years and the Cooperatives should function on their own without any support from Government after the first five years.

3. Assistance for acquisition/modernization of equipments, improved machinery, looms by the primary coir cooperatives in the yarn sector and weavers cooperative societies engaged in the production of coir products, by way of loans and subsidy; and
4. Assistance to Integrated Coir Development Project of the Government of Kerala and similar schemes when received from other State Governments. The modalities with regard to Integrated Coir Development Project will be issued separately.

The details of the above components of the scheme, the quantum of assistance admissible and the special conditions attached for assistance under the scheme are indicated in detail in the annexure.

3. TERMS AND CONDITIONS

The scheme will cover all States/Union Territories where there are coir cooperatives or where there is potential for forming coir cooperatives. The Central Government will make available loan and grant assistance on matching basis to State Governments Interested in participating in the scheme subject to the following general terms and conditions:

1. Central assistance under the scheme will cover only 50% of the expenditure (25% for acquisition of improved machinery, equipment, looms) of the project covered Under the scheme and the remaining 50% should be met by the State Government/Union Territories.
2. The Scheme will be implemented by the State Governments/Union Territories and the agency of the Central Government for monitoring implementation of the scheme will be Coir Board, Cochin-16. The State Governments/Union Territories should intimate the financial requirement with details under this scheme to the Coir Board, Cochin under intimation to the Ministry of Industry, (Dept. of Small Scale Industries & Agro & Rural Industries). The Coir Board will scrutinize the proposal and forward the same to the Central Government with their comments/recommendations. The Central Government will release necessary funds to the State Governments/Union Territories subject to the availability of the budget provision;
3. The State Governments/Union Territories should formulate definite rules and conditions covering the grant of assistance envisaged under the scheme under intimation to the Coir Board and the Ministry.
4. The scheme should be fully performance oriented and monitored by the State Governments/Union Territories and the Coir Board. Quarterly returns on the progress achieved should be sent to the Department of Small Scale Industries & Agro and Rural Industries, Ministry of Industry, New Delhi and to the Chairman, Coir Board, Cochin-682016 in the

proforma prescribed by the Coir Board before 15th of the month following the quarter under review;

5. Societies which have sustained loss due to misappropriation or misuse of funds are debarred from assistance;
6. Those societies who will, in the opinion of Coir Board, will become viable and selfsufficient during the VIIIth Plan period will be eligible for assistance.
7. Assistance under the scheme shall be admissible only to potentially viable societies which become self sufficient during the VIIIth Plan.
8. For share capital assistance primary cooperatives engaged in retting, coir extraction and spinning coir yarn will be eligible for assistance. Share capital assistance will also be admissible to product societies engaged in the production of coir products.
9. The State Governments/Union Territories should provide necessary funds in their Annual Plan budgets in respect of 50%o of their share for the implementation of the scheme and intimate to the Central Government and the Coir Board the provisions made, in advance;
10. The State Governments/Union Territories should assess the requirements of funds under the scheme for VIIIth Plan period and send the details of their requirements to the coir Board and to the Central Government at the earliest.
11. No funds will be provided by the Central Government to the State Governments/ Union Territories for the administrative expenditure for implementation of the scheme.
12. The State Governments /Union Territories should utilize their field level staff of the Coir Directorate, Directorate of Industries etc. for the identification of societies who will become viable and self sufficient during the VIIIth Plan period.
13. The subsidy to the State Governments/Union Territories under this scheme will be given under the normal terms and conditions of the subsidy for Plan Schemes to the States/Union Territories. Briefly the conditions are:

(1) Payable by: Ministry of Industry, Department of Small Scale Industries & Agro and Rural Industries.

(2) Period of utilisation: Within 12 months from the date of Of Subsidy receipt of amount by the State Governments/Union Territories.

14. The loans to the State Governments/Union Territories under this scheme will be given under the normal terms and conditions of loans for Plan schemes to States. Briefly the conditions are given below:

(1) Payable by: Ministry of Industry, Department of Small Scale Industries & Agro and Rural Industries.

(2) (i) Period of loan : 10 years.

(ii) Moratorium Towards repayment, if any: One year moratorium for repayment of loan, ie. repayment will commence from the second anniversary of the date of drawal of the loan amount.

(iii) Date of year from which repayment commences: From the date of second anniversary of the receipt of loan amount by the State Governments/Union Territories.

(iv) Mode of repayment: Nine annual equal installments

(v) Interest: As prescribed for loans to State Governments/Union Territories from time to time. The present rate of interest is as follows:

(a) Normal rate:	11.75% per annum for 1992-93 and such rates as may be prescribed by Government from time to time for subsequent year.
(b) Rebate for prompt payments/interest payments:	The interest rate prescribed above assume timely repayment and interest ayment and hence no further rebate in rates is to be allowed for timely payment.
(c) Penal rate of interest in the event of defaults in repayments/interest payments:	The penal rate of interest should not be less than 2.75% above the normal rate of interest at which a loan is sanctioned.
(d) Mode of recovery of interest:	The Annual installments alongwith the principle except during the period of moratorium when interest alone will be paid annually, there will be no moratorium on interest payment.

3. The scheme comes into force with immediate effect and shall remain in operation throughout the period of the Eighth Five Year Plan ie. upto 31st March 1997.

4. For implementation of the scheme, Coir Board, Cochin may be approached for any guidance/assistance.