

Primary Agricultural Cooperative Banks

There are 4,595 Primary Agricultural Cooperative Banks at the village level, providing short term and medium term credit facilities to the agriculturists. These banks have covered as on 31.3.02 85.96% of the agricultural operational holdings in the State of which 79.57% belong to weaker sections. The short term and medium term agricultural loans provided by the Primary Agricultural Cooperative Banks are Rs. 4,476.45 crores and Rs.463.59 crores respectively during Ninth Five Year Plan period. The quantum of short loan for 2002-03 is Rs.1, 300/- crores and that of medium term loans Rs.115 Crores. It is programmed to issue short term and medium term loans to the tune of Rs.1, 400/- crores and Rs.120/- crores respectively during 2003-04. The quantum of long-term loans issued by Primary Agricultural Development and Rural Development Banks during the Ninth Plan was Rs.995.34 crores. It has been programmed to issue long term loans to the tune of Rs.262 crores during the year 2003 - 04 and Rs.274 crores during 2003-04. The credit cooperatives play a significant role in filling up of the credit gap in the context of debt relief, legislation on consequent shrinkage of credit from non-institutional sources by providing loans on the pledge of jewels. The jewel loans provided by these cooperatives during the Ninth Five- Year Plan period are Rs. 16,737.95 crores. The programme for issue of jewel loans for the year 2003 - 04 is Rs.5, 200 crores, which is likely to be achieved. It is programmed to issue Rs.5, 400/- crores during 2003 - 04. Cooperative Marketing Societies assist their members by undertaking marketing of their agricultural produce and help them in securing a fair and reasonable return. The value of agricultural produce marketed by Cooperatives during the Ninth Five Year Plan period was Rs.2,909.99 crores. The programme for the year 2002 - 03 is Rs.7, 25/- crores. It is programmed to increase the value of marketable produce to Rs.775/- crores during 2003 - 04.

The Cooperatives are distributing chemical fertilisers through 5,678 outlets to members of Primary agricultural cooperative Banks as well as nonmembers. The value of chemical fertilisers distributed during the Ninth Five Year Plan period was Rs. 1,215.50 crores. The programme for the current year 2002-03 is Rs.300 crores. It is also programmed to distribute fertilisers to the tune of Rs.315 crores during 2003-04. The Consumer Cooperatives through their network in the State distribute consumer goods of good quality at reasonable prices to the public, both in urban and rural areas. The value of retail sales effected during the Ninth Five Year Plan period was Rs. 10175.50 crores. The retail sales are expected to be around Rs. 2,460 crores during 2002-03. The programme for 2003 - 04 will be of the order of Rs.2, 560 crores. There are 21,766 fair price shops of which 5,056 and 16,710 are situated in urban and rural areas respectively as on 30.11.2001. These fair price shops ensure free availability of essential consumer goods to the urban 9.9 Cooperation 221 and rural masses. The sales effected by the cooperative Fair price shops during the Ninth Plan period were to the tune of Rs.7, 886.04 crores. The schemes under Cooperation Department are indicated below: -

Assistance to Credit Cooperatives

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

The scheme was successfully implemented in Virudhunagar, composite South Arcot district (Cuddalore), Coimbatore, Dharmapuri&Thiruvannamalai districts. The scheme is being implemented in Kancheepuram and Ramanathapuram districts. A Project Monitoring Cell headed by an Additional Registrar of Cooperative Societies is monitoring the implementation of the project. During the year 2002-03, Government have approved the implementation of I.C.D.Ps in Trichy, Perambalur, Thanjavur, and Thiruvarur districts with a total outlay of Rs.4, 478.318 Lakhs for five years. Taking into account the requirement of State subsidy for the above four districts and that for ICDPs in Kancheepuram and Ramanathapuram, a provision of Rs.171.82 lakhs has been made in 2002-03. Similarly for the implementation of ICDPs during the year 2003-04, the total requirement will be Rs.1302.93 lakhs, the break up of which is: Loan 412.16 lakhs , share capital 747.69 lakhs, NCDC subsidy Rs. 71.54 lakhs and State subsidy Rs.71.54 lakhs. An amount of Rs.84.08 lakhs is proposed for this scheme for the year 2003-04 as state share.

2. Interest Incentive scheme The scheme is for interest incentive for small and marginal farmers for prompt repayment of short term / medium term loans to Primary Agricultural Cooperative / Credit Cooperatives. The sanction of subsidy under this scheme is due as detailed below.

(Rupees in lakhs)

Sl. No.	Name of the Scheme	Short Term	Long Term	Total
1	7% Interest Incentive Scheme 2000	23.29	202.30	225.59
2	7% Interest Incentive Scheme 2001	2557.41	866.74	3424.15
Total		2580.70	1069.04	3649.74

3. Relief to farmers on Interest and Penal Interest Scheme 2001 According to this scheme, borrowers who availed themselves of Shortterm, Medium Term, Medium Term

Conversion Loans in Cooperative Banks for Agriculture and allied activities were to be given a concession of waiver of interest and penal interest provided the borrowers repay before 30.09.2001, the overdue principal as on 30.6.2000 either in full or in monthly instalments in July, August and September 2001, and also the amounts due for payment during the period from 1.7.2000 to 31.8.2001. Subsequently, the period of implementation of the scheme was extended up to 30.11.2001. Under this scheme, 6,11,193 farmers were extended so far interest and penal interest relief of Rs.226.56 crores, of which, a sum of Rs.80 crores was sanctioned and released during the year 2001-2002. The provision for 2002- 03 will be Rs.73.00 crores. An amount of Rs.7, 356 lakhs is proposed for the year 2003-04.

4) One time settlement Government have issued directions to implement the 'One Time Settlement Scheme' in the cooperative banks to provide relief to the urban and rural borrowers of the cooperative banks, so as to facilitate the recovery of non-performing assets and long pending over dues. The progress as on 31.3.2003 is as follows:

Details Settlement reached	Recovery effected		
relief extended Amount	No. of borrowers	Amount	Amount
Short Term 274.01	9692	729.76	662.33
Urban Bank 67.26	10327	443.46	147.66
Long Term 687.58	81848	8121.19	1729.59
Total 1028.85	101867	9294.41	2539.58

5) Financial Assistance to Farmers

The farmers of the State have suffered greatly due to the adverse seasonal conditions that prevailed during 2002-03. Taking into consideration the ground realities, Government has announced that interest due from the small and marginal farmers will be waived in case their crops had failed. It is estimated that the expenditure on account of this waiver will be approached for converting the short-term loan to farmers into medium term loans.

6) Revamped scheme of saving linked micro credit to women for small and small business. Under this scheme women doing small business like selling flowers, vegetables, fruits, running petty shops can avail loan from Rs.100/- to Rs. 5000/-.

Interest rate charged is 15% and no service charge is collected. As on 31.03.2003, a sum of Rs.1659.54 lakhs has been issued to 64,976 beneficiaries. This scheme is being extended to self help groups in rural areas.

7) Kisan Credit card Scheme The Government has adopted the Kisan Credit Card Scheme formulated by NABARD which aims at provision of adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible and cost effective manner. The scheme is being implemented through the district central cooperative banks and the primary agricultural cooperative banks. As on 31.03.2003, the primary agricultural cooperative banks in Tamil Nadu have issued Kisan Credit Cards to 11,19,531 farmers and credit limit to the extent of 814.74 crores has been sanctioned. Further, Kisan Credit Cardholders are covered by the Personal Accident Insurance Scheme. The premium for the insurance scheme has to be shared by the card issuing bank and the cardholders in the ratio 2:1

Assistance to other Cooperatives

Assistance to Consumer Cooperative Whole Sale stores Most of the Consumer Cooperative Wholesale stores in the State engaged in the sale of both non-controlled and controlled commodities have incurred loss on account of meagre margin allowed under Public Distribution System and their financial position has become weak. Since the stores do not have adequate net disposal resources they are not in a position to get required cash credit limit sanctioned from the Central Cooperative Banks for carrying on their business in both controlled and non-controlled commodities. Therefore, with a view to enable them to get adequate cash credit accommodation, the Government provide share capital assistance to serve as margin money.

During the year 2002-03, Government have sanctioned Rs 20 lakhs under this scheme to Namakkal District Consumers Cooperative Stores. The allotment for 2002-03 is Rs 20 lakhs. Tribal Sub-Plan Assistance to share capital of women Cooperative wholesale stores and Loans to Cooperative Institutions & banks controlled by Registrar of Cooperative Societies. There are 18 LAMP Cooperative Societies having 76,133 tribal members and 5,769 non - tribal members. The societies have enrolled the tribal families in their areas. The Government in view of the poor economic

224 9.9 Cooperation conditions of tribal people liberally assists the LAMP Cooperative Societies. These societies provide credit for cultivation and other productive purpose free of interest. Share capital investment, share capital subsidy to tribes, loan and subsidy for construction of godowns, share capital and subsidy for construction of Village Shop buildings, subsidy for construction of staff quarters and Managing Director's Quarters, managerial subsidy, risk fund subsidy, vehicle subsidy, interest subsidy for tribes are the various types of assistance extended to the Lamp Cooperative Societies for tribals. As against the provision of Rs 90 lakhs for 2002-03, it is expected an amount of Rs.60 lakhs will be spent. A sum of Rs.60 lakhs is proposed for the year 2003-04.

Special Component Plan

1. Interest free loans to Scheduled caste members of Primary Agricultural Cooperative Banks to enable them to contribute additional share capital for raising the required credit. To enable the scheduled caste members of the Primary Agricultural Banks to contribute to the required Share Capital for their borrowings from Primary Agricultural Cooperative Banks, Government provide financial assistance to the scheduled Caste members of the Primary Agricultural Cooperative Banks for provision of short term and Medium term loans for which they have to contribute additional share capital. For the year 2002-03, Government sanctioned a sum of Rs. 20 lakhs under this scheme and the amount is likely to be spent. An amount of Rs.15.01 lakhs is proposed for 2003-04.
2. Assistance To Scheduled Caste Members Of Cooperative Urban Banks Towards Additional Share Capital: There are 128 Cooperative Urban Banks functioning in this State which provide credit facilities to small traders, artisans and professional class of people for purposes such as conduct of petty trades, repairs or addition to their houses and for establishment of small and cottage Industries etc. In this context in order to enable the scheduled caste members to take additional share capital in the Cooperative Urban Banks Government provide interest free loan at Rs.500/- each to scheduled caste members of Cooperative Urban Banks to improve their borrowing power. This amount will be repayable in 5 years at Rs.100 per annum by the member. During the year 2002-03 the Government sanctioned a sum of Rs.5 lakhs. The amount is likely to be spent. An amount of Rs.5 lakhs is proposed for the year 2003-04.

New Schemes - 2003-04

1. Interest free loans to women members of Primary Agriculture Cooperative Banks for enhancing their borrowing power (Rs.10 lakhs) It is proposed to provide interest free share capital loan to 2000 women members belonging to weaker sections in rural areas for enrolling themselves 9.9 Cooperation 225 as members of Primary Agricultural Cooperative Banks. Interest free loan is provided by the Government at the rate of Rs.250/- per individual, repayable in 5/- annual installments commencing from the year succeeding the year in which the loan is sanctioned. It is proposed to increase the quantum of assistance to Rs.500/- per member and an amount of Rs. 10 lakhs is provided for the year 2003-04.
2. Interest free loans to women members of Urban Cooperative Banks for enhancing their borrowing power (Rs. 5 lakhs) It is proposed to extend financial assistance by way of interest free share capital loan to 1000 women members of Urban Coop, Banks to enhance their borrowing power for taking additional share in these banks. An amount of Rs.5 lakhs is proposed for the year 2003-04.
3. Interest free loans to women members of Primary Agricultural and Rural development for enhancing their borrowing power. (Rs.2 lakhs) It is proposed to provide Interest free loan / assistance to 200 women members of Primary Cooperative Agriculture and

Rural Development Bank towards share capital for enhancing their borrowing power. An amount of Rs.2 lakhs is provided for the year 2003-04

4. Interest free loan to Physically Handicapped women for availing credit from Cooperative Bank (Rs.5 lakhs) The scheme envisages promoting economic rehabilitation of persons with disabilities (physically handicapped women) by loan assistance -SSI loans classified under 22 broad groups, identified by Reserve Bank of India / NABARD. The assistance is to be provided to 5000 members. An amount of Rs.5 lakhs is provided for this scheme during the year 2003-04.
5. Interest free loan and subsidy for opening of new fair price shops (Rs.95.04 lakhs) The proposal is towards provision of interest free loan at the rate of Rs.5000/- for payment of rent advance and subsidy for purchase of furniture at the rate of Rs.4000/- for 1,056 newly opened cooperative fair price shops. An amount of Rs. 95.04 lakhs is provided for this scheme during the year 2003-04.
6. Assistance to Cooperative Marketing Societies for improving their marketing activities (Rs.12.90 lakhs) It is proposed to assist 3 Marketing societies for construction of market yard (Rs.3.50 lakhs), purchase of vehicles (Rs.0.70 lakh) and grading materials (Rs.0.10 lakh). Subsidy component will be Rs.2.20 lakhs / society. An amount of Rs. 12.90 lakhs is proposed during the year 2003-04 linking this scheme with credit facilities. 226 9.9 Cooperation
7. Provision of Fax facility to Regional Joint Registrars Office (10 numbers) (Rs.3.50 lakhs) An amount of Rs.3.50 lakhs is proposed for provision of fax facility to Regional Joint Registrars' Office which will improve efficiency by enabling messages to be sent from Head quarters to Joint Registrars Offices which are located in the districts and vice versa.

Centrally Sponsored Scheme:

1. Assistance for Construction of Godowns under Public Distribution System Under the Centrally Sponsored scheme for construction of godowns for Public Distribution System, assistance is given in the form of 50% loan and 50% subsidy. The Government have sanctioned a sum of Rs.40.328 lakhs (Rs.20.164 lakhs as loan and Rs.20.164 lakhs as subsidy) for construction of Godowns of capacity of 1,600 metric tonnes for the year 2002-03. Schemes Financed By Autonomous Bodies National Cooperative

Development Corporation (NCDC)

1. Assistance for implementation of integrated Co-operative Development Project A provision of Rs.844.25 lakhs has been made for 2003-04 and a sum of Rs. 813.24 is proposed for 2003-04.
2. Assistance to Co-operative for construction of godowns and integrated Cooperative Development programme for the construction of godowns The construction of rural godowns was implemented under National Cooperative Development Corporation assisted III World Bank project upto 30.6.1992. The fourth World Bank Project has not

yet been commenced and no construction was taken up under this scheme. In the meantime, the National Cooperative Development Corporation has changed the pattern of assistance under National Cooperative Development Corporation normal scheme. In the revised pattern of assistance, the commitment to the Government and the societies have been increased from 25% to 40% (Government share of assistance) and 5% to 10% (Society contribution). From out of the 90% of the National Cooperative Development Corporation loan sanctioned to the State Government, the State Government in turn will issue 50% as loan and 40% as share capital to the societies. The provision for 2002-03 is Rs. 300.46 lakhs and a sum of Rs. 7.96 lakhs is proposed for 2003-04.

3. Assistance to College Cooperative Stores for Setting Up of Semi Modern Shops. The National Cooperative Development Corporation provides Rs.15000/- (share capital of Rs.10, 000/- and Loan cum subsidy of Rs.5000/- (on 70:30) basis to College Students Cooperative Stores for expansion of Consumer business for setting up of semi modern shops. Proposals were 9.9 Cooperation 227 called for from the regional Joint Registrars. Hence a sum of Rs.0.02 lakhs is proposed in the revised estimate 2002-03. Likewise token provision of Rs.1, 000/- has been made for 2003-04.
4. Assistance to Cooperative Marketing Societies for rehabilitation and Improvement: According to the Revised Scheme introduced by the National Cooperative Development Corporation, investments in the share of Cooperative Marketing Societies is made at the rate of Rs.5 lakhs for every additional increase of Rs.20 lakhs in the business turnover of the society to develop their business activities. A decision is to be taken by NCDC regarding direct lending to Cooperative Societies. Anticipating that the scheme will be continued during 2003-04 a token provision is proposed for 2003-04. Schemes Shared Between State And Centre Contribution Towards Risk Fund for Consumption Loan to Weaker Sections The scheme of providing consumption credit to weaker sections of the rural community through agricultural credit societies was introduced during the year 1978.

According to the rules for the risk fund for consumption credit, the Risk fund assistance to the Primary Cooperatives Societies which provided consumption credit out of its own resources is available at 10% of such credit and at 7 ½% for loans issued out of the borrowings from Central Cooperative Bank. The contribution to the Risk fund of the Central Cooperative Banks shall be at the rate of 2- ½%. The Government of India and State Government share this assistance on 50:50 basis. A sum of Rs.0.53 lakhs is provided in the Revised Estimate 2002-03. A token provision is proposed for 2003-04. Assistance towards share capital of women cooperative Whole Sale Store The Government of India have formulated a new central sector scheme during Eighth Five Year Plan for the development of women Cooperative whole sale -stores.

The pattern of assistance to each society is as mentioned below:-

Share capital Rs.40, 000/-

Loan Rs.40, 000/-

Managerial subsidy Rs.20, 000/-

Total R s .1 , 0 0 , 0 0 0 / -

Under the new macro management mode of implementation of Centrally sponsored scheme, through work plan, the pattern of assistance for the scheme is in the ratio of 90:10 for the Centre and State respectively. Government of India have sanctioned a sum of Rs.1.10 lakhs during 2000- 2001. No proposals were formulated under the scheme in the work plan for the year 2002-03. 228 9.9 Cooperation Contribution to the Agricultural credit stabilization Fund of Tamil Nadu State Cooperative Bank. The fund is to be utilised for conversion of short term loan into medium term loans in respect of members of cooperative societies in areas affected by drought flood etc.

The pattern of assistance is in the form of subsidy and loan in the ratio of 75:25. The contribution of Government of India and the State Plan is in the ratio of 90:10 respectively. Loans to cooperative banks under for non -overdue cover The Central Cooperative Banks which are financing tribal societies, drought protection programme areas, and areas having concentration of scheduled caste population are provided with loan assistance, to clear the deficit in Non-overdue cover. Under the macro management mode of implementation of centrally sponsored scheme through work plan, the approved pattern of assistance for the scheme is in the ratio of 90:10 for the Centre and the State respectively.

Welfare of Scheduled Castes, Scheduled Tribes and other backward classes: For providing assistance to agriculturists belonging to scheduled caste coming into Cooperative fold, the Government of India has communicated the continuance of the centrally sponsored scheme for assistance to scheduled caste communities for borrowing from Cooperative Societies. Central assistance will be in the form of grant to the members belonging to scheduled castes/ scheduled tribes. The scheduled caste members in Primary Agriculture Cooperative Banks are provided assistance by way of subsidy at Rs.200/- for investing the amount as their share capital.

Under the new macro management mode of implementation of centrally sponsored scheme through work plan approved by Government of India from the year 2000-2001, the approved pattern of assistance for the scheme is in the ratio of 90:10 for the Centre and the State respectively.

During the year 2002-03, the Government of India sanctioned a sum of Rs.10 lakhs and the State Government released Rs.11.111 lakhs. For the Cooperative Sector an amount of Rs.7607.89 lakhs is provided

for State Schemes as follows:-

(Rs. in Lakhs)

Item Outlay for 2003-04

1. Assistance to Credit Cooperatives 7515.94
 - 2 Assistance to Other Cooperatives 12.93
 3. Tribal Sub-Plan 60.00
 4. Special Component Plan 20.01
 5. Hill Area Development Plan 0.01
- A. Total- state schemes 7607.89
- B. Centrally Sponsored Schemes 0.02
- C. Scheme financed by Autonomous bodies 821.23
- D. Centrally Sponsored Schemes-Shared between
State and Central