

**Report
of the
Working Group on Cooperation
(Fifth Five Year Plan)**



**GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE
DEPARTMENT OF COOPERATION
NEW DELHI**

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REPORT
OF THE
WORKING GROUP ON COOPERATION
(FIFTH FIVE YEAR PLAN)

Government of India
Ministry of Agriculture
(Department of Cooperation)

New Delhi

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(Fifth-Five Year Plan).

CHAPTER 1:

INTRODUCTION

1.1 A Working Group on Cooperation for formulation of the Fifth Five Year Plan was constituted on 11-4-1972. Its composition and terms of reference are contained in office Memorandum No. K 12012/4/72-P&C dated 12-4-72 (Annexure I). In its first meeting held on 4-5-72, the Working Group constituted the following Sub-Groups:

1. Sub-Group on Cooperative Short and medium term credit.
2. Sub-Group on Cooperative Long Term Credit.
3. Sub-Group on Cooperative Marketing, Processing, Supplies and storage.
4. Sub-Group on Consumers' Cooperatives.
5. Sub-Group on Cooperative Education and Training.

1.2 The composition of these Sub-Groups is indicated in Annexure II. The Position Paper in respect of the Fourth Five Year Plan was also finalised in the first meeting. Further, it was decided to request the Chairmen of the Sub-Groups on dairy, poultry and fisheries constituted by the Department of Agriculture, to coopt a representative of the Department of Cooperation in the respective Sub-Groups so that problems of cooperatives in these sectors receive due attention.

1.3 Shri M.K. Mukerjee, Joint Secretary, Department of Agriculture was coopted by the Working Group as a member.

1.4 In the second meeting held on 4-7-72, the approach to the 5th Plan was discussed and finalised.

1.5 The third meeting was held on 11-10-72.

1.5 The third meeting was held on 11-10-72 when certain other consequential recommendations of the Sub-Groups, the plan schemes, physical targets and financial outlays were finalised. The report was finalised in the fourth meeting held on 20-12-72.

1.6 The five Sub-Groups held two meetings each, as follows:-

1. - Sub-Group on Short & Medium Term Credit

First meeting - 26th May, 1972
Second meeting - 30th Aug. 1972

2. - Sub-Group on Long-Term Credit

First meeting - 25th May, 1972
Second meeting - 7th Sept. 1972

3. - Sub-Group on Cooperative Marketing, Processing, Supplies and Storage.

First meeting - 27th May, 1972
Second meeting - 6th Sept. 1972

4. - Sub-Group on Consumers Cooperatives

First meeting - 31st May, 1972
Second meeting - 30th Aug. 1972

5. - Sub-Group on Cooperative Education and Training

First meeting - 2nd June, 1972
Second meeting - 6th Sept. 1972

1.7 The detailed reports of the five sub-groups were considered by the Working Group in its meeting held on 11-10-1972.

CHAPTER 2 - PROGRESS PRIOR TO THE FOURTH FIVE YEAR PLAN

2.1 Cooperation was introduced in India in the early years of the 20th century primarily as a means of helping the poorer sections of the agriculturists to improve their economic conditions and to lift them out of the state of stagnation. Against this background the cooperative movement up till the dawn of independence occupied a rather insignificant place in the overall economy of the country and concerned itself primarily with credit activities.

2.2 With the introduction of the planned economic development, the attention of the States came to be focussed on Cooperation as a suitable organisation for undertaking programmes of economic development in several fields. Cooperative movement was given a crucial assignment in the economic policies and in the transformation of the socio-economic structure of the country. It was accepted both as an end and a means of economic planning.

2.3 The First Plan observed that "in a regime of planned development, cooperation is an instrument, which while retaining some of the advantages of decentralisation and local initiative will yet serve willingly and readily the overall purpose and directives of the Plan."

2.4 The approach to the cooperative movement in the First Plan was further reiterated in the Second Five Year Plan. It was stated that "economic development along democratic lines offers a vast field for the application of cooperation in its infinitely varying forms. Our socialistic pattern of society implies the creation of large numbers of decentralised units, both in agriculture and in industry. These small units can obtain the advantages of scale and

organisation mainly by coming together. The character of economic development in India with its emphasis on social change, therefore, provides a great deal of scope for the organisation of cooperative activity. The building up of a cooperative sector as part of the scheme of planned development is, thus, one of the central aims of national policy".

2.5 A significant development during this period was the publication in 1954 of the Report of the All India Rural Credit Survey Committee appointed by the Reserve Bank of India which with its farreaching recommendations, gave new direction to the cooperative movement in the country. The Committee emphasized that the problem of cooperative credit should be considered against the general background of the rural economy exposed to powerful external influences of urban oriented trade and banking system. The Committee propounded an integrated scheme of reorganisation of rural credit based on the following three basic principles viz., (a) state partnership in cooperation at different levels; (b) integration of credit with other activities and (c) administration through adequately trained and efficient personnel responsive to the needs of rural people. The Committee also recommended the need for positive state association with a defined sector of commercial banking and for state initiative and state participation in the creation of suitable institutional means for the promotion of storage and warehousing on all-India basis.

2.6 The role of cooperatives in planned development has been succinctly described in the Third Five Year Plan in the following terms:-

"In a planned economy pledged to the values of socialism and democracy, cooperation should become progressively the principal basis of organisation in many branches of economic .

life, notably in agriculture and minor irrigation, small industry and processing, marketing distribution, supplies, rural electrification, housing and construction and the provisions of essential amenities for local communities. Even in medium and large industries and in transport, an increasing range of activities can be undertaken on cooperative lines. The socialist pattern of society implies the creation of large numbers of decentralised units in agriculture, industry and the services. Cooperation has the merit of combining freedom and opportunity for the small man with benefits of large scale management and organisation as well as goodwill and support from the community. Thus, rapidly growing cooperative sector, with special emphasis on the needs of the peasant, the worker and the consumer becomes a vital factor for social stability, for expansion of employment opportunities and for rapid economic development. Along with a growing public sector and a private sector which functions with responsibility to the community as a whole, the influence of cooperation extends far beyond the particular activities organised on cooperative lines, and gives to the social structure and the national economy, balance, direction and a sense of values".

2.7 Each successive five year plan has, thus, stressed the role of cooperation as the principal basis of organisation in many branches of economic life.

2.8. The emergence of cooperation as a distinct sector in the national economy of the country is also reflected in the progressive increase in the outlays in five year plans for cooperation. The table below indicates the outlays and expenditure incurred on schemes of cooperative development

during the first three plan periods:

<u>Plan</u>	<u>Outlay</u>	<u>Actual Expenditure</u> (Rs. in crores)
First Plan	7.00	5.00
Second Plan	50.00	39.00
Third Plan	90.33	75.60

It would be observed that as compared to Rs.5 crores in the First Plan and Rs.39 crores in the Second Plan, the total expenditure in the Third Plan for schemes of cooperative development was of the order of Rs.75.60 crores. In addition, industrial cooperatives, dairy and fisheries cooperatives, cooperatives in tribal areas etc. received financial assistance from other Ministries of the Central Government. Some of the States also gave assistance to certain cooperative schemes in the field of irrigation, out of their own resources. To this has to be added Rs.30 crores advanced to State Governments by the Reserve Bank of India up to March 1965 out of its Long Term Operations Fund for share capital participation in credit institutions. In short as against Rs.5 crores invested in the First Plan on cooperative schemes, the outlay in the Third Plan exceeded Rs.122 crores.

2.3 In quantitative terms also cooperatives have registered significant progress during the three plan periods which has enabled sound development and laid a good foundation for further growth. The trend of progress of all types of cooperatives from 1950-51 to 1968-69 is reflected in the table below:-

<u>Sr.No.</u>	<u>1950-51</u>	<u>1955-56</u>	<u>1960-61</u>	<u>1965-66</u>	<u>1968-69</u>
1. No. of societies(lakhs)	1.8	2.4	3.3	3.5	3.3
2. Membership of Primary Societies(lakhs Nos.)	137	176	342	503	570
3. Share capital (Rs. crores)	45	77	222	451	663
4. Working capital (Rs.crores)	276	469	1312	2800	4089

2.10 The greatest progress achieved has been in the sector of agricultural credit where the share of cooperative credit out of the total credit obtained by rural families increased from 3% in 1950-51 to 17% in 1961-62. This is reported to have gone upto 33% during 1967-68 according to the report of the National Credit Council published in 1969. The following data gives the major indicators of performance during the first three plan periods and upto 1968-69:

(Rs. in crores)

Year	No. of societies (lakhs)	Membership (millions)	% of agril. population covered.	Short and medium term loans advanced	Paid up share capital	Deposits	Working capital.
1	2	3	4	5	6	7	8
1950-51	1.05	4.4	9	22.90	7.61	4.23	37.25
1955-56	1.60	7.8	15	49.62	15.80	7.04	79.10
1960-61	2.12	17.0	30	202.75	57.75	14.59	273.92
1965-66	1.92	26.1	40	341.75	115.32	34.49	546.56
1968-69	1.63	29.2	43	503.97	167.31	56.84	812.22

2.11 It would be noticed from the table above that while there were 1.05 lakh primary agricultural credit societies at the end of 1950-51, their number went upto 2.12 lakhs in 1960-61 and then registered a decline to 1.63 lakhs in 1968-69. This decline is mainly as a result of the implementation of the programme of reorganisation and revitalisation including amalgamation of societies. A seven fold increase occurred in the membership of primary agricultural cooperatives from 4.4 million in the year 1950-51 to 29.2 million in 1968-69. The proportion of villages covered by cooperatives to the total went up from 75% in 1960-61 to 92% in 1968-69. The percentage of agricultural population covered also increased from 9 in the First Plan to 43 at the end of 1968-69.

2.12 It is in the volume of loans advanced by primaries that there has been a most impressive spurt. Short and medium term loans issued by the societies went up from Rs.22.90 crores in 1950-51 to Rs.341.75 crores in 1965-66 and to Rs.503.97 crores at the end of 1968-69.

2.13 There has also been a considerable increase in the paid up share capital as also deposits mobilised by the primary agricultural credit societies during the period under review. The total paid up share capital of primary agricultural credit cooperatives increased from Rs.7.6 crores during 1950-51 to Rs.167.31 crores at the end of 1968-69. Similarly the deposits held in these societies increased during the same period from Rs.4.28 crores to Rs.56.84 crores.

2.14 All this has, however, not been accompanied by corresponding improvement in qualitative terms as would be evident from the overdues which have tended to increase over the years. The proportion of overdues to outstanding loans which had been 22% in 1950-51 has steadily increased to 35% at the end of 1968-69.

2.15 Significant progress has also been witnessed in the cooperative long term agricultural credit. State Cooperative Land Mortgage/Development Banks came to be established in the States where they had not existed earlier. There were 19 Central Land Development Banks with a net work of over 1209 primaries at the end of 1968-69. The total loans advanced by the State Cooperative Land Development Banks rose from Rs.1.23 crores in 1950-51 to Rs.12 crores in 1960-61. A substantial increase occurred during subsequent years and loans advanced increased to Rs.148.16 crores in 1968-69.

2.16 The period under review has also witnessed a substantial progress in the sphere of cooperative marketing. A net work of 3342 primary marketing societies 2335 multi-commodity and 507 single commodity marketing societies has been set up covering all the important mandi centres in the country. Besides, there are 163 central societies functioning at district or regional level. The value of agricultural produce handled by cooperatives increased.

from Rs.47 crores in 1950-51 to Rs.53 crores in 1955-56 and to Rs.588.46 crores in 1968-69. Similarly, the value of fertilizers, seeds and other inputs distributed by cooperatives went up from Rs.40 crores in 1961-62 to Rs.254 crores in 1968-69. The value of retail consumers trade undertaken by cooperatives in rural areas recorded an increase from an estimated Rs.23 crores in 1961-62 to Rs.226.11 crores in 1968-69.

2.16 Along with the development of cooperative credit and marketing, there has been a clear realisation of the advantages of cooperative processing of agricultural produce. Substantial headway has already been made in cotton ginning and pressing, oil miling and rice miling. The structure of processing units in the cooperative sector consisted of independent processing societies such as sugar factories, spinning mills, solvent extraction plants etc. and units established as adjuncts to marketing societies, which were generally of medium and small size, such as rice mills, oil mills, cotton ginning and pressing units, fruit and vegetable processing units, jute baling units etc. Out of 1596 processing units organised upto 1968-69, about 1200 units were established as adjuncts to marketing societies while the rest were established as independent processing societies. The most outstanding example of successful cooperative activity is, however, the cooperative sugar industry. Beginning with almost nil in 1950-51 the cooperative sector has been responsible for nearly a third of total production of sugar in the country in the year 1968-69. As at the end of 1968-69 there were 62 cooperative sugar factories.

2.17 For systematic marketing of agricultural produce and distribution of fertilisers and other inputs, adequate storage capacity has been created during the period under review. The following table reflects

the progress in the construction of godowns:-

Upto Year	No. of godowns assisted	No. of godowns constructed	% of construction	Capacity in million tonnes.
1964-65	1340	7300	54	1.72
1965-66	16351	8260	50	2.10
1966-67	17306	10376	60	2.24
1967-68	18209	12899	71	2.34
1968-69	19551	14883	76	2.58

2.18 During the period under review cooperative movement has also diversified itself in several directions. A large number of industrial cooperatives including weavers cooperatives, fisheries cooperatives, milk cooperatives, farming cooperatives, labour cooperatives, transport and housing cooperatives were established. As a result of the centrally sponsored scheme of consumers stores in urban areas introduced in the Wake of Chinese aggression in 1962, a large number of wholesale and primary stores were set up in the urban centres. By the end of June 1969, central/wholesales consumers cooperatives had been organised in all the districts having an urban population of 50,000 and above. As on 30th June, 1969, besides the National Cooperative Consumers Federation and 14 State Federations, 387 wholesale/central stores with 2647 branches had been organised. There were also 80 department stores and 13,913 primary consumer cooperatives. The total value of retail sales affected during the year 1968-69 was of the order of Rs. 240 crores.

Annexure III

2.19* Indicates the progress attained in the major fields of cooperative activity during the first three plans and the subsequent three annual plans. With the diversification of the movement, there has also occurred a growth of cooperative federal organisations and a gradual taking over of responsibilities by these organisations so far as promotional and supervisory functions are concerned. Besides the National Cooperative Union of India, the under-mentioned

national level federations came to be organised upto the end of 1968-69:

1. All India Central Land Development Banks' Co-operative Union Limited, Hyderabad, Andhra Pradesh. (1960)
2. All India State Co-operative Banks' Federation Ltd., Bombay, Maharashtra (1964).
3. National Agricultural Co-operative Marketing Federation Limited, Delhi (1958).
4. National Co-operative Consumers' Federation Ltd., Delhi. (1965).
5. National Federation of Co-operative Sugar Factories Ltd., Delhi (1960).
6. National Federation of Industrial Co-operative Ltd., Delhi (1966).
7. All India Federation of Co-operative Spinning Mills Ltd., Bombay (1964).
8. All India Industrial Co-operative Banks' Federation Ltd., Bangalore (1966).

2.20 The integrated training programme of co-operative personnel, institutional and departmental, continued to receive its due attention during the three Plan periods and the annual plans from 1966-67 to 1968-69. On the eve of IV Plan the total number of persons trained was as under:-

Senior Officers	1,506
Intermediate personnel	15,649
Junior personnel	74,931
Member Education	42.86 lakhs.

2.21 All this is not to say that the progress of the movement has been uniform throughout the country or has proceeded along the lines envisaged. In fact, several States are lagging far behind the All India average in their performance. The imbalance is, particularly, marked

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in the Eastern States of Assam, Bihar, Orissa, Tripura, West
Bengal and in Rajasthan.

CHAPTER 3: PROGRESS UNDER THE IV FIVE YEAR PLAN

3.1. The main emphasis in the 4th Plan in respect of cooperation was in the sectors of Agricultural Cooperatives and Consumers Cooperatives. It was intended that the various services required by a farmer are increasingly institutionalised. The cooperatives were regarded as the suitable institution for such services. They were expected to improve their efficiency and economic viability, and subject to these, large and varied opportunities would be available to them. It was envisaged that government will assist the cooperatives to equip themselves an important aspects of finance, organisation and trained personnel.

3.2 Regarding cooperative credit (Short term and Medium Term) great importance was attached to the programme of re-organisation of primary credit societies so as to establish a viable structure at the base. It contemplated reduction of number of primary agricultural credit societies to, about 1,20,000 by the end of the 4th Plan. The Plan also provided for strengthening of the Central Cooperative Banks, some of which continued to be weak. The Cooperative Banks were expected to mobilise deposits in larger measure. Considerable anxiety was expressed about increasing overdues and the plan envisaged reduction in the same. A Central Sector scheme for augmenting credit stabilisation fund of the state cooperative banks was taken up with provision of Rs. 10 crores. It was also expected that policies and procedures of lending would be revised and reoriented so as to ensure easy flow of credit. Special policies and

procedures were to be devised for small farmers and weaker sections. The target of short-term and medium term credit disbursement for the last year of the Plan was fixed at Rs. 750 crores.

3.3 Expansion of activities and organisation of the cooperative land development banks was envisaged to provide a fresh investment of Rs. 700 crores during the five year period under the ordinary loaning programme and further Rs. 200 crores investment under the scheme to be refinanced by the A.R.C.* The ordinary loaning programme was estimated to require floatation of debentures to the extent of Rs. 635 crores. A Central Sector scheme for direct investment in such debentures was taken up with a provision of Rs. 90 crores. Another objective was to devise scientific loaning policies and procedures and these were expected to be oriented in favour of small cultivators.

3.4 A target of Rs. 900 crores was fixed for cooperative marketing during 1973-74. Cooperatives were also expected to have inter-state trade to the extent of Rs. 25 crores and to make exports to the extent of Rs. 10 crores. To achieve these targets the Plan envisaged strengthening of the cooperative marketing structure at various levels both financially and in the matter of technical competence.

3.5 In respect of cooperative processing the main emphasis laid was on consolidation and maximisation of the operational efficiency of existing units and ensuring the fuller utilisation of the installed capacity. Organisation of new processing

* Since revised to Rs. 300 crores.

units was to be preceded by proper feasibility studies.

It was envisaged that 550 additional units including modernisation of rice mills would be established during the 4th Plan period. A centre sector scheme for provision of block loans to processing units on an outlay of Rs. 9 crores was taken up.

3.6 The Plan indicated targets for distribution of the various agricultural inputs during 1973-74 as follows:-

- | | | |
|----------------------------|---|-----------------|
| 1. Fertilisers | - | Rs. 650 crores. |
| 2. Improved seeds | - | Rs. 50 crores |
| 3. Pesticides | - | Rs. 50 crores |
| 4. Agricultural implements | - | Rs. 15 crores |

A Centrally Sponsored scheme for provision of margin money was taken up. The Plan also provided for establishment of fertiliser project at Kalol and Kandla in Gujarat State by the Indian Farmers Fertilizers Cooperative Ltd.

3.7 An additional storage capacity of 20 lakh tonnes so as to make a total of 46 lakh tonnes storage capacity in the cooperative sector by the end of 4th Plan period was envisaged.

3.8 Consumer Cooperative Stores had covered practically all districts with urban population of 50,000 or above on the even of the 4th Five Year Plan. The 4th Plan, therefore, laid emphasis on the consolidation and strengthening of consumer cooperatives at various levels rather than organisation of new societies. It envisaged establishment of department stores and large sized retail outlets in order to render more diversified service to the consumer and make the movement viable.

3.0 in the sphere of management emphasis was made on formation of pools and cadres in different sectors. Programme of cooperative training and education were to be continued.

Progress and anticipated position at the end of the 4th Plan

3.10 The short term and medium term cooperative credit structure continued to suffer from the existence of large number of non-viable primary credit cooperative societies. Though it was envisaged to bring down the number of societies by reorganisation, amalgamation etc. from 1,70,000 to 1,20,000 by the end of the 4th Plan, the present number is about 1,62,000. With best efforts the number may come down to 1,50,000 by the end of the 4th Plan. The average lending per society at the end of the 4th Plan, may be only about Rs. 50,000/-. Similarly a number of weak central cooperative banks continue. In order to assist the State Cooperative Banks, Central Cooperative Banks and primary credit societies the Reserve Bank of India sanctioned a total assistance to State Govts. of more than Rs. 28 crores out of its L.T.O. Fund for share capital participation in the first three years of the plan. The central government has also taken up a central sector scheme of rehabilitation of weak central cooperative banks.

3.11 The position of overdues has worsened. It has increased from 35% on the eve of the 4th Plan to 41% as on 30.6.71. This has to a great extent retarded the growth of the cooperative credit. To ease the situation the central government has sanctioned Rs. 6 crores as assistance to the state cooperative banks for their credit stabilisation funds. Assistance has also been sanctioned from the Reserve Bank of India's National Credit

Stabilisation Fund. In spite of this, very strenuous efforts will be required to reach the target of Rs. 750 crores disbursement in 1973-74, particularly in Medium term credit where the position of utilisation of medium term limits sanctioned by the Reserve Bank of India has remained unsatisfactory. Though the overall national target may be achieved, there are likely to be serious short-falls in Andhra Pradesh, Uttar Pradesh, Rajasthan, Jammu & Kashmir, Bihar, Assam, Orissa and West Bengal. There is considerable regional disparities between the level of per hectare investment, as may be seen in Annexure IV. It varies from Rs. 2/- per hectare in Nagaland to Rs. 96/- per hectare in Punjab (1970-71). The relative position is not likely to be much different at the end of the 4th Plan. The entry of commercial banks in the sphere of agricultural credit has not made any difference to regional disparities in the matter of availability of credit. In order to remedy the situation district by district study has been completed in West Bengal and similar studies are being under taken in Orissa, Assam, Meghalaya, Bihar

~~Rajasthan and Eastern U.P.~~ These studies will also keep in view the interim report of the National Commission on Agriculture and also the recommendations of the Banking Commission. These studies are expected to lead to coordination and collaboration between the cooperative credit structure and the commercial banks and may lead to expansion of the agricultural credit in these areas more rapidly than hitherto.

3.12 In the long term cooperative credit structure, the target of Rs. 700 crores under the ordinary loaning programme is likely to be reached or slightly exceeded. However, in these cases also

the inhibiting factors are the limitation of loanable resources and the existence of high level of overdues and there will be short-falls vis-avis targets in the case of Assam, Bihar Himachal Pradesh, Madhya Pradesh, Maharashtra, Mysore, West Bengal, Jammu & Kashmir and Kerala. There are serious regional disparities in regard to the outstanding loan investment per hectare of net sown area which varies from Rs. 2/- in Assam and Tripura to Rs. 154/- in Pondicherry and Rs. 125/- in Tamil Nadu as on 30.6.71-vide Annexure XII. The position of overdues as a percentage of the demand against individuals has also worsened. It has increased from 23% on the eve of the 4th Plan to 23% at the end of the second year of the Plan. There are no credit stabilisation arrangements in respect of long term loans.

3.13 During the first two years of the plan several measures have been taken to facilitate flow of credit, short, medium and long, to the small farmers, marginal farmers and other weaker sections. Several relaxations in the matter of security valuation, down payment, share capital contribution, etc. have been made. The R.B.I. has sanctioned a total assistance of Rs. 6.41 crores from its L.T.O. Fund to enable the State Govt. to subscribe to the share capital of Central and Primary Land Development Banks.

3.14 The target of handling Rs. 900 crores worth of agricultural produce is likely to be achieved by the end of the Fourth Plan, even though the achievement in 1970-71 was only Rs. 655 crores. This optimism is based on several new factors and fresh efforts being made. 400 selected marketing cooperatives are being further strengthened by share capital assistance.

under the recently approved Central Sector Scheme. It is expected that the assisted societies will double their turnover during the next 2-3 years. Further marketing societies are being increasingly involved in the procurement operations of Cotton Corporation, Jute Corporation and Food Corporation of India, with whom working arrangements have been/are being made.

3.15 The Fourth Plan target of Rs. 25 crores for inter-state trade has already been achieved in the first two years of the Plan. In fact, during 1970-71, inter-state trade by cooperatives was of the order of Rs. 63 crores. In the field of exports, the cooperatives handled agricultural produce worth Rs. 6 crores during 1970-71 and it is expected that the target of Rs. 10 crores would be achieved by the end of the Fourth Plan.

3.16 Whereas the targets for cooperative marketing, inter-state and export trade are likely to be achieved, the marketing structure continues to suffer from regional imbalances and structural deficiencies and formation of cadre of management needs greater attention. Satisfactory arrangements for developing business relations between consumers cooperatives and marketing societies, have not yet been evolved. Marketing cooperatives at the primary level have not build up adequately an enduring and loyal clientele from grower members and more efforts are needed to forge strong links and a sound business relationship with the higher level marketing organisations.

3.17 At the end of the Fourth Plan, the share of cooperatives in the country's total licensed capacity of sugar may go upto 60 per cent as against the existing 48 per cent. In respect of cotton ginning, fruit and vegetable processing, oilseeds

milling, paddy processing and coffee curing, these percentages may go upto 25, 15, 12, 15 and 25 respectively. While there will be increase in the overall processing capacity in the cooperative sector, there is likely to be a shortfall in the target of 550 units. Although some of the States need to take steps to expand paddy processing capacity and modernise the existing rice mills, very few cooperatives have shown willingness to do so, largely on account of lack of positive preferential treatment by the State Govts. in the matter of paddy/rice levy programmes. Constraint on the State Govt.'s resources has also been a bottleneck in the speedy implementation and enlargement of this programme. The NCDC's central sector scheme for block loans to small and medium sized processing units, has, to some extent, enabled the State Governments to take up larger and integrated processing units, and also to diversify the activities of the existing processing units.

3.18. In the field of agricultural supplies, Cooperatives distributed fertilisers worth Rs. 250 crores during 1970-71, through a net work of over 36,000 retail depots and 2000 sub-wholesale centre. During 1973-74, the value of fertilisers to be distributed by them is expected to be of the order of Rs. 450 crores. In terms of nutrients, cooperatives are expected to handle about 2.1 million tonnes accounting for about 55 per cent of the total consumption of chemical fertilisers. The value of other agricultural inputs, such as, improved seeds, agricultural implements, pesticides and others handled by cooperatives during the first 2 years of the Plan, was around Rs. 50 crores each year, of which ~~seeds accounted for Rs. 24 crores.~~

pesticides and other accounted for Rs. 20 crores and other agricultural implements Rs. 6 crores. This is likely to go upto ~~Rs. 100 crores~~ during 1973-74 as against a target of Rs. 115 crores ~~set~~ in the Plan. Under special schemes formulated by the NCDC ~~cooperatives have set up~~ 8 seed producers processing-cum-sales societies, 13 workshops for fabrication of agricultural implements, 7 pesticides formulation units and assisted 43 agro-service centres upto 1971-72. Similarly, in the field of fertilisers, cooperatives have established 18 granular fertiliser units and 14 soil testing laboratories.

3.19 Cooperatives have been facing considerable difficulties in expanding their role in the distribution of fertilisers. The main problems relate to the procurement of adequate and timely supplies, inadequacy of distribution margins and the internal weaknesses of the cooperative marketing structure. The progress of linking of 'B' component of the short term crop loan with the supply of fertilisers in kind has also been uneven in different States. At present a Committee is going into various ~~measures necessary to strengthen the distribution system.~~

3.20 The pace of expansion of storage capacity with cooperatives has been slow mainly on account of lack of resources with State Governments and the non-availability of institutional finance of the required magnitude at the level of village cooperatives.

3.21 The achievement during the first 3 years of the Plan was of the order of 5 lakh tonnes, as against an expectation of 12 lakh tonnes during these years. To meet the short-fall, a Central Sector Scheme for storage has been approved for implementation during the last 2 years of the Plan under which an additional storage capacity of 10 lakh tonnes is expected to be generated. In addition,

5 lakh tonnes capacity is likely to come up by availing institutional finance; thus making a total assisted capacity of 44 lakh tonnes as against a plan target of 46 lakh tonnes, of this, 39 lakh tonnes of storage would be completed.

3.22 In developing and implementing the programme of marketing, processing, supply and storage, the role of the National Cooperative Development Corporation has been of a pivotal importance. The working, the scope and functions of this Corporation were reviewed in detail by an Expert Committee set up by the Government of India in 1970. The Committee observed that "the striking progress recorded by various programmes, the planning and promotion of which is the responsibility of the N.C.D.C. under its charter, does credit to the N.C.D.C.". The Committee further observed that the assistance provided by the N.C.D.C. did not match the requirement of fast-extending programmes in certain states.

If its achievement was satisfactory in the past in relation to resources and restraints, the promise it held out for the future was even better, in the context of what could be done by way of its re-organisation and what needed to be done by way of its development.

3.23 By June 1971 the infra-structure of consumer cooperatives comprised a National Federation, 14 State Federation, 400 wholesale stores, with 2305 branches, 107 department stores and 13,154 primary consumer cooperatives. By the end of the Fourth Plan period the number of primary stores and branches of wholesale/Central Stores may be reduced, on account of closure of uneconomic units, while the number of department stores may go up to 150. Besides, about, 350 large-sized retail outlets are expected to be set up.

3.24 The total retail sale of consumer cooperatives for the base year 1968-69 was about Rs. 240 crores (as against an earlier estimate of about Rs. 270 crores), and the target up to the end of the Fourth Plan period is Rs. 400 crores. On account of fall in the business of consumer cooperatives, resulting from relaxation of controls on foodgrains and sugar, the level of sales expected to be reached by the end of the Fourth Plan period is about Rs. 275 crores. (This does not take into account increase in business likely to be generated under the new public distribution arrangements for foodgrains, sugar, controlled cloth etc.) Consumer cooperatives have, however, been steadily diversifying the range of their business and the percentage of business in non-controlled commodities has risen from

39% in 1968-69 to 50% in 1970-71, and may go up to 60% by 1973-74.

3.25 While the membership and share capital of consumer cooperatives at various levels have been either steady or increasing, their profitability, especially at the level of primary stores and wholesale central stores, has been declining. However, the State Federations show an improvement both in regard to sales turnover and profitability. The National Cooperative Consumers' Federation has been steadily expanding its business turnover and has been continuously in profit since 1966-67.

3.26 As a measure of support to this programme, the Central Government has extended the guarantee scheme, with some modifications, upto the end of the Fourth Plan, so as to facilitate flow of bank credit to consumer cooperatives on reduced margins. Besides a Central Sector scheme for accelerated development of consumer cooperatives, having growth and employment potential has been introduced, with effect from 1971-72 along with a programme for development of the National Federation, including establishment of a Consultancy and Promotional Cell for providing expert guidance to consumer cooperatives. Arrangements for supply of goods by manufacturers to consumer cooperatives on favourable terms are being continued and enlarged.

3.27. In regard to rural areas, consumer goods is largely undertaken by service cooperatives. They distributed a value of about Rs. 226 crores in 1968-69 against an earlier estimated figure of Rs. 275 crores. The likely achievement at the end of the Fourth Plan is estimated to be about Rs. 250 crores, (as a target of Rs. 500 crores.) The slow pace of progress is mainly attributable to the relaxation of control over grains and sugar which were the main articles distributed by cooperatives in rural areas.

3.28 In pursuance of the recommendations of the Working Group on Cooperative Farming set up by the Central Govt. in 1969, a programme of 318 pilot projects¹ in each district and each project covering 10 farming societies, was implemented during the Third Five Year Plan. In addition, the societies formed outside the pilot projects were also encouraged and assisted. The Cooperative Farming programme was treated as a Centrally Sponsored scheme and assistance was provided to the State Governments for implementing this programme on a

100% basis. As a result of the implementation of this programme, nearly 8,143 cooperative farming societies with a total membership of about 2.20 lakhs and covering an area of 4.18 lakh hectares were organised by the end of March 1969. A majority of these societies had, however, a halting progress.

In the Fourth Five Year Plan, the programme of Cooperative Farming had been transferred to the State sector. Priority is being given to the revitalisation of the existing weak and dormant societies. New societies are to be organised only in compact areas if they have a potential for growth. No specific targets have, however, been fixed in regard to the new organisations. Promotion of collective farming societies is being encouraged on lands rendered surplus through implementation of land reform measures. Constraint on State plan resources has, however, been an impeding factor in this programme. There has been some improvement in the position as is evident from the following table:

	At the end of Third Plan.	As on 30.
1.No. of societies both Joint Farming and Collective Farming.	7294	8819
2.Membership	187870	241315
3.Total value of production.	Rs.4.83 crores	Rs.7.84 cror

3.29. Labour Cooperatives have made only marginal improvement since the end of the Third Five Year Plan as is evident from the following table:-

	At the end of III Plan (1965-66)	As on 30.6.70
1. No. of societies	4,786	4,962
2. No of Members	2,99,708	3,09,368
3. Working capital (in lakhs)	Rs.486.70	Rs.598.66
4. Value of works executed (in lakhs)	Rs.911.95	Rs.1529.31

The National Commission on labour has emphasised the need for "the building up of the agricultural infra-structure through labour-intensive techniques to be undertaken through organisations of labour cooperatives to provide employment to the surplus rural labour force."

3.30. 1831 primary dairy cooperatives handled milk and milk products of the value of Rs.39.46 crores during 1969-70. In the same year 840 primary poultry cooperatives and 5 unions handled poultry products of the value of Rs.1.54 crores. By the end of June, 1970 there were 4247 Fishermen cooperatives with a membership of 4.59 lakhs. The value of their catch during 1969-70.

was Rs. 3.6 crores and their total sales including fishing materials and consumer goods was of the order of Rs. 7.1 crores. These special cooperatives suffer from a serious handicap of lack of proper marketing system. A notable development during the Plan was the organisation of five pilot rural electric cooperatives in the States of Andhra Pradesh, Gujarat, Maharashtra, Mysore & Uttar Pradesh. Out of these 3 cooperatives have already started distribution of electricity & extension of new electric lines & connections.

3.31. Two central sector schemes (SFDA and MFAL) involving a total outlay of Rs. 115 crores in the 4th Plan have been taken up for assisting small and marginal farmers and agricultural labourers. Major emphasis of these schemes is on the development of subsidiary occupations like dairy, poultry etc.

3.32. At the eve of the Fourth Plan, the three-tier cooperative training structure consisted of Vaikunth Mehta National Institute of Cooperative Management for training of senior officers, 13 Cooperative Training Colleges for intermediate personnel, and 63 Cooperative Training Centres for junior personnel. Education of members, office bearers, Committee members, Secretaries and partly paid Managers of Agricultural Credit/Service Societies was conducted in peripatetic camps by 591 instructors who received training in the All India Instructors Training Centre, Delhi.

3.33. The Programme of Cooperative Training and Education during the Fourth Plan envisaged development of the National Institute, strengthening of the Cooperative Training Colleges, and Junior Training Centres. The targets fixed for senior, intermediate and junior personnel were 0.02 lakhs, 0.15 lakhs and 0.80 lakhs. The target fixed for members and Committee members was 20 lakhs.

3.3 Besides, regular Post Graduate Diploma Course in Cooperative Business Management, a number of short-term courses are being conducted at the National Institute, Poona. During the first three years of Fourth Plan 466 persons have been trained in regular courses, besides 354 persons in short-term courses. The total number of persons estimated to be trained by the end of Fourth Plan will be 2,119 persons. 1,354 cooperative personnel have been trained at the Cooperative Training Bankers College during 1969-72 and about 1,100 persons more are expected to be trained during the next two years.

3.35. The 14th Cooperative Training College for training of intermediate personnel was established at Nagpur during 1972-73. During the first three years of the Plan, 2,541 and 5,181 persons have been trained in the basic and specialised/short term courses respectively. It is anticipated to train 13,992 persons in all by the end of Fourth Plan, an achievement of 93%. Under the junior category, there may be a short fall in the achievement of target because of the reduced outlays in some of the States i.e. (0.50 lakhs) would be trained or expected to be trained by the end of Fourth Plan.

3.36. The Member Education scheme was revised in 1971 in accordance with the P.E.O. suggestions. The number of units has decreased during the past three years due to non-implementation of the programme in few States. It is anticipated to train 10 lakhs. Women and Education programme is being implemented as an integral part of the education scheme.

3.37. The cooperative training institutions continue to be ill-equipped, so far as modern teaching equipments are concerned. Neither the National Institute of Cooperative Management nor any of the Cooperative Training Colleges has buildings of its own.

3.38. A major development in the field of production of agricultural inputs by the cooperatives during the 4th Plan, has been the establishment of a major fertiliser complex in Gujarat in the cooperative sector by the Indian Farmers Fertiliser Cooperative Ltd. (I.F.F.C.O.). A multi-unit cooperative society had been registered in November, 1967 at Delhi for establishing this complex. The society

is now constructing an Ammonia and Urea Plant at Kalol and a N.P.K. complex fertiliser plant at Kandla at a total cost of Rs. 91.6 crores. The equity capital of Rs. 27 crores has been contributed to the extent of 66-2/3% by Government and 33-1/3% by the Cooperatives. Loan-finance is being provided partly by Government and partly by the public-sector financing institutions led by the Industrial Development Bank of India. Foreign-exchange loans have been provided by the USAID (\$21 million) and the U.K. Govt. (\$ 7 million). These plants are expected to be completed and commissioned during January-March, 1974. The end products will be 3,96,000 tonnes of urea at Kalol and 3,75,000 tonnes of N.P.K. complex fertilisation in three grades at Kandla.

3.39 During the 4th Plan two more National Cooperative Federations have been registered. These are:-

- (1) National Cooperative Housing Federation (1969); and
- (2) National Cooperative Dairy Federation of India (1970).

CHAPTER - 4:

APPROACH AND PROGRAMMES

4.1 The objective in the Fifth Plan will be to consolidate and strengthen the cooperatives as a democratic and viable structure responsive to the needs of the peasants, the artisans, the workers and the consumers. The cooperative movement will be an important instrument for implementing the national policy of growth with social justice.

4.2 At present considerable regional disparities exist in the matter of cooperative credit, marketing, processing, supplies etc. Special policies and procedures will be designed to reduce such disparities. Special attention will also be paid to the specific needs and problems of the small farmers/marginal farmers and other weaker sections, as also of economically backward areas and tribal areas.

4.3 One of the dominant objectives of the Fifth Plan will be to ensure stable prices, at a reasonable level, for the basic elements of consumption, including foodstuffs, clothing, fuel and common household goods. Consumers Cooperatives will have to be assigned a pivotal role in price and distribution policies aimed at attaining this objective and in the over-all task of stabilisation of the price of consumer goods, reduction in distributive costs and adoption of healthy trading practices.

4.4. In view of the growing diversification and complexity of activities of different types of cooperatives, a great responsibility is on the National Cooperative Federations. It will be necessary for them to lead, assist and serve the State Cooperative Federations in a more positive and meaningful manner than hitherto. For this purpose, the National Cooperative Federations will have to equip themselves appropriately.

4.5 There is need to pursue vigorously the establishment of cadres at appropriate levels in the different sectors of the Cooperative movement. The Cooperative laws may be amended to provide for a

suitable legal basis for the establishment and management of such cadres.

4.5 Detailed approach and programmes in respect of different sectors of cooperative movement are discussed in Chapters 5 to 10. Important physical targets are indicated in Chapter 11.

5.1 The overall policy and objective in the sphere of Agricultural Credit would be "maximum possible institutionalisation of Agricultural Credit". In the field of short and medium-term credit, in spite of the commercial banks' efforts to provide more and more credit support for Agriculture, Cooperatives are still the principal institutional agency and their predominance in the field will continue during the Fifth Plan also. The Cooperatives would therefore be required to substantially expand their loan activities and at the same time provide in an increasing measure a variety of ancillary services such as supply of inputs, farm guidance, assistance in marketing crops, etc.

5.2 A major objective of the Cooperatives in the Fifth plan should be the reduction of regional imbalances in the development of Cooperative Credit. During 1970 out 57.8% of the total short-term and medium-term advances of the Cooperatives were accounted for by 5 States, namely, Punjab, Maharashtra, Gujarat, Tamil Nadu and Kerala, while Assam, Manipur, Tripura, Meghalaya, West Bengal, Bihar, Orissa, Rajasthan, Jammu & Kashmir and Nagaland together accounted for only 8.2% per cent of the total loans advanced. In some of these States credit support has even shown a declining trend. Specific programmes for reversing this trend and achieving a higher rate of growth in the less advanced States should, therefore, be a major objective of Cooperative Credit policy in the Fifth Plan.

5.3 A third major objective of credit policies would be to ensure a substantial increase in the flow of institutional

credit to small farmers, marginal farmers, tenants and share-croppers. A number of measures have already been introduced for disbursing a larger proportion of cooperative credit to small farmers, marginal farmers, tenants and share-croppers. Such loans formed about 31% of the total short and medium term loans by the cooperatives in 16 states and 3 Union for which data is available, during 1970-71. In addition to implementation of the relaxations already allowed, further concessions which could be granted, would be considered. a corollary, a greater degree of self-financing by medium and large farmers may have to be insisted upon.

5.4 The operations of the Cooperative Credit institutions have been very adversely affected by the increase in over-dues. No institutional credit agency can expand its operations unless there are effective arrangements for prompt repayment of the loans. The creation of a psychology and climate for prompt repayment of loans should therefore be another major objective of policy in the Fifth Plan. The capability of the primary credit societies to recover their loans has to be ensured and they should receive the active support of government in this effort.

5.5 As the commercial banks entered the field of agricultural credit only in the Fourth Plan, specific programmes for coordination of the activities of the commercial banks and the cooperatives were not included in the plan. Although some steps have been taken in this direction, there is need for increasing collaboration and even partnership between the commercial banks and the cooperatives, particularly in areas

where existing institutional credit arrangements are either non-existent or are virtually defunct.

CREDIT REQUIREMENTS AND CREDIT TARGETS

5.6 The sub-group on Agricultural credit has estimated production credit requirement in 1978-79 at about Rs.3,000 crores as against Rs.2,000 crores estimated by the Rural Credit Review Committee for the last year of the 4th Plan.

5.7 Considering the present performance of cooperative credit institutions in different regions and the resources likely to be available to them during the Fifth Plan, a reasonable target for Cooperative Short-term production credit would be Rs.1,200 crores. The increase will be 75% over the level likely to be reached in 1973-74.

5.8 The overall targets indicated above have to be spelt out in terms of targets for each State. For this purpose, we have to consider the present performance of the cooperatives in different States. Annexure IV gives the Statewise figures of short-term loans advanced by cooperatives for each hectare of gross cropped area during 1970-71. The States may be divided into three groups based on per hectare short-term advances made in 1970-71:-

Group 'A' consisting of States where the per hectare advance was Rs.45 or more. The States in this group are:-

Punjab, Kerala, Gujarat, Tamil Nadu and Maharashtra.

Group 'B' consisting of States where the per hectare short-term advances were between Rs.20 and Rs.45. States falling in this group are: Andhra Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Mysore and Uttar Pradesh.

Group 'C' consisting of States where the per hectare short-term advances were less than Rs.20. The States falling in this group are: Assam, Bihar, Meghalaya, Orissa, Rajasthan West Bengal, Manipur, Tripura and Nagaland.

5.9 In order to reduce regional disparities, the following average rates of increase in short-term production credit should be provided for:

- (a) In the advanced States in Group 'A', an increase of about 10% per annum is considered appropriate. Short term loans advanced in these States would then increase from an estimated Rs.382 crores in 1973-74 to Rs.582 crores in 1978-79.
- (b) For the States in group 'B', about 15% annual rate of growth is considered necessary. Short-term loans advanced in these States would then increase from an estimated Rs.227.5 crores in 1973-74 to Rs.449 crore in 1978-79.
- (c) For the States in group 'C', it is considered necessary to provide for a growth rate of about 20% per annum. Short-term loans advanced in these States would then increase from an estimated Rs.70.5 crores in 1973-74 to Rs.169 crores in 1978-79. Annexure V gives the anticipated level of advances State-wise in 1973-74 and projected targets for 1978-79.

5.10 The overall programmes to be included in the Fifth Plan should, it is felt, take into account the need for achieving the growth rates as indicated above. Necessary

programmes, changes in policies and procedures and allocation of funds have to be considered for achieving this objective particularly in Group 'C' States.

5.11 In regard to medium-term loans the target for cooperative loaning may be tentatively placed at Rs.350 crores in the Fourth Five-Year Plan period. A tentative state-wise break-up is given in Annexure X. These figures exclude medium-term conversion loans granted by the cooperative banks in areas affected by natural calamities. The total medium-term investment credit likely to be issued by the cooperatives during the Fourth Five Year Plan (Five year period) excluding conversion loans is likely to be Rs.250 crores only and in view of the general trend among the small farmers to go in for long-term loans because of their inability to repay the loans within a period of 5 years, a larger increase in advances is not considered feasible.

5.12 Targets for membership and coverage

A substantial increase in the membership of primary Cooperative Societies is a pre-requisite for achieving the objectives and the credit targets envisaged in the earlier paragraphs. The total membership of the primary agricultural credit societies which was 30 million in 1969-70 may reach 36 million in 1973-74 considering the present pace. The target for the 5th Plan should be a membership of 51 million in 1978-79. This would amount to nearly 42% increase over a period of five years and will involve considerable effort. The primary cooperative societies should also aim at effective

coverages through issue of sh. loans to at least 50% of the members in 1978-79 as against 36% in 1970-71. In other words a borrowing membership of 25 million should be aimed at. The following specific steps are suggested for achieving this target:-

- (i) Each central cooperative bank should take up one block for an intensive campaign for enrolment of new members and issue of loans to all eligible members including new members. For this purpose, the banks should create a development cell.
- (ii) One of the objectives of the member education programme being implemented in the states, should be the enrolment of new members. Where necessary, specific targets may be fixed for the staff engaged in member education work.
- (iii) The agricultural extension agency already existing in the blocks, should be utilised fully for enrolment of new members. In fact, this should form a part of regular work of agricultural extension.
- (iv) In enrolling new members, first priority should be given to small farmers, marginal farmers and agricultural labourers.
- (v) Under the Master Plan for cooperative development in Uttar Pradesh, funds available for taccavi loans have been utilised for advancing loans to small farmers, marginal farmers and agricultural labourers to enable them to pay initial share capital contribution. This method may be adopted in other states also to enroll almost all the small farmers, marginal farmers and agricultural labourers as members of cooperatives.

5.13 Credit potential for determining viability - For determining the viability of primary credit societies and for other connected purposes, it has been the practice hitherto to take into consideration a number of factors including the population of the area under the society's jurisdiction. It is advisable that for determining the jurisdiction and the viability standards of societies, the "Credit Potential" of the area under its jurisdiction should be the prime consideration. It is suggested that an average of Rs.125 per hectare

of dry land and Rs.250 per hectare of irrigated land under cultivation may be taken as the standard for working out the credit potential of an area. This figure is far below the scales of finance adopted by the cooperatives. However, all cultivators are not members of the cooperative societies. Some members do not borrow and some borrow less than the scale of finance. Again some cultivators will borrow from the commercial banks. Considering all these aspects, the suggested norm is fairly realistic.

5.14 The expenditure on maintaining a Secretary and an office for primary societies has been steadily increasing as a result of inflationary pressures. It may be estimated at about Rs.2,500 per year, under conditions likely to prevail in the Fifth Plan. A society can become viable only when it has a credit business of Rs.2 lakhs. Assuming an average margin of $1\frac{1}{2}\%$ to 2% on its credit business, this will give the society an income of about Rs.3000-4000. Where non-credit business is undertaken additional staff and other facilities such as godewas would be required and the income from non-credit business would require to be appropriated for this purpose. Therefore, it is suggested that societies with a potential credit business of Rs.2 lakhs on the basis of Rs.125 per hectare of dry land and Rs.250 per hectare of irrigated land in its jurisdiction and an actual credit business of not less than Rs.1 lakh may be considered potentially viable and efforts concentrated on increasing the business in its area. The present (1970-71) level of disbursement of cooperative short-term loan is only Rs.32/- per hectare. It is likely

to be little more than Rs.75/- per hectare in the last year of the 5th Plan as compared to the standard of Rs.125/250 per acre adopted as the norm for credit potential. Thus, on the suggested basis a large number of potentially viable societies will not be actually viable even at the end of the 5th Plan. But they will have a reasonably good chance of becoming viable units in subsequent years.

5.15 Annexure VI gives an analysis of credit potential of each State (col.4) adopting the standard mentioned in the previous paragraph, the maximum number of potentially viable societies which can be envisaged in each State (col.6), the number of societies as on 30th June, 1971 and the number of viable/potentially viable societies recommended for retention during the 5th Plan. The total number of primary societies recommended for retention is 1,14,600 as compared to 1,60,780 societies in existence on 30.6.1971. In the States of Andhra Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Jammu & Kashmir, Mysore, Uttar Pradesh, West Bengal, Meghalaya, Manipur and Tripura, the existing number of societies is much larger than can be justified on the basis of credit potential and there is urgent need to take up a programme for reducing the number of societies to achieve viability. The average actual credit business transacted by the societies would still continue to be less than Rs.1 lakh per annum in the States of Assam, Bihar, Orissa, Rajasthan and West Bengal. In these States, even the reorganisation of societies on the basis of the credit potential will not achieve potential viability in practice

because of the very low level of membership and credit business transacted by the societies. In these areas, therefore, a vigorous programme for development of the credit and non-credit business of the societies has also to be undertaken simultaneously.

5.16 Action programme - While the need for re-organisation of societies into viable units has been largely recognised by the States, concrete action to put the policy into practice has been lacking. The viability programme envisaged the reduction in the number of societies by about 46,000 over a period of a few years. The reduction is mainly in a few states and unless this is achieved the credit structure will continue to be weak and inefficient. It is therefore suggested that action may be taken on the lines indicated below to carry out this programme:-

i) The first priority may be given for taking into liquidation all dormant societies and for expanding the area of operation of neighbouring societies to cover villages now in the jurisdiction of all the societies taken into liquidation.

ii) ~~Amalgamation~~ may be resorted to in the case of societies where the credit potential on the basis indicated earlier is estimated at less than Rs. 2 lakhs per annum.

5.17 In areas which have remained cooperatively weak it will be necessary to make appropriate departures from the traditional concept. Any innovations or modifications suggested should take note of special factors inhibiting the growth of cooperative credit in particular areas.

5.18 The Study Team on Cooperative Agricultural Credit Institutions for West Bengal set up by the Governor, Reserve Bank of India has suggested the setting up of cooperative agricultural banks in areas where there has been a virtual breakdown of the existing structure. Such banks should cover an average of 10,000 population and may include 10 villages or even more in its

Jurisdiction. Participation of the State Government, the commercial banks and the farmers is envisaged. These recommendations are now under examination. The National Commission on Agriculture in its interim report has recommended the establishment of "Farmers' Service Societies" to service population groups of 10,000 to 12,000 with membership open only to small and marginal farmers, agricultural labourers and village artisans and to provide for all their needs through an integrated credit service. The responsibility for guiding the Farmers Service Societies in provision of these services has been assigned to the lead bank in each district by the Commission. It is however felt that societies with exclusive membership of small farmers will not be appropriate. The Farmers Service Societies to provide integrated services may however be tried on an experimental basis in some SFM/MFL projects.

5.20 The Banking Commission has also suggested the setting up of rural banks to cover a population of between 5,000 and 20,000 with its jurisdiction extending to the entire block. The recommendations of the Banking Commission are currently under examination. District by district studies are being conducted by the Ministry of Agriculture in Assam, Bihar, Orissa, Rajasthan, Eastern U.P., Meghalaya, Tripura and Madhya Pradesh and suitable recommendations warranted by the conditions in these areas are being made.

5.21 In certain hilly areas and tribal areas, the existing cooperative credit structure has been found unsuitable. On account of long distances, low population, primitive agriculture, poor communications etc, the credit potential in these areas is low. Therefore, in such areas, the solution is to have a multi-purpose society undertaking credit, marketing, supplies, distribution of consumer stores and purchase of minor forest produce and agricultural produce. A programme on these lines may have to be

drawn up and implemented in such special areas. The Government of India has set up a Study Team to recommend suitable cooperative structure in the Tribal Development projects. The recommendations of the Study Team may be applied to tribal areas even outside the projects with suitable modifications. Further in selected areas credit may be routed through the marketing societies.

5.22. Cadre of paid Secretaries:- At the end of the Fourth Plan only about one third of the primary agricultural credit societies are likely to have paid Secretaries even though the need for having a full time paid Secretary has been recognised for several years, now. The position is really difficult in the case of weak States and unless steps are taken to provide a paid Secretary to the societies in these States, the rate of growth indicated earlier cannot be achieved. At the same time the financial implications being large, it is necessary to implement this programme in phases. Out of 1,14,600 primary societies which are likely to be retained by the end of the 5th plan, at least 80,000 societies should be brought under the cadre scheme by 1978-79. This may be done in a phased programme so that about 16,000 societies (20% of the total likely to be covered by the end of the 5th plan) may be taken up every year. To begin with, all societies which have reached a loan business of at least Rs. 50,000, should be covered by this scheme. Other societies may be provided this facility as and when they reach this level of business. This has the advantage of reducing pressure on States' resources for paying subsidies.

5.23. Cadre Fund:- In order to organise secretaries of the primary societies into a cadre, the constitution of a cadre authority and a cadre fund is absolutely essential. Every society covered by the cadre scheme should have a full time paid secretary. The Secretary may be of two grades, grade I for

larger societies and grade II for smaller societies. The emoluments may be fixed with reference to local conditions. Contributions to the cadre fund should be made by the societies, central cooperative banks and the apex cooperative banks.

5.24 The primary societies should contribute to the cadre fund 75% of the interest income earned by them, subject to the maximum of the cost of the Secretary. The central cooperative banks should also contribute a percentage of their income to the cadre fund. This should be calculated as a percentage of their outstanding loans to the society and the percentage may be determined with reference to whether the cadre includes the supervisors of the central banks or only the secretaries of the primary societies. The apex bank may also contribute a percentage of its net profits for the year to the cadre funds. The cost of training of the staff may also be debited to the cadre fund. The deficit in the cadre fund, if any, should be made good by an appropriate subsidy from the State Government.

5.25 In order to ensure that the cadre scheme is implemented by the societies and central banks, all subsidies from the State Governments and share capital contribution may be made conditional to the society/bank accepting the cadre scheme.

5.26 Cadre Authority - The cadre authority may normally consist of the following:-

- i) Chief Executive of the Central Cooperative Bank.
- ii) The Assistant Registrar or Deputy Registrar of the District.

- iii) The District Development Officer or equivalent officer to be appointed in consultation with the Collector or a representative of the commercial banks if they are involved in loaning to primary societies, or a representative of the Apex Cooperative Bank.

5.27 Transformation of primary societies into truly multi-purpose societies

Even though according to present concept and policy, the primary societies are "multi-purpose societies" and are expected to undertake all types of functions, such as, distribution of fertilisers and other inputs, storage of commodities and marketing, very few societies now undertake all these functions.

The following measures are suggested for speedy conversion of primary agricultural credit societies into multi-purpose societies as early as possible:-

- (a) There should be an effective link between the marketing societies and agricultural credit societies. For this purpose credit societies should be affiliated to the marketing societies.
- (b) Arrangements should be made to enable all viable/potentially viable service societies which have a full time or part time Secretary to purchase and stock inputs for supply to the farmers in the area.
- (c) All viable/potentially viable agricultural societies should be enabled to stock and supply consumer goods.

- (d) The primary, agr-cultural credit societies undertaking marketing and distribution of inputs should be provided with credit accommodation to the extent of Rs. 10,000 by the central cooperative bank. A portion of the Govt. share capital in the society may also be earmarked for this part of the business.
- (e) Good working societies may also be enabled to take up supply of power sprayers and other improved agricultural machinery to the farmers on hire.
- (f) Societies undertaking the type of activities mentioned above should be assisted liberally for construction of the requisite godown accommodation.

5.28. Interest Margins:

The financial viability of the primary societies is important for their development and progress. In the weaker states, the societies have virtually no reserves because their income has been inadequate even to meet their expenses. The policy of limiting the interest rates and curtailing of the margins at the primary society level in certain states has resulted in financial weakening of the primaries. Such limitation will also increase the deficit to be met by the State Governments, in the context of the proposal to form a cadre of secretaries. Further, the provision of timely credit in adequate quantities and its timely recovery is more important than the rate of interest charged on it. In view of these considerations, it is recommended that the interest rates of the cooperatives should not be pegged down at an artificially low level. They should charge an economic rate of interest.

5.29 Government participation in the share capital of Primary societies:

The criteria now adopted by the Reserve Bank of India for sanctioning loans from the long-term operations fund for Government participation in the share capital of primary societies mainly provide for the following:-

- (a) The society should have been identified as potentially viable.
- (b) The society should have a full time paid Secretary.
- (c) The society's overdues should not be more than 30%. Relaxation have been granted for societies located in the areas of Central Banks taken up for rehabilitation and in SFDA/MFI districts. It is necessary that the criteria may be modified to make all societies which are having a full time paid Secretary under a cadre scheme, eligible for Government share capital participation if the overdues are
 - (a) less than Rs. 5000, or
 - (b) less than 50% of the demand instead of 30% as at present.

5.30 Assessment of Resources for achieving credit targets

(i) The Working Group considered an assessment made by the Agricultural Credit Department of Reserve Bank of India on the 'Resources' likely to be available to Cooperative Credit Institutions in each State (Annexure VII and VIII). The following assumptions were made in preparing these estimates:-

- (a) The average trend percentage increase in deposits during the years 1965-66 to 1970-71 will continue during the fifth plan period.
- (b) The borrowings of the Central Cooperative Banks from higher financing agencies (S.G.B. and R.B.I.) have been assumed to be at the same level as deposits or slightly above as per the existing position.

(13) The owned funds of Central Cooperative banks have been assumed to be about 42% of the estimated borrowings. The same ratio is assumed to continue.

(14) Only 55% of the total 'own resources' (owned funds and deposits) of the central banks will be available for lending for various purposes and on an average only 80% of the total lending by the banks will be loans to "primary agricultural credit societies."

(15) At the primary level, it has been assumed that

(1) Only 80% of the deposits and 33% of the owned funds of the societies will be available for lending, in addition to borrowings from the Central Banks.

(2) Short-term loans will be only 80% of the outstanding loans of primary societies, the remaining 20% being medium term loans.

(3) Need for cushion against overdues to outstanding loans at the primary level may on an average be 20%, 30% and 40% in category 'A', Category 'B' and category 'C' states respectively.

(4) Short-term advances during the year, will be 115% of the non-overdue short-term loans outstanding.

(ii) The aggregate advances of the primary societies during 1978-79, based on the projection of resources would amount to Rs.1014 crores as against the target of Rs.1,200 crores. The gap between the proposed target and the advances projected on the basis of resources would be Rs.186 crores and the states where these deficits would occur are mentioned below:-

(Rs. in crores)			
Name of the State	Target fixed	Target to be achieved	Deficit
Andhra Pradesh	75.00	50.00	25.00
Haryana	34.00	29.00	5.00
Himachal Pradesh	9.00	8.00	1.00
Jammu & Kashmir	8.00	5.00	3.00
Madhya Pradesh	116.00	69.00	47.00
Uttar Pradesh	133.00	95.00	38.00
Bihar	36.00	22.00	14.00
Orissa	36.00	17.00	19.00
Rajasthan	43.00	25.00	18.00
West Bengal	36.00	20.00	16.00
TOTAL:-			186.00

(iii) In view of the facility of obtaining refinance from the Reserve Bank of India, the major problem to be analysed and resolved is the ability of the Central Cooperative Banks to

provide adequate non-overdue cover for their borrowings from the Reserve Bank of India. Non-overdue cover can be provided only if the banks and societies combined have enough internal resources to absorb the likely overdues. In estimating the resource based loaning in Annexures VII and VIII, provision has been made for absorption of overdues to the extent of 30% in category 'B' and 40% in category 'C' states. Annexure IX indicates the position regarding the availability of internal resources in the different states for absorbing overdues to this extent. It would be noticed that internal resources are adequate in all the category B states (except J&K), where there is a small deficit. All the states in category 'C', have, however, a deficit in internal resources required to cover overdues. The total deficit on a state-wise basis is Rs.24 crores but the actual deficit calculated on bank-wise basis may be higher because the excess resources cannot be transferred from one bank to meet the deficit of another. It may be estimated at Rs.30 crores. The position in the states in each category will be more or less as indicated below:

Category 'A' states

- (a) The total credit target for these states is Rs.582 crores. The resources position of the banks

in these states is sound and there would be no difficulty in providing the necessary resources for advances and also an average of 20% overdues cushion. The total borrowings by the Central Cooperative Banks in these states from the Apex Bank/Reserve Bank of India would be about Rs. 386 crores.

(b) Category 'B' States

The total credit target for the 6 states in this group is Rs. 449 crores. Annexure V shows that necessary cover for overdues to the extent of 30% is available with Central Cooperative Banks in these states except in J&K where there is a small deficit. The Reserve Bank has estimated the borrowings of the Central Banks in these states from the Apex Bank/RBI at Rs. 309 crores. On this basis there will be a deficit of Rs. 119 crores in loanable resources for achieving the credit targets.

(c) Category 'C' States

The total credit targets for the states in this group is Rs. 169 crores. Annexure V shows that all the states will face a deficit in internal resources required to cover overdues of 40%. The total deficit is Rs. 30 crores as mentioned in paragraph (iii). The borrowings from Apex Bank/RBI on the basis of assumptions made earlier will be Rs. 128 crores leaving a deficit of Rs. 67 crores in loanable resources.

5.32 As stated earlier a major policy objective

recommended for the Fifth Plan is the removal of regional imbalances. All the States included in category 'C' are cooperatively backward and specific programmes have to be included in the Plan to ensure the credit targets based on a 20% annual rate of growth are achieved in these States. The Group has therefore considered ways and means of bridging the gap of about Rs.30 crores in internal resources of the cooperative banks in Category C States for providing cover for overdues. It is recommended that this may be provided by term loans (5 years) from the Central and State Governments, Rs.25 crores from the Central Government and Rs.15 crores from the State Governments, to the State cooperative banks concerned who will use the amount to augment the internal resources of specified central cooperative banks.

The total borrowings from the Apex Bank/RBI required for reaching the proposed targets are:-

	(Rs. crores)
Category A States	Rs.386
Category B States	Rs.428
Category C States (after adjusting proposed assistance of Rs.30 crores mentioned in para 5)	Rs.165
Total:	<u>Rs.979</u>

Against this, the feasible borrowings from the higher financing institutions have been estimated by the RBI at Rs.822 crores as detailed below:-

Borrowings from Apex Banks	Rs. 328
Borrowings from RBI	<u>Rs. 495</u>
TOTAL	<u>Rs. 823</u>

The deficit in loanable resources in Category B and Category C states would, therefore, be Rs. 156 crores. It is recommended that this may be made up by the following measures which can be implemented by the Cooperatives in these States without any serious difficulty:

- (i) additional deposit mobilisation at all levels;
- (ii) improving the percentage of utilisation of owned resources of central cooperative banks to 65%;
- (iii) increasing the portfolio of loans to primary societies by the central banks from 80% assessed to 85%;
- (iv) Increasing the percentage of short-term loans outstanding at the primary level to the total loans outstanding from 80% to 85%; and
- (v) additional borrowings from the RBI.

5.33 Rehabilitation of Central Cooperative Banks

A scheme for rehabilitation of selected weak central cooperative banks is being implemented from 1972-73. In the last two years of the Fourth Plan, it is expected that about 50 Central Cooperative Banks will be covered by this scheme. The programme includes writing off irrecoverable loans at the primary level

and it is, therefore, not likely to be completed by the end of the Fourth Plan. Work on this scheme will have to be continued and some more banks may have to be taken up particularly in the weaker states. The total requirement during the Fifth Plan will be about Rs.10 crores of which Rs.5 crores will be from the Central Government and the balance from States.

5.34 Some Central Banks may not be fit for being taken up for rehabilitation either because their condition has deteriorated to such an extent that they cannot be easily resuscitated or because even after rehabilitation, the bank cannot become a viable unit with a business of about Rs.1 crore. In such cases one solution would be the liquidation of the bank. Taking the cooperative banks into liquidation may not, however, be advisable because of its adverse repercussions on other cooperative institutions.

There is also the possibility of large part of the assets becoming unrealisable. The alternatives to liquidation of a weak bank which is not fit for rehabilitation are:-

- (i) Merger with the other central cooperative banks in the same district if any.
- (ii) Merger with the Apex bank.
- (iii) Creation of a new banking institution and merger of the existing bank with the same.

Amalgamation is definitely a better solution than liquidation. However, under the amalgamation scheme, the bank

with which the weak bank is merged should take over only the realisable assets of the latter on an outright valuation basis. The rest of the assets which are not considered either readily realisable or ultimately unrealisable may also be taken over by it, but on a "collection basis". The proceeds of the assets taken over on an outright basis and realisation out of those taken over on a collection basis, may be used to pay the creditors on a pro rata basis. While the new institution will not be burdened with any unrealisable assets, the creditors will be reassured of receiving their dues as and when these are realised. Since the Reserve Bank of India does not have the power to amalgamate or wind up cooperative banks, the changes will have to be brought about under the provisions of the state cooperative societies Acts and where there is no suitable legal provision in the Act, by undertaking special legislation.

2.35 Branch Expansion

In the cooperatively advanced states like Maharashtra, the Central Banks have been able to operate effectively even when the overdues are quite high because of their success in mobilising substantial deposits from the public. Branch banking is an essential prerequisite for mobilisation of deposits. Therefore, a specific programme for opening new branches by the Central Cooperative Banks in all urban areas with a population of 5000 or more will have to be considered and included in the Plan.

5.55 According to information furnished by the Reserve Bank of India, there were 5164 offices of cooperative banks in the country as detailed below at the end of December, 1971.

	<u>No. of offices</u>
1. State Cooperative Banks	191
2. Central Cooperative Banks	3990
3. Primary Cooperative Banks	993

Following programme for the opening of new offices suggested by the Reserve Bank is recommended for adoption.

	<u>No. of new offices</u>
1. State Cooperative Banks (branches)	300
2. Central Cooperative Banks (branches)	2400
3. Primary Cooperative Banks	525

The Statewise break-up of the new offices is given in Annexure II.

5.57 Banks are reluctant to undertake a massive branch expansion programme because of the fear that the operations of these branches may not be remunerative and may lead to losses. The State Governments should provide subsidies to central cooperative banks for opening new offices at the rate of Rs. 15,000/- per branch spread over a period of three years.

5.58 Cadre for managerial staff of the Central Banks and State Bank

Barring a few exceptions, the States have not fully implemented the suggestions for the formation of a staff cadre for

managerial staff of the central banks and the Apex Bank. In many cases the Boards of Directors of the Central Banks are reported to be averse to this proposal. Even in an advanced State like Gujarat, the scheme has not made any progress so far. Steps will have to be taken to ensure formation of cadres in all States and the concerned arrangements for creation of a Cadre Authority, Cadre Fund and rate of contribution to be made by the Central Bank and the Apex Bank to the Cadre Fund.

5.39 Overdues

Overdues is the most important and ticklish problem facing the cooperative credit institutions. If institutional credit agencies (whether they are cooperative or commercial banks) are to continue to provide adequate financial support for agricultural development, the creation of a sense of responsibility among the cultivators in regard to timely repayment of loans is of utmost importance. Extension agencies should therefore make repayment an integral part of the package of practices and stress the importance of timely repayment as part of their propaganda for modernisation of agriculture. This should also be stressed at the discussion groups for farmers and other propaganda media.

5.40 The Planning Commission, in its approach paper on the Fifth Five Year Plan, have also emphasised the importance of having a credit structure capable of recovering the loans. As already explained, the viability programme has to be implemented quickly so that every

society, will have a full time paid official and managerial deficiencies can be substantially removed.

5.41 At the institutional level, linking of credit with marketing is the best and surest way of improving the recovery performance. The following arrangements are suggested for effecting better recovery of loans through the sale proceeds of the agricultural produce:-

(a) As a measure of positive encouragement for recovery of credit from the sale proceeds of the produce marketed through cooperatives, the central cooperative banks and primary societies should ensure that first priority in allocating credit is given to farmers, who have repaid their loans from the sale proceeds.

(b) Where the procurement/purchase is made through marketing cooperatives, such societies will recover the amount of credit advanced to the members by the cooperative from the purchase price.

(c) Where the purchases are made directly by the Govt. corporation or State Govt. Departments, these organisations should be required to ensure that an amount of approximately 40% - 50% of the value of produce purchased from a farmer is adjusted against his dues to cooperative societies on account of credit advanced to the farmers. Detailed working arrangements should be introduced to facilitate such recovery in consultation with the procurement/purchase agency concerned.

(d) Recovery of cooperative dues should also be made out of the proceeds of sales made in the regulated markets. Suitable provisions should be made in the Agricultural Produce Markets Acts of the various States to this effect.

5.42 Coercive action has to be taken against wilful defaulters and for this, the societies require the cooperation and active assistance of the State Governments. The State Governments can play a vital role by taking steps such as:

- (i) fixation of time limits for disposal of arbitration cases and execution petitions.
- (ii) ~~debarment~~ defaulters from becoming or continuing as office bearers of cooperative institutions.
- (iii) denying taccavi loans as well as loans from other institutional agencies and other govt. support to defaulters.
- (iv) active propaganda for timely repayment of loans and emphasising government's determination to take coercive measures where necessary.

5.43 Credit Stabilisation

The total amount to the credit of the National Agricultural Credit Stabilisation Fund of the R.B.I. now is Rs. 69 crores. The amount advanced and outstanding against the State Cooperative Banks is Rs. 22 crores. Further appropriations to the fund will continue to be made each year by the Reserve Bank from its annual profits. The amount available in the fund is not being fully utilised because, under section 46(b) (ii) of the Reserve Bank of India Act and the rules framed by the Reserve Bank of India advances from the funds are restricted

to the amount ~~of Rs. 100 crores~~ to the Reserve Bank of India from the central cooperative banks concerned against the credit limit sanctioned by the Reserve Bank of India. When a natural calamity occurs, the central cooperative banks have to convert all loans in the area of which only a part would have come from the Reserve Bank of India. Resources for conversion of the loans advanced by the bank from its own resources, which are now quite substantial, have to be found by the banks, which affects their ability to advance fresh loans to the farmers. It is therefore recommended that section 40A(1) of the Reserve Bank of India Act may be amended so that the Reserve Bank could provide loans from the National Agricultural Credit Stabilisation Fund through the State Cooperative Banks to the central banks in areas affected by natural calamities, irrespective of the amount due from the central cooperative bank to the Reserve Bank of India.

5.11 As on 30th June, 1970 credit stabilisation funds at the state cooperative banks amounted to Rs. 22.30 crores including Rs. 17.28 crores paid as grants and loans by the Central Government under a centrally sponsored scheme. Further assistance from Government to the tune of Rs. 4 crores has been provided in 1970-71 and 1971-72 and another Rs. 4 crores is likely to be released in the last two years of the Fourth Plan. Therefore, by the end of the Fourth Plan, the total funds available may be about Rs. 32.33 crores. This is still considered inadequate and the rate at which the funds are being built up is also inadequate.

Therefore, it is suggested that the central assistance under the centrally sponsored scheme may be continued during the Fifth Plan till the total central assistance amounts to 5 per cent of the short and medium-term loans advanced in 1973-74 in the case of the more advanced States (Group A) and $7\frac{1}{2}$ per cent in the case of the remaining States (Groups B & C States). The total amount required for this purpose during the Fifth Five Year Plan will be approximately Rs.15 crores.

5.45. Where large areas in a State are affected by natural calamities and the credit stabilisation fund available including funds drawn from the R.B.I. are inadequate, the only way in which the cooperatives can be assisted is for the State Governments to provide medium term loan assistance or long term deposits to the affected central cooperative banks. The ad hoc assistance from the Central Government for famine or flood relief should cover such medium term loan assistance.

5.46 Taccavi loans

The principles to be observed for providing taccavi in an area suffering from natural calamities and in other areas should be considered along with the impact on the cooperative credit system. Taccavi funds should also be used to temporarily augment the financial resources of central cooperative banks in areas affected by natural calamities.

Organisational arrangements

5.47 (a) While the existing three-tier structure of cooperative credit institutions may be continued in the larger states it would be desirable to try a two-tier structure in some of the smaller States. The central cooperative banks which now form the middle tier could in such cases be amalgamated with the State Cooperative Bank and converted into its branches. The two-tier structure is already in operation in some of the small States like Himachal Pradesh, Meghalaya, Manipur, Tripura etc. Other States where this could be tried during the Fifth Plan are Haryana, Kerala and Assam. One advantage of the two-tier structure would be presentation of a better image of the resources and capabilities of the cooperative banking system to the public for attracting deposits. The two-tier structure, will automatically operate in Districts where the weak central banks are amalgamated with the Apex Banks.

(b) Reference has already been made to the problem in certain districts where the Central Cooperative Banks are beyond redemption. The societies in these districts are also in a bad way and a scheme of setting up new agricultural banks at the primary level covering a larger area and a new type of cooperative bank with share capital participation by the cooperative societies, commercial banks and the State Govts. may have to be experimented with. Such a course has been suggested by the Study Team which recently

studied the working of the credit institutions in West Bengal.

(c) The National Commission on Agriculture and the Banking Commission have suggested the integration of short, medium and long term credit at the village/tehsil level. Administrative arrangements have to be made for routing, long term credit through the Primary societies. In the smaller States such as Tripura, Manipur, Meghalaya, a unified banking structure for short, medium and long-term credit would be more appropriate.

Deposit Insurance

5.48 The deposit insurance cover has been provided so far only to deposits collected by cooperative banks in the States of Maharashtra, Madhya Pradesh, Andhra Pradesh and Goa. In the other States, this could not be done due to the delay in enacting suitable legislation as suggested by the Reserve Bank. Urgent action has to be taken by the latter States to enact suitable legislation.

Qualitative improvements in the services provided by Cooperative Societies in advanced States

5.49 In the advanced States where the cooperatives have become strong and well-established institutions, further development in the Fifth Plan should be in the direction of achieving qualitative improvements in the type of services provided by the cooperatives. Such improvements may consist of introduction of the cash credit system, distribution of fertilisers and other inputs by the primary societies to all its members, disbursement of larger portion of the crop loans in kind, linking of marketing with credit and introduction of farm guidance facilities. A special committee consisting of the following may

be constituted by the All-India State Cooperative Banks Federation to study this matter further:

- 1-5. Managing Directors of the State Cooperative Banks of Punjab, Gujarat, Maharashtra, Kerala and Tamilnadu.
6. A representative of the Union Deptt. of Cooperation.
7. A representative of the Reserve Bank of India.
8. A representative of the All-India State Cooperative Banks Federation.

The Federation should also play an active role in coordinating the activities of Cooperative Banks. At present it lacks resources for its activities. It is recommended that suitable grants be made available to the Federation for financing such activities.

5.50 Loans to Small Farmers:

It has already been indicated in para. 5.3 that reservation of part of the advances by the cooperatives to small farmers, marginal farmers and other weaker sections of the society would be one of the principle objectives of cooperative credit policy in the Fifth Five Year Plan. A number of concessions in regard to share capital contribution, security for medium-term loans etc. have already been given to the small farmers. Normally, a member has to take up for short-term loans shares to the extent of 10% of his borrowings and an additional 5% in each of the subsequent two years raising the total to 20%. In regard to his medium-term loans, however, the linking generally recommended is 10%. For small farmers, marginal farmers and weaker sections relaxations have been allowed by reducing the share capital required to be held by them and by allowing them to pay the reduced amount of share capital in convenient instalments. For these categories of farmers, for their short-term

loans, it is enough if they hold shares to the extent of 5% of their loan in the first year and 2½% in each of the subsequent years raising the total to 10%. For their medium term loans, they are required to hold shares to the extent of 5% only.

5.51 For advancing loans to tenants and share croppers the Reserve Bank has made the following relaxations:

- (a) Where such a member is in a position to indicate formally or informally the survey number of the land proposed to be cultivated and the Managing Committee of the society is prepared to accept the statement and apply for a loan on his behalf, finance may be provided to him on that basis as per the prescribed scale of finance.
- (b) Where, however, the survey number of the land cannot be indicated even informally without undue hazard and the Managing Committee is also not in a position to identify, if need be, the piece of land cultivated by the member, one of the three alternatives mentioned below may be adopted by the societies for financing such members;
 - i) He should be asked to produce solvent surety, sureties of one or two members who are owners of land or are registered tenants. The guarantees of the fellow-members may be accepted only to the extent to which they themselves are eligible for crop loans from the society.
 - ii) He may be asked to provide collateral tangible security in the form of gold or silver ornaments sufficient to cover the loan, with the prescribed margin.
 - iii) Where even solvent sureties are not forthcoming as guarantors or collateral security as indicated above cannot be provided, it will be difficult to extend full credit facilities to such an oral loanee, whose status as a cultivator is not being certified by any fellow member residing in the same village or who has not tangible security to offer. However, a calculated risk may be taken even in such cases and short-term loans may be advanced to them only in kind (i.e. in the form of fertilizers, improved seeds and other inputs) provided the value of all such inputs supplied does not exceed, say Rs. 500

per individual. As required by the bye-laws of the society, another member will, of course, have to stand as surety for the loan, who may or may not be an owner of land or a registered tenant, provided the guarantor is acceptable to the Managing Committee of the Society.

5.52. Reserve Bank are also providing at present concessional finance in respect of loans to non-agriculturists and agricultural labourer members for purchase of milch cattle and poultry farming activities, subject to existence of adequate arrangements for the sale of milk and produce from poultry farming and for recovery of loan instalments out of sale proceeds.

5.53. The Central Cooperative Banks have been asked to ensure that a minimum of 20% of their borrowing from the apex banks is covered by outstanding loans to societies for small farmers and weaker sections. The policy of reserving a percentage of cooperative credit in favour of small farmers, marginal farmers and other weaker sections should be effectively implemented in all States during the Fifth Plan period and the percentage should go up from year to year. According to the Reserve Bank's statistics for the cooperative years 1969-70 and 1970-71, about 1/3rd of credit advanced by primary credit societies was for cultivators having land holdings of less than two hectares. It is recommended that by the end of the Fifth Plan such advances to persons holding less than 2 hectares of lands should constitute at least 40% of the total advances made. In other words, by 1978-79 out of the total target of Rs. 1200 crores for short-term advances, Rs. 480 crores should be for cultivators with less than 2 hectares of land.

5.54 It is also necessary that the small/marginal farmers should have a due share in the control and management of the primary societies. Provision may be made by law that at least 50% of the members of the managing committees of societies should be from the category of small farmers, marginal farmers, tenants, agricultural labourers, share croppers etc.

5.55 Coordination/Collaboration with Commercial banks

As indicated earlier the cooperatives have established infrastructure facilities but lack resources. The commercial banks have the resources but have not yet built up infrastructure facilities for financing a large number of small farmers and supervising the utilisation of the loans. Cooperation between the two agencies, so that the resources of the commercial banks and the infrastructure of the cooperatives could be utilised, would be of mutual advantage. The scheme of the commercial banks financing selected cooperative societies in 6 States has been under operation for about two years now. While it has been reported to be a success in some States, other States have reported that the scheme has not achieved any worthwhile results. The scheme may be continued and extended. The commercial banks could also contribute to the share capital of the new type of cooperative banks and primary societies proposed to be set up in some districts and could also participate in the management of the cooperative banks.

6.1 The innovations in agricultural technology have opened up vast potentialities for development of agriculture and have rendered even small farms of 1-2 hectares economically viable. In the context of changing agricultural economy with the accent on rendering suitable assistance to farmers, particularly weak and small farmers, the focus of the plan for long-term cooperative credit has to be directly co-related to the agricultural development programmes. The size of the programme for cooperative land development banks in the Fifth Plan has thus to be determined against the background of the past performance, the potentialities for future development and the magnitude of agricultural programmes to be taken up in the Plan. The CLDBs have registered commendable progress both from the point of view of expansion of the loaning operations as also of the orientation of their loaning policies and procedures to servicing agricultural development programmes. The progress of movement has, however, been rather uneven indicating material differences as between different States. It is, therefore, desirable that institutions and areas where development was retarded be identified and the factors inhibiting the development should be sorted out. During the Fifth Plan period, steps will be taken to ensure that there is reduction of disparities in

various regions of the country and suitable programmes and policies are designed to achieve this objective.

6.2 Performance of CLDBs in the matter of recoveries has not been encouraging. In fact the position is deteriorating year after year. There can be no satisfactory credit structure unless the loans are recovered on time. In the context of a larger programme envisaged in the Fifth Plan, it would be necessary to create a climate congenial for accelerating recoveries.

6.3 At present there are 19 State Cooperative Land Development Banks and 1350 primaries/branches. The set up of the state/central cooperative land development banks is federal as well as unitary. A majority of States have the federal set up with the state cooperative land development bank at the State level and the primary land development banks mostly at the Taluka level. In the unitary set up, the state cooperative land development banks function through their branches set up mostly at Taluka level. In addition, in the States of Nagaland and Manipur as also in the Union Territories of Delhi and Goa, Daman and Diu, there is a separate land development banking section in the State Cooperative Bank to look after the dispensation of long-term credit. There is no need to disturb the existing structures.

6.4 Great care should be taken before opening a new branch or starting a new primary. The area of operation of the branch/primary cooperative LDB should not normally be less than the area of 3 Community Development Blocks or a Taluka. The existing criteria of Rs. 20 lakhs investment for adjudging the viability of primary cooperative land development banks/branches of CLDBs no longer holds good and needs to be enhanced to Rs. 30-35 lakhs depending on the margin available. Suitable relaxations may be allowed in the case of hilly, tribal and other difficult areas.

6.5 In the States having federal structure, there appears to be need for enabling the state cooperative land development banks to exercise greater supervision and control over the primary land development banks. For this purpose the following arrangements need to be made:-

1. Establishment of regional offices where they do not exist and appointment of adequate number of officers and inspecting personnel.
2. Recruitment, training and maintenance of common pool of staff.
3. Creation of technical cells.

Suitable provisions may also be incorporated in the bye-laws of the primary cooperative land development banks for inspection and supervision by the Central Cooperative Land Development Banks and appointment of cadre personnel wherever they do not exist.

6.6. In the context of increasing overdues, there is need for a qualitative change in the management of the Central/Cooperative Land Development Banks. Some unbiased element, representing interests, other than those of the borrowers such as experts on commercial banking and agricultural economics may be inducted in the management.

6.7 The share-capital structure of the primary cooperative land development banks needs to be strengthened. At present 1/5th of the share-capital collected from the members is retained at the primary level and the balance 4/5th is passed on to the States/Central Cooperative L.D.Bs. The primary land development banks may be allowed to retain a higher percentage of share capital collected from the members. The distribution ratio, between primary land development banks and state/central cooperative land development banks, may be kept at 2:3 as against the present ratio of 1:4.

6.8 All out efforts should be made to encourage members to continue their association and membership of the primary units and the tendency to adjust the share capital towards the payment of the outstanding loan should be discouraged. Wherever necessary, rules, bye-laws and procedures may also be evolved to enable the land development banks to retain share-capital collected from the members, even after full recovery of the loan. This is also justified on the ground

that being a cooperative venture a member should retain its membership and continue to participate in the operations of the primary society.

6.9 With a view to meet the increasing demand of long-term developmental finance for capital investment in agriculture, the size of the programme of the cooperative land development banks during the Fifth Plan period envisages an investment of Rs. 1,100 crores.

6.10 To sustain a normal loaning programme of the order of Rs. 1,100 crores, the resources may be raised as follows:-

	(Rs. in crores)
Own funds	45.00
Rural debentures/deposits	35.00
State Coop. Banks and others	70.00
Sinking Fund	350.00
RBI/SBI/Commercial banks/LIC	450.00
Central Govt./State Govts.	150.00
	<hr/>
	1100.00

As in the Fourth Plan, the Central and State Governments may continue to support the ordinary debenture programme so that the Government is involved directly. The other public institutions namely Reserve Bank of India, Life Insurance Corporation, State Bank of India, the Nationalised and commercial banks etc. may also continue to provide necessary support.

6.11 Although the suitability of the cooperative land development banks as agencies for tapping rural savings is limited, there is no denying the fact that efforts will have to be made by these banks to mobilise funds through floatation of rural debentures by issuing rural saving certificates and by accepting fixed deposits.

6.12 Cooperative land development banks have, by now accepted the need for adopting a development oriented credit policy. According to the existing patterns at least 90% of the loans advanced by the cooperative land development banks have to be for productive purposes of which at least 70 per cent should be for purposes easily identifiable as productive. These include sinking of new wells and construction of new tanks, boring and deepening, reconstruction or repairs to old wells, deepening, reconstruction or repairs to tanks, installation of persian wheels, purchase and installation of pump-sets, purchase of tractors, power tillers, mechanical sprayers and other machinery and implements, construction of godowns, cattle sheds, farm houses, manure sheds and barbed wire and stone fencing. It may be necessary to expand the list of identifiable purposes. They may include land development and soil conservation provided these are based on schemes drawn up suitably and approved by technical officers. Besides

the following items may be added to the list:-

1. Composite schemes for dairy and livestock development, milch cattle, sheds etc.
2. Purchase and installation of machinery for processing of own farm produce.

6.13 The World Bank support for the programmes of agricultural development credit, which was not envisaged at the time of preparation of the IV Plan, has come in a big way from the financial year 1970-71. World Bank agricultural credit projects have already been approved in respect of the States of Gujarat, Punjab, Andhra Pradesh, Haryana, Tamil Nadu Maharashtra and Mysore and similar projects for other States are being considered. These projects envisage provision of long-term credit for agricultural development. LDBs are expected to implement a major portion of the schemes included in these projects. Under the project agreements, the LDBs are to extend identical terms and conditions of loaning for their normal loaning operations. These, among others, require setting up of ground-water Directorates, technical clearance of minor irrigation schemes from such Directorates, down payments, non issue of loans for the same purposes till the financial completion of the special schemes was over, etc. Some of the LDBs have been finding it difficult to switch over their entire loan programme to these terms and conditions due to certain established practices in their areas of operation and the reluctance for a change. In this connection it may

be desirable not to insist on a sudden switch over to the disciplines envisaged in project lending to non-project areas.

6.14 The cooperative land development banks have already taken steps to streamline their loaning policies and procedures in order to provide the desired service to the small farmers. The concessions are in respect of repayment period of loans, down payments etc. As regards share capital contribution, the small farmers are expected to subscribe at the rate of 2 per cent in the first year and 1 per cent in each of the three subsequent years as against the normal practice of 5 per cent share capital in one lump sum. In the Fifth Five Year Plan, besides the above noted concessions, the following additional concession/liberalisations in the loaning policies and procedures with a view to ensuring smooth flow of credit to the small and economically weak farmers are recommended:-

- i) If the resources available are inadequate in any land development bank to meet the requirements of all its members, the bank should ensure that the needs of small cultivators are adequately met on a priority basis; The Coop. L.D.Bs should adopt a positive policy of canvassing application for the weaker sections.
- ii) The loaning policies of cooperative land development banks may be liberalised in respect of valuation of landed property offered as security; issue of joint loans for groups of small cultivators and economic viability of the proposed investment rather than the value of the tangible security as the basis for loan;

- iii) Bigger cultivators, who can repay loans in shorter periods should be encouraged to avail of medium-term credit for investment.
- iv) There should be coordination between the Development Department, land development bank and Central Cooperative Banks, at the district level and below, so that they do not follow diverse policies and programmes. Land development banks plans and target should be drawn up in conjunction with Agriculture/Minor irrigation/Soil conservat departments.

6.15 With regard to the guarantee by the State Government to cover the deficit in security in respect of normal long-term loans to the weaker sections for development purposes, it is suggested that the State Governments may provide such guarantee for deficit in security but not for the deficit in respect of repaying capacity. Development loans may also be provided adequately by the cooperative land development banks to the small and economically weak farmers and that a portion of such loans may be for redemption of prior debts.

6.16 In order to ensure a smooth flow of funds for loaning in the SFDA areas, the primary cooperative land development banks in such areas are eligible for full financing from the state cooperative land development banks irrespective of the percentage of their overdues. In the weaker States of Assam, Bihar, Himachal Pradesh, West Bengal, Madhya Pradesh, Orissa, Rajasthan, Tripura it will have to be ensured during the Fifth Plan that policies and procedures are so designed as not to inhibit the flow of credit to the smaller farmers.

Regional Imbalances 6.17 Analysis of the long-term loans

outstanding with reference to the net sown area in different States with the position obtaining as on 30th June, 1971, the average investment of long-term credit comes to Rs. 46 hectare. The position in various States, however, differs materially which indicates the regional imbalances as below:-

Pondicherry	Rs. 154
Tamil Nadu	Rs. 125
Punjab	Rs. 118
Gujarat	Rs. 97
Andhra Pradesh	Rs. 73
Delhi	Rs. 73
Maharashtra	Rs. 65
Haryana	Rs. 63
Uttar Pradesh	Rs. 43
Mysore	Rs. 40
Kerala	Rs. 34
Jammu & Kashmir	Rs. 28
Himachal Pradesh	Rs. 24
Orissa	Rs. 21
Bihar	Rs. 17
Madhya Pradesh	Rs. 11
Rajasthan	Rs. 9
West Bengal	Rs. 8
Assam	Rs. 2
Tripura	Rs. 2

On this basis, the State Land Development Banks may be divided into the following groups:

Group 'A' State Land Development Banks where the outstandings are more than Rs. 60 per hectare:

Pondicherry	Rs. 154
Tamil Nadu	Rs. 125
Punjab	Rs. 118
Gujarat	Rs. 97
Andhra Pradesh	Rs. 73
Delhi	Rs. 73
Maharashtra	Rs. 65
Haryana	Rs. 63

Group 'B' State Land Development Banks where the average outstandings are between Rs 30 and Rs 60 per hectare:

Uttar Pradesh	Rs. 43
Mysore	Rs. 40
Kerala	Rs. 34

Group 'C' State Land Development Banks where the outstandings per hectare are less than Rs. 30

Jammu & Kashmir	Rs. 28
Himachal Pradesh	Rs. 24
Orissa	Rs. 21
Bihar	Rs. 17
Madhya Pradesh	Rs. 11
Rajasthan	Rs. 9
West Bengal	Rs. 8
Assam	Rs. 2
Tripura	Rs. 2

6.18 With a view to ensure a reduction of disparities throughout the country during the Fifth Plan period, the State Cooperative Land Development Banks in Group 'C' States should have a growth rate of more than double over their performance during the Fourth Plan period. There may also be a need for liberalising the application of various loaning policies and procedures for such areas so as to facilitate adequate investment during the Fifth Plan period. The rate of growth in the case of cooperative land development banks in Group 'A' and 'B' may be 25 per cent and 50 per cent respectively. A projection on this basis is made as per annexure XII.

6.19 In order to ensure a growth rate of more than 100 per cent in Group 'C' States, the following administrative and financial arrangements are suggested:-

1. A constant watch over the progress achieved by the cooperative land development banks in Group 'C' States should be kept by a cell in Department of Cooperation. A Committee consisting of representatives of the Union Department of Cooperation, RBI and the

concerned State may be constituted to make periodical review of the progress and problems in this regard.

2. The target for floatation of rural debentures for the cooperative land development banks in Group 'C' should be lower.
3. The reduction in the ordinary debenture programme of the cooperative land development banks in Group 'C' States on account of overdues or failure to float rural debentures should be less severe.
4. Suitable relaxations may be allowed in the condition regarding matching contribution by the State Governments in respect of the ordinary debenture support to be provided for the State Cooperative Land Development banks in Group 'C'
5. Assistance from the RBI for share capital contribution to the institutions in those areas should also be on a more liberal pattern.

e 6.20 The performance of the cooperative land development banks, by and large, in matters of recovery has not been encouraging excepting in States like Haryana and Punjab. While a large part of overdues may be attributable to slackness on the part of the recovery staff the concurrence of natural calamities and adverse seasonal conditions also to some extent were responsible for aggravating the problem in some of the States. There may be a need to tackle this acute problem both through short-term measures like launching recovery drives, legal action, bringing about suitable change in due dates for instalments and long-term measures in the shape of making stabilisation arrangements in the cooperative long-term credit structure. To begin with the cooperative land development banks may start building up stabilisation fund in the following

manner:-

- (a) At the State/Central Cooperative Land Development Bank level and the primary cooperative land development banks level, appropriation of 15 per cent of the net profits.
- (b) Credit of interest at 3 per cent per annum on the total amount at credit to the fund at the beginning of each year.
- (c) The transfer of the amount of dividend payable over and above 3 per cent on the share holding of the State Government in the State/Central Cooperative Land Development Bank and the Primary Cooperative Land Development Banks.
- (d) Transfer of any other sums which the State/Central Cooperative LDBs and the primary cooperative land development banks may contribute or may receive for the purpose from any source including Government.

agement

6.21 With the technical improvements taking place in the sphere of agricultural/production programmes, financing of capital investment in agriculture is becoming complex and requires technical knowledge and expertise. The fast expanding loaning operations of the cooperative land development banks and the additional responsibilities which they are being called upon to shoulder have brought into sharp focus the inadequacies relating to the managerial, supervisory and technical staff of banks. In the context of the additional responsibilities which are likely to be entrusted to the cooperative land development banks during the Fifth Plan period, the inadequacies in respect of the staffing pattern in the State Cooperation Departments and Central/Primary

cooperative land development banks need to be removed, on a top priority basis by building up administrative and supervisory staff of the right calibre and on requisite scale. Implementation of schemes of common cadres, setting up of technical cells and specialised training of staff at various levels would also require adequate priority in the plan period may also have to be ensured. Provision may also be required for providing share capital ~~contribution~~ by the State Governments to the Central and primary cooperative land development banks by obtaining funds from the Long-term Operations Fund of the Reserve Bank of India. Arrangements may be needed for opening of regional and district offices by the central cooperative land development banks, wherever needed, as also appoint necessary supervisory and inspecting staff.

6.22 With the growth in the lending operations of the cooperative land development banks and the sophistication in the loaning policies and procedures, there is a need for re-organisation/strengthening of the Union. At present the activities of the Union comprise of organising educational activities for the office bearers and staff of the state cooperative land development banks, publication of suitable literature, bringing out suitable publicity material for potential membership, conducting study of the working and financial position of its member

banks etc. In order to enable the Union to play its role more effectively during the Fifth Plan period, it is necessary to set up a technical and research cell and for this purpose suitable assistance be provided by the Government of India.

CHAPTER-7 COOPERATIVE AGRICULTURAL MARKETING
PROCESSING, SUPPLIES AND STORAGE.

Cooperative agricultural marketing:

7.1. Agricultural marketing will continue to be assigned a central position in the strategy of cooperative development during the Fifth Five Year Plan. "Growth with stability" will be the key note of the programmes of development in this sector. New primary societies will be organised only where new markets come up on account of the impact of the green revolution, though the primary endeavour will be for the existing marketing societies to open branches in such new markets. The question relating to delimitation of the area of operation and shifting of the location of the headquarters of the existing societies in some of the States will have to be pursued, so as to ensure that every Mandi centre is covered. Measures for rationalisation, consolidation and strengthening of the marketing structure will continue to be taken up on^a/priority basis for supporting and servicing the programmes of increased agricultural production. in the best interests of the producer and the consumer.

7.2. Programmes for revitalisation/activation of weak/dormant societies, which offer scope for development, will be taken up in a phased manner, particularly in cooperatively backward areas. It would be necessary to launch intensive membership drives through an effective

programme of education, propaganda and persuasion to enrol more individual growers as direct members of primary marketing societies. Effective measures need to be taken to augment the share capital subscribed by the grower-members and society-members. The State Governments have already initiated various steps to eliminate the vested interests which have infiltrated into the management of marketing societies. This aspect will continue to receive utmost priority during the next Plan.

7.3. Action to forge an effective link between cooperative credit and marketing, and between the primary marketing societies and the State/national level federations, will receive urgent attention during the Fifth Plan. Similarly, measures to forge a direct link between the marketing and consumer cooperatives will be initiated. To have a more effective link with the growers, marketing and processing cooperatives will, on a selective basis, disburse production credit in areas where the existing credit structure is weak and also plantation crops areas, tribal areas, etc. where it is not practicable to organise pure credit societies. Marketing societies disbursing production credit should be eligible for concessional refinance from the Reserve Bank of India.

7.4. Special attention will be given to removing regional imbalances in the field of cooperative marketing, and to accelerate the development of cooperative marketing in the Eastern region as well as in Eastern U.P., Rajasthan, H.P.

and parts of Andhra Pradesh. Marketing cooperatives will have to increasingly undertake outright purchases of agricultural commodities to benefit small farmers.

7.5. Cooperatives will continue to diversify their marketing operations, and increasingly undertake marketing of cash crops and oilseeds, with a view to stabilising their prices both at the producer and the consumer ends. While the marketing cooperatives will closely coordinate their activities with the public sector commodity corporations like the F.C.I., C.C.I. and J.C.I., the latter ^{also} will need to give the necessary trade support to the cooperatives, and also fully involve them in their price support and commercial procurement operations.

7.6 The programmes in the Fifth Plan will also aim at improving and modernising the marketing techniques adopted by the cooperatives and also at equipping them in grading, transport and processing facilities. To enable the growers to get the best price, cooperative marketing has to include processes such as grading, pooling and bulking of produce (and processing where necessary) and finally to arrange for their sale in the most favourable markets. Certain inadequacies in the operation of regulated markets, which have so far been retarding the growth of sound cooperative marketing, will have to be removed as pointed out by Dantwala Committee.

7.7. Another area to which increasing attention will have to be paid is in relation to the provision of adequately

trained and qualified personnel to marketing cooperatives. The scheme for establishment of common cadres/pools of marketing personnel will have to be vigorously implemented, if necessary, by providing legislative support. The technical and promotional cells in the apex marketing federations will be further strengthened in order to make requisite expertise in different fields available to the marketing societies.

Physical Targets

7.8. As a result of the various measures indicated above, it is envisaged that during the last year of the Fifth Plan, cooperatives will handle agricultural produce of the value of Rs. 1600 crores, consisting of Rs. 600 crores under food-grains, Rs. 500 crores under sugarcane and Rs. 500 crores under other crops. The State-wise break-down of this target is given in the Annexure XIV. The inter-state trade undertaken by cooperatives may be of the order of Rs. 80 crores by the end of the Fifth Plan. In the field of exports, cooperatives will step up their operations to Rs. 15 crores. To enable them to achieve these targets, the following schemes will be implemented in the Fifth Plan period.

Organisation of new primary marketing societies:

7.9. As brought out, new societies will be organised only in areas where new secondary markets come up on account of the impact of the green revolution and which cannot be covered by existing societies. Besides, there may be need

to set up separate marketing societies for handling certain special commodities such as fruits and vegetables, lac, plantation crops, etc. which call for specialised knowledge and techniques. These societies will cover compact areas where production of such specialised crops is concentrated. About 100 new marketing primaries are expected to be organised during the Fifth Plan to cover the new markets and also to cater to the needs of growers of specialised crops. These societies will be provided with government contribution to their share capital at about Rs. 1 lakh each. These societies will also be provided with managerial subsidy at Rs. 10,000 each over a period of three years on a tapering basis. Managerial subsidies may also be needed to be provided to weak apex and regional level federations.

Outright purchases:

7.10. With a view to helping the small and marginal farmers, a scheme was formulated during the Third Plan to enable the marketing cooperatives at various levels to make outright purchases of specified agricultural commodities from such farmers within certain limits. The scheme envisaged government contribution to the special price fluctuation funds of the societies at the rate of 2% of the value of outright purchases made, 5% for commodities purchased for export and also for processing. During the year 1969-70, outright purchases of the order of Rs. 32 crores were made under the scheme. The scheme could not be extended to many of the

marketing societies due to limitations of State Plan resources. Adequate provisions need to be made for the scheme by the State Governments in order to benefit the small and marginal farmers. Certain other limitations experienced in the working of the scheme will also be removed. It is envisaged that the total quantity of outright purchases from the small farmers under the scheme would be of the order of about Rs. 100 crores annually during the Fifth Plan period.

Grading and Pooling:

7.11. Except in Gujarat, in respect of cotton marketing, most of the cooperatives have not been able to introduce the system of sale after pooling. In the Fourth Plan, a scheme for providing incentives to the growers for accepting the pooling system was sought to be introduced but no effective steps seem to have been taken in this direction by any State Government. This will have to be vigorously implemented in the Fifth Plan. With a view to helping the producer to obtain a better return for his produce and also for ensuring supply of quality products to the consumers, the cooperatives are being encouraged to set up grading units increasingly. marketing society establishing a grading unit is given a subsidy of Rs. 7,500 towards the cost of the grading equipment and staff. About 100 new grading units are proposed to be organised during the Fifth Plan period.

Managerial Personnel :

7.12. Another area in which cooperative marketing societies have faced difficulties was in relation to finding adequately trained and qualified personnel. As against 3335 primary marketing societies at the end of 1970, only 1636 societies had managerial staff of their own, while 844 societies obtained their managers on deputation from Government departments. Nearly 6500 persons at various levels in the marketing societies still remain to be trained in cooperative marketing. With a view to attracting suitably qualified managerial personnel for the marketing cooperatives and also to retain them, the State marketing federations were required to create common pools/cadres of managerial personnel for being lent to their affiliated societies for which subsidies were provided by State Governments. Much progress could not, however, be made in this regard due to various reasons. Intensive measures need to be taken to implement the scheme effectively in all States, if need be with legislative support. Adequate financial assistance will also have to be provided for maintaining the cadres and also to subsidise the cost in respect of weaker primary societies which are not in a position to maintain cadre personnel. There is also an urgent need to professionalise the middle and senior level managerial cadres of cooperative marketing societies.

7.13. Technical and Promotional cells have also been established in most of the State marketing federations with assistance from the N.C.D.C., wherein experts of different

types required to meet local needs have been appointed in order to provide the requisite expertise and guidance in different fields to the lower level societies. Such cells are also in existence in the National Marketing Federation, all-India Cooperative Spinning Mills Federation and the National Federation of Cooperative Sugar Factories. These cells will be further strengthened as business operations of the societies develop. The assistance for this scheme will continue to be provided by the NCDC from out of its funds. In order to improve the skills of various functionaries in the marketing system, regular and special courses on cooperative marketing are being run by various cooperative training institutes in the country.

Strengthening the share-capital of marketing societies :

7.14. The owned funds of the primary marketing societies were of the order of Rs. 52 crores at the end of 1969-70 while those of the district/regional societies and State level federations stood at Rs. 10 crores and Rs. 20 crores respectively. Of the total paid up share capital of the marketing societies, the State partnered share-capital accounts for about 61% at the level of primary marketing societies and 87% in the State marketing federations. This points to the need for intensive efforts for augmenting the share capital subscribed by the grower members as well as the society members during the Fifth Plan period.

7.15. As a result of various measures indicated above, it is envisaged that during the last year of the Fifth Plan,

marketing coöperatives will handle agricultural produce of the value of Rs. 1400 crores. For achieving a turn-over of this order, the marketing coöperatives will require disposable owned funds of the order of Rs. 135 crores towards margin money for raising bank credit. Of the owned funds of Rs. 32 crores of the marketing societies at different levels, it is estimated that their disposable owned funds (excluding investments in fixed assets, share-capital of higher level coöperative societies, etc.) would be of the order of about 50 crores at the end of 1969-70. It is expected that this will go upto Rs. 70 crores by the end of the Fourth Plan. In other words, during the five years of the Fifth Plan, coöperatives will have to substantially augment their disposable owned funds from Rs. 70 crores in 1973-74 to about Rs. 125 crores by 1978-79. It is expected that the coöperatives themselves would raise about Rs. 30 crores through additional contributions from their members and other internal resources. The State Governments will have to provide the balance of additional requirements of Rs. 25 crores in the form of share capital contribution. Only on a selective basis, in under developed areas, would assistance be given to State Governments outside their plan ceilings to contribute to the share capital of marketing societies.

7.16. In pursuance of the recommendations of the Conference of the State Cooperation Ministers held in September, 1971, a Central sector scheme has been formulated with an outlay of Rs. 2.5 crores for strengthening about 400 selected coöperative marketing societies. The scheme is to be implemented during

the last two years of the Fourth Plan. Under this scheme, assistance is available to the State Governments outside the state plan resources for contribution to the share capital of selected cooperative marketing societies for their intensive development.

7.17. The Central sector scheme for assisting state governments for contribution to the share capital of marketing societies will not be continued during the Fifth Plan period. However, on a selective basis, states will be assisted to contribute to the share capital of marketing societies in the backward and cooperatively under developed areas.

Assistance to NAFED:

7.18 During the Fifth Five Year Plan, the National Agricultural Cooperative Marketing Federation, will have a crucial role to play especially in the development of integrated marketing of agricultural produce in the country as well as in boosting the exports of agricultural commodities in foreign markets. For this purpose, NAFED will require substantial financial assistance by way of additional share capital contributions, subsidies towards special price fluctuation fund and export risk fund, etc.. An outlay of Rs.1.00 crores would be needed under Central Sector during the Fifth Plan for these activities of NAFED.

Poultry Cooperatives:

7.19 Significant progress has been made in the field of poultry development during the last decade. The national production of eggs is likely to increase from 2881 millions in 1961 to 8000 millions by 1973-74. But simultaneously with the development programmes for poultry production, adequate arrangements

have not been made for marketing of eggs and other - poultry products. As a result, there are wide seasonal variations in the prices and the poultry farmers do not often get an economic price for the eggs they produce. There is wide margin between the producers and consumer prices, a large percentage of which is retained by a host of middle-men operating in the trade. With a view to fulfil the twin objectives of ensuring proper return to the producers and making the eggs available to the consumers at a reasonable price, a central sector scheme for establishment of a national cooperative marketing federation for poultry products with an outlay of Rs. 1.00 crore is under formulation. It is expected that by the end of the Fourth Five Year Plan, this federation would have established branches in Delhi, Bombay, Calcutta and Madras. During the Fifth Plan, the federation will require substantial assistance for expansion of its business activities, opening of branches in other important cities and towns, towards contributions to price fluctuation and risk funds, purchase of refrigerated vans, equipment, etc. An outlay of Rs. 1.00 crore would be needed for this purpose under the central sector during the Fifth Plan.

Cooperative Processing:

7.20. In the strategy of rural reconstruction, the role of agricultural processing industries is that of a pace-setter. Being labour intensive these industries have a potential to create new job opportunities in the rural areas. A sugar factory of 1250 tonnes daily crushing capacity offers 750 new jobs. Similarly, a spinning mill of 12000 spindles deploys a compliment of 400 employees. In the Fifth Plan, therefore, support to this programme will have to be not only continued but also significantly intensified. The emphasis will be on the establishment of integrated medium and large sized processing units, so that their competitiveness and viability is stronger and their impact greater, particularly as generators of rural employment and industrialization.

7.21. The cooperative processing capacity generated will have to be such that the cooperatives by the size of their operations would be in a position to influence the markets, both in the procurement of raw materials and in the sale of end products, thereby benefiting both the grower and the consumer. This link-up is of particular importance as price stabilisation is one of the primary objectives. If need be, the device of licensing will require to be used for this purpose, particularly in respect of essential consumers items, like edible oils, rice, cattle-feed, etc., as has been done in the case of sugar. In those sectors where processing capacities have already been pre-empted in relation to the demand, a bold policy of cooperativisation

of the existing agricultural processing units in private sector will need to be resorted to.

7.22. - Excluding paddy, and to some extent pulses, the cooperatives have not shown initiative in taking up foodgrain processing. This is particularly true in respect of crops like wheat and maize. Marketable surpluses of these crops are increasing and a number of new areas have started growing these crops. Therefore, steps will be taken to encourage cooperatives to mop up a sizeable quantity of these crops for processing. Modernisation of existing rice mills is another area where immediate action would be needed. Under the Rice Milling Industry (Regulation) Act, it is obligatory to change conventional mills into modern rice mills. As the existing rice milling units are facing many problems on account of State Government's paddy/rice levy policies, they are not able to invest funds in modernising their milling plants. This is also resulting in disincentives to the cooperatives to establish new rice mills or expand capacity of the existing units. Steps will need to be taken to amend this situation.

7.23. Cooperative agricultural processing industries in the weaker states and the tribal areas have not yet taken root, and as a result their development is uneven in different parts of the country. To encourage the

establishment of cooperative agricultural processing industries in such areas, more liberal patterns of assistance will be made available and more intensive promotional steps taken for the identification and formulation of suitable projects, in such areas.

7.24. Similarly, the benefits of various schemes of cooperative agricultural processing have not percolated to the level of small and marginal farmers, particularly those dependent on dry farming. In respect of such farmers the remedy lies in mixed farming in which dairy, poultry, piggery farming will have to be developed massively by providing adequate processing and marketing facilities, through cooperatives, on terms convenient to the farmers of this category.

Similarly, cooperative processing and marketing of fruits and fruit products of hill States and fishery will receive pointed attention. To achieve this objective, new forms and patterns of assistance/organisation will be formulated.

7.25. Where large sized processing units, deploying modern sophisticated technology with sizeable block investment are proposed to be established, emphasis will be on setting up of independent farmers' cooperatives for this purpose. In the area where it will not be possible for the farmers alone to do so, the apex federations and some of the financially strong secondary

level societies will be encouraged to promote and financially support such ventures by forming consortium of marketing/processing federations, of local societies and the growers.

7.26. Violent price fluctuations in the prices of agricultural commodities has been one of the major obstacles in the smooth growth of agricultural processing programme in the cooperative sector. This has been more evident in respect of cooperative processing of oil-seeds, cotton, coconuts, etc. Therefore, during the Fifth Plan, schemes will be drawn to provide adequate trade cover to the cooperatives with the help of Government owned commodity corporations. In respect of those crops where such corporations have not been established, steps need to be taken for their establishment.

7.27. To ensure coordinated and speedy growth of some of the important economic sectors, the number and scope of public undertakings is being enlarged from time to time. Alongside, cooperatives are also undertaking, and being encouraged to undertake, larger responsibilities in the field of agro-based and allied industries with similar social objectives. It, therefore, appears necessary that attention should be increasingly given to explore the possibilities of establishing such industries in the Joint Sector consisting of public undertakings and the cooperatives. Such a strategy would help the public undertakings to find their roots in rural environments.

This would also help to provide the institutional framework for passing on the benefits of their activities, among others, to the farmers in a more orderly and legitimate manner. Development on these lines would also help to provide initiative and resources from outside in respect of some of the industrially under-developed areas.

7.28. It is essential that the processing cooperatives which are functioning under competitive conditions should adopt modern management techniques and employ qualified and trained personnel. Any disregard of this important aspect may result in creating economic hardship not only for the individual processing units but will also result in adversely affecting the image of the cooperatives. The scheme relating to the formation of pools/cadres of qualified and experienced managerial personnel will have to be vigorously pursued in the Fifth Five Year Plan. The existing arrangements for imparting training in a sophisticated technology and modern management techniques to the managerial and technical personnel of the cooperatives will have to be enlarged.

Cooperative Sugar Factories

7.29. The back-log in installation of capacity at the beginning of the Fifth Plan is likely to be 4.05 lakh tonnes in the cooperative sector, of which 3.90 lakh tonnes would relate to 23 new cooperative sugar factories and 0.15 lakh tonnes to 1 cooperative sugar factory going in for expansion.

Programme in Fifth Plan

7.30 During the Fifth Plan, an additional 17 lakh tonnes is likely to be licensed. It is assumed that 60 per cent of the additional licensing would be for new units and 40 per cent for expansion of existing capacity. The cooperatives would obtain most of the licenses for establishment of new units and approximately 50 per cent of the capacity for expansion. This works out as follows:-

New capacity:	9.13 lakh tonnes
Expansion:	<u>3.40 lakh tonnes</u>
Total:	<u>12.58 lakh tonnes</u>

Assuming that there would be a backlog of approximately 3 lakh tonnes at the end of the Fifth Plan, the position that would emerge, would be as under:

IV Plan Spill-over	Annual licence capacity during V Plan	Total capacity (2+3)	Spill-over at the end of V Plan	Capacity for which financial and other provisions have to be made
(1)	(2)	(3)	(4)	(5)
3.90	9.18	13.08	2.20	10.88
0.15	3.40	3.55	0.80	2.75

It would be seen that 10.88 lakh tonnes of newly licensed capacity and 2.75 lakh tonnes of expansion would, therefore, have to be financed during the V Plan period.

Financial requirements:

7.31. Assuming the cost of a sugar factory of 1250 tonnes crushing capacity, producing 0.18 lakh tonnes of sugar

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per annum, at Rs. 300 lakhs, the per tonne cost works out to approximately Rs.1650 per tonne. Generally, it is seen that the cost of expansion is approximately 2/3 of the cost of establishing a new factory and the per tonne cost would, therefore, be approximately Rs.1100.

7.32. The requirements of finance for establishing a capacity of 10.88 lakh tonnes at the rate of Rs.1650 per tonne would work out to approximately Rs.179.50 crores. For expansion, the total cost would be Rs.30 crores.

7.33. The cost of one new sugar factory of 1250 tonnes per day crushing capacity would be Rs.300 lakhs, and assuming an equity debt ratio of 40:60, the financial pattern would be as under:-

Share capital from growers and state Government	Rs. 120 lakhs
Loans from IFC/LIC	<u>Rs. 180 lakhs</u>
Total:	<u>Rs. 300 lakhs</u>

Of the Rs. 179.50 crores required for 11.90 lakh tonnes, 40 per cent (Rs. 71.80 crores) would, therefore, have to be raised as share capital and the balance of Rs. 107.70 crores would have to be raised as loans from the IFC and other financing institutions. During the Fourth Plan period, the IFC were financing to the extent of approximately ^{Rs.} 10 to 12 crores per year and it is, therefore, clear that the financial resources of the long term lending institutions would have to be considerably

strengthened so as to enable loaning of this order.

7.34. In the case of units going in for expansion, it is expected that internal resources to the extent of 40 per cent would be generated and loans to the extent of only Rs.18 crores would be required from financing institutions.

Pattern of financing

7.35. It would be necessary for the cooperative factories to raise approximately Rs.71.80 crores as share capital. According to the present pattern, the state government participates to the extent of 50 per cent in normal areas and 66 $\frac{2}{3}$ per cent in backward areas and the remainder is raised by growers from within a radius of 25 miles of the factory. With the increase in cost of one sugar factory to Rs.300 lakhs, the share capital per factory required to be raised from growers would normally vary from Rs.40 to 60 lakhs. The raising of Rs. 60 lakhs from growers alone would prove extremely difficult and would come in the way of effective implementation of the programme. It is, therefore, proposed that the pattern between state Governments and growers, may be modified and the growers may be required to contribute to the extent of 33 $\frac{1}{3}$ per cent and the balance may be contributed by the state Governments. Keeping this in view, the growers would be required to contribute Rs.23.90 crores and the state Governments Rs.47.90 crores as share capital.

For the creation of additional sugar capacity effective tying up of resources is imperative. There has been a short fall in share capital contribution by state Governments during the Fourth Plan period and keeping this in view, it is proposed to provide assistance to state Governments during the Fifth Plan to the extent of Rs. 15 crores under a Central sector scheme. This would be roughly 1/3 of the total requirements of Rs. 47.90 crores and this assistance would be given in accordance with a formula whereby well developed sugar states would get less and under-developed areas more. The states would make provisions for the balance of share capital requirements.

7.36. For raising the growers' equity amounting to Rs. 23.90 crores, the byelaws of cooperative sugar factories may also have to be modified providing for a more broad-based membership. The resources of affluent cooperatives in other areas could very usefully be used as contribution towards the share capital of sugar factories.

7.37. The Reserve Bank's medium term loan scheme for assisting growers in the purchase of shares in cooperative sugar factories would also have to be considerably activated, and for this purpose alone, funds to the extent of Rs. 10 crores may be needed, on the assumption that approximately half the amount would be raised by the growers through the scheme.

Physical targets

7.33. At the end of the Fourth Plan, 1360 large, medium and small sized processing units are expected to be organised in the cooperative sector, of which 1555 are expected to be installed. Keeping in view the employment generating potential of this programme, it is proposed to organise approximately 470 new units, of which 275 are expected to be completed during the Fifth Plan period. Thus, at the end of the Fifth Plan, there would be 2330 processing units in the cooperative sector of which 2135 would be installed. A block investment of approximately Rs. 300 crores would be required for the establishment of these units during the Fifth Plan period. The statement at Annexure XV indicates the position of the number of units likely to be organised and installed at the end of the Fourth Plan and the projective position at the end of the Fifth Plan. Also indicated in the statement is the commodity wise capacity, that is likely to be available in the cooperative sector both at the end of the Fourth Plan and the Fifth Plan.

Cooperative Spinning Mills :

7.39. The Ministry of Foreign Trade has notified licensing of about 25 lakh new spindlage in the near future. The Ministry of Foreign Trade have taken a policy decision that most of these spindles should be licensed either in the cooperative sector or in the public sector. The All India seminar on Cooperative Spinning Mills, which was held in October 1972 at Poona, considered this question and recommended that at least 1 million spindles should be brought within the cooperative fold by expanding the spindlage capacity of the existing cooperative spinning mills to the economic size of 25,000 spindles and by setting up new cooperative spinning mills. On the basis of current costs, this would mean a total capital investment of Rs. 100 crores. On the basis of debt equity ratio of 60:40, the total equity capital, that will have to be raised by the existing and new cooperative spinning mills for the purpose, would have to be about Rs. 40 crores. According to the existing pattern of assistance, in vogue in the states, 1/3rd of the equity capital of the cooperative spinning mills is raised from members and 2/3rds is contributed by the state Governments. This would mean that an amount of about Rs. 27 crores will have to be provided in the Fifth Five Year Plan for undertaking the expansion of the existing cooperative spinning mills and organisation of new spinning mills including the spillover for bringing an additional 1 million spindles within the cooperative fold during the Fifth Five Year Plan.

The State Governments would have to contribute share capital to the extent of Rs.14 crores for undertaking a programme of the above magnitude. In the past, there has been inadequate support to the cotton spinning programme from State Governments and it is, therefore, proposed that of the equity requirements Rs.7 crores would be provided to State Governments under a Central Sector Scheme and the balance from within the State Plan Ceilings.

Sugar Mills Machinery Manufacturing Units:

7.40 There are at present 7 sugar machinery manufacturers in the private sector and, at full capacity, without any bottlenecks regarding supply of skills, etc. their sugar machinery manufacturing capacity is 18 complete plants of 1250 tonnes of crushing per day. In actual practice, there are only 5 sugar machinery manufacturers in the private sector, who are operating in the field and their out-turn is much less than the capacity of their plants. At best, a sugar mills machinery upto a maximum capacity of 12 lakh tonnes can be expected to be supplied over the Fifth Plan period by the existing units. Taking into account the likely backlog in installation of sugar plants at the beginning of the Fifth Five Year Plan, which would be about Rs.4.05 lakh tonnes in the cooperative sector alone, and the additional 12.58 lakh tonnes capacity expected to be licensed during the Fifth Plan period in the cooperative sector, the requirements of the sugar

machinery capacity of the cooperative sector alone would be roughly about 16.60 lakh tonnes. In addition, 4.40 lakh tonnes capacity is expected to be licensed in the private/public sector either for new capacity or for expansion. The present machinery manufacturing capacity thus appears to be inadequate to cope up with the requirements. It would be necessary to establish one large sized machinery manufacturing unit in the cooperative sector during the Fifth Plan period. It is envisaged that the National Federation of Cooperative Sugar Factories would undertake this project. For this purpose, a provision of Rs.1 crore has been made for contribution to the share capital of this venture.

Bagasse-based paper plant.

7.41 A letter of intent has been issued to the Shetkari Sahakari Shakar Karkhana Limited, Sangli (Maharashtra) by the Ministry of Industrial Development for setting up a bagasse-based paper plant. Arrangements are being made to undertake a techno-economic feasibility study in connection with this project and, for this purpose, assistance has been sought from the Government of U.K. under the Colombo Plan. Preliminary estimates of the project have, however, been made and it is expected that the bagasse-based paper plant to be set up by the Karkhana is estimated to cost about Rs.30 crores. On the basis of a equity debt ratio of 1: 1.5, the project should have an equity capital

of Rs.12 crores; the balance of about Rs.18 crores could be obtained from the Central financing institutions such as IFC, IDBI, etc. The Sahakari Sakhar Karkhana at Sangli has indicated that it will raise Rs.2 crores by way of equity capital from its members and the Government of Maharashtra have also agreed to consider contributing Rs.2 crores from the State Plan. The Karkhana has requested the Central Government to make a provision of Rs. 10 crores, for share capital contribution to this project out of which Rs.2 crores is to be found by the Government of Maharashtra from the State Plan resources. Since this will be a major industrial venture in the cooperative sector and as it is not possible to include such a large amount within the limited outlay for this sector, this provision of Rs.10 crores may be made ~~in the Industries sector of the~~ Fifth Plan.

Cooperative Supplies

7.42 Expansion of cooperative distribution of agricultural inputs will continue to be one of the central aims of the strategy of cooperative development in the Fifth Plan. Apart from strengthening the marketing cooperatives at various levels and village cooperatives, emphasis will be laid on the streamlining of the distribution structure of the cooperatives so that they are able to undertake this activity on a much larger scale during the Fifth Five Year Plan period. This emphasis is

necessary not only to ensure that the agricultural inputs, particularly, fertilisers, reach the farmers in remote and interior areas in time and in adequate quantities, but also to link the agricultural supplies with the short-term production credit.

7.43 With a view to removing the existing bottlenecks in ensuring adequate supplies to the farmers in time ^{at} and reasonable prices, it will be necessary to adopt a distribution policy of utilising the cooperative form of organisation more fully for the purpose. A predominant share of the indigenous production will have to be given to the cooperative sector. It will also be necessary for the Government of India to exercise its right of taking over 30% of the production from the ~~indigenous manufacturers~~ and arrange its distribution through cooperatives along with imported fertilisers. In order to ensure rational distribution of fertilisers among different institutional distributing agencies, cooperatives will have to enter into long-term contracts with indigenous manufacturers so that their needs are fully met. The National Commission on Agriculture in their Interim Reports on Fertilisers and Seeds have made certain important recommendations to facilitate the development of cooperative distribution of fertilisers and seeds. These recommendations are being examined by Government and will be implemented to the extent possible. Cooperatives will also be encouraged to enter

into new fields, like manufacture of tractors and other agricultural machinery, production of fertilisers, aerial spraying of fertilisers etc.

Physical Targets:

7.44 As a result of various measures contemplated, cooperatives will be expected to distribute 65% of the total consumption of fertilisers in the country by the end of the Fifth Plan, as against the present level of 60%. In the context the target of fertilisers of the 8 million tonnes of nutrients valued at Rs.1600 crores set for the country as a whole, the share for cooperatives in the distribution of fertilisers may come to 5.2 million tonnes valued at Rs.1000 crores. Similarly, cooperatives may handle seeds worth Rs.100 crores, pesticides/insecticides of the value of Rs.75 crores and agricultural machinery and implements worth Rs.25 crores. In other words, in the field of agricultural supplies, cooperatives are expected to handle business of the order of Rs.1200 crores during the last year of the 5th Plan. To enable cooperatives to achieve these targets, the programme initiated in the Fourth Plan will be continued. The detailed programmes proposed to be implemented in the Fifth Plan are indicated below:-

(i) Margin money to marketing cooperatives.

7.45 With a view to enable the cooperatives to undertake procurement, stocking and distribution of fertilisers and other agricultural inputs on a large scale, a Centrally

Sponsored Scheme for providing margin money to marketing cooperatives is under implementation during the 4th Plan with an outlay of Rs.13 crores. During the 5th Plan, the cooperatives are expected to increase their operations in the distribution of agricultural inputs by Rs.700 crores. Assuming two turnovers of business per year and at an average margin of 10% to 15% to be provided to commercial banks on Government guarantee for raising credit, it is estimated that the cooperatives would require additional margin money of Rs.45 crores. Out of this requirement, it is expected that the cooperatives would themselves raise about Rs.20 crores by way of additional share capital etc., from their members. The remaining amount of Rs.25 crores has, therefore, to be provided towards margin money for marketing cooperatives for procurement, stocking and distribution of agricultural inputs of the order envisaged during the 5th Plan period.

(ii) Cooperative Fertiliser Factories.

7.46 One of the important developments in this field during the 4th Plan has been the organisation of Indian Farmers Fertilisers Cooperative Ltd., for establishment of a major fertiliser complex in the country at Kandla (Gujarat). Keeping in view the experience of IFFCO and taking into consideration the problems being faced by cooperatives in obtaining their requirements from indigenous fertiliser manufacturers, it is proposed to encourage the apex marketing federations and other cooperative wholesalers

to organise at least two more fertiliser factories in the cooperative sector, on the lines of IFFCO incorporating the latest technology. Besides, the IFFCO will itself put up a Phosphoric Acid Plant at an estimated capital cost of Rs.15 crores. According to tentative estimates, the total nutrients capacity of each of these plants would be 3,05,000 tonnes of N, 123,000 tonnes of P₂O₅ and 75,000 tonnes of K₂O. The preliminary work relating to feasibility report etc., has already been taken up by IFFCO. The capital requirements of these two new fertiliser factories and the Phosphoric Acid Plant proposed to be set up by IFFCO are expected to be of the order of Rs.240 crores which is proposed to be financed at a debt-equity ratio of 1:1. Out of the total equity of Rs.120 crores for these two factories, it is envisaged that Government of India will contribute Rs.70 crores. This outlay will be provided in the Industries Sector of the Plan. The balance of Rs.50 crores towards the equity requirements will be met by the cooperatives and the State Governments. So far as the State Governments are concerned, they are expected to make a contribution of about Rs.20 crores to the equity for which an appropriate provision will be made in the State Plans.

7.47 The NCDC has sponsored certain special schemes, at present, which are financed from its own corpus. Assistance under these schemes is made available to the State Govts. etc. outside the State Plan Ceilings. During the Fifth Five Year Plan, it is proposed to strengthen the Corporation's own funds for enabling it to implement, inter-alia, the

following special schemes in the Cooperative Sector:-

(i) Granular Fertiliser Units.

7.46. With a view to promote the use of balanced fertilisers the NCDC has sponsored a scheme, in 1968, for establishment of granular fertiliser mixing units in the cooperative sector. Under this scheme 18 units have come up out of which 11 are in production. The remaining seven units are expected to go into production by the end of 1972 or by early 1973. During the last two years of the IVth Plan, another two units may come up bringing the total number to 20 with a capacity to produce about 7 to 8 lakh tonnes of NPK granular mixtures. With a view to improve the operational efficiency and profitability of these units as also to assess the scope for establishment of new units, the NCDC has constituted a Techno-Economic Study Team which has since submitted its report. This Team estimated that by the end of the 5th Plan, there is likely to be a gap between supply and requirements of the order of one million tonnes of complex/mixed fertilisers and that there is scope for creation of additional capacity of one million tonnes for the manufacture of granular/complex/mixed fertilisers. In view of this and the growing enthusiasm amongst the cooperatives to take up the granular mixing of fertilisers, it is proposed to encourage the cooperatives to establish 5 more granular fertiliser units during the 5th Plan. Assuming the total investment (including the margin money for working capital) at Rs. 45 lakhs per unit and envisaging that the cooperative society and the State Governments concerned will between them

raise 40% of the cost as equity (Rs. 9 lakhs by the cooperatives and an equal amount by the State Government), and 60% as long term loan, the NCDC will have to provide the equity portion to be contributed by the State Government as well as the entire loan portion. Thus, the outlay for 5 units will, work out to Rs. 1.80 crores.

(ii) Soil Testing Laboratories:

7.49. With a view to afford an opportunity to the cooperatives to build up direct contacts with the farmers and help them in the matter of selection of suitable fertilisers for their soils thereby deriving indirect advantage for themselves in pushing up their fertiliser sales, the NCDC has sponsored a scheme in 1970-71, for establishment of soil testing laboratories by selected cooperatives. Under this scheme, 5 cooperatives have been assisted to establish such laboratories. In addition, there are 9 soil testing laboratories functioning in the cooperative sector mainly in Punjab and Mysore. In view of the significant role envisaged for the cooperatives in the distribution of fertiliser and with a view to provide scientific soil testing facilities with the cooperatives particularly the cooperative granular fertiliser units, it is proposed to provide financial assistance to selected cooperatives for establishment of soil testing laboratories. Thus, 15 cooperative soil testing laboratories are proposed to be assisted by the NCDC during the 5th Plan period involving an outlay of Rs. 0.40 crores.

(iii) Agro-Service Centres:

7.50. With the increasing role being played by cooperatives in distribution of agricultural machinery and implements the need for establishing centres for servicing/repairs of agricultural machinery in the cooperative sector was felt. With this end in view and also with a view to provide custom hiring and servicing/repair facilities for tractors and other agricultural machinery to the farmers, /had sponsored in 68-69 a scheme for establishment of cooperative* particularly the small/marginal farmers, the NCDC/ has so far assisted 43 cooperatives for establishment of such centres and this number is likely to go up to about 80 by the end of the Fourth Plan. Considering the growing demand for custom service and repair facilities at reasonable rates, particularly to meet the requirements of small and marginal farmers, there is need for establishment of more agro-service centres in the cooperative sector. It is, therefore, proposed to finance the establishment of 150 cooperative agro-service centres during the 5th Plan period, with an outlay of Rs. 5 crores. The NCDC will finance the establishment of such centres by cooperatives, broadly on the same pattern of the scheme which is already being implemented.

(iv) Units for Manufacture of Tractors and other Agricultural Machinery:

7.51. In view of the increased involvement of cooperatives in providing custom and repair service of tractors and other agricultural machinery, particularly to meet the requirements of small and marginal farmers, it is proposed to set up one tractor manufacturing unit, one unit for

manufacture of harvester combines and 8 other units for manufacture of other agricultural machinery and spares. The capital outlay (including margin for working capital) of a tractor manufacturing unit for manufacture of 20-30 H.P. tractors with an annual capacity, in the first phase, of 5,000 tractors and of about 12,000 tractors in the second phase is estimated at Rs. 4 crores. Following the debt equity ratio of 60:40, an amount of about Rs. 1.60 crores has to be raised in the form of share capital out of which the co-operatives concerned may be able to raise Rs. 80 lakhs and the State Governments have to contribute the balance of Rs. 80 lakhs. Considering the heavy capital outlay in the unit, it is envisaged that this unit will have to be established jointly by 2 or 3 apex marketing federations and the State Governments concerned. With a view to enable the State Governments to contribute the requisite share capital for this unit, the NCDC would provide loan assistance of Rs. 80 lakhs to the concerned State Governments. There is also ^aproposal from the Punjab Marketing Federation for establishment of a unit for manufacture of harvester combines with a capacity of 600 combines per year. The capital outlay of this unit is estimated at Rs. 2 crores, including margin for working capital. Taking the debt equity ratio at 60:40 and assuming that the federation itself would raise about Rs. 40 lakhs from its constituents, the State Government has to provide an amount of about Rs. 40 lakhs as share capital contribution. This amount will need to be provided by the NCDC to the State Government as long term loan

Besides these 2 units, it is proposed to take up the establishment of another 8 to 10 units for manufacture of other agricultural machinery like threshers, power sprayers, diesel engines, seed-cum-fertiliser drills, pump sets etc. Assuming the capital outlay for these units at about Rs. 15 crores and taking into consideration the long-term loans likely to be available from IFC/IDBI etc., an amount of Rs. 4 crores has to be provided by the State Governments as share capital for these units while another Rs. 2 crores has to be raised by the cooperatives themselves. In order to enable the State Governments to contribute the necessary share capital for these units, the NCDC would provide the amount of Rs. 4 crores as long term loans to the State Governments concerned. In addition, it is proposed to encourage establishment of about 40 small and medium units for fabrication of improved agricultural implements, involving an outlay of Rs. 80 lakhs. Thus the total financial outlay for NCDC to take up this programme during the 5th Plan would work out to Rs. 6.00 crores.

(v) Pesticides/Formulation Units.

7.52. Considering the role of cooperatives in the distribution of pesticides/insecticides and with a view to encourage them to take up formulation of pesticides/insecticides to improve their distribution activities, the Corporation had introduced, in 1966-67, a pilot scheme for establishment of formulation units for pesticides/insecticides by cooperatives. Under this scheme, the Corporation had assisted

7 cooperatives for establishment of such units out of which 3 have already gone into production. Besides these, there is one more cooperative pesticides formulation unit in production established by the Punjab State Marketing Federation. In view of the growing importance being given for the use of pesticides and the involvement of cooperatives in the distribution of this inputs, it is proposed to encourage the establishment of pesticides formulation units in all major States by providing the necessary financial assistance on the lines of the scheme already being implemented by the NCDC. 8 more formulation units in the cooperative sector will, therefore, be financed by the NCDC in different States during the 5th Plan period involving a financial outlay of Rs. 0.24 crores.

(vi) Aerial Spraying of Pesticides:

7.53. Consequent on the introduction of High Yielding varieties of crops and intensive Agricultural Production Programmes with ensured arrangements for the supply of Agricultural Inputs like seeds and fertiliser etc., there is growing demand for spraying of pesticides to protect the crops from pests and diseases. Cooperatives are already playing an important role in the distribution of pesticides and insecticides and they are expected to distribute pesticides/insecticides worth about Rs. 30 crores by the end of the Fourth Plan. During the Fifth Plan, it is envisaged

that Cooperatives would improve their volume of business in this input to Rs. 75 crores. Besides, undertaking distribution of pesticides/insecticides some of the cooperatives are also undertaking distribution and custom hiring service in pesticides spraying equipment. In the present strategy of agricultural production, aerial spraying has assumed considerable significance. Aerial Spraying is considered to be an effective method to destroy various pests in as short a time as possible and over large area and is expected to increase agricultural production by about 10 to 30%. Some State Governments have already been undertaking Aerial Spraying programmes, but the arrangements in this field are considered to be inadequate. Considering this situation, some Apex Marketing Federations are showing inclination to take up programmes for Aerial Spraying of pesticides. It is, therefore, proposed to introduce this programme in the cooperative sector during the Fifth Plan through two or three selected Apex Cooperative Marketing Federations which have sufficient experience in the distribution of pesticides/insecticides. For a viable scheme of Aerial Spraying of pesticides, it is expected that four Helicopters and four fixed wing Aircrafts conforming to the specifications of the Directorate of Agriculture Aviation are needed. The capital outlay on a scheme of this nature is expected to be of the order of about Rs. 70 lakhs of which it is estimated that long term loan

assistance upto 50% of the cost would be available from financial institutions like Agriculture Refinance Corporation etc., while the remaining 50% is to be found in the form of equity. Assuming the ratio of 1:2, the concerned apex marketing federations have to raise about Rs. 11 lakhs from its members while the State Governments concerned have to contribute Rs. 24 lakhs. The State Governments' contribution to the cooperatives for the scheme may be provided by the NCDC as long-term loan. For implementing a scheme of this nature initially through two apex marketing federations, the NCDC will have to provide an amount of Rs. 48 lakhs to the State Governments concerned.

(vii) Seed Processing Units.

7.54. Considering the role of cooperatives in the seed distribution activity in the country and keeping in view the scope for seed processing industry, the NCDC had introduced a pilot scheme, in 1966-67, for organisation of seed producers' cooperative processing-cum-sale societies. Under this scheme, which was formulated in consultation with the National Seeds Corporation, 8 cooperatives were assisted out of which 5 have already established the seed processing plants. In view of the increased emphasis being laid on transferring the seed distribution activity from the State Agricultural Departments to institutional agencies, preferably cooperatives and seed growers

organisations, the cooperatives are expected to substantially augment their role in the distribution of improved seeds in the 5th Plan. With a view to enable the cooperatives to take up this activity on a larger scale, it would be necessary to equip selected cooperatives with modern seed processing and storage facilities. The N.C.D.C. will, therefore, provide financial assistance for the establishment of 25 such seed processing cum-storage units in the Cooperative Sector during the 5th Plan period involving a financial outlay of Rs. 1.00 crore..

7.55. Thus, an amount of Rs. 15 crores, in respect of schemes for production of inputs etc., viz. Granular fertiliser units, soil testing laboratories, agro-service centres, units for manufacture of tractors and other agricultural machinery, units for fabrication of improved agricultural implements, pesticides formulation units, aerial spraying of pesticides and seed processing units, will be found from NCDC's owned accumulated funds and from annual recurring grants likely to be made available by the Government of India to the NCDC as recommended by the Expert Committee on NCDC.

Cooperative storage:

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7.56 A net work of godowns owned by cooperatives providing storage facilities, at the community and the market levels is one of the principal requisites for successful cooperative marketing of agricultural produce. Cooperative service/credit societies in the rural areas and cooperative marketing societies at the various levels, which are being called upon to shoulder increasing responsibility not only in the marketing and processing of foodgrains and other agricultural produce but also in the distribution of the agricultural inputs including fertilisers, pesticides etc. and also consumer goods to the farmers, will need considerable storage capacity during the Fifth Five Year Plan. The programme of cooperative storage is financed both in the form of subsidy and loan. In view of the limited state Plan resources, the loan component is obtained by the state Governments from 2 different sources while subsidy component is being provided by the states from out of their Plan resources. The first source is the Central Sector Scheme on storage recently introduced and operated by the National Cooperative Development Corporation. The second source is the financing institutions, including the Agricultural Refinance Corporation and the nationalised commercial banks, who support the storage programme of only such cooperatives which come upto their standards of viability in the light of their most stringent conditions of .

financing. During the Fifth Plan, assistance for cooperative storage programmes would have to be provided largely from institutional sources and from within state plan ceiling.^s On a selective basis, the National Cooperative Development Corporation, particularly in those areas which are under developed, would continue to provide assistance for this programme!

7.57 On the eve of the Fifth Plan, the cooperatives will have received financial assistance for construction of about 44 lakh tonnes of storage capacity. In the Fifth Plan, cooperatives will ^{be} handling food-grains and other agricultural commodities of the order of about 80 lakh tonnes. For handling this quantum, approximately 25 lakh tonnes of storage capacity will be needed. Besides, for handling fertilisers and other agricultural inputs of the order of about 200 lakh tonnes, the storage requirement would be about 100 lakh tonnes, on the basis of 2 turnovers in a year. The total storage space required by the end of the Fifth Plan by cooperatives would thus be about 125 lakh tonnes. However, in view of the constraints on financial resources, construction material etc., it may not be possible to aim at a target on more than 85 lakh tonnes of storage capacity to be built up in the cooperative sector, by the end of the Fifth Five Year Plan. The balance storage capacity will obviously have to be hired for the time being. It is, therefore, proposed to create an additional storage capacity of about 41 lakh tonnes during the Fifth Plan

period in addition to 44 lakh tonnes storage capacity already assisted by the end of the Fourth Plan. It is expected that 80 lakh tonnes will have been completed by the end of the Fifth Plan and the remaining 5 lakh tonnes will be in the various stages of construction.

7.58 It has been observed that in many cases, the completion of construction of godowns is considerably delayed for several reasons, including difficulties experienced by the cooperatives in securing allotment of Government lands or acquisition of sites, difficulties in preparation of plans and estimates of godowns and in obtaining their approval from the concerned authorities, non-availability of construction material and lack of supervision and technical guidance, particularly in the case of rural godowns. Certain incentives/deterrents will have to be provided to ensure expeditious construction of godowns by the cooperatives.

Financial implications of the programme of cooperative storage:

7.59 The average cost of construction of storage space is presently Rs.150/- per tonne which is likely to increase to Rs.160/- per tonne during 1974-76 and Rs.175 per tonne in 1976-79. Thus, on an average, the construction cost would come to about Rs.170/- per tonne in the Fifth Plan. The additional storage capacity of 41 lakh tonnes required to be built up by the cooperatives would involve a total capital outlay of approximately Rs.70 crores. This amount would be provided from financing institutions such as ARC, and commercial banks, state Governments and to a limited extent, the NCDC.

7.60 The period of repayment of the loans to the cooperatives, in general, would be 14 years with a moratorium of 2 years in the payment of principal. Cooperatives constructing godowns in backward States/areas may have to be allowed assistance on more liberal terms in regard to longer periods of repayment and moratorium. lower rate of interest and higher subsidy.

Assistance to National Cooperative Development Corporation.

7.61 The National Cooperative Development Corporation had inherited a corpus of funds from the erstwhile National Cooperative Development and Warehousing Board; and from this corpus owned by the Corporation, it has been financing at present the following schemes taken up in the cooperative sector:-

- 1) Granular fertiliser units;
- 2) Soil Testing Laboratories;
- 3) Agro-service centres;
- 4) Pesticides formulation units; and
- 5) Seed Processing Units.

By the end of the Fourth Five Year Plan, the N.C.D.C. will have assisted 20 granular fertiliser units, 5 soil testing laboratories, 80 agro-service centres, 7 pesticides formulation units and 8 seed processing units. Besides continuing to finance the schemes mentioned above, the N.C.D.C. also proposes to finance from its own funds units for manufacturing of tractors and other agricultural machinery, aerial spraying of pesticides projects taken up by cooperatives and a number of other projects to help a balanced and all-round ~~of~~ of cooperatives activities. The Corporation will also survey the special problems particularly of the

under-developed states and will initiate programmes specially drawn up to suit the requirement of the situation. The Corporation will undertake programmes which would reduce the regional imbalances in the field of cooperative development. It will maintain nucleus pools of managerial and technical personnel for the state level and other/larger cooperatives as well as panel of qualified technical and consulting personnel to meet the requirements of the marketing/processing cooperatives. It will also set up a Research and Development Cell with competent staff for undertaking (i) continuous research in the methods and trends in cooperative marketing/processing and other agricultural marketing practices; (ii) systematic evaluation of the working of the marketing/processing societies at various levels; and (iii) to plan and promote programmes for development of cooperative marketing/processing etc. by undertaking state-wise and commodity-wise surveys etc.

7.62 The Expert Committee set up to review the working of the N.C.D.C. has recommended that in order to enable the Corporation to undertake special cooperative programmes in under-developed areas and also other cooperative activities mentioned earlier, the owned corpus of the Corporation needs to be strengthened by making an outright grant of Rs. 10 crores per annum during the period of the Fifth Five

Year Plan. An outlay of Rs.25 crores has been suggested for this purpose, at the rate of Rs.5 crores per annum during the period of the Fifth Plan. This will make available to the N.C.D.C. the necessary additional funds to enable it to initiate and finance special programmes for the weaker sections, backward areas and also for schemes of a pilot and supplementary nature, which require an individual need-based approach and cannot be fitted into standardised schemes.

7.63 During the Fourth Plan period the following three central sector schemes were in operation:

- i) Central Sector Scheme for Cooperative storage;
- ii) Central Sector Scheme for strengthening the share capital base of selected Cooperative marketing societies during 1972-73 and 1973-74;
- iii) Central sector scheme for financing small and medium sized processing units.

During the Fifth Plan, these schemes in their present form are not proposed to be continued. A new scheme for strengthening marketing, processing and storage activities in under developed areas for which Rs.25 crores are provided, is to replace the above mentioned three schemes.

CHAPTER 8 - CONSUMER COOPERATIVES

Urban Consumer Cooperatives

Introduction:

8.1 Consumer cooperatives will require to be further strengthened and developed during the Fifth Plan period so that they can effectively serve as an instrument of consumer protection in the sphere of retail distributive trade in consumer goods. They are the most suitable agency for equitable distribution of rationed and controlled commodities and articles in short supply, and, in general, for sale of consumer goods at fair and reasonable prices. They have, thus, a vital role to play in the task of stabilisation of prices of consumer goods. In times of scarcities, shortages, and economic stresses, the trade has often pushed up prices far beyond the levels that could be justified by relevant economic factors, and has indulged in hoarding and profiteering, causing artificial scarcities, and other unfair trading practices, such as sale of spurious goods, adulteration, under-weighment, and evasion of taxes. Consumer cooperatives counter these trends, by setting up a standard of honest dealing in retail trading, by selling goods at fair and reasonable prices, maintaining purity and quality of goods, and pursuing healthy trading practices, including correct weighment, display of prices, payment of taxes, and observance of rules and regulations, such as those relating to prevention of food adulteration, shops and commercial establishments and labour laws. They also set an example in modern retailing by adopting progressive sales techniques. Consumer cooperatives can, thus, operate as a powerful medium for exercising a healthy influence on the retail consumer trade.

8.2 One of the dominant objectives of the Fifth Plan will be to ensure stable prices, at a reasonable level, for the basic elements of consumption, including foodstuffs, clothing, fuel and common house-

hold goods. Consumer cooperatives will have to be assigned a pivotal role in price and distribution policies aimed at attaining this objective, and in the overall task of stabilisation of the prices of consumer goods, reduction in distributive costs, and adoption of healthy trading practices.

8.3 Consumer cooperatives can serve these objectives effectively if they are well organised and run as efficient and economically viable units, can sell goods at fair and reasonable prices or even below the market rates, and enlist mass support and participation of consumers.

Basic Approach

8.4 The Fifth Plan programme will have to be specifically directed towards strengthening and reorganisation of the existing infrastructure, establishment of modernised retail units, including department stores, development of "growth centres", among consumer cooperatives, especially those also having potential for employment of educated persons, expansion of the wholesale sector, establishment of consumer industries, effecting greater integration within the movement, adoption of concrete measures to raise the level of operational efficiency and economic viability of consumer cooperatives, and enlisting mass support and participation.

8.5 Consumer cooperatives should aim at capturing an increasing share of the consumer trade, for which annual targets may be fixed, which should be reflected in the targets of turn-over of individual institutions. Targets may also be fixed for enrolment of members and coverage of urban population.

8.6 Consumer cooperatives have special significance for the wage earners and the poorer sections of the society. Special arrangements will have to be made to meet the requirements of the weaker sections of the society, so that they can get wholesome foodstuffs and other essential

goods at fair prices and are saved from exploitation. For this purpose, consumer cooperatives ^{may} be given such concessions and subsidies as may be necessary.

8.7 Greater attention will have to be given to strengthening and development of consumer cooperatives for wage earners and salaried workers of lower and middle income groups, which are also a vulnerable section of the society. These will particularly include workers in industrial establishments, mines and plantations, employees of the Government and public sector undertakings, such as those of Railways and Posts and Telegraphs, and Government employees living in compact colonies.

Strategy and Tasks for the Fifth Plan:

8.8 In pursuance of the basic objectives, the strategy and the main tasks to be undertaken during the Fifth Plan will be as follows:-

8.8 (i) Coverage of Urban Population:

According to 1971 census, the urban population of the country is 11 crores, and constitutes 19.98% of the total population of 56 crores in the country. Individual membership of consumer cooperatives at all levels as on 30th June, 1970, was 43.82 lakhs. Assuming that each member represents a family of 5 persons, the coverage will be 2.19 crores, which comes to 20% of the urban population. Consumer cooperatives should raise their coverage of urban population to 30% by the end of the Fifth Plan, i.e. a net increase of 10% at the rate of 2% per annum. In terms of physical targets, individual membership will have to be increased over the Fifth Plan by 20 lakhs. Such large increase in membership would be essential, since the department stores already assisted in the Fourth Plan and earlier two years, will have to retire Government's share capital after the initial period of five years. Targets for increase in membership of individual institutions will have to be laid down.

8.8 (ii) Target retail sales.

Considering the performance of consumer cooperative institutions and the important role assigned to them during the Fifth Plan, and having regard to the resources expected to be made available for the strengthening and reorganisation of consumer cooperatives at various levels, a reasonable target of retail sales for the Fifth Plan will be Rs. 700 crores. The increase will be about three-fold over the level likely to be reached in 1973-74. It is expected that the consumer cooperatives will play a leading role in the public distribution system for essential commodities and undertake integrated development of their wholesale and retail sectors, so that consumer cooperatives can secure a permanent place in the retail distributive trade. The national targets will have to be further broken down for each State and for each individual institution, so that planned efforts are made to achieve the target at all levels.

8.8 (iii) Structural integration and reorganisation:

The Fourth Plan emphasised the need for a shift from the federal pattern of organisation of consumer stores (wholesale stores, with affiliated primaries undertaking retail sales), to the unitary pattern (central stores, with branches for retail sale). While the stores in many States have now a "fixed" pattern, with wholesale stores having affiliated primaries as also their own branches, the process of merger or amalgamation of primaries among themselves or with wholesale stores has not made much headway. This process has to be accelerated in the Fifth Plan, so that consumer cooperatives can be large enough to be viable and able to compete with the private trade. This is

the trend in the Scandinavian and West European countries and the U.K., and does not, in any way, detract from the democratic and popular base of the movement. On merger, primaries will function as branches of the central/wholesale store, and can have branch committees, representing local interest.

Primaries, which have a good potential, should be assisted to develop into strong, viable units, which may ultimately grow into large, multi-unit, retail stores.

The structural integration has to be horizontal as well as vertical. Thus, wholesale stores in the same district or town should amalgamate^a among themselves, in order to attain greater strength and viability. The process of amalgamation of wholesale stores and primary stores should be pursued, on a rational basis, with annual targets, and periodically reviewed. Statutory provisions in State Cooperative Laws and rules may be made, where necessary, to facilitate the process.

8.8 (iv) Organisation of new wholesale stores

The net work of central/wholesale stores already covers all districts with an urban population of 50,000 and above. Therefore, there should normally be no programme, as such, for organisation of new central/wholesale stores, except for filling up of certain gaps either due to failure of existing institutions, or for covering hilly and other areas, universities etc., or for newly created districts, which are not already served.

9.8 (v) Review of weak units and their rehabilitation

There has been fall in the profitability of wholesale/central stores, department stores, and primaries. The reasons for uneconomic working and failures have been indentified, and so also the remedial measures. An essential step will be to undertake an urgent survey of the working of the cooperatives at various levels, ascertain the extent to which the liabilities have exceeded the assets, and determine whether it is possible to bridge the gap, by adoption of remedial measures and provision of reasonable, additional financial assistance. Where the position is irredeemable, the authorities concerned, as also the cooperatives themselves, must take a quick decision in regard to the future of the institution, and decide whether it had better be taken into liquidation rather than allowed to incur further losses. In the case of institutions which have a potential for recovery and growth, effective remedial measures must be taken without delay, together with provision of such additional financial assistance as may be justified to enable them to attain economic viability with specified targets of performance.

It is estimated that about 25% of the wholesale/central stores and about 20% of the department stores will need rehabilitation assistance (leaving aside cases where the assistance required may only be marginal, as also those which cannot possibly be retrieved). It is felt that, subject to formulation of plans of rehabilitation of individual stores, provision may be made for rehabilitation of 100 wholesale stores and 30 department stores. Apart from financial assistance, these

National Federations. Where local societies are unable to manage rehabilitation of such stores on their own, the management of such units may be entrusted to National or State Federations, who may manage them successfully, for a specified period, and hand over the management back after putting the store on sound footing. The financial assistance admissible for such rehabilitation programmes should be made available to wholesale stores. In any scheme of rehabilitation of weak institutions, it has to be ensured that the additional financial assistance is given on the express condition that the institution will fall in line with approved methods and procedures of management and business, as may be laid down, by mutual agreement, and in consultation with expert bodies.

(vi) Strengthening and expansion of primaries

Based on the survey of primary consumer cooperatives for identifying viable and potentially viable stores, a phased programme for the strengthening and expansion of primary consumer cooperatives should be drawn up in each State, with fixed targets and financial outlays. The future of primary consumer cooperatives, in general, however, depends on the extent to which an organic link is forged with the central/wholesale stores and integration of their purchases and business operations with the higher level organisations, including diversification and modernisation of their business premises. The primary consumer cooperatives identified for development will have to conform to the norms already laid down in the Fourth Five Year Plan. Primary stores which are dormant and those which are found to be uneconomic

would have to be liquidated, or, in suitable cases, amalgamated with other primary stores or merged with wholesale/central consumer cooperative stores. Out of about 13,000 primary stores as on 30.6.71, only about 3,456 were State-partnered. It is proposed to undertake the strengthening of about 2000 primary stores during the Fifth Plan, by contribution of additional share capital on a matching basis. Besides, 1500 primary stores are proposed to be given additional financial assistance for expansion of their business and modernisation of their business premises.

8.8 (vii) Establishment of new Department Stores and other retail outlets, including development of Consumer Cooperatives having growth and employment potential.

Although Consumer Cooperatives have, in outline, a country-wide infrastructure, there are still many gaps which are to be bridged. According to the 1971 census, the total number of urban towns in 1971 was 2,921, which are classified as following:-

<u>Classification</u>	<u>No.</u>	<u>Population size</u>
Class I Towns (Cities)	142	100,000 and above
Class II Towns	198	50,000 to 99,999
Class III Towns	617	20,000 to 49,999
Class IV Towns	931	10,000 to 19,999
Class V Towns	756	5,000 to 9,999
Class VI Towns	277	Less than 5,000

The Cooperative Department Stores set up so far cover 87 Towns in Class I, and 20 in Class II and Class III, and it is expected that, by the beginning of the Fifth Plan, about 150 department stores would be in operation. The approach in the Fifth Plan will be to provide the services of a cooperative department store to most of the remaining towns in Classes I and II, and to many of the growing towns in Class III.

Additional department stores may also be opened in larger cities and towns. It is, therefore, proposed to set up 50 large department stores and 150 small department stores in the Fifth Plan, subject to feasibility and local potential.

Further, new townships and colonies and areas of agricultural prosperity are coming up, and there is good scope for consumer cooperatives to open retail outlets to meet the needs of consumers of these areas. Retail outlets may also have to be opened in hilly and backward areas, and in universities and colleges. Besides, some department stores in large cities have failed on account of mis-management; new stores have to be set up to meet the needs of consumers in these cities.

During the Fourth Plan, ^{stress} has been laid on the need for consumer cooperatives to diversify the range of their business, instead of depending largely on business in rationed and controlled commodities. This is necessary, not only to enable consumer cooperatives to improve their economic viability but also to provide a better and larger service to the consumer and thereby retain a permanent place in the retail distributive trade. Further, in the process of amalgamation and shift towards the unitary pattern of organisation, the wholesale/central stores will increasingly open their own large retail outlets and convert primary stores into their own branches. In the Fifth Plan, the target should be to set up 1,300 large retail outlets. While formulating expansion programmes, care will have to be taken to ensure that the requirements of areas inhabited by poorer sections of the community are also met.

The new retail outlets should be modernised shops, with a diversified range of business, and should adopt the modern retailing techniques. Besides, the opening of retail outlets should be based on proper feasibility studies, appraisal of the sales potential, the demands and preferences of consumers in the area, and a scientifically drawn plan embracing all aspects of their working.

New department stores and other retail outlets may normally be opened by wholesale/central stores as their branches, but, where they are weak, these may be opened by State Consumer Federations or by progressive primaries which are strong and viable. Assistance, administrative and/or financial, as may be required, may be given to consumer cooperatives for constructing or acquiring business premises.

Consumer cooperative stores have good potential for providing employment to educated persons. This employment is of a permanent nature, and has scope for expansion as also career development for its employees within the movement. The Central Sector Scheme for accelerated development of consumer cooperatives having growth and employment potential, which has been introduced in the Fourth Plan, will be continued and merged with the programme outlined above.

8.8 (viii) Opening of branches in backward areas and for weaker sections.

One of the core schemes in the Fifth Plan is the opening of new retail outlets in backward areas and for weaker sections of the community. Wholesale/central stores and primary consumer cooperatives may open such branches. Since the business turnover of these branches will be small owing to low purchasing capacity of the consumers, and as the margins available in essential foodstuffs

will also be small, financial assistance will have to be provided by the Government to meet certain overheads for an initial period. It is proposed that assistance may be provided for setting up 2,000 such branches during the Fifth Plan. Financial assistance at the rate of Rs.5,000 per branch may be provided - Rs.2,500 as share capital and Rs.2,500 as subsidy. The subsidy portion, which will be larger than the usual pattern, will be needed for purposes such as: subsidising the rent of accommodation in cities and towns, defraying the transport cost in hilly, distant and backward areas; and meeting a portion of managerial expenses. Concessions of this nature are already provided for consumer cooperatives organised among employees of Railways, Post & Telegraphs Department etc. Industrial establishments also provide accommodation free, or on nominal charge, and bear the cost of managerial personnel, in the case of stores organised for industrial workers.

(ix) Strengthening and expansion of wholesale sector (State consumers cooperative federations) and institutionalisation of purchases.

Along with structural integration, it is essential that an organic link should be established between the wholesale stores and primaries on the one hand, and wholesale stores and State and National Federations, on the other hand, especially in the matter of pooling and coordination of purchases. Defective purchasing systems and practices have been the undoing of many a cooperative consumer stores. Institutionalisation of purchases is, therefore, a compelling necessity and, by negotiations and consultations at all levels, agreed systems and methods of purchases will have to be evolved, in order to guard against faulty purchases as also to gain the benefit of bulk-buying.

The respective areas of operations of the various tiers of the movement - primary and wholesale stores, and State and national level federations - will have to be demarcated for the purpose of purchases, so as to avoid over-lapping, and achieve maximum results by coordinated effort.

The apex bodies should constitute purchase committees, with representatives of affiliated institutions, so that there may be mutual confidence and understanding as well as commitment.

In pursuance of this programme, it will be necessary to strengthen the apex bodies - the State and national level federations - so that they have a strong capital base and expert personnel for this task, which will also involve establishment of regional warehouses and distribution centres, development of managerial cadres, and setting up of consultancy and promotional services.

In order to efficiently discharge these responsibilities, the apex bodies will have to maintain reserve stocks of certain commodities, with due discretion. As bulk purchases of agricultural commodities involve a risk of loss owing to unforeseen price fluctuations, the apex bodies should set up price fluctuation funds, out of their profits, with some government contribution, as already envisaged in the Fourth Plan.

It is also essential that the inventory of consumer stores at various levels should be standardised, with due regard to local or regional requirements and preferences.

As these systems are basic to the future development of the consumer cooperative movement and to their sound and effective working, statutory provisions may be made in the State Cooperative laws and rules where necessary, to facilitate their adoption.

For strengthening the wholesale sector, the consumer cooperative institutions, particularly State and National Federations, should receive support and assistance from the Food Corporation of India and other public sector undertakings, so as to enable them to procure certain consumer articles at favourable prices. Besides, there should be closer business coordination between the National and State level marketing and processing cooperatives and consumer cooperatives, and proper business relationship should be developed to the mutual benefit of both sectors of the movement. In order to enable the State Federations to expand their activities, on the lines envisaged, it is essential to provide additional financial assistance to them in the shape of additional share capital contribution to strengthen their share capital base and serve as margin money for bank borrowings together with assistance for setting up of distribution centres (warehouses) consumer industries, contribution to agricultural commodities inventory losses fund, Consultancy and Promotional services and managerial cadres.

8.8 (x) Strengthening and development of the National Cooperative Consumer Federation.

The national apex of consumer cooperatives, the National Cooperative Consumers' Federation, has also a crucial role in the development of consumer cooperatives. It has already made significant progress in its commercial and coordinating activities, and in providing expert guidance to consumer cooperatives through a Consultancy and Promotional Cell. The activities of the Federation are to be further expanded, by enlarging the scope of general merchandise items handled by it, buffer stocking and processing of agricultural commodities, import of consumer goods, establishment of consumer industries, setting up of regional warehouses,

etc. Besides, it has to provide expert guidance and technical and operational knowhow, on an increasing scale to consumer cooperative institutions through its Consultancy and Promotional Organisation, which will have to be further expanded during the Fifth Plan to cope with the requirements of the task. It is proposed to set up five regional consultancy units in the Fifth Plan. The National Federation may also be called upon to undertake management of "sick" institutions, in order to rehabilitate them. The National Federation may also undertake tasks such as evolving suitable standard designs and layouts for department stores and other retail units, and for furniture and fittings. To meet such demands, and to develop expertise in the field of management of consumer cooperatives, which is a pressing necessity, National Cooperative Consumers Federation will build up a cadre of executives, whose services could be made available to needy institutions. In order to render a larger service to consumers, it will have to take up new lines of business, in consonance with the country's economic policies, and enter the fields of imports, exports etc. in a larger way. For enabling the National Cooperative Consumers' Federation to undertake these activities, it is necessary to provide an outlay of Rs.1 crore in the central sector for the Fifth Plan.

8.9. (xi) Development of Consumer Industries:

In view of the importance of the consumer industries in the strengthening/competitive power and economic viability of consumer cooperatives, a programme for setting up consumer industries was initiated in 1967-68. Under this programme, a number of consumer industries, including wheat grinding (chakki),

spice powdering, ghee refining, tailoring, coffee grinding, bakery, dal milling, oil milling, manufacture of paper stationery, etc. have been set up. The progress, however, is very slow, and among the reasons for it are uneconomic working of many wholesale stores and consumer federations, and lack of technical know-how. It is, however, imperative that consumer cooperatives to be effective, should undertake manufacture of certain consumer goods of mass consumption ancillious to retailing, on a large scale, after conducting the necessary feasibility studies. The State and National Federations should undertake such large industries, while wholesale and retail societies should take up processing activities and small industries, like spice powdering, wheat grinding, manufacture of paper stationery, washing soap, etc., small bakery and confectionary units etc. so as to achieve better economy and quality control. Where advantageous, consumer industries may be set up jointly by consumer cooperatives and marketing and processing cooperatives. Apart from setting up their own industries, the National and State level organisations should enter into arrangement with manufacturers to get selected consumer goods manufactured according to their own specifications for sale under cooperative brand names.

8.3 (xii) Supply arrangements

The arrangements made by the Government of India for supply of consumer goods by manufacturers to consumer cooperatives as at the point of first distribution, will have to be continued and enlarged. In respect of commodities in short supply, the policy of earmarking a percentage of the production for sale through

consumer cooperatives has to be continued and extended where necessary. The system has to be kept under review to ensure that it functions effectively, and there is no circumvention.

It will also be necessary to establish a close link between consumer cooperatives and other cooperative organisations especially those engaged in the marketing of agricultural produce, and processing and production, such as cooperative sugar mills and dairies. A close link should similarly be established with public sector undertakings, producing or handling consumer goods, such as Hindustan Machine Tools (for watches), Food Corporation of India, Modern Bakeries, and Milk Schemes. As a matter of policy, these organisations should utilise consumer cooperatives as the principal agency for the distribution of their goods.

Consumer cooperatives may supplement the efforts of marketing and service societies in procurement of agricultural commodities where advantage may lie in doing so.

Consumer cooperatives should also be the principal, if not the only, agency for import and internal distribution of consumer goods as also of those which are confiscated by customs and excise authorities.

As in the case of implementation of sound management techniques, so also in the matter of obtaining supplies from manufacturers and producing centres, there are serious deficiencies in actual working. These deficiencies have to be made good in the Fifth Plan. For this purpose, regular studies should be undertaken, as a plan programme, to ascertain the difficulties encountered by consumer cooperatives in obtaining supplies directly from manufacturers

and producing centres, and measures required to overcome them. Besides, the apex bodies - the State and National level federations - will have to play a decisive role in this matter, by obtaining supplies in bulk and meeting the requirements of those stores which cannot obtain them directly from manufacturers and producing centres. Agreed arrangements in this regard should be implemented, and no default permitted.

8.8 (xiii) Guarantee for working Capital Loans from banks.

Having regard to the continued need of consumer cooperatives for credit facilities from banks on reduced margins, the guarantee scheme of the Government of India has been extended beyond 31.12.71 upto the end of the Fourth Plan. The new guarantee scheme is being operated on a selective basis with emphasis on viability and growth potential of consumer cooperatives and adoption by them of approved systems and procedures of sound management. In view of the low profitability of consumer cooperatives, and their inability so far to build up a strong capital base, they will be in need of bank finance on reduced margins during the Fifth Plan period as well. The requisite bank finance on reduced margin will be available to consumers' cooperatives only if a part of the risk is covered by Government guarantee. Hence the system of Central Government Guarantee will have to be continued during the entire Fifth Plan period, in order that the promotion and development of the programme can be sustained.

8.8 (xiv) Adoption of sound management techniques and development of consultancy services.

For qualitative performance, consumer cooperatives have to adopt sound management techniques, apart from a proper system of purchases and adoption of an active price policy. These include,

adoption of proper systems of inventory control, regular monthly or quarterly stock verification, fixation of responsibility for shortages and recovery thereof, strict regulation of credit sales; preparation of monthly/quarterly working results and proforma accounts, observance of prescribed efficiency norms for expenditure and stock turnover, cultivation of salesmanship and sales promotion, training and incentive schemes for staff, and generally building up the image of the institutions. While these systems and procedures are accepted in principle, the deficiency lies in their implementation. This deficiency will have to be made good during the Fifth Plan.

For this, the plan of action may be two-fold:-

- (a) to adopt codified instructions and procedures, and prepare manuals for practical guidance in each State; and
- (b) to establish consultancy cells (^{expert} bodies) for consumer cooperatives in each State - as counterpart organisations of the Consultancy and Promotion Cell already set up by the National Cooperative Consumers Federation - to assist in actual implementation of sound management techniques and provide expert guidance.

Full advantage should be taken of the experience gained in the implementation of sound systems and procedures by the "Growth Centres" developed during the Fourth Plan period.

For effective implementation of this and other programmes of development of consumer cooperatives, it will be essential to strengthen the administrative machinery in the State Cooperative Departments, so as also to ensure close supervision over the working of the consumer cooperative stores, and timely rectification of defects and shortcomings. Officers should be earmarked, with exclusive responsibility for consumer cooperative work, the system of concurrent audit introduced, statutory audit brought-up-to-date, and regular periodic inspections ensured.

B.6. (xv) Managerial cadres training and member-education.

With the setting up of the cooperative department stores and diversification of activities of consumer cooperatives a cadre of well-trained managerial and supervisory personnel is an absolute necessity. Such cadres should be built up at the State and national levels during the Fifth Plan. Until the cadres take shape, panels of employees could be made for various categories out of the existing personnel and others interested in the consumer cooperative sector. Government officials deputed to serve in consumer cooperatives should also be placed in a panel, with due regard to their performance, fitness, and aptitude for this type of work, so as to provide continuity of management, selection of the right persons, and building up of expertise in the lines.

The service conditions of employees should also be formulated, and made uniform to the extent possible, with provision for incentives and essential amenities; and opportunities for career development.

Reorientation of the training of consumer cooperative personnel is essential, having regard to the need for providing on-the-job training to as large a number as possible. For this purpose, correspondence courses will have to be evolved, and integrated with the institutional and on-the-job training. Apart from the essentials of good salesmanship, the training should include imparting of "product knowledge" about the goods handled in the consumer cooperative stores. The training could be in stages, and courses evolved for each stage.

Member-education in consumer cooperatives should be pursued as a regular programme. This is essential, in order to build up member loyalty and enlist mass participation by consumers, so that the movement may be truly cooperative and democratic at the base.

3.8 (xvi) Financial outlays.

In view of the pivotal role envisaged for Consumer Cooperatives in the task of stabilisation of prices and equitable distribution of consumer goods at fair and reasonable prices, which is of vital importance to the country's economy and is an essential ingredient of social justice, Consumer Cooperatives need integrated development and, in order to produce impact, the development has to be uniform all over the country. Having regard to the uneven growth and success of consumer cooperatives in different States, and the imperative need for centralised direction and planning of the programme, the best results can only be achieved if the entire programme, or a substantial part of it is in the Centrally Sponsored Sector. In the latter case, the outlay in the Centrally Sponsored Sector will be Rs. 2.89 crores.

3.8 (xvii) Strengthening of administrative machinery for supervision, audit etc.

For effective implementation of the programmes of development of consumer cooperatives, it will be essential to strengthen the administrative machinery both in the State and Central Cooperative Departments, so as to ensure close supervision over the working of the consumer cooperative stores, and timely rectification of defects and shortcomings. Officers should be earmarked, with exclusive responsibility for consumer cooperative work; the system of concurrent audit introduced, statutory audit brought up-to-date, and regular, periodic inspections ensured. It is proposed that an outlay of Rs. 45 lakhs may be provided for this purpose.

Besides, since a substantial part of the programme, if not entirely, is proposed to be in the Central Sector, it would be necessary to strengthen the consumer set-up in the Department of Cooperation at the Centre, for which an outlay of Rs.5 lakhs may be provided in the Central Sector in the consolidated provision made for strengthening the administrative machinery at the ce

DISTRIBUTION OF CONSUMER GOODS IN RURAL AREAS

8.9 Agricultural service cooperatives and the marketing societies have been undertaking the distribution of essential consumer articles such as kerosene oil, sugar, salt, matches, coarse cloth, etc. in the rural areas since 1963. The marketing cooperatives procure the goods in bulk and distribute them through the village societies as well as through their own retail depots. During 1969-70, 1647 marketing societies and 32,858 agricultural service societies were engaged in the distribution of consumer goods. The Fourth Plan visualised an increase from the estimated base year performance of Rs. 275 crores to Rs. 500 crores by the end of the Fourth Plan period in respect of this activity. The cooperatives actually distributed goods in rural areas worth about Rs. 226 crores in the year 1969-70. It is estimated that their performance would be only about Rs. 225 crores for the year 1971-72. The value of consumer goods distributed by these cooperatives during the last year of Fourth Plan is expected to be of the order of only Rs. 250 crores. The decline in sales turnover of consumer goods is mainly attributed to the relaxation of controls on foodgrains and sugar. With a view to stabilising prices, there is need for considerable stepping up of this programme by diversification of business and strengthening the institutions handling it.

8.10 During 1969-70, 1647 marketing societies were already undertaking distribution of consumer goods in rural areas through the service cooperatives. During the Fifth Plan, efforts will be concentrated on increasing the coverage of rural areas, strengthening of the marketing societies for increasing the consumer business and also encouraging a larger number of agricultural service societies to open fair price shops/retail shops for distribution of essential consumer goods. The marketing societies, particularly those located in the tribal and backward areas, hilly areas as well as in the deficit regions will be encouraged to increasingly take up this activity for the benefit of the weaker sections. Similarly, intensive efforts will be made for enlarging the rural consumer business in areas where larger rural incomes are being generated due to agricultural prosperity. It is envisaged about 1500 marketing societies will be strengthened for undertaking this activity on a selective basis during the Fifth Plan. One of the main handicaps due to which these societies are not in a position to take up this activity to any significant extent is lack of adequate resources with them. It is proposed to provide additional share capital contribution of Rs. 25,000 to each of the 1500 marketing societies selected for intensive development. As these societies will have

to employ additional personnel for undertaking this activity and in the initial stages will not be able to bear the expenditure on this account due to meagre margins, managerial subsidy at Rs. 10,000 per society will have to be provided on a tapering basis spread over three to five years. In the matter of arranging supplies for the distribution in the rural areas, an effective link will be forged between the service and marketing cooperatives on the one hand and the wholesale consumer cooperatives and their federations on the other.

8.11 With the strengthening of the societies as proposed above, it is expected that essential consumer goods worth Rs. 500 crores will be distributed by the marketing/service cooperatives in the rural areas in the last year of the Fifth Plan. With the change in the consumption pattern in the rural areas coming up with agricultural prosperity, it is also essential that, in certain selected areas where wholesale/central consumer cooperative stores are not functioning, the cooperative marketing societies may be required to open large retail outlets to sell a wide range of

consumer goods, including durables like cycles, cycle tyres and tubes, radios etc. In order to enable these institutions to discharge this task, it would also be necessary to provide financial assistance for construction of suitable business premises. Provision of about Rs. 25 lakhs may be made for this purpose for the Fifth Plan. A total outlay of Rs. 5 crores will, therefore, be needed during the Fifth Plan for this programme.

8.12 This scheme had been included under the State Plan in the Fourth Plan. Experience has shown that State Governments have not been able to make adequate financial provisions for this programme due to constraints in their plan resources. As in the Fourth Plan period, the programme of distribution of consumer goods in rural areas may be in the State Sector of the Fifth Plan and continue to be implemented through the National Cooperative Development Corporation.

CHAPTER -9.COOPERATIVES FOR WEAKER SECTIONS

9.1 The fundamental objective in this strategy of planned development of our country is to ensure the improvement of economic conditions of a large majority of our people who live in rural areas. The bulk of the rural population is dependent for their livelihood on agriculture and farm operations, either directly or indirectly. In view of the pressure of increasing population on land, the rural economy is mainly characterised by subsistence agriculture and gross unemployment. No doubt, cooperative programmes like agricultural credit, marketing etc. are already being re-oriented to enable the small farmers and weaker sections of the community to benefit from them, however, promotion of schemes specially designed to expand employment and income opportunities in rural areas, particularly for the benefit of the weaker sections will have to be an integral part of the strategy of cooperative development during the Fifth Five Year Plan. Programmes relating to the development of such ancillary activities as dairy, poultry, fisheries, etc. on cooperative lines will certainly help the small farmers and the weaker sections of the community in improving their income opportunities. These programmes will, however, find a place in the respective spheres of development. In the field of cooperative development, programmes relating to cooperative farming, promotion and development of labour contracts and construction cooperatives,

forest labour cooperatives, cooperatives in tribal areas and also special cooperative programmes for the weaker sections in the urban communities will have to find a place.

Cooperative Farming

9.2 As nearly 40% of the existing cooperative farming societies are not functioning properly, the emphasis in the Fifth Five Year Plan will be on consolidation of the existing societies. The possibility of dovetailing of cooperative programmes with the schemes of marginal farmers and agricultural labourers will also have to be explored. Further, there will be need for organisation of cooperative farming societies in the wake of distribution of surplus land obtained by the State Governments under the Land Ceiling Laws.

Labour cooperatives

9.3 There are about 5,000 labour cooperatives in the country with a membership of more than 3 lakhs. All efforts should be made in the Fifth Plan to secure adequate contracts for these cooperatives so that their members are gainfully employed. These societies will have to be strengthened with engineering and other technical staff so that they are in a position to secure work under such labour intensive schemes like Rural Works Programmes, and also SFDA/MFL/CSRE programmes areas.

Forest labour cooperatives and cooperatives in the forest areas

9.4 Forest labour cooperatives may be strengthened and new ones organised for utilisation of their services for various economic activities for the benefit of forest population and tribals who may be entrusted with the work of collection of forest produce and minor oilseeds etc. Exploitation of forest cooperatives may be allotted as far as possible, to the forest labour cooperatives and the cooperatives for tribals at upset prices without calling for tenders. The Primary societies in the tribal development projects should also be helped to enable them to provide integrated credit and other services to the members including production and consumption credit, marketing of forest and agricultural produce and supply of agricultural inputs and other consumer goods.

Cooperatives for weaker sections in the urban areas

9.5 Cooperatives will have to be organised and the existing ones strengthened to meet the special needs of different sections of workers, artisans, etc. in the urban areas. These may include artisan cooperatives, rickshaw pullers cooperatives, cooperative workshops, etc.

COOPERATIVE TRAINING AND EDUCATION

10.1 The cooperative training and education programme during the Fifth Plan will be intensified and increasingly linked to the growing and diversified needs of the various sectors of the cooperative movement. The three-tier structure with the Vnikunth Mehta National Institute of Cooperative Management, Poona as the apex institution for the training and orientation of senior and key personnel of the Government and ~~the cooperative~~ movement, the Cooperative Training Colleges for the training of the intermediate level personnel and cooperative training centres for the training of the junior cooperative and institutional personnel may continue during the Fifth Plan. The education programme of the members and non-official leaders through peripatetic instructors may be continued to be looked after and strengthened by the National Cooperative Union of India at the national level and the State Cooperative Unions at the State level. The universities may take increasing interest in the teaching of the subject of Cooperation.

10.2 The present collaboration arrangements with the Reserve Bank of India's Bankers' Training College ~~ending on 31st March, 1974~~ ^{May} have limited advantages and therefore, one single comprehensive national Institute with one management meeting the entire needs of the movement in training and research, would be more effective. An integrated institution is in the interest of the cooperative

training programme. Details regarding management of the integrated institution in which the Government of India, Reserve Bank of India and the National Cooperative Union of India would share the responsibility, could be decided later. In case of integration of the two institutes and the present premises of the Reserve Bank of India becoming available to the unified institute, expansion of the present physical facilities would require an amount of Rs. 35 lakhs out of which Rs. 12 lakhs would be urgently required during the Fifth Plan. If integration does not take place, an amount of Rs. one crores will be necessary for buildings out of which Rs. 30 lakhs would be required during the Fifth Plan.

10.3 Two more Cooperative Training Colleges may be opened to meet the needs of the North East Region and Kerala State i.e. raising the number of colleges to 16. Besides conducting basic and other specialised courses for the intermediate level personnel, colleges will also conduct Orientation and Short term courses for the Cooperative Education Instructors to apprise them of the latest development of the movement in a particular State. Efforts will be made to make the State Cooperative Unions strong and capable of taking over the colleges during the Fifth Plan.

10.4 As envisaged in the Report of Misra Committee (1967), All India Cooperative Instructors Training Centre, New Delhi may be reorganised as National Institute of Cooperative Education.

7.5 The training scheme of foreign scholars is receiving good response from countries in South East Asia, Africa and Middle East. Special arrangements for the training of these scholars are called for. While normal courses will continue to be available for their training, medium term courses for senior category of foreign scholars need to be organised at the Vaikunth Mehta National Institute of Cooperative Management and special courses for intermediate and junior level personnel at the proposed National Institute of Cooperative Education. A Programme Coordination Cell for foreign scholars' training requires to be set up in the Committee for Cooperative Training which is administering the foreign trainers programme and, a Reader in Cooperation as Course Coordinator with necessary ministerial staff be sanctioned at the Vaikunth Mehta National Institute of Cooperative Management. The staff requirements of the National Institute of Cooperative Education may be taken care of as part of the reorganisation of the All India Cooperative Instructors Training Centre

10.6 In view of the importance of the fast growing cooperative sector in the national economy, the Union Government will continue to meet the cent percent expenditure on the training of senior and intermediate level officers, as well as reorganised National Institute of Cooperative Education.

10.7 Buildings for Vaikunth Mehta National Institute

of Cooperative Management, as stated above, and 7 Cooperative Training Colleges where existing buildings are quite unsatisfactory, may be constructed during the Fifth Plan.

10.8 The State Governments may review the training requirements

of the junior category of personnel in the cooperative departments and institutions and take suitable action to strengthen the centres, transfer them to the respective State Cooperative Unions wherever not done so far and provide liberal financial assistance for conduct of the junior cooperative training centres.

10.9 Cooperative member education programme should be an integral part of the on-going development programme of the movement especially in the States where it has not received the support it deserved, and it may suitably be enlarged.

10.10 National Cooperative Union of India will continue to plan,

coordinate and supervise the cooperative education programme at the national level. While, efforts may be made to increase the internal resources of the Union through contributions to schemes like Cooperative Development Fund etc., it requires financial assistance from the Government of India for its additional activities in respect of work relating to law, publications, public relations, promotional work for weaker sections and construction of its buildings which will also accommodate the Committee for Cooperative Training and

All India Cooperative Instructors Centre. Further assistance given for the approved schemes needs to be increased to enable it to discharge the functions more satisfactorily.

Committee on
Cooperative
Management and
Administration.

10.11 Recent years have witnessed substantial transformation in the structure and diversification of the activities of the cooperatives as also in the overall dimensions of their operations. Improvements in the arrangements for efficient management of societies or for supervision over them either by Government or by the federal institutions, have not kept pace with the rapid expansion of the movement. To fulfil, efficiently, the responsibility the movement will be taking on itself in the Fifth Plan, building up of competent professional management in cooperative and effective arrangements for supervision over them, are of crucial importance. The Government of India may, therefore, constitute a high power committee to study in depth the various aspects of cooperative administration and management in the country and suggest the lines on which improvements are to be made, the broad principles that should underlie the system of reorganisation, and the legislative, financial and other measures that would be necessary for its implementation.

CHAPTER 11.

PHYSICAL TARGETS

Based on the discussions in chapters 5 to 10, the following physical targets are recommended for the Fifth Five Year Plan:

	<u>Anticipated base level - 4th Plan</u>	<u>Target - 5th Five Year Plan</u>
1. Membership of primary cooperative credit societies - level reached in the last year of the Plan - cumulative.	36 millions	51 millions.
2. Percentage of borrowing members of primary agricultural credit societies	40%	50%
3. Short term credit disbursed during the last year of the Plan.	Rs. 680 crores	Rs. 1200 crores
4. Medium term credit fresh disbursements during 5 year period.	Rs. 325 crores	Rs. 350 crores
5. Long term credit disbursement in 5 years.	Rs. 700 crores	Rs. 1100 crores
6. Cooperative marketing of agricultural produce in the last year of the plan.	Rs. 900 crores	Rs. 1600 crores
7. Cooperative processing units cumulative.		
assisted	1860 units	2330 units
installed	1555 units	2150 units
8. Distribution of fertilizers through cooperatives in the last year of the Plan.	Rs. 450 crores	Rs. 1000 crores
9. Distribution of seeds		Rs. 100 crores
10. Distribution of pesticides		Rs. 75 crores
11. Distribution of agricultural machinery in the last year of the Plan.	Rs. 100 crores	Rs. 25 crores
12. Storage at the end of the Plan (Cumulative)		
Completed	39 lakh tonnes	80 lakh tonnes
Assisted	44 lakh tonnes	85 lakh tonnes
13. Distribution of consumer goods in urban areas in the last year of Plan	Rs. 275 crores	Rs. 700 crores
14. Distribution of consumer goods in rural areas in the last year of the Plan.	Rs. 250 crores	Rs. 500 crores

CHAPTER 12.SCHEMES AND OUTLAYS

The following schemes and outlays are recommended in the central sector, centrally-sponsored sector and state sectors of the 5th Five Year Plan.

<u>CENTRAL SECTOR SCHEMES</u>	<u>COOPERATION</u> <u>BRIEF DESCRIPTION</u>	<u>(Rs. in crores)</u> <u>OUTLAY</u>
1. Rehabilitation of weak central cooperative banks.	The scheme aims at rehabilitation of weak central cooperative banks. The bad debts at the level of the primary credit are to be written off upto 50% of the accumulated losses, bad debts and other overdues over three years. A certain percentage of the amounts written off will be met by the primary credit societies, central cooperative banks and the state cooperative banks. The balance will be provided as a grant by the State Government and the Central Government in equal shares. The grant of the Central State Government will be paid to the State Cooperative Bank.	5.00
2. Assistance to cooperative credit institutions in under-developed states.	The credit support provided by the cooperatives to the farmers in some of the under-developed states is meagre and inadequate for sustaining agricultural development. A 20% annual increase in short term advances by the cooperatives in these states is	15.00

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considered necessary in order to enable a reasonable level of progress in agriculture in these states and to reduce regional disparities. As the resources available to the cooperative institutions in these states are inadequate to permit this level of growth, special assistance from the Central and State Governments to these institutions in the form of loans is considered essential. Such loan assistance will permit cooperative banks to meet the Reserve Bank's condition of "non-overdue cover" and borrow funds from the Reserve Bank to the desired extent.

3. Assistance
to NAFED.

During the Fifth Five Year Plan, the National Agricultural Cooperative Marketing Federation will have a crucial role to play in the development of integrated marketing of agricultural produce as well as in boosting the exports of agricultural commodities in foreign markets. For this purpose, NAFED will have to be considerably strengthened by providing it financial assistance in the form of additional share capital contribution, subsidies towards Special Price Fluctuation Fund and Export Risk Fund.

1.00

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| 4. Establishment of National Co-operative Marketing Federation of Poultry Products. | The scheme aims at setting up a National Co-operative Marketing Federation for poultry products with twin objective of ensuring proper return to the producers and making eggs available to the consumers at a reasonable price. The Federation will establish branches in Delhi, Bombay, Calcutta and Madras. It will require substantial assistance for its business activities by way of contribution to the share capital, contribution to Rice Fluctuation Fund and Risk Fund, and for refrigerated vans, equipment, etc. | 1.00 |
| 5. Share capital participation in cooperative sugar factories | Under this scheme, the State Governments will be assisted on a selective basis to contribute to the share capital of cooperative sugar factories. | 15.00 |
| 6. Share capital participation in cooperative spinning factories | Under this scheme, the State Governments will be provided assistance for participation in the share capital of cooperative spinning mills depending upon the degree of development in the areas in which new cooperative spinning mills will be established and the extent of assistance will be decided by the N.C.D.C. | 7.00 |

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| 7. Assistance to National Federation of Coop. Sugar Factories for establishment of a sugar machinery manufacturing unit. | There is an urgent need to augment the sugar machinery manufacturing capacity and one unit is proposed to be established in the cooperative sector. The loan portion would be raised from financing institutions and a part of the equity from the existing sugar factories. A provision of Rs.1 crore has been kept for Central Government contribution to the share capital of this venture. | .00 |
| 8. Assistance to cooperative marketing, processing and storage programmes in under-developed areas | This scheme would replace the existing central sector schemes relating to marketing, processing, and storage. In its application the general principles enunciated in the current schemes would be followed with greater flexibility in meeting the requirements of under-developed areas, and in taking up programmes particularly suited to specific areas. | 25.00 |
| 9. Non-lapsable grant to N.C.D.C. | The objective of this proposal is to strengthen the owned corpus of the N.C.D.C. and make available to it necessary additive funds to enable it to initiate and finance special programmes for the weaker sections, backward areas and also for schemes of pilot and supplementary nature, which require an individual need-based approach and cannot be | 25.00 |

fitted into standardised schemes. The Expert Committee on N.C.D.C. set up under the chairmanship of Shri B.Venkatappiah had recommended that the corpus of the N.C.D.C. may be strengthened by making available to it non-lapsable annual grants during the period of the Fifth Plan.

The National Cooperative Consumers Federation Ltd. has a vital role in the development of consumer cooperatives. The activities of the Federation will be further expanded by enlarging the scope of general merchandise items handled by it, buffer stocking and processing of agricultural commodities, import of consumer goods, establishment of consumer industries, and setting up of regional warehouses etc. Besides, it has to provide expert guidance and technical know-how to consumer cooperatives through its Consultancy and Promotional Cell. The Federation may also be called upon to undertake management of "sick" institutions in order to rehabilitate them and also build up a cadre of executives, whose services could be made available to needy institutions. In order to enable the Federation to discharge these tasks, it is proposed to

1.00

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provide assistance of Rs.1 crore to the Federation by way of additional share capital loans and subsidies.

It is proposed to continue grants-in-aid to the National Cooperative Union of India for its present activities as well as additional activities relating to law, publications, promotional works for weaker sections and public relations. The All India Instructors Training Centre, New Delhi which organises training for instructors and orientation courses for non-official leaders is proposed to be re-organised during the Fifth Plan as National Institute of Cooperative Education. The activities of the Committee for Cooperative Training in respect of training programmes will be continued and research programme in vital areas of cooperation will be intensified. Academic support and guidance to the junior cooperative training Centres will be strengthened. Facilities and concessions will continue to be granted to foreign experts of organisations assisting the cooperatives in this country and necessary provision will be made to meet local costs of such experts.

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| 12. Assistance to national cooperative federations other than NCUI, NAFED, NCCF, and National Federation of Cooperative Sugar Factories | Besides the N.C.U.I., NAFED, N.C.C. and National Federation of Cooperative Sugar Factories, there are, at present 8 national level federations of cooperatives of different types. These national level federations are promotional and developmental bodies in their respective fields. The scheme aims at strengthening these national organisations for enabling them to play their appropriate role and provide support to their affiliated institutions. | 1.00 |
| 13. Strengthening of the administrative machinery of the Central Government | The Union Department of Cooperation will have to discharge larger responsibilities in various sectors during the Fifth Five Year Plan. In particular the Central Registrar will need adequate organisational support to enable him to discharge his functions and duties under the proposed multi-state cooperative law. | |

Total:

103.50

GENERALLY SPONSORED
SCHEMESBRIEF DESCRIPTIONOUTLAY

1. Agricultural Credit Stabilisation Fund	The object of the scheme is to augment the Agricultural Credit Stabilisation Funds maintained by the State Cooperative Banks. The fund is used to convert short-term loans due from farmers affected by natural calamities into medium-term loans repayable in 3-5 years.	15.00
2. Margin money for distribution of fertilizers	During the Fifth Plan, the cooperatives are expected to increase their operations in the distribution of agricultural inputs by Rs.700 crores. While they would raise their requirements of funds from banking institutions, they will need to raise margin money for securing their credit requirements from banks. This scheme aims at providing the requirements of margin money to the cooperative marketing societies with a view to enabling them to obtain commercial credit for undertaking a larger programme of distribution of agricultural inputs.	25.00
3. Assistance to urban consumer cooperatives	Although consumer cooperatives have a wide network, there are still many gaps which are to be bridged, specially in certain towns and cities. The approach in the Fifth Plan will be to provide services of cooperative	

....contd.

department store to the remaining towns in classes I and II and many of the growing towns in Class III. Additional department stores may also be opened in larger cities and towns. Under the scheme, assistance will be provided to consumer cooperatives having growth potential for establishment of new department stores. Where wholesale/Central stores are weak, the department stores may be opened by the State Consumer Federations or by the primary consumer stores which are strong and viable. It is proposed to set up 50 large department stores and 150 small department stores. Assistance by way of additional share capital contribution, loan-cum-subsidy for furniture and fittings and managerial subsidy will be provided.

Totals:

52.50

BRIEF DESCRIPTIONCR. 147

- 200
- (1) Departmental reorganisation.
 - (2) Assistance to cadre funds.
 - (3) Opening of new branches of Central Cooperative Banks.
 - (4) Rehabilitation of weak central cooperative banks.
 - (5) Opening of regional offices by state cooperative land development banks.
 - (6) Government's contribution to special price fluctuation fund of marketing societies for making outright purchases.
 - (7) Subsidy for grading and peeling.
 - (8) Share capital for strengthening of marketing societies, including new societies and higher level federations, including additional contribution for strengthening them for undertaking expanded programme of supply of inputs.
 - (9) State share capital participation in processing societies including Cooperative Sugar and Spinning factories.
 - (10) Managerial subsidy to Cooperative Marketing Societies.

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- (11) State contribution towards the two new fertilizer factories/paper factory.
 - (12) Cooperative storage.
 - (13) Consumer cooperatives/Rural/Urban
 - (14) Cooperative training and member-education schemes.
 - (15) Cooperatives for weaker sections.
 - (16) Miscellaneous cooperatives.
- II. Share capital participation in cooperative credit institutions by borrowing from R.B.I., L.T.O. Funds.

100

Total:

300

172
INDUSTRIES SECTOR

(Rs. in crores)

CENTRAL SECTOR
SCHEMES

BRIEF DESCRIPTION

OUTLAY

1. Establishment of Phosphoric Acid Plant and two new fertilizer plants in the cooperative sector.

During the Fifth Five Year Plan the Indian Farmers Fertilizer Cooperative Ltd. proposes to set up a Phosphoric Acid plant at Kandla. This is necessary as import of Phosphoric Acid plant was allowed to the society only for the first 5 years.

80-110

It is also proposed to set up two new fertilizer complexes in the Northern region for which one or two Cooperative Society/Societies will be formed. The Phosphoric Acid plant at Kandla will also meet Phosphoric Acid requirements of the two new fertilizer complexes.

The total investment in the 3 projects is estimated at about Rs.290 crores of which Rs.80-110 crores will have to be made available by the Central Government partly as share capital and partly as loans. The balance of the funds will be provided by the cooperative societies in the region, the State Governments and the financing institutions.

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2. Establishment of a cooperative paper factory based on bagasse

It is proposed to provide under the scheme for Government equity participation in the proposed bagasse based paper plant in the cooperative sector to be set up by the Shetkari Sahakari Shikhar Karkhana at Sangli (Maharashtra) which has received the letter of intent for setting up the project. This is a major industrial venture in the cooperative sector.

3.00

EXPOSURE TO FINANCING INSTITUTIONS

CENTRAL SECTOR SCHEME

BRIEF DESCRIPTION

OUTLAY

Investment in the Debentures of Cooperative Land Mortgage/Development Banks.

The Cooperative Land Mortgage/Development Banks constitute the principal long-term developmental finance to farmers for capital investment in agriculture, such as land reclamation, soil conservation, land shapping and construction of surface works, tubewells and other works of minor irrigation. The object of this scheme is to supplement the resources of these banks to enable them to lend adequate support to schemes of basic importance to agriculture. Under this scheme, the Central Government purchases the debentures of State Coop. Land Mortgage/Development Banks on the condition that the contribution from the Centre shall be utilised for identifiable productive purposes.

85.00

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STATE SECTOR SCHEMEPRINCIPAL DESCRIPTIONCR. AMT.

Investment in the
Expenditures of
Cooperative Land
Mortgage Development
Banks.

One of the conditions for central Government's contribution to the expenditures of state cooperative land mortgage development banks is that funds on matching basis should also be provided by the State Governments under the State Plan schemes. On this basis a provision of Rs. 90.00 crores ought to be included in the State sector for this scheme. However, in view of the weak financial resources position of category 'C' States, it is proposed that this condition may not be strictly made applicable in their cases. On this basis, a provision of Rs. 65 crores has been proposed for this scheme under the State sector.

85.

No. K-12012/4/72-P&G
 Government of India
 Ministry of Agriculture
 (Department of Cooperation)

...

Krishni Bhavan,
 New Delhi.
 April 12, 1972.

OFFICE MEMORANDUM

Sub:- Constitution of a Working Group on Cooperation for
 formulation of the 5th Plan.

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The Steering Group on Formulation of Fifth Five Year Plan relating to Agriculture, Irrigation and Allied Sectors, set up by the Planning Commission under the Chairmanship of Shri Mohan Daria, Minister of State for Planning, has decided that Working Groups for the formulation of Fifth Five Year Plan may be set up. Accordingly, a Working Group on Cooperation has been set up vide Office Memorandum of even number dated the 11th April, 1972 as follows:-

- | | | | |
|-----|--|-----|----------|
| 1. | Shri M.A. Quraishi,
Additional Secretary, Ministry of Agriculture | ... | Chairman |
| 2. | Shri A. Das,
Joint Secretary, Department of Cooperation | ... | Member |
| 3. | Shri K.G. Mathur,
Chief Director (Consumers), Deptt. of Coop. | ... | " |
| 4. | Shri P.R. Dubashi,
Secretary Incharge of Cooperation, Mysore | ... | " |
| 5. | Shri G.L. Baidur,
Secretary Incharge of Cooperation, Haryana | ... | " |
| 6. | Shri R. Srinivasan,
Registrar, Cooperative Societies, Orissa | ... | " |
| 7. | Shri S.B. Saran,
Registrar, Cooperative Societies, U.P. | ... | " |
| 8. | Shri M.M.K. Wali,
Secretary, National Coop. Dev. Corporation | ... | " |
| 9. | Dr. C.D. Datey,
Chief Officer, Reserve Bank of India | ... | " |
| 10. | Shri R.G. Tewari,
President, National Coop. Union of India | ... | " |

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| 11. | Shri Amar Singh Harika,
Chairman, National Consumers Coop. Fed. | ... | Member |
| 12. | Dr. S.B. Misra,
Director, All India National Institute of Coop.
Management. | ... | " |
| 13. | Prof. G. Parthasarthy,
Deptt. of Coop. & Applied Economics,
Waltair (Andhra Pradesh) | ... | " |
| 14. | Shri S.S. Puri,
Joint Secretary, Planning Commission | ... | " |
| 15. | Shri S.T. Khushalani,
Director (Cooperation), Planning Commission | ... | " |
| 16. | Shri Ram Saran,
Economics & Statistics Adviser,
Department of Agriculture. | ... | " |
| 17. | Shri K.S. Bawa,
Joint Secretary, Deptt. of Cooperation | ... | Member-Secretary |

2. The terms of reference of this Group are:

- (i) To make a critical review of the quantitative and qualitative progress made by the Cooperative Movement in various fields and the position likely to be reached by 1973-74;
- (ii) To make a critical review of the various 4th Plan schemes and programmes and to consider their continuance, modification or discontinuance;
- (iii) To identify the difficulties and problems faced and to consider the legislative, administrative, institutional and other measures necessary for the removal of bottlenecks and acceleration of the tempo of progress in the coming years;
- (iv) To formulate strategy and targets of the Cooperative Movement in various fields and to formulate schemes and programmes considered necessary for the achievement of these targets with due regard to the national objects of self-reliance, removal of regional imbalances, generation of more employment and improvement in the economic and social condition of the weaker sections of the society. The long term perspectives for the period 1980-81 as given in the Fourth Plan document may be kept in view.

3. The Working Group will also take into account the guidelines and advice given from time to time by the Steering Group.

4. The Working Group can coopt any other persons as and when necessary for discussion on specific issues. The Working Group may set up Sub-Groups/ Study Groups in respect of different subjects in its field. The Working Group can decide upon its procedure for the finalisation of its report.

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5. The Working Group will prepare a Position Paper which will inter-alia contain information about the level of development likely to be reached by the end of the Fourth Five Year Plan and some broad appreciation of various major problems and policies in the sector of Cooperation. Such papers are to be made available to the Secretary, Steering Group by 15th May, 1972 at the latest so that these can be considered by the Steering Group towards the end of May, 1972.

6. The final report of the Working Group shall be ready by October, 1972 at the latest, so that the same can be considered by the Steering Group in November, 1972.

7. The Members of the Working Group will draw T.A./D.A. in connection with the meetings of the Working Group from their respective Departments/Organisations.

Sd/- K.S. Bawa
Joint Secretary to the Govt. of India

Copy for information and necessary action to:

Chairman and all Members of the Working Group.

Copy also to:-

1. P.S. to Minister (Agri.)/Minister(S)/Deputy Minister(C)/Secretary (Agri.)
2. Planning Commission, New Delhi.
3. E & S Directorate, Department of Agriculture.
4. Secretary incharge of Cooperation, Government of Orissa, Bhubaneswar/Government of U.P., Lucknow.
5. All Officers and Sections in the Department of Cooperation.

Composition of Sub-Group on Cooperative
Short and Medium Term Credit.

1. Shri K.S. Bawa,
Joint Secretary .. Chairman
2. Dr. C.D. Datta,
Chief Officer,
Agricultural Credit Department,
Reserve Bank of India, Bombay.
3. Shri M.M.K. Wali,
Secretary,
National Cooperative Development Corporation,
New Delhi.
4. Registrar of Cooperative Societies,
West Bengal.
5. Registrar of Cooperative Societies,
Himachal Pradesh.
6. Registrar of Cooperative Societies,
Kerala.
7. Chairman,
All India State Cooperative
Banks Federation, Bombay.
8. Shri S.S. Puri,
Joint Secretary,
Planning Commission, New Delhi.
9. Kumari S. Satyabhama,
Director,
Department of Agriculture,
10. Shri E.S. Parthasarthy, Deputy Secretary,
Department of Agriculture.
11. A representative of the
Department of Banking.
12. Managing Director of the State Cooperative Bank,
Maharashtra.
13. Managing Director of the State Cooperative Bank,
Rajasthan.
14. Deputy Secretary or Director,
Department of Cooperation, Governor,

contd.

Sub-Group on Long Term Cooperative Credit.

- | | | | |
|-----|---|-----|-----------|
| 1. | Shri K.S. Bawa, Joint Secretary,
Department of Cooperation. | ... | Chairman |
| 2. | Dr. C.D. Dabey, Chief Officer,
Agricultural Credit Department,
Reserve Bank of India, Bombay. | ... | Member |
| 3. | Shri K. Madhava Das,
Managing Director, ARC, Bombay. | ... | " |
| 4. | Registrar of Cooperative Societies,
Madhya Pradesh. | ... | " |
| 5. | Registrar of Cooperative Societies,
Haryana. | ... | " |
| 6. | Registrar of Cooperative Societies,
Uttar Pradesh. | ... | " |
| 7. | Chairman, All India Central Land
Mortgage Banks Union, Bombay. | ... | " |
| 8. | Shri S.S. Puri, Joint Secretary,
Planning Commission, New Delhi. | ... | " |
| 9. | Shri E.S. Parthasarthy,
Department of Agriculture. | ... | " |
| 10. | Managing Director of State Land
Mortgage Bank, Tamil Nadu. | ... | " |
| 11. | Managing Director of State Land
Mortgage Bank, Bihar. | ... | " |
| 12. | A representative of the Minor
Irrigation Division, Deptt. of Agriculture. | ... | " |
| 13. | Deputy Secretary or Director,
Department of Cooperation. | ... | Convener. |

Sub-Group on Cooperative Marketing, Processing,
Supplies and Storage.

- | | | | |
|----|---|-----|----------|
| 1. | Secretary,
National Cooperative Development Corporation,
New Delhi. | ... | Chairman |
| 2. | Agricultural Marketing Adviser,
Government of India,
Department of Agriculture. | ... | Member |
| 3. | Managing Director,
National Agricultural Cooperative
Marketing Federation. | ... | " |

contd.....

4.	Secretary, National Federation of Cooperative Sugar Factories.	...	Member
5.	A representative of the National Federation of Cooperative Spinning Mills.	...	"
6.	A representative of the Planning Commission.	..	"
7.	A representative of the Reserve Bank of India	...	"
8.	A representative of the Department of Food	...	"
9.	Managing Director, MARKFED, Furjab, Chandigarh.	...	"
10.	Deputy General Manager, Central Warehousing Corporation.	...	"
11.	Registrar of Cooperative Societies, Jammu & Kashmir.	...	"
12.	Registrar of Cooperative Societies, Gujarat	...	"
13.	Registrar of Cooperative Societies, Punjab	...	"
14.	A representative of the IFFCO	...	"
15.	Joint Secretary, National Cooperative Development Corporation, New Delhi.	...	Member- Convener
<u>Sub-Group on Consumer Cooperatives for drawing up Craft Fifth Five Year Plan.</u>			
1.	Joint Secretary (C&M), Deptt. of Cooperation	...	Chairman
2.	Chief Director (CC), Deptt. of Cooperation	...	Vice- Chairman
3.	Registrar, Cooperative Societies, Uttar Pradesh	...	Member
4.	Registrar, Cooperative Societies, Tamil Nadu	...	"
5.	Registrar, Cooperative Societies, Orissa	...	"
6.	Secretary, National Cooperative Development Corporation, New Delhi (for representing rural consumers' activities)	...	"
7.	Managing Director, Mysore State Consumers Cooperative Federation.	...	"

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|-----|--|-----|---------------------|
| 8. | General Manager, National Cooperative Consumers Federation, New Delhi. | ... | Member |
| 9. | Prof. S.B. Rao, Vaikunth Mehta Institute of Cooperative Management, Poona. | ... | " |
| 10. | A representative of the Labour Ministry, concerned with consumer cooperatives. | ... | " |
| 11. | A representative of the Railway Ministry concerned with consumer cooperatives. | ... | " |
| 12. | A representative of the Planning Commission | ... | " |
| 13. | A representative of the Reserve Bank of India | ... | " |
| 14. | A representative of the Civil Supplies Organisation of the Deptt. of Internal Trade. | ... | " |
| 15. | Shri G.R. Hiremath, Director (CI), Department of Cooperation. | ... | Member-
Convener |

Sub-Group on Cooperative Education and Training.

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|----|---|-----|----------------------|
| 1. | Shri K.S. Bawa, Joint Secretary (C), Department of Cooperation. | ... | Chairman |
| 2. | Secretary incharge of Cooperation (Shri P.R. Dabhashi), Mysore. | ... | Member |
| 3. | Director, Vaikunth Mehta National Institute of Cooperative Management, Poona. | ... | " |
| 4. | Representative of the National Cooperative Union of India. | ... | " |
| 5. | Representative of the State Cooperative Union, Assam. | ... | " |
| 6. | Representative of the Planning Commission. | ... | " |
| 7. | Director (CI), Deptt. of Cooperation. | ... | Member-
Convener. |

Annexure-III

Amount in Rs. (crores)

	1950-51	Last year of 1st Plan (1955-55)	Last year of 2nd Plan (1960-61)	Last year of 3rd Plan (1965-66)	1966-67	1967-68	1968-69	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1. Membership of primary agril. credit societies(000)	4403	7791	17041	26135	26709	23074	29173	
2. Coverage of rural families (%) (estimated)	7	1	24	33	33	33	34	
3. Percentage of members borrowing during the year (%)	NA	NA	53	42	40	38	41	
4. Short term credit disbursed during a year.	22.90*	49.62*	182.82	304.95	326.76	394.18	456.49	*inclu MF al
5. Medium term Credit Fresh disbursements during the year	NA	NA	19.93	36.80	39.71	35.02	47.48	
				57.90				
6. Long Term Credit disbursement during a year to individuals.	1.38	2.86	11.62		57.55	94.71	148.16	
7. Coop. Marketing of agril. produce	47.00	53.00	178.00	360.00	338.10	524.71	588.46	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8. Coop. Processing Units (numbers) at the end of the year.	NA	NA	484	1498	1547	1580	1596
9. Distribution of Fertiliser in a year (Value in crores)	NA	NA	32.27**	80.11	114.37	183.00	201.00
10. Distribution of seeds (value in crores)	NA	NA	7.00**	19.72	25.53	24.00	24.00
11. Distribution of Pesticides (value in crores)	NA	NA	0.5**	16.62	17.69	19.00	22.00
12. Distribution of agril machinery (value in crores).	NA	NA	1.00**	6.00	5.44	7.00	7.00
13. Storage at the end of the year (in lakh tonnes)	NA	NA	7.5**	21.0	22.4	23.4	25.8

* Figures relate to 1961-6

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
14. Distribution of consumers goods in urban areas (in a year) value in crores	NA	NA	60.05	194.27	249.29	239.54	239.87
15. Distribution of consumers goods in rural areas (in a year) value in crores)	NA	NA	NA	198.07	245.32	250.38	226.11

STATEWISE FIGURES OF PER HECTARE SHORT-TERM PRODUCTION CREDIT ADVANCED IN 1970-71.

Sl.No.	Name of State	Gross cropped area *(Thousands of hectare)	Short-term Loans advanced during 1970-71 (Rs. lakhs)	Average loan advanced per hectare of gross cropped area. Rs.
1.	Punjab	5499	5312	96
2.	Kerala	2916	2626	90
3.	Gujarat	10187	8333	82
4.	Tamil Nadu	7161	4266	60
5.	Maharashtra	19435	9469	48
6.	Jammu & Kashmir	873	345	40
7.	Mysore	10794	3486	32
8.	Himachal Pradesh	910	284	31
9.	Haryana	4941	1477	30
10.	Madhya Pradesh	20399	4604	22
11.	Uttar Pradesh	22874	4836	21
12.	Andhra Pradesh	13145	2670	20
13.	Tripura	335	47	16
14.	Bihar	11063	1152	10
15.	Rajasthan	14267	1558	10
16.	Orissa	8382	780	9
17.	West Bengal	6653	541	8
18.	Assam	2774	205	7
19.	Manipur	188	7	5
20.	Nagaland	49	0.7	2
21.	Meghalaya	194	1.4	7
All India				38

*Figures relate to the year 1969-70.

Source Statewise clarification of area issued by Directorate of Economics & Statistics

Targets for short-term advances by Primary
Agricultural Credit Societies in 1978-79.

(Rs. in Crores)

Name of State	Total short-term advances in 1973-74 (Estimated)	Projected target for 1978-79
1	2	3
Group A		
1. Gujarat	85.00	130.00
2. Kerala	32.00	49.00
3. Maharashtra	140.00	233.00
4. Punjab	75.00	114.00
5. Tamil Nadu	50.00	76.00
	<u>382.00</u>	<u>582.00</u>
Group B		
1. Andhra Pradesh	35.00	75.00
2. Haryana	18.00	34.00
3. Himachal Pradesh	4.50	9.00
4. Jammu & Kashmir	4.00	8.00
5. Madhya Pradesh	60.00	116.00
6. Mysore	39.00	74.00
7. Uttar Pradesh	67.00	133.00
	<u>227.50</u>	<u>449.00</u>
Group C		
1. Assam	3.50	8.00
2. Bihar	15.00	36.00
3. Meghalaya	0.20	0.75
4. Orissa	15.00	36.00
5. Rajasthan	18.00	43.00
6. West Bengal	15.00	36.00
7. Manipur	0.50	1.25
8. Tripura	1.00	2.50
9. Nagaland	0.10	0.50
10. Union Territories	2.20	5.00
	<u>70.50</u>	<u>159.00</u>
Total:	<u><u>680.00</u></u>	<u><u>1200.00</u></u>

Analysis of the need for viability programme for primary
agricultural credit societies in Fifth Plan

State	Net cropped area Net irrigated (Thousand hectares)	Unirrigated (Thousand hectares)	Credit potential col.2x250 plus col.3x 125 (Rs. in millions)	Fifth Plan target S.T. loans 78-79 (Rs. in millions)	Max. No. of credit socie- ties which can be support- ed on the basis of credit poten- tial of Rs.2 lakhs per society Col.4 2.00,000	No. of socie- ties in exis- tence on 30.6.71	Number of viable/ potentially viable societies recommend- ed for retention
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Andhra Pradesh	3189	6321	1837	830	9137	15040	10000
2. Assam	572	1554	350	80	1749	2618	2000
3. Bihar	2279	6116	1334	360	6672	17171	7000
4. Gujarat	1179	8398	1345	1300	6723	8438	6500
5. Haryana	1408	2140	620	340	3098	6166	4000
6. Himachal Pradesh	94	456	80	90	403	2547	2000
7. Jammu & Kashmir	279	437	124	80	622	1104	900
8. Kerala	423	1743	324	490	1618	2134	1600
9. Madhya Pradesh	1431	16952	2477	1140	12384	9884	9884
10. Maharashtra	1431	17031	2487	2130	12433	20014	13000
11. Mysore	1144	9053	1418	740	1088	8675	8000
12. Nagaland	12	35	7	5	37	16	37
13. Orissa	1027	5067	890	360	4451	3759	3759
14. Punjab	2834	1193	858	1140	4286	10274	6000
15. Rajasthan	2059	11036	1894	430	9472	7808	7808
16. Tamil Nadu	2507	3552	1072	760	5360	6058	5000
17. Uttar Pradesh	6818	10615	3033	1270	15188	25922	20000
18. West Bengal	1478	8091	831	360	4405	11329	6000
19. Manipur	65	114	31	13	153	459	250
20. Tripura	17	219	32	25	158	402	250
21. Meghalaya	38	124	25	7	125	350	250
22. U. Territories	85	296	58	50	289	612	400
ALL-INDIA	30,367	1,08,703	21,182	12,000	1,05,903	1,50,780	1,14,638

Estimate of Resources and Lendings in 1978-79 - Central Cooperative Banks

(Rs. in lakhs)

1.	2.	3.	4.	5.	6.	7.	8.
Name of the State	Deposits Expected level in 1971	Expected level of deposits in 1979.	Expected level of borrowings in 1979	Expected level of owned funds in 1979	Expected level of all types of loans outstanding in 1979	Loans to primary agricultural credit societies. (80% Col.7)	
<u>Group A</u>							
1. Gujarat	7,835	16,000	6,925	5,180	18,574	14,859	
2. Kerala	1,515	3,030	4,019	1,340	6,425	5,140	
3. Maharashtra	1,323	20,330	15,740	6,115	30,312	24,249	
4. Punjab	3,871	7,740	7,740	3,870	14,125	11,300	
5. Tamil Nadu	3,430	6,820	4,200	4,430	10,387	8,310	
<u>Group B</u>							
6. Andhra Pradesh	1,731	2,980	3,624	2,200	6,455	5,105	
7. Haryana	908	2,000	3,100	1,555	5,055	4,045	
8. Himachal Pradesh	275	480	210	75	515	412	
9. Jammu & Kashmir	140	340	580	150	850	680	
10. Madhya Pradesh	2,406	3,560	6,940	2,565	10,310	8,250	
11. Mysore	3,131	6,260	7,545	2,662	12,454	9,965	
12. Uttar Pradesh	3,830	7,085	8,925	4,375	15,230	12,185	
<u>Group C</u>							
13. Assam	101	370	1,220	265	1,569	1,255	
14. Bihar	593	1,260	2,835	570	3,840	3,070	
15. Orissa	812	1,270	1,270	710	2,360	1,890	
16. Rajasthan	101	1,480	3,315	1,195	4,785	3,830	
17. West Bengal	932	1,900	2,530	810	4,020	3,215	
18. Union Territories	693	1,400	1,600	300	2,500	2,000	
All India Total	44,547	* 84,350	@ 82,299	38,367	1,42,700	19,320	

*or Rs. 844 crores @ or Rs. 823 crores

AVAILABILITY OF INTERNAL RESOURCES REQUIRED FOR
PROVIDING NON-OVERDUE COVER

S.No.	Name of State	Target Non-overdue advances outstanding for ST loans (78-79)		Provision for over-cues (3/7 of col.4)	Total ST loans outstanding (4+5)	Internal Resources available for loan						Deficit in resources required for providing non-overdue cover (col.5-12)
		100/115 of col.3	30.6.79			80% of deposits	33% of owned funds	55% of owned funds	55% of owned funds	Total	Of which available for ST lending 80% col.11	
1	2	3	4	5	6	7	8	9	10	11	12	13
Category-A												
1.	Gujarat	13000	11304	2400	14130	802	2265	8800	2819	14716	11773	-
2.	Kerala	4900	4261	1065	5326	1651	903	1667	737	4963	3979	-
3.	Maharashtra	21300	18522	4630	23152	712	4060	11209	3362	19343	15475	-
4.	Punjab	11400	9913	2478	12391	3096	941	4257	2139	10423	8338	-
5.	T. Nadu	7600	6609	1652	8261	551	1521	3751	2436	8259	6607	-
		58200	50609	12651	63260	6812	9695	29688	11513	27704	46153	-
Category-B												
6.	Madhya Pradesh	7500	6522	2795	9317	585	1013	1639	1210	4497	3538	-
7.	Maryana	3400	2956	1269	4225	60	285	1100	855	2400	1920	-
8.	Himachal Pradesh	900	783	336	1119	702	165	264	41	1172	938	-
9.	J&K	800	690	298	994	16	24	187	83	310	248	(-) 50
10.	Madhya Pradesh	11600	10087	4323	14410	736	1608	1978	1411	5713	4570	-
11.	Mysore	7400	6435	2758	9193	623	1203	3443	1464	6733	5386	-
12.	Uttar Pradesh	13300	11565	4955	16500	790	1703	3897	2406	8886	7109	-
		41000	35021	14237	53758	3612	6091	13488	7470	29661	23709	(-) 50
13.	Assam	500	495	403	1158	116	82	204	146	1548	458	(-) 25
14.	Bihar	3600	3130	2087	5217	455	419	693	314	1881	1505	(-) 532
15.	Orissa	3600	3130	2087	5217	443	652	699	391	2190	1752	(-) 335

AVAILABILITY OF INTERNAL RESOURCES REQUIRED FOR PROVIDING NON-OVERDUE COVER

S.No.	Name of State	Target for advances 78-79)	Non-overdue ST loans outstanding 30.6.79	Provision for over-due ST loans (3/7 of col. 4)	Total outstanding ST loans 30.6.79 (4+5)	Internal Resources available for loan					Of which 10% for ST leading 80% col. 11	Deficit in resources required for providing non-overdue cover (col. 5-12)
						Primary level deposits	Central banks	Total	Of which 55% of owned funds	Of which 55% of owned funds		
1	2	3	4	5	6	7	8	9	10	11	12	13
Category-A												
1. Gujarat	13000	11304	2434	14130	802	2265	8800	2309	14716	11773	-	-
2. Kerala	4900	4261	1065	5326	1651	908	1667	737	4903	3976	-	-
3. Maharashtra	21300	18522	4630	23152	712	4060	11209	3302	19313	15475	-	-
4. Punjab	11400	9913	2478	12391	3096	941	4257	2139	10423	8338	-	-
5. T. Nadu	7600	6609	1652	8261	551	1521	3751	2436	8259	6607	-	-
	58200	50609	12651	63260	6812	9695	29880	11513	37704	46163	-	-
Category-B												
6. West Bengal	7500	6522	2795	9317	585	1013	1639	1210	6447	3538	-	-
7. Madhya Pradesh	3400	2956	1269	4225	60	285	1100	855	2400	1920	-	-
8. Himachal Pradesh	900	783	336	1119	702	165	264	41	1172	938	-	-
9. J&K	800	690	298	994	16	24	187	83	310	248	(-)	50
10. Madhya Pradesh	11600	10087	4323	14410	736	1608	1978	1411	5713	4570	-	-
11. Mysore	7400	6435	2758	9193	623	1203	3443	1464	5733	5386	-	-
12. Uttar Pradesh	13300	11565	4955	16500	790	1703	3897	2406	8886	7109	-	-
	41900	36543	14744	52747	3612	6091	13158	7670	29661	22709	(-)	50
13. Assam	3000	2695	1091	3786	116	82	204	146	1548	438	(-)	25
14. Bihar	3600	3130	2087	5217	455	419	693	314	1881	1505	(-)	532
15. Orissa	3600	3130	2087	5217	448	652	699	391	2190	1752	(-)	335

RESOURCES REQUIRED FOR
OPERATION

(Rs. in Lakhs)

Internal Resources available for loan							Deficit in resources required for providing non overdue cover (101.5-12)
Primary level and 80% of deposits	Central bank of India 55% of funds	State banks 55% of funds	Total	Of which available for ST lending 80% col.	11	12	
7	8	9	10	11	12	13	
802	2265	8800	2869	14716	13773	-	
1651	903	1667	737	4963	3979	-	
712	4060	11209	3302	19343	15475	-	
3096	941	4257	2139	10423	8338	-	
551	1521	3751	2436	8359	6607	-	
6812	9695	25680	1513	37706	46163	-	
585	1013	1639	1210	4447	3536	-	
63	285	1100	855	2400	1920	-	
702	165	264	41	1172	933	-	
16	24	187	83	310	248	(-) 50	
736	1603	1538	1411	5713	4570	-	
623	1203	3443	1464	6733	5366	-	
790	1733	3097	2406	8886	7109	-	
3612	6091	15483	7070	29661	23739	(-) 50	
113	82	204	146	1548	436	(-) 25	
455	419	693	314	1881	1505	(-) 532	
443	652	699	391	2190	1752	(-) 335	

	2	3	4	5	6	7	8	9	10	11	12	13
1. Rajasthan	4300	3739	2493	6232	187	509	814	657	2167	1734	(-)	759
2. West Bengal	3600	3130	2087	5217	120	251	1045	446	1862	1490	(-)	59
3. Manipur	125	109	73	182	97	70	770	155	1102	882		-
19. Tripura	250	217	145	362								
20. Meghalaya	75	65										
21. Nagaland	50	43	364	910								
22. Union Territories	500	438										
	16900	14596	9799	24495	1423	1983	4225	2119	10750	7801		
Grand total:	120000	104349	38185	143520	11847	17769	46397	21102	98115	77673	(-)	23.5

State-wise estimates of Medium-term loans
during the Fifth Five Year Plan period (5 years)

	<u>1970-71-level</u>	<u>1974-75 to 1978-79</u>
Andhra Pradesh	2.06	15.00
Assam	0.02	1.00
Bihar	0.94	10.00
Gujarat	6.00	35.00
Haryana	0.90	8.00
Himachal Pradesh	2.08	13.00
J&K	0.01	1.00
Kerala	3.36	22.00
Madhya Pradesh	5.36	30.00
Maharashtra	0.24	00.00
Mysore	3.45	20.00
Nagaland	-	-
Orissa	0.94	8.00
Punjab	3.97	25.00
Rajasthan	0.75	7.50
Tamil Nadu	4.71	30.00
Uttar Pradesh	2.98	22.50
West Bengal	0.19	1.00
Manipur		
Tripura	0.01	0.30
Union Territories	0.05	0.75
	<u>5652</u>	<u>350.00</u>

Statement showing the number of new branches to be opened by cooperative banks in the fifth plan period in each state.

Sl. No.	State/Union Territory	State Coop. banks	National Coop. Banks	Primary coop. banks
1		2	3	4
1.	Andhra Pradesh	3	80	10
2.	Assam	5	70	5
3.	Bihar	4	120	3
4.	Gujarat	3	150	50
5.	Haryana	2	80	5
6.	Himachal Pradesh	4	30	-
7.	Jammu & Kashmir	2	10	-
8.	Kerala	4	90	20
9.	Madhya Pradesh	4	200	10
10.	Maharashtra	12	300	30
11.	Manipur	4	-	3
12.	Meghalaya	3	-	-
13.	Mysore	8	250	50
14.	Nagaland	2	-	-
15.	Orissa	5	120	7
16.	Punjab	2	130	4
17.	Rajasthan	5	80	5
18.	Tamil Nadu	10	150	35
19.	Tripura	2	-	-
20.	Uttar Pradesh	5	450	-
21.	West Bengal	2	60	12
22.	Andaman & Nicobar			

1947

1	2	3	4	5
23.	Chandigarh	-	-	-
24.	Delhi	4	-	2
25.	Goa, Daman and Diu	2	-	2
26.	Pondicherry	2	-	2
	TOTAL:	100	2400	325

POSITION AS ON 30TH JUNE, 1971

Statement showing the net sown area and the cooperative long-term credit outstandings with individuals.

(Thousand Hectares)

Sl. No.	State/U.T.	Net sown area (1969-70)	Outstanding Coop. long-term loans with individuals on 30.6.71 (Rs. in thousands)	Approx. per hectare outstanding long-term loans with ref. to net sown area.	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
1.	Pondicherry	31	47,86	154	
2.	Tamil Nadu	60,69	75,74,97	125	
3.	Punjab	40,27	47,67,22	118	
4.	Gujarat	95,77*	93,23,87	97	* Relates to the year 1968-69.
5.	Andhra Pradesh	1,15,10	83,74,12	73	
6.	Delhi	20	58,87	73	
7.	Maharashtra	1,84,62	1,19,28,29	65	
8.	Haryana	33,48	22,30,04	63	
9.	Uttar Pradesh	1,74,83	73,17,33	45	
10.	Mysore	1,01,97	41,50,41	40	
11.	Kerala	21,66	7,44,55	34	
12.	Jammu & Kashmir	7,26%	2,01,42	23	% Relates to the year 1964-63.
13.	Himachal Pradesh	5,50	1,32,77	24	
14.	Orissa	60,94	12,90,26	21	
15.	Bihar	83,95	14,33,89	17	
16.	Madhya Pradesh	1,83,33	20,70,93	11	
17.	Rajasthan	1,30,95	11,86,59	9	
18.	West Bengal	55,69@	4,74,92	8	@ Relates to the year 64-65.
19.	Assam	22,26	40,64	2	
20.	Tripura	2,33 £	3,83	2	£ Relates to the year 65-66.
21.	Manipur	1,70&	-	-	
22.	Meghalaya	1,62	-	-	
23.	Nagaland	47*	-	-	* Relates to the year 1966-67.
24.	A & N Islands	18	-	-	
25.	Arunachal Pradesh	55	-	-	Ad-hoc estimates
26.	Dadra & Nagar Haveli	16	-	-	
27.	Goa, Daman & Diu	1,33	-	-	
28.	Lakshadweep Islands	3	-	-	
29.	Mizoram	39	-	-	
	ALL INDIA	13,90,66	6,36,72,84	46	

Sources: Directorate of Economics & Statistics.

Statement showing the State-wise break-up of
IV Plan target and projections for Fifth Plan
under-ordinary long-term credit

(Rs. in crores)

Sl. No.	Name of the State/U.T.	IV Plan likely achievements.	V Plan target (on the basis of increase of 25%, 50% and over 100% respectively for category 'A', 'B' and 'C' States)
(1)	(2)	(3)	(4)

Category 'A'

1.	Pondicherry	0.80	1.00
2.	Tamil Nadu	97.01	120.00
3.	Punjab	58.12	75.00
4.	Gujarat	90.73	110.00
5.	Andhra Pradesh	79.62	100.00
6.	Delhi	1.00	1.50
7.	Maharashtra	115.33	140.00
8.	Haryana	20.44	26.00

Category 'B'

9.	Uttar Pradesh	97.73	138.00
10.	Mysore	42.33	60.00
11.	Kerala	9.02	12.00

Category 'C'

12.	Jammu & Kashmir	2.06	8.00
13.	Himachal Pradesh	2.14	8.00
14.	Orissa	28.99	62.00
15.	Bihar	35.35	77.00
16.	Madhya Pradesh	40.41	87.00
17.	Rajasthan	19.43	40.00
18.	West Bengal	10.40	25.00
19.	Assam	1.27	7.00
20.	Tripura	0.22	2.50
Total		718.10**	1100.00

** Break-up of the anticipated achievement during the IV Plan aggregates to Rs. 753.38 crores including other Union Territories.

Note: If the potential for additional investment in Gujarat, Tamil Nadu, Punjab and Maharashtra are restricted due to implementation of World Bank/ARC schemes, the savings may be allocated to Group 'C' States particularly Madhya Pradesh and Bihar where substantial additional potential exists.

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ANNEXURE - XIV

Marketing of Agriculture Produce by Cooperatives

S.No.	Name of State	Target for IVth Plan	(Rs. in crores)			
			Achievement 1969-70	during 1970-71	Anticipated achievement in 1973-74	Target for the Vth Plan (1978-79)
1.	Andhra Pradesh	40.00	16.68	13.12	20.00	65.00
2.	Assam	25.00	11.75	12.56	15.00	40.00
3.	Bihar	17.00	11.06	14.33	17.00	50.00
4.	Gujarat	80.00	67.06	65.41	80.00	130.00
5.	Haryana	20.00	21.30	19.91	25.00	60.00
6.	Himachal Pradesh	-	1.20	0.76	1.00	5.00
7.	Jammu & Kashmir	5.00	3.07	1.87	4.00	10.00
8.	Kerala	18.00	7.35	7.34	10.00	30.00
9.	Madhya Pradesh	40.00	14.38	20.44	30.00	60.00
10.	Maharashtra	200.00	168.52	178.30	300.00	400.00
11.	Manipur	-	Negligible	Negligible	-	2.00
12.	Meghalaya	-	-do-	-do-	-	5.00
13.	Mysore	55.00	28.27	30.96	35.00	80.00
14.	Orissa	10.00	3.00	3.64	7.00	20.00
15.	Punjab	100.00	66.95	114.64	150.00	230.00
16.	Rajasthan	10.00	3.90	6.67	8.00	25.00
17.	Tamil Nadu	35.00	24.60	24.85	30.00	70.00
18.	Tripura	-	0.25	0.25	3.00	10.00
19.	Uttar Pradesh	200.00	142.97	126.25	175.00	260.00
20.	West Bengal	20.00	5.99	2.20	10.00	40.00
21.	Union Territories and others including Nagaland	10.00	2.88	2.10	2.00	8.00
Total:-		835.00	603.18	645.60	922.00	1600.00
Say.		900.00				

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"MCS"

Statement showing the State-wise break-up of
IV Plan target and projections for Fifth Plan
under ordinary long-term credit

to achievement during the IV Plan
aggregates to Rs. 755.38 crores including other Union
Territories.

Note: If the potential for additional investment in Gujarat,
Tamil Nadu, Punjab and Maharashtra are restricted due to
implementation of World Bank/ARC schemes, the savings may
be allocated to Group 'C' States particularly Madhya
Pradesh and Bihar where substantial additional potential
exists.

STATEMENT INDICATING UNITS LIKELY TO BE ORGANISED AND INSTALLED IN THE COOPERATIVE SECTOR AT THE END OF THE FOURTH PLAN AND AT THE END OF FIFTH PLAN.

Sl. No.	Type of Crops	End of the Fourth Plan			End of the Fifth Plan		
		0	1	Capacities of installed units	0	1	Capacities of installed units.
1. SUGARCANE							
	Sugar factories	137	95	18.10 lakh tonnes	210	171	34.50 lakh tonnes.
	Sugar bye-product	17	12	514 lakh litres p.a.	27	22	955 lakh litres for annum.
	Bagasse-based paper plant	1	-	-	1	1	0.66 lakh tonnes of paper.
	Open pan crystal units	19	17	0.08 lakh tonnes	19	19	0.09 lakh tonnes.
2. COTTON							
	Ginning and pressing	235	210	15 lakh bales of cotton	260	255	20 lakh bales of cotton
	Spinning Mills	23	20	3 lakh bales of cotton	43	35	5.25 lakh bales of cotton
	Cotton seed crushing	2	2	30,000 tonnes of cotton seed.	5	5	50,000 tonnes of cotton seed
3. JUTE							
	Jute baling units.	44	40	4.00 lakh bales of jute	65	60	6 lakh bales of jute.
	Jute mills	1	1	40,000 bales of jute	3	3	1.60 lakh bales of jute.
	Jute twine units	-	-	-	2	2	0.12 lakh bales of jute.
4. OILSEEDS							
	Groundnut decorticators	58	58	50,000 tonnes of G.N. in shell.	58	58	50,000 tonnes of G.N. in shell.
	Oil Mills	173	140	2.10 lakh tonnes of G.N. in shell.	183	180	2.70 lakh tonnes of G.N. in shell
	Solvent extraction	8	8	2.50 lakh tonnes of G.N. in shell or 1.00 lakh tonnes of oil cake.	12	12	3.75 lakh tonnes of G.N. in shell or 1.50 lakh tonnes of oilcake.
	Vanaspati Units.	3	2	15,000 tonnes of vanaspati	6	6	45,000 tonnes of vanaspati.
	Cattle feed.	8	6	1.50 lakh tonnes of cattle feed.	18	18	4.50 lakh tonnes of cattlefeed.