

NATIONAL COOPERATIVE UNION OF INDIA

REPORT AND RECOMMENDATIONS



Webinar on
"Problems/ Challenges & Achievements of the Cooperatives"
for
East Zone States

पूर्वी क्षेत्र के राज्यों के लिए
"सहकारिताओं की समस्याएं, चुनौतियां एवं उपलब्धियां"
विषय पर वेबिनार

Date : December 21, 2021
Time - 11:00 AM



REPORT & RECOMMENDATIONS

OF THE WEBINAR ON COOPERATIVE DEVELOPMENT FOR EAST ZONE STATES OF ODISHA, WEST BENGAL, BIHAR, JHARKHAND & SIKKIM, HELD ON 21.12.2021.

The Webinar on the theme “*Problems/Challenges and Achievements of the Cooperatives*” of the Eastern zones states comprising of Odisha, West Bengal, Bihar, Jharkhand & Sikkim was held on 21.12.2021.

Objective:

The objective of the Webinar was to review the growth, achievement, issues and problems before the cooperative movement in the region and to chalk out an effective road map for the future.

Opening remark

Dr. Sudhir Mahajan, IAS Retd. Chief Executive, NCUI in his opening remark said that the delay in organising this meeting was due to COVID restrictions and is now being held virtually. He praised the noteworthy achievements of a number of Cooperatives in the Eastern region and stressed that these successful models need to be replicated for balanced growth of cooperatives across the country and hoped that the adoption of professionalism and technology with special focus on youth and women shall prove a vital factor for the working culture of cooperatives in the country and further said that the deliberations of this Webinar will be analysed and a comprehensive report shall be formed for remedial measures through the concerned agencies.

Inaugural



The webinar was inaugurated by Hon'ble President NCUI Sh. Dileep Sanghani in the virtual presence of eminent co-operators, senior govt. Officials, officials from NABARD, NCDC, RCS offices, Banks, State Cooperative Unions, Federations and staff and officers of NCUI Coop. Education Field Projects.

In his presidential speech Sh. Sanghani said that the motto of organising such meetings is to know the problems faced by the grass root of the Cooperatives which are plagued by a number of multiple natural and other co-related issues. He hoped that the formation of new Ministry under the dynamic leadership of Hon'ble Shri Amit Shah Ji shall prove a milestone and help in achieving the heights long aspired by the co-operators of this world's largest cooperative nation.

Technical Session

A number of eminent panellists comprising MD's of concerned State Cooperative Unions, representatives of RCS's offices, NABARD and NCDC took part in the deliberations and shared their views.



Speakers:

❖ **Sh. Phadung Bhutia, Chief Executive Officer/Joint Registrar, Sikkim State Cooperative Union.**

Shri Bhutia thanked NCUI for organizing Webinar and credited it as the ideal platform for the Cooperatives of the Eastern Zone states to highlight the problems/challenges and achievements faced by this region.

Shri Bhutia said “Sikkim” the 22nd State of India born in 1975 has the younger cooperative movement in the country and Sikkim state Cooperative Union is the apex organization for cooperative education and training in Sikkim. It also acts as an implementing agency for Govt. of India Schemes.

The first cooperative society in Sikkim was registered in 1955 and the new society act was introduced in 1978. It has 45 Multi Purpose Cooperative Societies. It

has two milk unions, 107 PACS, 51 Consumer Cooperative Societies 364 Milk Cooperative Societies 98 Marketing Cooperative Societies, 332 Labour Cooperative Societies and 6 APEX cooperative Societies.

Challenges

- 1 Cooperatives Societies are not formed by the members on their own.
- 2 Cooperatives are formed only with Govt. support.
- 3 MPCS are patronized by Govt.
- 4 Labour and construction cooperative societies are formed to obtain tender work.
- 5 Milk farmers get lesser price for their produce.
- 6 Cooperatives have no resources of their own to sustain.
- 7 Being hilly states Sikkim has no much scope of agriculture and horticulture produce.

Achievements

Auto debit system of renewal of registration of cooperatives is being undertaken to release fund from treasury linked through Sikkim State Cooperative Bank.

❖ Shri R. P. Singh, Managing Director , Bihar State Cooperative Marketing Union Ltd.

Thanking the Central Govt. for creating new Ministry for the development of cooperatives and its initiation of new schemes for development shall prove a land mark. Shri Singh said that almost all the five states of this region have similarities in growth, economic development and price rates as they have similar problems/challenges and achievements for the farmers and praised NCUI to have a common road map for development. As there is no positive result in the agricultural output to agricultural input in this region hence it becomes important to strengthen the PACS, DCCBs and other implementing agencies alongwith professional management and qualitative educational and training programmes..Since the present agricultural short term credit is not adequate in terms of need based requirements. Giving details as how BISCOAUN conducted a need based study on the requirement of agricultural fertilizer, pesticide, insecticides, local agricultural tools and other inputs for the (12 to 13 lakh) farmers of

Bihar and produced and distributed the same to the tune of Rs. 200 to 300 crores. This service was highly appreciated by the farming community owing to its quality, timely delivery and cost effectiveness etc. and further in return BISCOMAUN recorded the aftermath effects of use of fertilizer effect on production yield and other counter effects. Further as a result BISCOMAUN is continuously earning profits from the last five years and steadied the financial improvement of the federation. The total digitalization of this federation helped in monitoring of the activities of this federation alongwith timely furnishing of complete details of the utilization of the funds of the schemes of the Govt. of India.

Achievements

Bihar has seen the growth of approximate 28% in agriculture rate as last year 35 lakh metric tonnes of paddy was produced resulting in revenue of aprox Rs. 68 hundred crore.

The “**Fasal Sahayata Yojna**” of Govt. of Bihar has been directly passed to the Bank Accounts of the Farmers through digital payments thus creating a sense of trust.

The other sectors of dairy, fishery, consumers, joint farming and FPOs have shown positive results and response.

Suggestions

FPOs may work under cooperative manifold to further strengthen their involvement for the betterment of farmers.

The implementation of MSP in paddy and wheat has helped in linking all the agencies on one platform and all the other agricultural produce may be covered under MSP to help in doubling the revenue of the farmers as Makhana producers of the state faced hardships and are forced to sell the produce below MSP due to non-marketing strategies.

Proper warehouse, cold stores and adequate storage be developed for preservation of the produce and its effective marketing.

The simplification of acts and rules may help in increasing the number of active members participation.

The reservation (gender based) policy with maximum involvement of youth and women participation shall help in strengthening the grassroots.

Women may also be inducted in management committee of the PACS for better control and proper utilization.

NCUI Education and training patterns be replicated in all the State Cooperative Unions.

Shri Brahmanand Parida, Secretary, Orissa State Cooperative Union Ltd.

Speaking about the rich values of principles and guidelines of cooperatives resulting in the development of humanity on the earth. Shri Parida considered cooperative as the best resource for development. Shri Parida said Orissa is a developing state and cooperative in the state has covered 100% villages covering 80% of its population. The Orissa State Cooperative Act and Rules were introduced in the year 1962 and 1965 respectively. Cuttak Cooperative Store was organized as the first cooperative society on 11th June 1999. There are 20 apex cooperative organization with 9000 cooperative societies, 8000 thousands PACS. 4563 Societies are working under RCS. There are 300 Central Cooperative societies and various others societies working under different sectors.

Achievements

- A 56 lakh agriculture families are associated with crop loans. Cooperative Banks are responsible for provision of approximate 62 % crop loans.
- B Loan upto Rs. 50,000 is paid without interest to those who repay timely between two seasons of rabi and kharif.
- C Loan upto Rs. 3 lakh is paid to women members of the SHGs at 0%.
- D Loan upto Rs. 3 lakh is paid @ 2 % to the members who repay timely.
- E Interest free loan upto Rs. 3 lakh to those who own Rupay debit card.
- F Insurance upto Rs. 1 lakh without any premium for owners of Rupay debit card.
- G Crop loan to small and marginal farmers without any mortgage of land.
- H 2500 PACS were computerized.
- I Payment to farmers is transferred through DBT within 24 to 28 hours.

Problems

- Legislative and policy constraints
- Resource and infrastructure constraints
- Institutional and member awareness constraints
- Excessive government control and needless political interference
- Extension of loans for credit of production oriented projects.
- Dominant v/s. Dormant members.

Suggestions

- Timely elections for cooperatives for better functioning.
- Timely audit for growth of society
- Timely inquiry by RCS
- Timely inspection for internal errors
- Establishment of a separate body like Staff Selection Commission for appointment of Chief Executive/ Managing Director and other professional staff.
- Credit should be linked to marketing.
- Cooperatives at your doorsteps shall improve the image and help provide the services at a faster rate.
- Integrated system of production, transport and marketing cooperatives be incorporated.
- Credit as loan be given for specific purpose only.
- Due to the present prevailing situation of the COVID more number of Health Cooperatives be formed.
- The act of exempting cooperative credit societies from the contribution of 4% to the cooperative education by the Vaidyanathan Committee needs to be revamped and 56 (1) B of the previous Act may be implemented for conduct of training activities.

❖ **Shri Rakesh Kumar Singh, State Monitoring Officer, Office of the Registrar Jharkhand,**

Thanking NCUI for providing the platform for showcasing the problems/challenges and achievements of Jharkhand States, Shri Singh said there is two tier structures of Cooperatives in Jharkhand. State level Bank with 105 branches and 4412 PACS/LAMPS at Primary/Panchayat level. Most of the LAMPs are established in Scheduled Tribe areas with the post of Chairman reserved for ST category. As per Govt. amendment in Cooperative Act of 2015. There is reservation of 50 % for women cooperators in the management committee of cooperatives. LAMPs and PACS are working as multi service centres. Minor forest produce and lac is procured by LAMPs and PACSs for onward supply to Apex cooperative bodies. A member of 645 LAMPs and PACs are working as common service centres.

Challenges

- Only 445 of the 4412 PACS /LAMPs have been computerized.
- Shortage of godowns (only 1000 out of 4412 PACS /LAMPs have godwons).
- Lack of skilled personnel and membership awareness.
- Dominant v/s. dormant members(education training awareness).

Achievements

- A Providing quality agricultural fertilizers seeds, pesticides and other implements.
- B Helping in granting loan to farmers for their agricultural produce and other implements like thrashers and tractors.
- C Plan to introduce/setup 1000 thousand blocks for development of such agriculture implements.
- D Formation of Credit societies for employees of public sector companies to help in educational needs of their children. Cooperative credit society of BOKARO allots loan of Rs. 7 lakh instantly for the children's education of these employees.
- E The training programmes for producing lac for the employees of JASCO LAC (JHARMFED) is doing good business.
- F Tied up with Medhanta Hospital for provision of health care facilities.
- G Built solar powered cold storages of 20 meter capacity for flowers and vegetables

and 5 meter tonnes total number (143) cold store solar cold rooms for LAMPS and PACS

Suggestions

- Infrastructure needs to be developed .
- Training for membership awareness be increased.
- Increase in the member participation.
- Increase in the credit flow.
- Strengthen the PACS and LAMPS

❖ **Shri Vikas Upadhyay, Regional Director, NCDC, Sikkim**

Shri Upadhyay said that Sikkim is a hilly State with high terrains thus making it difficult for transportation and marketing. The lack of technical knowhow, low production and occurrence of natural calamities further complicates the production of farmers. Thus the professionalism of cooperators and employees of cooperatives needs to be upgraded on regular periods to have better results. The state is rich in biodiversity and provides a great opportunity for cooperatives. Being a tourist state the consumer and marketing cooperatives have a great potential. Fishery in particular (rainbow trout) can be reared and exported for revenue. Marketing and its supply chain shall help in revenue.

Need to tap tourism and transportation cooperative. Being an organic state there is great demand for local produce hence a robust marketing system is needed.

Schemes of NCDC

- A NCDC has released approximate of RS. 13 crores for development of marketing infrastructure.
- B All the schemes are covered through ICDP Projects.
- C All the central sector and sponsored schemes are routed through NCDC.
- D Approximate 10,000 FPOs have been allotted through NCDC for four blocks.
- E Cost of fish farmers, producers organizations are being governed by Govt.
- F Yuva Sahakar, health Mitra and other schemes are assisted for development

Suggestions

- Cooperative must think beyond agriculture and should indulge in other allied activities like health transportation and others schemes under the domain of Cooperatives.
- There should be parity in distribution of grants with special focus on hilly states rather than under developed areas.
- Women and youth must be empowered and be given weightage for involvement in cooperatives.

❖ **Shri Ajay Kumar Gupta, DGM, NABARD, Bihar**

Crediting cooperative Banks as the oldest credit system for farmers in the country. Shri Gupta said the these institutions are preferred by the farmers because of credibility and timely payment as they cater to their basic needs. There are 33 State Cooperative Banks , 351 District Central Coopertive Banks ,96 thousand PACS with the healthy status of loan disbursement to the tune of Rs. 13 lakh crore . As regards regional performance the Eastern zone contributes nearly 12 % of such activity with gross NPA below 5% of the acceptable limit. As regards CRAR the situation of this region is good other than Bihar. There is need to increase the number of borrowing members. The GLC has decreased for the last two decades from 40% to 12 %.

As regards the credit sector of Bihar state, it has three tier structure, SCB at apex level with 23 DCCBs, 843 PACS and their performancne is below optimal level.

The share of cooperative banks in agriculture is only 4.5 %. Only 3 % of total members borrow from cooperative banks which is much below the nation average.

In Bihar State Cooperative Banks, the deposits and advances have decreased. However DCCBs have registered a growth of 7.4 %.

Major concerns

1. 17 out of 23 DCCBs are in loss
2. 9 out of 23 DCCBs –CRAR is less than 9%
3. Gross NPA –more than acceptable norms
4. The Board of most of the banks do not comply with the fit and proper criteria prescribed by RBI for the appointment of CEO.
5. Most of the CEOs are on deputation/ non –professionals and are MDs of more than one bank.

Issues and challenges

- Declining market share of agricultural credit.
- Weak financial position.
- Weak and inadequate governance and marketing.
- Weak internal checks and control system.
- Low technology adoption
- Competition from new generation financial technical companies

Suggestions

- Frequent interactions between cooperative ministry of State and centre for adoption of best practices and legislating the model laws in synchrony with amended BR Act 2020.
- Support through share capital contribution, raising resources through market with limited governance role for investors. Revisiting the earlier practices like mutual support through subscription of special development debentures.

- One time grant/special long term loan for payment against buildings and godowns, alternate funding mechanism like PACS as MSC for improving business infrastructure for PACS.
- National level/regional/state level senior executive pool for managing cooperatives .
- Capacity building institutions require capacity upgradation .
- Agriculture universities to have courses on cooperations .
- Efforts and experiments in merger of federal structure into unitary structure as well as merger of long term and short term structure needs to be strengthened.
- Need for MIS based governance and decision making. Analysis of cooperative data at State and National level for proper supervision, control and policy decision.
- Adoption of ALM / Risk Management System / Cyber Security framework, strengthening loan approval system to reduce NPS.

Support of NABARD to Cooperatives

1. Refinance support and supervision for Cooperative Banks
2. Direct lending for cooperative federation.
3. Capacity building efforts and support for technology adoption
4. Dedicated centre of excellency for cooperatives
5. Support for Cooperative Development Fund training, exposure
6. Support for PACS computerisation
7. Establishment of Business Development and product innovation cells
8. Support for PACS as Multi Service Centre.

❖ **Shri Siddharth Kumar Nim, Regional Director, NCDC, Jharkhand**

Speaking on this occasion, Shri Nim said that the state of “Jharkhand” came into existence in the year 2000 and the development of cooperatives in the region is not upto the mark. NCDC is solely responsible for the development of cooperatives in this region for the implementation of Govt. of India schemes and release of financial grants. With the constitution of new cooperative Ministry in July 2021 every effort to revive the cooperative sector so as to give boost to national economy is being undertaken.

Most of the PACS and LAMPS are in loss and are categorised in C category thus proving their low volume of business and a matter of concern for Jharkhand.

Last year Jharkhand received a budget of Rs. 180 crores which is comparably very low in comparison to developing states. As a result only approximate 5000 thousands members got benefited by Rs. 24.93 crores disbursed through various cooperative federations and approximate 4 crores was allotted for computerisation of regional offices and head offices of cooperative societies. Rs. 2 crore was earmarked for training purpose.

There are 4412 PACS / LAMPS functional in Jharkhand and are mainly in the following business like poultry, silk, handloom and handicrafts, fishery, lac production and tourism sector.

As regards the role of NCDC it has helped in disbursement of only Rs. 157.93 crore through State Govt. which is very low in comparison to other states and stands at 0.01% of the disbursement by NCDC.

The NPA of Jharkhand is 0.1% and recovery is 99%.

Schemes of NCDC

AMI Scheme Agri market infrastructure fund 25-33.3% subsidy .
NHB-National Horticulture Board,
PMFME schemes
PMMSY-Pradhan Mantri Matsya Sampada Yojna 40 to 60 % subsidy.
NBHM-National Bee Keeping Mission
FPOs – Farmer Producers Organisations

Operational Projects of NCDC

- DIDF-Dairy Infrastructure Development Fund
- FIDF-Fishery Infrastructure Development Fund
- Yuva Sahakar- Youth Cooperative
- Dairy Sahakar
- Aayushman Sahakar (Health Cooperatives)
- Sahakar Pragya- for Training Centre
- Sahakar Mitra

Suggestions

- LMPS and PACS be involved for collection of paddy for MSP as Bank have cappings.
- Jharkhand State may avail more schemes of Govt. of India which shall entitle it to avail more subsidy ratio prescribed for under developed states.
- Appointment of Board and CEOs of Jharkhand State Cooperative Banks be made at the earliest .
- Improvising of Budget and to increase the capacity of societies from C to B and upwards be undertaken.
- Govt. guarantee be provided to good societies
- There should not be regular transfers to technically qualified staff.
- Under developed areas be developed



Moderation and Vote of thanks

The Webinar was moderated by Sh. Ramesh Kaul Dy. Director (GCP) and Vote of Thanks was presented by. Dr. K.N. Sinha, Executive Director (GCP). Summing up the events, Dr. K.N. Sinha, Executive Director (GCP) thanked all the panellist for their valuable suggestions and comments based on their vivid illustrations through power point presentations and data, based on the topic. He appreciated the speakers for their frank admission to highlight the problems/challenges and achievements of the cooperative sector of Eastern zone and their valuable suggestions to help in achieving the goal of cooperatives of India.

RECOMMENDATIONS

Webinar on the theme “***Problems/Challenges and Achievements of the Cooperatives***” of the Eastern zone states comprising of Odisha, West Bengal, Bihar, Jharkhand & Sikkim held on 21.12.2021.

- 1 There should be frequent interaction between state cooperative Departments and centre for adoption of best practices for legislating the credit cooperative laws in synchrony with amended BA Act 2020.
- 2 LAMPs and PACS be involved for collection of paddy and they should be permitted to work as multi service centres.
- 3 There should be complete digitalisation of PACS and LAMPs as this shall help in monitoring the services and record keeping at the basic level.
- 4 More and more Women and youth should be inducted into cooperatives and there should be more number of women participation in the board of management.
- 5 To strengthen the FPOs they may be brought under cooperative domain.
- 6 To increase shelf life of perishable produce, more number of cold chain stores and storage system with proper godowns may be installed.
- 7 All the agriculture produce may be covered under MSP.
- 8 Timely inspection, inquiry by RCS. supervision and audit be ensured for better performance.
- 9 Trained and efficient Staff including CEOs may be appointed through reputed agency like Staff Selection Commission .
- 10 More need based training programmes like member awareness , leadership development, legal and cooperative laws, computer training etc. be conducted both at the State and National Cooperative Union of India.
- 11 More grants be released for improving the infrastructure and adoption of technology.
- 12 Cooperative Acts of a number of States be amended to allow the member of one Society to join another society.

