



COOPERATION
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PREAMBLE

1. Tamil Nadu has been a pioneer State in the Cooperative movement in India. The first Cooperative Credit Society in the country was started at **Thirur**, Thiruvallur District in the year **1904**. During the same year, **Triplicane Urban Cooperative Society** and **Big Kancheepuram Cooperative Town Bank** were also started in Tamil Nadu. The Cooperative movement in India owes its origin to agriculture and allied sectors. It has mainly helped growth in primary sector by extending agricultural credit, ensuring supply of agricultural inputs, marketing of agricultural produces, extending support to dairy and other allied activities.

2. The Cooperatives play a vital role in uplifting the poor and downtrodden by extending timely crop loans; interest free crop loans to those

farmers who repay loans promptly on due dates; investment credit for all agriculture and allied activities; providing storage facilities for agricultural produce; providing timely supply of fertilizers, seeds and other agricultural inputs; extending share capital assistance and interest free loans to differently abled persons and SC/ST members. In order to empower women, interest free share capital loan and loans have been extended to women entrepreneurs and working women. The Cooperative Credit Societies also extend jewel loan, micro credit to small traders, housing loan and Small Road Transport Operators (SRTO) loan.

3. The cooperatives also run cooperative stores to make essential goods available at reasonable prices and thus help in controlling prices. In order to facilitate farmers in realising reasonable prices for their produce, Agriculture

Producers Cooperative Marketing Societies play a vital role by providing required facilities.

4. In Tamil Nadu, the Cooperative Societies run 32,715 fair price shops under the Public Distribution System.

5. With a view to uplift tribal people, Large Sized Multipurpose Cooperative Societies (LAMPS) help in marketing of their produce such as **samai, varagu, tamarind** and **honey** so as to get remunerative prices. LAMP Cooperative Societies also provide financial assistance to tribals for packaging and marketing their produce under common trade name.

6. In order to keep prices of essential commodities under control, the cooperatives actively participated in the following recent market intervention initiatives:-

i) The Cooperative Societies run 74 **Farm Fresh Consumer Outlets** for selling fresh vegetables at reasonable rates lower than the prevailing market rates. Fresh vegetables are purchased directly from the farmers by spot purchase and sold to the consumers at a reasonable price through these outlets. These outlets render public service by linking the producers with consumers so that the interests of consumers and farmers are widely safeguarded.

ii) Quality medicines at a discount of 15% are sold through '**Amma Marundhagam**' run by the Cooperatives for the benefit of public.

7. In order to promote democracy in the Cooperatives, Tamil Nadu State Cooperative Societies Election Commission was established and elections to the Cooperative Societies were conducted in the year 2013 after a gap of 14 years.

8. The Government of Tamil Nadu has waived the outstanding short term crop loans, medium term (Agriculture) loans and long term (Farm Sector) loans, as on 31.3.2016, availed by small and marginal farmers. 12,02,075 small and marginal farmers were benefitted to the tune of Rs.5318.73 crore under the scheme.

CHAPTER - I

COOPERATIVE CREDIT STRUCTURE

1. Introduction

1.1. Tamil Nadu is a pioneer in the development of cooperative credit structure in the entire country. These institutions cater to the credit requirement of the people, especially in rural areas, at a reasonable interest rate with the service motive in mind. These Institutions are located in every nook and corner of the State.

1.2. The cooperative credit structure in the State is classified into four categories i.e. Short Term Cooperative Structure, Long Term Cooperative Credit Structure, Urban Cooperative Credit Institutions and Employees Cooperative Thrift and Credit societies.

1.3. Short Term Cooperative Credit Structure consists of Primary Agricultural Cooperative Credit Societies at village level, Central Cooperative Banks at intermediate level and State Apex Cooperative Bank at State level. Long Term Cooperative Credit Structure comprises Primary Cooperative Agriculture and Rural Development Banks at Taluk /Block level and State Agriculture and Rural Development Bank at the State level. Urban Cooperative Credit Structure consisting of Urban Cooperative Banks and Urban Cooperative Credit Societies, provide various banking services to the middle and lower middle class people in urban /semi-urban areas. Employees Cooperative Thrift and Credit societies meet the credit needs of employees of Central and State Governments, Government Undertakings and Private Organizations.

2. Short Term Cooperative Credit Structure (STCCS)

The Tamil Nadu State Apex Cooperative Bank at the State level, 23 Central Cooperative Banks at the intermediate level and 4467 Primary Agricultural Cooperative Credit Societies at the village level are the constituents of Short Term Cooperative Credit Structure (STCCS) in the state.

2.1. Tamil Nadu State Apex Cooperative Bank (TNSACB)

The Tamil Nadu State Apex Cooperative Bank established in the year 1905, is the federation of all the Central Cooperative Banks. It plays a major role in formulating the credit policy for the cooperative institutions in the State. It raises resources through public deposits, refinance from National Bank for Agriculture and Rural Development (NABARD) and loans from higher financial institutions like National

Cooperative Development Corporation (NCDC). It lends finance to the needy Central Cooperative Banks. The Apex Cooperative Bank also manages the surplus funds of the affiliated cooperative societies and provides expertise in funds management. To achieve the goal of capacity building of staff of the Central Cooperative Banks and Primary Agricultural Cooperative Credit Societies, training is provided to them through Agricultural Cooperative Staff Training Institute (ACSTI) run by the Tamil Nadu State Apex Cooperative Bank. Further, it is rendering direct banking service to the public through its 47 branches located in Chennai.

The Tamil Nadu State Apex Cooperative Bank continues to remain as a financially strong organisation. The comparative performance of the Apex Cooperative Bank during the last five years is given below:-

Amount (Rs. in crore)

Sl. No.	Details	2012-13	2013-14	2014-15	2015-16	2016-17*
1	Members' Share capital	191.91	269.33	282.44	287.30	291.77
2	State Government's Share	0.26	20.26	20.26	20.26	20.26
3	Reserves and Surplus	651.47	797.66	827.21	855.63	896.92
4	Deposits	7,788.13	9,617.40	7,767.79	8,927.93	11240.46
5	Borrowings	3,139.54	2,652.93	3,309.24	3,037.81	2451.56
6	Net Profit	43.24	32.21	41.38	43.31	49.59

* Unaudited

The Apex Bank has implemented Core Banking Solution (CBS), which provides modern banking facilities such as Automated Teller Machines (ATMs) at six places in Chennai City. The Bank is also equipped with facilities of transferring funds electronically anywhere in India through Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer System (NEFT). ATM Rupay Debit cards are being issued to the customers of TNSC Bank

and these cards can be used in any ATM in India. The Mobile banking facility has also been provided to the customers of the bank from 11.01.2016.

The Apex Bank maintains the **“Primary Cooperative Development Fund”** and **“Deposit Guarantee Fund”**. The Primary Cooperative Development Fund is utilized to strengthen the infrastructural facilities of the cooperative institutions and the Deposit Guarantee Fund is utilized to repay the public deposits mobilized by the defaulting Primary Agricultural Cooperative Credit Societies. The Deposit Guarantee Fund helps in restoring confidence of the public in the cooperative institutions and in enhancing creditability of the cooperative institutions. Primary Cooperative Development Fund is recouped mainly with contributions from the Central Cooperative Banks whereas the Deposit Guarantee Fund is

recouped by contributions from Tamil Nadu State Apex Cooperative Bank, Central Cooperative Banks and Primary Agricultural Cooperative Societies. As on 31.03.2017, a sum of Rs.28.07 crore is available in the Primary Cooperative Development Fund and Rs.174.76 crore in the Deposit Guarantee Fund.

2.2. Central Cooperative Banks

There are 23 Central Cooperative Banks in the State. These banks raise resources through public deposits, borrowings and refinance from Tamil Nadu State Apex Cooperative Bank. They extend credit and banking support to all the affiliated cooperatives such as Primary Agricultural Cooperative Credit Societies (PACCS), Consumer Cooperatives, Agricultural Producers' Cooperative Marketing Societies, Cooperative Sugar Mills, Weavers Cooperative Societies,

Employees Cooperative Thrift and Credit Societies, Cooperative Spinning Mills etc.

All the 23 Central Cooperative Banks have been granted Banking license by the Reserve Bank of India. These banks have 845 branches which are located mostly at block and taluk headquarters. They also extend banking services directly to the public through their branches.

The comparative performance of Central Cooperative Banks during the last five years is given below:-

Amount (Rs. in crore)

Sl. No	Details	2012-13	2013-14	2014-15	2015-16	2016-17*
1	Members' Share Capital	852.94	973.37	1052.70	1,248.49	1255.72
2	State Government's Share	70.45	70.45	63.70	63.70	71.31
3	Reserves and Surplus	2,709.46	2,941.57	3,351.33	3,537.67	3707.54
4	Deposits	17,985.72	21,309.87	22,748.33	25,667.74	28343.91
5	Borrowings	7,170.90	5,750.20	5,609.60	5,043.30	5322.85

* Unaudited

Apart from registering impressive growth in mobilization of deposits and credit disbursal, the Central Cooperative Banks have taken special efforts to develop the business of their affiliates i.e., Primary Agricultural Cooperative Credit Societies, Agricultural Producers Cooperative Marketing Societies and Consumer Cooperatives. Loans given to many such primaries have been restructured and rescheduled to reduce the interest burden so as to help them to improve their business and financial position.

Core Banking Solution (CBS) has been implemented in all 23 Central Cooperative Banks in the year 2012-13 itself. It has enabled electronic transfer of funds across branches and made available the facilities of fund transfer through RTGS/ NEFT to public. From March 2017, DCCBs are providing SMS alert facility to their customers. The Honorable

Chief Minister has launched new services of ATM Rupay Debit cards and Rupay KCC Cards by DCCBs on 12.06.2017. The DCCBs will issue ATM Rupay Debit cards to their customers and also will issue Rupay KCC cards to the loanee farmers of PACCS. 40 new ATMs, established by DCCBs, were also made operational on 12.06.2017. This is a landmark achievement in the history of Cooperative Banking in the State.

A number of steps have been taken to improve the efficiency of the Central Cooperative Banks. 67 Training programmes on subjects like credit appraisal, funds management, business development and Non-Performing Assets management were organized for the benefit of the staff in the year 2016-2017.

2.3. Primary Agricultural Cooperative Credit Societies (PACCS)

(i) In Tamil Nadu, there are 4467 Primary Agricultural Cooperative Credit Societies. The main objective of these institutions is to provide agricultural and non-agricultural credit at reasonable rates in rural areas. Agricultural Credit includes crop loan and loans extended for allied agricultural purposes like purchase of farm machineries, micro irrigation and milch animals. Non Agricultural credit includes loan for housing, income generating activities of Self Help Groups and Non-Farm sectors. The concept of group lending among farmers has also been widely promoted. Distribution and sale of Agricultural inputs like fertilizers, seeds and small agricultural implements have also been taken up by the Cooperative Societies. In addition, 23,501 public distribution system outlets are run by Primary Agricultural Cooperative Societies. These Societies are also

transforming themselves into multifunctional centres by way of offering varied services to the people like Agro Service Centers, Agri Clinics and Common Service Centers.

(ii) The comparative position of loans and deposits of the Primary Agricultural Cooperative Credit Societies during the last five years is given below:-

Amount (Rs.in crore)

Details	2012-13	2013-14	2014-15	2015-16	2016-17
Deposits	5633.79	5995.49	5987.72	6874.66	7352.64
Loan Disbursement	20582.03	20989.51	20326.63	19409.52	15403.51

2.4. Services rendered by the Cooperative Institutions

(i) Crop Loan

Crop loan is the most important component of agricultural credit extended by Primary Agricultural Cooperative Credit Societies. Efforts have been made to achieve inclusiveness in crop loan disbursement by extending loans to new farmers including farmers belonging to SC/ST category. The Government considers that timely availability of low cost credit is essential to maintain agricultural production cycle and increase the income of the farmers. Accordingly, interest rate on crop loans extended by the cooperative societies has been reduced from 9% to 7% and the State Government reimburses the loss of 2% interest to the cooperatives over and above the interest subvention received from the Government of India. In addition, no interest is charged on crop loan from the farmers who

repay it within the due date, notwithstanding the 7% interest fixed on the crop loan. The State Government bears the interest subsidy and interest subvention for crop loan, which is directly paid to the cooperative institutions.

During 2016-17, crop loan amounting to Rs.4,227.98 crore was disbursed benefitting 7,62,772 farmers. Out of the above, crop loan to the tune of Rs.445.37 crore was disbursed to 90,231 Scheduled Caste / Scheduled Tribes. The Government had allocated Rs.200 crore as interest subsidy and incentive to the farmers, who promptly repay the crop loans.

(ii) Loans to Joint Liability Groups (JLGs)

There are 40,000 Joint Liability Groups (JLGs) in the State comprising small and marginal farmers, agricultural tenants, cultivators and sharecroppers. Agricultural credit is provided to JLGs for promoting financial inclusion. This scheme has facilitated

joint purchase of seeds, fertilizers, adoption of technology and mechanization through joint agricultural operations. Crop loans to the extent of Rs.323.20 crore have been disbursed to 8,871 JLGs during the year 2016-17. Investment credit to the extent of Rs.16.76 crore has also been provided to 311 JLGs during the year 2016-17.

(iii) Investment credit for Agricultural and Allied activities

Investment credit in agriculture is encouraged to facilitate capital formation, which is critical for sustained growth of agricultural production. During the year 2016 -2017, Rs.172.74 crore was disbursed as investment credit to 26,777 farmers, of which 2,057 SC/ST farmers were disbursed Rs.11.44 crore.

(iv) Produce Pledge Loan

Produce pledge loan is extended to farmers to meet their immediate financial needs on pledging their produce kept in godowns owned by the Cooperative Societies. This helps small and marginal farmers in holding their stocks during peak harvest season when the price is not remunerative and selling at a later date when the price is lucrative. Primary Agricultural Cooperative Credit Societies have issued produce pledge loans to the tune of Rs.198.08 crore to 12,073 farmers during 2016-17.

(v) Micro Credit Loans to Petty Traders

The Central Cooperative Banks and Urban Cooperative Banks are implementing this unique scheme. Under the scheme, a loan of Rs.10,000/- is provided without any security for doing small business like selling of flowers, vegetables, fruits and running petty shops.

Under this scheme, during 2016-17, 1,72,156 persons have been benefited to the tune of Rs.177.51 crore.

(vi) Assistance to Self-Help Groups (SHG)

Primary Agricultural Cooperative Credit Societies encourage lending to Self-Help Groups and fulfill all their credit needs. A sum of Rs.525.99 crore was disbursed to 18,844 Self Help Groups (SHGs) in the year 2016-17.

(vii) Women Entrepreneur Loan Scheme

The Central Cooperative Banks and Urban Cooperative Banks are providing loans up to Rs.10 lakh to women entrepreneurs to start small businesses and to take up service activities. During 2016-17, a sum of Rs.50.23 crore was disbursed to 12,762 women entrepreneurs.

(viii) Working Women Loan Scheme

Under this Scheme, the Central Cooperative Banks and Urban Cooperative Banks are providing consumption loans upto Rs.3.00 lakh to working women drawing monthly salary. Loans to the extent of Rs.48.94 crore were disbursed to 8,423 women during 2016-17.

(ix) Loans to Differently Abled Persons

As a measure to improve the standard of living of the differently abled persons, the Cooperative societies have extended credit facilities for undertaking various income generating activities. From the year 2011-12, no interest is being charged from those who repay the loan promptly. Rs.22.80 crore was disbursed to 5,105 differently abled persons during 2016-17.

(x) Share Capital Assistance to the Members of Credit Societies

The Government has been giving special impetus to the empowerment of women, differently abled and SC/ST members in the Cooperatives. Share Capital assistance, in the form of subsidy, has been provided to such members for augmenting their borrowing capacity. During the year 2015-16, 600 differently abled members of Primary Agricultural Cooperative Credit Societies and Urban Cooperative Banks were provided Rs.2500 each as Share Capital subsidy to the tune of Rs.15/- lakh and share capital subsidy of Rs.2500/- each to the tune of Rs.30/- lakh was provided to 600 Women and 600 SC/ST members of Urban Cooperative Banks. 8000 SC /ST members were given share capital assistance as interest free loan of Rs.250 each to the tune of Rs.20/-lakh. During 2016 -17, 600 Women members of Primary Agricultural

Credit Cooperative Societies were provided Rs.2500/- each as share capital subsidy amounting to Rs.15/- lakh.

(xi) Crop Insurance - 2016 -17

New Crop Insurance Scheme namely, "Pradhan Mantri Fasal Bima Yojana" (PMFBY) has been introduced by the Government of India from the year 2016-17. Loanee and non-loanee farmers in the notified area are covered under the Scheme. During the year 2016-17, 11,32,745 farmers were covered under the scheme and insurance premium of Rs.8,969.44 lakh was remitted to the insurance companies by the cooperative institutions.

(xii) Drought Relief - 2016 -17

Due to the failure of the North East Monsoon, the Government declared all the districts in the State as drought affected during 2016-17 and ordered that the Crop loans

availed by the farmers from the Cooperative and Commercial Banks will be converted as Medium Term loans. The conversion of crop loans into Medium Term loans is going on depending on the willingness of the farmers. As on 31.05.2017, 46,657 farmers have been benefitted by the conversion of crop loans into medium term loans to the tune of Rs.144.32 crore.

2.5. Transforming Primary Agricultural Cooperative Credit Societies into Multifunctional Organizations

The Primary Agricultural Cooperative Credit Societies have been encouraged to function as a multifunctional units instead of merely extending credit facilities.

(i) Agri Clinics

For the benefit of farmers, 190 Agri-Clinics have been established in the Primary Agricultural Cooperative Credit

Societies for providing services such as soil testing, water testing and consultancy. Each Agri-Clinic has been established at a cost of **Rs.6 lakh** with assistance from Primary Cooperative Development Fund and National Agricultural Development Programme on 50:50 sharing pattern.

(ii) Agro Service Centres

Mechanisation of agricultural operations has emerged as a major thrust to increase productivity, especially in the context of increased shortage of labour during peak agricultural seasons. However, the small and marginal farmers are at a disadvantage to realise the benefit of mechanization because of their small holdings and low resource base. Hence, 2,104 Agro Service Centres have been established in Primary Agricultural Cooperative Credit Societies to provide farm machineries and implements at reasonable rentals. This is

to enable the farmers, particularly the small/marginal farmers, to take advantage of mechanisation and improve their farm production and productivity. These Agro Service Centres provide machineries like mini tractors, power tillers, paddy transplanters etc. on hire basis. The Government has provided 50% subsidy to the cooperative societies for the purchase of farm equipments, subject to a maximum of Rs.20 lakh per society. During 2016-2017, the Cooperative Societies have earned Rs.2.46 crore.

(iii) Common Service Centres

Common Service Centres are envisaged as the front end for delivery of services by the Government and other service providers. e- Services, provided at these centres include issue of Community / Income Certificates, Birth/Death Certificates, Patta / Chitta, benefits under E.V.R Maniammai Ninaivu

Marriage Assistance Scheme, Annai Theresa Ninaivu Marriage Assistance for Orphan Girls and other facilities such as payment of electricity bills, DTH recharge, insurance premium payments, mobile recharge, digital photograph, e-ticketing, etc. The Cooperative Institutions have established 4,469 Common Service Centres to provide a range of e-services. These centres have offered 64,34,751 services to people in rural and urban areas and thereby earned an income of Rs.20.81 crore during the year 2016-17.

(iv) Extending Godown facility in rural areas

The Government has taken initiative to improve storage facility in rural areas by constructing 3212 godowns in PACCS with financial assistance under the Rural Infrastructure Development Fund and Warehouse Infrastructure Fund during the years 2011-14, to prevent distress sale of farm

produce by the farmers during peak harvest season. These godowns have been put to use. Under Warehouse Infrastructure Fund 2014-15, the Government has sanctioned construction of 525 godowns in PACCS and construction works of these godowns are at various advanced stages.

By registering rural godowns with WDRA, farmers can be given benefits such as interest subvention and issue of warehouse receipts. Through the special effort taken by the Government, the condition that only godowns with capacity of 250 MT or more can be registered/ accredited has been relaxed, enabling registration of even 100 MT godowns. So far 209 godowns were registered by WDRA. During 2016-17, Negotiable Warehouse Receipts were issued to 376 farmers to avail Produce Pledge Loan of Rs.715.91 lakh at 7% interest through these godowns. Small and marginal farmers are benefited through this

scheme by availing produce pledge loans at such a low rate of 7%.

2.6. Strengthening of Infrastructure in the Cooperatives in the year 2016-17

(i) Construction of Own Building for the Cooperative Institutions

During 2016-17, the then Hon'ble Chief Minister had announced on the floor of the Legislative Assembly that new buildings will be constructed for 103 Cooperative Institutions at an estimated cost of Rs.27.80 crore. Construction works are at various advanced stages.

(ii) Opening of New Branches of Cooperative Banks

It was announced in the year 2016-17 that 9 new branches will be opened in 4 Central Cooperative Banks at an estimated cost of Rs.2.25 crore. So far, 8 new branches have

been opened and work in the remaining branch will be completed shortly.

(iii) Modernization of Cooperative Banks

To improve the services of the Cooperative Banks, it was announced during 2016-17 that 79 Cooperative Institutions will be modernized at an estimated cost of Rs.12.45 crore. The modernization works have been completed in 23 Cooperative Institutions. Works are in progress in the remaining Institutions.

(iv) Safety Measures

(a) CCTV Surveillance Cameras

In order to strengthen the safety and security in the Cooperative Institutions, CCTV surveillance cameras have been installed in the year 2012-13 in 1038 branches of the Cooperative Banks viz., Tamil Nadu State Apex Cooperative Bank, Central Cooperative Banks

and Urban Cooperative Banks. Further, CCTV surveillance cameras have been installed in 1,975 PACCS and CCTVs are proposed to be installed in all the remaining cooperative Institutions shortly.

(b) Strong room with Defender door

It is essential to ensure adequate safety measures in Primary Agricultural Cooperative Credit Societies to reinforce the confidence of public. The public should feel that cash and the jewels pledged by them in these societies are safe.

During the year 2016-17, the Hon'ble Minister for Cooperation had announced for Construction of Strong Room with Defender Doors in 8 Cooperative Institutions at the cost of Rs. 0.64 crore, of which Strong Room with Defender Doors were installed in 6 Primary Agricultural Cooperative Credit Societies and work is under progress in 2 Primary Agricultural

Cooperative Credit Societies. The Hon'ble Minister for Cooperation also announced that upgraded Iron Safes in 50 cooperative institutions at a cost of Rs.2.50 crore and Customer Safety Lockers in 34 Cooperative Institutions at a cost of Rs.1.02 crore will be installed during the year 2016-17. Accordingly, upgraded Iron Safes have been installed in 42 Cooperative Institutions and Customer Lockers installed in 32 Primary Agricultural Cooperative Credit Societies and work is under progress in the remaining Cooperative institutions.

3. Long Term Credit Structure

Long term Cooperative Credit Structure consists of Tamil Nadu Cooperative State Agriculture and Rural Development Bank at the State level and 180 Primary Cooperative Agriculture and Rural Development Banks at Taluk / Block level. These credit institutions cater to the credit needs of long term farm

sector and non-farm sector activities of farmers/public and provide investment credit to the members for agriculture related activities like minor irrigation, horticulture, plantation crops and other allied activities.

3.1. Tamil Nadu Cooperative State Agriculture and Rural Development Bank

Tamil Nadu Cooperative State Agriculture and Rural Development Bank funds the Primary Cooperative Agriculture and Rural Development Banks from out of its own resources, enabling those banks to continue their lending operations. As on 31.03.2017, the share capital of the Bank stood at Rs.40.37 crore and deposits at Rs.175.72 crore. The Tamil Nadu Cooperative State Agriculture and Rural Development Bank through its branches issued jewel loans to the tune of Rs.233.78 crore during the year 2016 – 17.

3.2. Primary Cooperative Agriculture and Rural Development Banks

180 Primary Cooperative Agriculture and Rural Development Banks in the State were providing long term credit for agricultural purposes like minor irrigation, land development, farm mechanisation, horticulture, animal husbandry and other allied activities. Due to non-availability of refinance from NABARD, these Banks have resorted to disbursement of jewel loans out of the available funds. These banks issued jewel loans to the tune of Rs.884.83 crore during the year 2016 – 17.

3.3. One Time Settlement Scheme, 2014

To improve the loan recovery, the Government issued orders in the year 2014 for 'One Time Settlement' of Non-Farm Sector loans outstanding as on 31.03.2014 in Primary Cooperative Agriculture and Rural Development

Banks and the scheme has been last extended upto 30.09.2017. Under this scheme, upto 31.05.2017, 2,640 farmers have so far paid the outstanding loan amount of Rs.56.65 crore and a total sum of Rs.53.98 crore has been waived.

4. Urban Cooperative Credit Structure

Urban Cooperative Credit Structure consists of Urban Cooperative Banks and Urban Cooperative Credit Societies. They are located in urban and semi-urban areas and cater to the banking needs of the middle class population. As of now, 128 Urban Cooperative Banks and 97 Urban Cooperative Credit Societies are functioning in the State.

4.1. Urban Cooperative Banks

In Tamil Nadu, 128 Urban Cooperative Banks are functioning, which provide banking services and credit facilities to the people living

in urban and semi-urban areas. These banks mobilize deposits from the public and extend credit to small traders, artisans and persons belonging to middle income group for purposes like housing, business and other non-farm sector activities. During 2016-17, loans to the extent of Rs.5391.72 crore have been disbursed. The deposit position in the Urban Cooperative banks have improved to Rs.8,444.31 crore as on 31.03.2017 from Rs.8,244.76 crore as on 31.03.2016. In 2016-17, Urban Cooperative Banks have formed 1617 Joint Liability Groups of petty traders in urban areas and issued loans to the tune of Rs.59.91 crore. This has prevented many small vendors from falling prey to money lenders, who charge exorbitant interest rates. This initiative will continue in 2017-18 also.

The State Government has also signed the Memorandum of Understanding with the Reserve Bank of India to improve the

functioning of Urban Cooperative Banks. Accordingly, all the Urban Cooperative Banks and their branches have been computerized in order to improve operational efficiency and to provide better services to the customers. Core Banking Solution for all the Urban Cooperative Banks and their branches is under implementation.

4.2. Urban Cooperative Credit Societies

Urban Cooperative Credit Societies provide credit facilities to urban and semi-urban population. As of now, **97** Urban Cooperative Credit Societies are functioning in the State. They mobilize deposits from the public and extend credit to small traders, artisans and persons belonging to middle income group for purposes like housing, business and other non farm sector activities. During 2016-17, loans to the extent of Rs.1100.94 crore have been issued. The

deposit position in the Urban Cooperative Credit Societies has increased to Rs.1,412.12 crore as on 31.03.2017 from Rs. 1,164.89 crore as on 31.03.2016. In 2016-17, Urban Cooperative Credit Societies have formed 227 Joint Liability Groups of petty traders in urban areas and disbursed loans to the extent of Rs.4.83 crore.

5. Employees Cooperative Thrift and Credit Societies

There are 1,769 Employees Cooperative Thrift and Credit Societies in the State. The main objective of these societies is to inculcate the habit of savings among the employees of Central and State Government, Government Undertakings and Private Organizations and to provide them with loans at reasonable rate of interest. These societies have a share capital of Rs.1,929.95 crore and working capital of Rs.11,563.72 crore as on 31.03.2017. These societies have disbursed Rs.5,818.09 crore as loan to their members in the year 2016-17.

6. Waiver of Agricultural Loans–2016

The State Government has waived the outstanding crop loan, Medium Term (Agriculture) loan and Long Term (Farm Sector) loan issued to small and marginal farmers by the cooperative societies as on 31.03.2016. The list of eligible farmers under the scheme was verified by the officers at the field level and was published on the website (www.tncu.tn.gov.in) on 01.09.2016. Under the scheme, 12,02,075 farmers have been benefitted to the tune of Rs.5318.73 crore.

The State Government has ordered to compensate the amount of waiver of agricultural loan in 5 equal installments from the year 2016-17 onwards. So far, the Government has sanctioned an amount of Rs.1794.66 crore to compensate the waiver of loan in the Cooperative institutions.

7. Impact of demonetization on Cooperative Institutions

Due to withdrawal of legal tender character of Specified Bank Notes of Rs.500 and Rs.1,000 by the

Reserve Bank of India, Primary Agricultural Cooperative Credit Societies (PACCS) were not able to issue crop loan to farmers as these societies are not recognised as Banks under Banking Regulation Act, 1949. However, the Government has facilitated continuous disbursement of crop loans to the farmers by opening an account in the name of loanee farmer of PACCS at the nearest District Central Cooperative Bank Branches. Under the new arrangements, PACCS continued to sanction loans and the loan amount was disbursed by the branches of DCCBs. From 23.11.2016 to 31.03.2017, 3,98,062 farmers opened accounts in DCCBs, of which 3,48,323 farmers obtained crop loans to the tune of Rs.1640.79 crore.

CHAPTER - II

COOPERATIVE MARKETING SOCIETIES

Introduction

Agricultural Producers Cooperative Marketing Societies function with the twin objective of providing the right price to the farmers for their agricultural produce as well as stabilizing the market price. This is done by establishing a direct link between the farmers and traders / consumers by providing a market for them to sell / buy agricultural produce. In addition to this, the Cooperative Marketing Societies grant loan against pledge of agricultural produce until the farmer gets a competitive price. Some of these societies undertake processing of various agricultural produce for value addition. They also distribute agricultural inputs, undertake movement of

essential commodities to Fair Price Shops and run Fair Price Shops.

1.2. There are 112 Agricultural Producers Cooperative Marketing Societies in the State with Tamil Nadu Cooperative Marketing Federation (TANFED) at the apex level. Thanjavur Cooperative Marketing Federation functions as a regional federation for the districts of Thanjavur, Thiruvarur and Nagapattinam and caters to the needs of farmers in that region. Nilgiris Cooperative Marketing Society caters to needs of farmers in Nilgiris district and Metupalayam Municipality of Coimbatore district.

2. Tamil Nadu Cooperative Marketing Federation (TANFED)

The Tamil Nadu Cooperative Marketing Federation commenced its operations on 20.02.1959. It functions as the coordinating agency for distribution of fertilizer and

agricultural inputs in the State through Cooperative Marketing Societies and Primary Agricultural cooperative Credit Societies. During 2016-17, Tamil Nadu Cooperative Marketing Federation has distributed 2,96,439 MT fertilizers worth Rs.392.14 crore and pesticides worth Rs.3.03 crore. TANFED has also marketed agricultural produce to the tune of Rs.64.14 crore.

TANFED has also established a fertilizer mixing unit at Pamani in Thiruvarur district in 1970, where granulated mixture under brand name Pamani 17:17:17 is manufactured. During the year 2016-17, 7,248 MT mixed fertilizers worth Rs.13.48 crore was distributed.

2.2. To ensure timely distribution of fertilizers to farmers through the Cooperative Societies, the Government has sanctioned Rs.135 crore for the year 2016-17 as ways and means

advance to Tamil Nadu Cooperative Marketing Federation.

2.3. Tamil Nadu Cooperative Marketing Federation owns 41 godowns with a total capacity of 29,890 MT and runs two Cold Storage units i.e., one at Koyambedu Wholesale Market complex and another at Basin Bridge with capacity of 2,500 MT and 960 MT respectively. Tamil Nadu Cooperative Marketing Federation undertakes Joint ventures with Cooperative Marketing Societies in marketing agricultural produce and is the State Nodal Agency for implementing Price Support Scheme (PSS) in Tamil Nadu.

2.4. During the year 2016, TANFED coordinated procurement of Copra under Price Support Scheme as an agent of National Agricultural Cooperative Marketing Federation (NAFED). 1,171 MT of Copra worth Rs.696.76 lakh was procured from 942 farmers

in 46 centres opened by the Cooperative Marketing Societies and PACCS in 20 districts.

2.5 TANFED supplies cattle feed to Aavin for onward distribution to the milk producers. During 2016-17, it has sold 29766.400 MT of cattle feed worth Rs.55.10 crore to Aavin. TANFED also runs petrol / diesel bunk at Koyambedu market complex and Kodambakkam in association with Indian Oil Corporation.

3. Thanjavur Cooperative Marketing Federation (TCMF)

Thanjavur Cooperative Marketing Federation, established on 29.01.1941, is a regional federation for 12 Cooperative Marketing Societies in Thanjavur, Thiruvarur and Nagapattinam districts. The federation undertakes distribution of fertilizers, seeds and agricultural implements. It owns 8 godowns with 8,400 MT capacity. It has distributed

36,219 MT fertilizers worth Rs.26.49 crore to 501 Cooperative Societies in the year 2016-17. TCMF runs a printing press and is also engaged in Jewel loan business. Business turnover of the federation for the year 2016-17 was Rs.66.05 crore.

4. Nilgiris Cooperative Marketing Society

Nilgiris Cooperative Marketing Society was established on 8.12.1935 with area of operation in Nilgiris District and Mettupalayam Municipality of Coimbatore district. This society functions with the primary objective of marketing agricultural produce of farmers such as potato, cabbage, carrot, beetroot and beans at remunerative price and distributing agricultural inputs to farmers. It owns a fertilizer mixing unit at Mettupalayam. It has also taken an agency for LPG distribution. In the year 2016-17, this society has earned a tentative profit of Rs.4.19 crore.

5. Agricultural Producers Cooperative Marketing Societies

Agricultural Producers Cooperative Marketing Societies function with the twin objective of providing the right price to the farmers for their agricultural produce as well as stabilizing the market price. There are 112 Cooperative Marketing Societies in the State, which are primarily engaged in distribution of fertilizers and agricultural inputs to the farmers. These societies also undertake movement of essential commodities from Tamil Nadu Civil Supplies Corporation godowns to Fair Price Shops and run a few Fair Price Shops. The business turnover of these 112 Agricultural Producers Cooperative Marketing Societies in the year 2016-17 was Rs.2183.07 crore.

5.1. Activities of Cooperative Marketing Societies

(i) Marketing of Agricultural Produce

The Cooperative Marketing Societies facilitate marketing by providing auction yards, drying yards and godowns, which help the farmer to secure a competitive price for their produce. The society makes payment to the farmer immediately on the same day and collects later from the traders. Agricultural produce worth Rs.886.91 crore were marketed during the year 2016-17.

(ii) Linking of Credit with Marketing

The farmer members of Primary Agricultural Cooperative Credit Societies are encouraged to link to the Cooperative Marketing Societies under this scheme, whereby the produce is sold at a competitive price and balance amount after adjusting the

loan is paid to the farmer. This scheme also ensures recovery of loans to PACCS. During 2016-17, the linking of credit with marketing was done to the tune of Rs.2.99 crore.

(iii) Produce Pledge Loan

During harvest season, when market price is low, the Cooperative Marketing Societies provide pledge loan to farmers to prevent distress sale to meet their immediate financial needs. The members can store their produce safely in the godowns of Cooperative Marketing Societies and sell when the market is favourable. Produce Pledge Loans are provided upto 80% of market value of the produce. During 2016-17, produce pledge loan has been disbursed to the tune of Rs.99.88 crore.

(iv) Disbursement of Jewel Loan

Cooperative Marketing Societies provide Jewel Loan for consumption and other

immediate financial needs of its members. During 2016-17, the jewel loans have been issued to the tune of Rs.304.32 crore.

(v) Distribution of Agricultural inputs

For the benefit of farmers, fertilizers, quality seeds and other agricultural inputs are distributed by Primary Agricultural Cooperative Credit Societies and Agricultural Producers Cooperative Marketing Societies.

(v) a. Sale of Quality seeds

In order to ensure quality of agricultural produce, the Cooperative Marketing Societies procure and sell quality seeds (certified) of paddy, pulses, oilseeds, millets, vegetables etc., at reasonable rates to the farmers. During 2016-17, seeds worth Rs.7.17 crore were sold.

(v) b. Distribution of fertilizers through the Cooperative Societies

To improve the agricultural production, Primary Agricultural Cooperative Credit

Societies sell fertilizers to the farmers besides distributing fertilizer as a component of crop loan. The Tamil Nadu Cooperative Marketing Federation, Thanjavur Cooperative Marketing Federation and Nilgiris Cooperative Marketing society are functioning as fertilizer wholesalers for the Cooperatives. In the year 2016-17, 3,47,693 MT of fertilizers worth Rs.437.37 crore were sold through the Cooperative outlets.

5.2. Special Initiatives by Agricultural Producers Cooperative Marketing Societies

(i) Procurement of Copra under Price Support Scheme

Due to reduction in the price of Copra in the open market, the then Honourable Chief Minister, on 10.06.16, ordered for procurement of copra at Minimum Support Price (MSP) for the benefit of coconut growing farmers. TANFED was appointed as the Nodal Agency to

procure milling copra at the rate of Rs.59.50 and ball copra at the rate of Rs.62.40 through Agricultural Producers Cooperative Marketing Societies and Primary Agricultural cooperative Credit Societies. The procurement of copra was also exempted from CESS and VAT. 46 procurement centres in 20 districts were opened and 1171.000 MT of copra worth Rs.696.76 lakh were procured from 942 farmers during 15.06.2016 to 30.11.2016.

(ii) Installation of Solar Copra dryers

To provide value addition and to ensure better realization of price for coconut growing farmers, 28 Solar Copra dryers were installed in 10 districts with marketable surplus of coconuts. These units use solar energy to convert coconut into copra naturally at a reduced cost. During the year 2016-17, 8,85,060 coconuts were converted into copra.

(iii) Installation of Electronic Weigh Bridge

To enable quick and accurate weighing of large quantities of agricultural produce, Electronic Weigh Bridges have been installed in Perundurai, Bhavani, Usilampatti, Nilgiris, Thuraiyur and Paramakudi Agricultural Producers Cooperative Marketing Societies at a total cost of Rs.1.20 crore. The installation of Electronic Weigh Bridge in Krishnagiri Agricultural Producers Cooperative Marketing Society at a cost of Rs.22.00 lakh is under progress.

(iv) Installation of Seed Processing Unit

In order to supply quality seeds to the farmers, a seed processing unit has been installed in Tudiyalur Cooperative Agricultural Services Limited at a cost of Rs.19.13 lakh. During 2016-17, 766.214 MT of seeds have been processed.

(v) Processing and Value Addition of Agricultural Produce

Some of the Agricultural Producers Cooperative Marketing Societies have processing units like ginning units, pulses drying units, chilly grinding units, powdering units for turmeric, kumkum, oil crushing units, rice mills, cotton bale pressing units etc. These processing units add value to the agricultural produce and thereby help in marketing them. They also provide processing facilities to individual farmers at affordable rates.

During 2014-15, five processing units have been installed at a total cost of Rs.91.35 lakh in Peraiyur, Thirumangalam, Chidambaram, Tiruchengode and Perundurai for adding value to Tur dal, chillies, black gram, green gram and sesame respectively. During 2016-17, these units have processed 4790.985 MT of agricultural produce.

During 2015-16, five more processing units have been installed at a total cost of Rs.33.32 lakh in Orathanadu, Kovilpatti, Pudhur, Chengam and Kumbakonam for processing of Tur dal, cotton bale pressing, decorticator and seed processing respectively. During 2016-17, these units have processed 23 MT of agricultural produce.

During **2015-16**, six processing units have been installed at a total cost of **Rs.27.72** lakh in Kolli hills, Sitheri, Vellimalai, Elagiri, Kilakadu and Namiyampattu Large Sized Multipurpose Cooperative Societies for value addition of coffee, pepper, samai, varagu and Tamarind respectively. During **2016-17**, they have processed **118.031** MT of such agricultural Produce.

(vi) Installation of Fertilizer Mixing Unit

Since 2008, Nilgiris Cooperative Marketing Society is engaged in manufacturing

of fertilizer mixture. To increase the production capacity and volume of fertilizer mixture, a new fertilizer mixing unit has been installed at Metupalayam branch of Nilgiris Cooperative Marketing Society at a cost of Rs.15.00 lakh. During the year 2016-17, fertilizer mixture to the tune of 10196.500 MT was manufactured and sold at a cost of Rs.13.32 crore.

(vii) Construction of Drying Yards

Drying yards have been constructed in 6 Agricultural Producers Cooperative Marketing Societies namely Alangudi, Thirumayam, Aranthangi, Thirumangalam, Pennagaram and Kamudhi at a total cost of Rs.33.45 lakh in the last two years. These yards have helped the farmers to dry and segregate their produce for better price realization. During the year 2016-17, construction of drying yards in Tenkasi, Avinashi, Udumalaipettai, Kallakurichi and Tiruchengodu Agricultural Producers

Cooperative Marketing Societies has been taken up at a total cost of Rs.77.90 lakh and all these works have been completed.

(viii) Purchase of Vehicles to Agricultural Producers Cooperative Marketing Societies

Vehicles have been purchased one each for Tiruchengodu and Krishnagiri Agricultural Producers Cooperative Marketing Societies at a total cost of **Rs.24.62** lakh for easy disbursement of agricultural produce.

(ix) Installation of Solar Panel

Installation of solar panel is under progress in Tiruchengodu Agricultural Producers Cooperative Marketing Society at a cost of Rs.20.00 lakh for reducing the electricity charges.

(x) Strengthening of infrastructure of Agricultural Producers Cooperative Marketing Societies

New office buildings have been constructed in Tiruvannamalai, Chengam, Polur, Tirumangalam, Peraiyur, Vadipatti, Karamadai, Metupalayam and Theni Agricultural Producers Cooperative Marketing Societies at a total cost of Rs.2.47 crore in the last two years. 40 strong rooms with defender doors have been constructed in the last 3 years at a cost of Rs.2.47 crore for the safety of the jewels pledged by the members. During the year 2015-16, Rs.75.50 lakh has been allotted for construction of compound wall in Thirumangalam, Vaddipatti, Uslimapatti, Peraiyur and Melur Societies for the safety of its assets.

For transparent and speedy auction of agricultural produce, auction process has been modernized in Erode, Perundurai,

Tiruchengodu, Salem and Attur Societies at a cost of Rs.43.35 lakh.

(xi) Godown facility in Cooperative Marketing Societies

The Government has taken up construction of 102 godowns in the Cooperative Marketing Societies during 2011 to 2014 with assistance from Rural Infrastructure Development Fund (RIDF) and Warehouse Infrastructure Fund (WIF) and these godowns have been put into use. Under WIF 2014-15, the Government has sanctioned construction of 37 godowns and the works are at various advanced stages.

6. National Awards

The performance of Agricultural Producers Cooperative Marketing Societies in the state has been recognized at National level and appreciation for their efficient planning and performance. The following Agricultural

Producers Cooperative Marketing Societies have won the "Best Cooperative Marketing Society" award from the National Cooperative Union of India (NCUI) for their best performance on

25.06.2013:

1. Tamil Nadu Cooperative Marketing Federation (TANFED)
2. Pollachi Agricultural Producers Cooperative Marketing Society
3. Pattukottai Agricultural Producers Cooperative Marketing Society
4. Udumalpet Agricultural Producers Cooperative Marketing Society

Erode Agricultural Producers Cooperative Marketing Society has participated and won the second prize at National level for excellent performance in the National Cooperative Spice Fair held at Jaipur in May **2015**. Further, the society has participated and won the first prize at national level for exhibiting and selling of turmeric, turmeric powder, kumkum, coriander powder and chilli powder in the National Cooperative Spice Fair held at Jaipur in April **2016**.

CHAPTER - III

CONSUMER COOPERATIVES

1. Introduction

In Tamil Nadu, Consumer Cooperatives are functioning with a three tier structure with the Tamil Nadu Consumers' Cooperative Federation at the apex level, 34 Consumer Cooperative Wholesale Stores at the district level and 370 Primary Cooperative Stores at the tertiary level. The main objective of these Consumer Cooperatives is to supply essential consumer goods to the public at a reasonable price and thus help in controlling prices.

2. Activities

2.1. The Tamil Nadu Consumers' Cooperative Federation is an apex organization for all District Consumer Cooperative Wholesale Stores, Primary Cooperative Stores and acts as

a coordinating agency for procurement of select consumer goods for all the affiliate Cooperative Stores.

2.2. The District Consumer Cooperative Wholesale Stores run 17 Super Markets, 60 Self Service Units, 48 Mini Super Markets, 61 retail outlets, 53 Farm Fresh Consumer Outlets, 87 Cooperative Medical Shops, 28 Amma Marundagam, 6 Petrol Bunks, 30 L.P.G. supply units, 82 Kerosene Bunks and 3,203 Fair Price Shops. These Cooperatives play a vital role in successful implementation of Public Distribution System by acting as lead societies for distribution of essential commodities from TNCSC godowns to the Fair Price Shops.

2.3. Similarly, Primary Cooperative Stores run 26 Cooperative Medical Shops, 28 Amma Marundhagam, 14 Farm Fresh Consumer Outlets, 3 Petrol bunks and 2,269 Fair Price Shops across the State.

3. Performance

Quality non-controlled consumer goods are sourced directly from the Cooperative Marketing Societies, production centres and manufacturing units at very reasonable rates. Most of the quality consumer goods are procured through Joint Purchase Committees in bulk by following due procedure. The quality consumer goods, so procured, are made available at outlets managed by the Consumer Cooperatives for sale at reasonable price.

During the year 2016-17, all the Cooperatives put together have sold controlled and non-controlled commodities to the tune of Rs.3111.78 crore.

4. Market Intervention Activities

Whenever prices of essential commodities witness a sudden increase in the open market,

essential commodities like Tur dal, Urad dal, Chilies, Tamarind, Gingely oil, Onion etc., are procured from the places where these are available at reasonable rates and are sold through the cooperative outlets at much lower price than the price prevailing in the market under market intervention scheme.

4.1. Amma Marundhagam

In the Budget announcement for the year 2014-15, it was announced that, "As a new initiative, this Government will open 100 new Amma Marundhagam under Cooperatives along with the existing Medical Shops run by them". Accordingly, the then Hon'ble Chief Minister inaugurated 10 Amma Marundhagam on 26.06.2014. As on date, 111 Amma Marundhagam have been opened and are effectively functioning in all 32 districts. The Government has sanctioned Rs.10.00 crore, at the rate of Rs.10.00 lakh per shop, from the

Price Stabilization Fund for improving infrastructural facilities and for providing working capital assistance to Amma Marundhagam. These outlets are offering medicines at a discount of 15% to consumers. During 2016-2017, medicines worth Rs.152.92 crore have been sold through the Cooperative Medical Shops and Amma Marundhagam.

4.2. Farm Fresh Consumer Outlets

As a market intervention measure and to provide quality vegetables to consumers at reasonable prices, Farm Fresh Consumer Outlets have been opened in urban areas by the Cooperatives. Fresh vegetables are sourced directly from the farmers at reasonable rates at their farm gates on spot payment and are made available at these outlets.

Presently, 74 Farm Fresh Consumer Outlets including 2 Mobile Outlets are functioning across the State. 32 varieties of quality vegetables are sold through these Farm Fresh Consumer Outlets at reasonable prices. In order to improve the supply chain, 5 vehicles have been purchased at a cost of Rs.70.00 lakh with financial assistance under National Agricultural Development Program. All these vehicles have been equipped with required facilities including refrigeration at a cost of Rs.36.00 lakh to keep the vegetables fresh. One vehicle each has been allotted to Chettipalli Primary Agricultural Cooperative Credit Society, Nilgiris Cooperative Marketing Society, Palani Cooperative Marketing Society for transporting vegetables procured from the farmers in the vegetable growing areas of Krishnagiri, Nilgiris and Dindigul districts to the Farm Fresh Consumer Outlets. Two vehicles have been allotted to Triplicane Urban

Cooperative Society for operating Mobile Farm Fresh Consumer Outlets and movement of vegetables.

The Government has released Rs.8.34 crore from Price Stabilization Fund as working capital assistance to run Farm Fresh Consumer Outlets. A sum of Rs.1.50 crore has also been released from Cooperative Research and Development Fund to these Farm Fresh Consumer Outlets for providing necessary infrastructural facilities and to improve the ambience in these outlets.

From 20.06.2013 to 31.05.2017, 24,873 MTs of Vegetables amounting to Rs.69.56 crore have been sold to the consumers.

4.3. During heavy monsoon rains in Chennai and its outskirts, the prices of vegetables had shot up in the open market due to non-arrival of vegetables. To control the sudden price rise,

50 additional Farm Fresh Consumer Outlets (39 Cooperative sale points and 11 Tamil Nadu Civil Supplies Corporation sale points) were opened temporarily in Chennai city on 18.11.2015. Additionally, vegetables were made available at reasonable rates through 11 mobile vans at 32 sale points by the Cooperatives. In addition to the above sale points, potato and onion were sold, on temporary basis, in 536 Fair Price Shops. This initiative helped in a big way in controlling sudden spurt in prices of vegetables in the time of crisis. During the monsoon rains (i.e) from 18.11.2015 to 31.12.2015, through these additional Farm Fresh Consumer Outlets, Mobile vans and Fair Price Shops, 261.182 MTs of vegetables worth Rs.70.57 lakh were made available to consumers at that time.

4.4. "Rs.20/- per kg rice" Scheme

As a measure to control the price in the open market, a scheme to sell rice at

Rs.20/- per kg was introduced. Under this scheme 7,775 MTs. of rice worth Rs.15.55 crore has been sold through 273 sales centers of the Cooperatives Societies.

4.5. Other Market Intervention Activities

(i) As a market intervention activity, to control the price of pulses in open market, Tur dal and Urad dal were purchased by Tamil Nadu Cooperative Marketing Federation (TANFED) from National Consumer Cooperative Federation (NCCF) and sold in Chennai through 20 outlets of the Cooperatives and 5 outlets of Tamil Nadu Civil Supplies Corporation at reduced price. Tur dal was sold at Rs.107/kg and Urad dal Grade-A at Rs.112/kg and Grade-B at Rs.99/kg. 47,097kg of Tur dal and 25,731kg of Urad dal were sold to consumers under the initiative.

(ii) Tamil Nadu Cooperative Marketing Federation (TANFED) procured imported unmilled Tur dal from Metals and Minerals Trading Corporation of India. The processed Tur dal was sold in Chennai, Madurai, Tiruchy and Coimbatore districts through 71 outlets of Cooperatives from 01.11.2015 at the rate of Rs.110/kg, when the market rate was at Rs.180/kg. 323 MTs of Tur dal was sold through these outlets.

(iii) Recently, as yet another activity to control prices, 96.52 MTs of Tur dal, sourced from out of the allotment made by Government of India, was sold through Cooperative outlets across the State. From 24.08.2016, 96.52 MTs of Tur dal has been sold to consumers till March, 2017.

CHAPTER- IV

SPECIAL PURPOSE COOPERATIVE INSTITUTIONS

The Cooperative movement has pervaded virtually every sphere of activity that requires joining of hands to achieve a common objective. Though, Cooperative Credit, Cooperative Marketing and Consumer Cooperative have remained dominant activities of the Cooperative Institutions in Tamil Nadu, the cooperatives have also ventured into societies with special purpose such as labour contract, printing presses etc. Some of the cooperatives under direct supervision and control of Registrar of Cooperative Societies are mentioned below:-

(i) Large Sized Multipurpose Cooperative Societies (LAMPS)

For the benefit of tribal people and those living in hilly areas, LAMPS were formed with

the primary objective of providing credit and distributing agricultural inputs to improve farm productivity. Apart from providing essential commodities through PDS shops and Super markets, they also help in marketing agricultural produce and minor forest produce of tribal people.

At present, there are 22 Large Sized Multipurpose Cooperative Societies in the state with 1,06,916 tribal members and 11,493 non tribal members. Their business turnover for the year 2016-17 is Rs.92.26 crore.

With an aim of improving the socio-economic status of the tribal people and to provide a market for their produce, the then Honorable Chief Minister launched a program on 20.06.2013 to sell produce like samai, varagu, honey and tamarind under a common brand name. Through this initiative upto 31.03.2017, produce worth Rs.98.82 lakh have

been sold. A processing unit at a cost of Rs.1.50 lakh has been established in Jawadhu Hills LAMPS for processing and value addition to samai in the year 2013.

(ii) The Tudiyalur Cooperative Agricultural Services Ltd. (TUCAS)

TUCAS is located at Tudiyalur of Coimbatore district and it supplies agricultural inputs to the farmers in addition to producing and marketing their own fertilizers, pesticides, seeds and agricultural implements. It also provides crop loan, mortgage loan and jewel loan to the members for their economic welfare. Seeds worth Rs.1.70 crore and agricultural implements worth Rs.0.21 crore have been sold in 2016-17.

(iii) Labour Contract Cooperative Societies

With a view to securing employment opportunities to member contract workers and

ensuring them better livelihood, 45 Labour Contract Cooperative Societies are functioning in Tamil Nadu with a total membership of 21740.

(iv) Cooperative Printing Press

There are 26 cooperative printing presses, which cater to the printing needs of Cooperative Societies, Government offices, Local Bodies, Schools and private agencies in their service areas. These cooperative printing presses carried out printing works to the tune of Rs.62.33 crore in 2015-16 and Rs.57.17 crore during 2016-17.

In order to compete with private printing presses, 7 cooperative printing presses functioning in major cities such as Chennai, Vellore, Salem, Madurai, Tirunelveli, Coimbatore and Tiruchirappalli have been modernized at a total cost of **Rs.3.68 crore**. Due to modernisation, major printing works of

cooperative societies, Government and Quasi Government agencies are carried out qualitatively on priority.

Construction of own building to Cooperative Printing Press

To improve the performance of the cooperative printing press at Tiruvannamalai District, permission was accorded to construct own building at a cost of **Rs.50 lakh** in the year 2014. The construction work has been completed and the press has commenced its operations in the new building.

Modernisation of Cooperative Printing Press during 2016-17

New office building with workshed is being constructed at a cost of Rs.50 lakh for Namakkal Cooperative printing press which is presently functioning in rental building. To improve the functioning of the Cooperative printing presses of Ramnad district (at

Karaikudi) and Thanjavur district, sanction has been accorded to modernize them at a cost of **Rs.10.00** lakh and **Rs.19.22** lakh respectively. The modernization works are in progress.

CHAPTER- V

COOPERATIVES IN PUBLIC DISTRIBUTION SYSTEM

1. Introduction

1.1. The role of Public Distribution System is paramount in ensuring food security to all. The Cooperatives in Tamil Nadu play a vital role in implementation of Universal Public Distribution System. The Cooperatives have built a wide distribution network in the State and run majority of the Fair Price Shops i.e. **32,715** fair price shops out of the total number of **34,841** shops.

1.2. Movement of essential commodities from the godowns of Tamil Nadu Civil Supplies Corporation (TNCSC) to the Fair Price Shops is done by **97** lead societies i.e. **26** Consumer Cooperative Wholesale Stores, **59** Cooperative Marketing Societies, **9** Primary Cooperative

Stores and **2** Primary Agricultural Cooperative Credit Societies and **1** Urban Credit Society. These lead societies lift Public Distribution System commodities from TNCSC godowns and deliver at the Fair Price Shops run by **4,193** link societies. Apart from these, **325** Cooperative Societies are acting as self lifting societies, which include **8** Cooperative Wholesale Stores, **31** Cooperative Marketing Societies, **147** Primary Cooperative Stores, **120** Primary Agricultural Cooperative Credit Societies, **7** LAMP Societies, **6** Urban Credit Societies and **6** other type of societies.

2. Fair Price Shops

2.1. Out of 34,841 Fair Price Shops, 32,715 Fair Price Shops are run by the Cooperative societies as detailed below;

Sl. No	Fair Price Shops	Rural	Urban	Total
1.	Full-time	17,472	6,213	23,685
2.	Part-time	8,590	440	9,030
3.	TOTAL	26,062	6,653	32,715

2.2. The Fair Price Shops sell Special PDS commodities like Tur dal and Palmolein oil at highly subsidized rates. Non-controlled commodities such as Ooty Tea, Amma Salt are also sold at reasonable rates at these outlets. Besides, 259 kerosene bunks are also run by the Cooperative Societies exclusively for distribution of kerosene to family card holders.

3. Mobile Fair Price Shops

In order to distribute essential commodities to the people in hilly and inaccessible areas, 15 Mobile Fair Price Shops were in operation upto 2011-12. Subsequently, 22 new Mobile Fair Price Shops have been introduced. Out of 37 Mobile Fair Price Shops, 15 Mobile Shops have been provided with own vehicles with funding from Primary Cooperative Development Fund / Cooperative Research and Development Fund.

During the year 2012-13, 10 vehicles, one each to 10 LAMP Societies, have been provided at a cost of Rs.94.95 lakh out of Primary Cooperative Development Fund. During 2013-14, 5 vehicles have been purchased one each for Mottampatti and Kilakadu LAMP Societies in Villupuram district, Ravanapuram Primary Agricultural Cooperative Credit Society in Tiruppur district and in Triplicane Urban Cooperative Society and Park Town Cooperative Wholesale Stores in Chennai. These vehicles have been purchased from Primary Cooperative Development Fund and Cooperative Research and Development Fund at a total cost of Rs.66.82 lakh.

4. Monitoring of Fair Price Shops through POS machines

The "End to End computerization of Public Distribution System" has been operationalized to facilitate monitoring of

activities on real time basis. A web-based solution has been put in place to automate supply chain completely. "Point of sale" (PoS) devices have been provided at each PDS outlet to capture every transaction on real time basis. Registration of family card details and seeding of Mobile numbers and Aadhar numbers are being done using the POS devices. Training has been given to all Fair Price Shop sales personnel and monitoring officials.

Every transaction in supply chain from stock entry in godowns to distribution to cardholders is captured and monitored through web-based portal.

A sound robust grievance redressal mechanism has been put in place. The complaints are received through toll free number '1967' and 1800 - 425 - 5901 in addition to complaints filed online. All these complaints are being redressed in the shortest

possible time. Implementation of such a massive e-governance initiative was possible only with active participation of personnel from the Cooperative Institutions.

5. Sale of Other Commodities

(i). Sale of Ooty Tea

To mitigate the hardships faced by the small tea growers, Ooty tea is being purchased from the INDCOSERVE and sold through the Fair Price Shops run by the Cooperative Societies from the year 2001. **9,498 MT** of Ooty Tea was sold from 2014-15 to 2016-17 through Fair Price Shops.

(ii). Sale of Amma Salt

Iodised salt, procured from Tamil Nadu Salt Corporation, is being sold through the Fair Price Shops run by the Cooperative Societies to protect the people from Iodine deficiency

disorders. **24,279** MT of Amma Salt was sold during 2016-17 through Fair Price Shops.

6. Construction of Fair Price Shop Buildings

The status of accommodation of **32,715** Fair Price Shops run by the Cooperative Societies is given below:-

Sl.No	Details	No. of Fair Price Shops
1	Own Building	4,250
2	Government Building	15,443
3	Rent Free Building	5,482
4	Rented Building	7,540
	Total	32,715

Action is being taken to construct own buildings for the Fair Price Shops in a phased manner. 1751 new buildings for Fair Price Shops have been constructed in the last six years.

7. Government Subsidy to the Cooperatives for Public Distribution System

Fair Price Shops are run by the Cooperative Societies with a service motive. Public Distribution System commodities are supplied to the card holders either at no cost or at the rate fixed by the Government. In addition to the margin money being provided by Tamil Nadu Civil Supplies Corporation to meet out the operational expenses, subsidy is being provided by the Government to compensate the losses incurred by the Cooperative Societies.

The Government has sanctioned a sum of Rs.985.87 crore as subsidy from 2010-11 to 2016-17.

CHAPTER - VI
**COOPERATIVE EDUCATION,
RESEARCH
AND TRAINING**

1. Introduction

Tamil Nadu Cooperative Union, at State level and 29 District Cooperative Unions at the district level serve primarily engage in capacity building of the staff and members of Cooperative Societies by imparting cooperative education, training, publicity and creating awareness. Besides, exhibitions, seminars and cooperative week celebrations are organized to sensitize people on basic tenets of Cooperative movement. Tamil Nadu Cooperative Union collects a portion of the net profit from Cooperative Societies towards Cooperative Research and Development Fund and Cooperative Education Fund. These funds are utilized for research on cooperatives, education,

training and dissemination of information about cooperatives to the people.

2. Institutes of Cooperative Management

There are 20 Institutes of Cooperative Management in the State, which are, functioning as units of the Tamil Nadu Cooperative Union. These Institutes conduct short duration courses for the benefit of cooperative department staff and employees of Cooperative Institutions. These Institutes offer Diploma in Cooperative Management under distance education mode for the benefit of employees of the Cooperative Institutions who have not undergone the formal training. During 2016-17, 1311 candidates were admitted in these 20 Institutes for studying Diploma in Cooperative Management Course on regular basis and 1168 candidates were admitted to the correspondence course of Diploma in Cooperative Management.

Under Graduate and Post Graduate courses like B.Com, B.B.A, M.B.A, M.C.A. have also been introduced in all the Institutes of Cooperative Management in association with Bharathiar University, Coimbatore. At present, 357 students are enrolled in the Degree Courses under the distance education mode.

To develop catering craftsmanship, a certificate course namely "Craftsman Food Production (General)" course is offered by nine Institutes of Cooperative Management. So far, 101 candidates have been enrolled and placement for them is encouraging.

3. Technical Education

Tamil Nadu Cooperative Union runs three Cooperative Industrial Training Institutes, one each at Bargur, Pattukottai and Aruppukkottai. It also runs one Cooperative Polytechnic at Lalgudi in Tiruchirappalli District. The

Cooperative Industrial Training Institutes offer courses in Computer Operation Programming Assistant (COPA), tailoring, jewel testing course, Electrician, Craftsman Food Production (General) courses, etc. During 2016-17, 165 candidates were admitted in Industrial Training Institutes. The Cooperative Polytechnic at Lalgudi offers three courses, namely, Diploma in Mechanical Engineering, Diploma in Computer Engineering and Diploma in Electrical and Electronics Engineering. During 2016-17, 412 candidates were admitted in these diploma courses.

4. Higher Diploma Course and Short duration courses in Cooperative Management

The Tamil Nadu Cooperative Union supports two Institutes of Cooperative Management (ICM), one at Chennai and the other at Madurai run by the National Council for Cooperative Training, New Delhi. They offer

Higher Diploma Course in Cooperative Management. They also conduct a number of short duration courses for the staff of Cooperative Department and Cooperative institutions. During 2016-17, 9917 employees have undergone short duration training. These two institutes also offer Master of Business Administration Course.

For the year 2016-17, 73 short duration programmes were conducted by Natesan Institute of Cooperative Management and 1818 employees have undergone short duration trainings.

5. Skill Development Programmes

In order to improve the employment opportunities for rural youth between 18 and 45 years of age who have passed Std VIII, Tamil Nadu Cooperative Union in collaboration with Tamil Nadu Skill Development Corporation

conducts training programmes on Retail Salesmanship without charging any fee. The Government has allotted Rs.237.50 lakh for these programmes. This training programme is being conducted since 06.02.2014 by Tamil Nadu Cooperative Union in 20 Institutes of Cooperative Management and Natesan Institute of Cooperative Management, Chennai. The training programme comprises 10 days classroom training and 5 days practical training. So far, 5080 persons have been trained. These programmes will be continued till 10000 persons are trained in retail salesmanship. The trainees who have completed this course have better scope to get employment as salesmen in private companies, super markets and self service units.

6. Cooperative Research in Universities

The Tamil Nadu Cooperative Union has created a corpus fund of **Rs.5 lakh** each in

Madras University, Madurai Kamarajar University, Bharathiar University, Annamalai University, Periyar University and Gandhigram Rural University in order to encourage students to take up research in Cooperation. The interest earned on the deposit is utilized to give grant to the students doing research on Cooperation and related topics. So far, 21 research projects have been funded.

7. Utilisation of Cooperative Research and Development Fund

Cooperative Societies contribute 3% of their net profit towards Cooperative Research and Development Fund (CRDF) maintained by Tamil Nadu Cooperative Union. Any withdrawal from this fund is done only after obtaining approval of the CRDF Committee. Financial Assistance is provided for Cooperative Research in the form of grant, whereas interest free loan is provided for Cooperative development. A

sum of Rs.32.60 crore was released as grant over a period of four years from 2011-12 to 2015-16. Further, a sum of Rs.88.42 crore have been released as interest free loan from 2011-12 to 2015-16. The amount released from this fund has been utilized for construction of strong room with defender door, modernization of consumer self service units, modernization and computerization of banks, construction of office buildings, purchase of packing machines, installation of weighing machines, installation of processing units, purchase of sugarcane harvesters, construction of cooperative complex, purchase of pedal looms for weavers, etc.

A sum of Rs.3.86 crore was released as grant from 01.04.2016 to 31.03.2017. Further, a sum of Rs.43.72 crore has been released as interest free loan from 01.04.2016 to 31.03.2017.

8. Utilisation of Cooperative Education Fund

Cooperative Societies contribute 2% of their net profit towards Cooperative Education Fund (CEF) maintained by the Tamil Nadu Cooperative Union. Amount from this fund is released based on the approval of the CEF Committee and utilized for Cooperative Education and Training, propaganda and publicity about Cooperatives. A sum of Rs.34.91 crore has been released as grant over a period of four years from 2011-12 to 2015-16. A sum of Rs.5.63 crore was released as grant from 01.04.2016 to 31.03.2017. This Fund is being utilized for conduct of short term training programmes for Cooperative Society employees and departmental staff, organizing Member Education Programmes and Special Member Education Programme in districts, organizing youth camps and for all India Cooperative Week Celebrations. It is worth

mentioning that training programmes have been conducted in three phases for the newly elected Board of Directors including Presidents and Vice Presidents to enable them to gain expertise in the management of Cooperatives.

CHAPTER - VII

COOPERATIVE ELECTION

1.1. In Tamil Nadu, elections to the Cooperative Societies were held in the year 2013 after a gap of fourteen years. The Government of Tamil Nadu has inserted a new section 33-A in the Tamil Nadu Cooperative Societies Act, 1983 by Tamil Nadu Cooperative Societies (Fourth Amendment) Act, 2012, which provides for constitution of the Tamil Nadu State Cooperative Societies Election Commission to conduct elections for Cooperative Societies. Tamil Nadu State Cooperative Societies Election Commissioner was appointed under sub section (2) of section 33-A by the Government and the Commission started functioning from 08.02.2013.

1.2. Though the Constitution (97th amendment) Act, 2011, provides reservation of one seat for the Scheduled Castes or Scheduled Tribes and 2 seats for women on board of every cooperative society, in Tamil Nadu, the Cooperative Societies Act was amended in the year 2013 to provide 18% reservation to Scheduled Caste / Scheduled Tribe and 30% reservation to Women in the Board of Directors of the Cooperative Institutions thereby ensuring social justice.

1.3. From the year 2013 to 31.3.2017, Tamil Nadu State Cooperative Societies Election Commission conducted elections to 24,370 Cooperative Societies falling under the control of the Registrar of Cooperative Societies and 14 Functional Registrars. In these Cooperative Institutions, 2,40,151 Board of Directors were elected, of whom 35,000 belong to Scheduled Castes and Scheduled Tribes and 66,880 to

women. Further, 24,331 person were elected as President and 24,333 persons as Vice President in the elections conducted by the Commission.

CHAPTER – VIII

INTEGRATED COOPERATIVE DEVELOPMENT PROJECT

1. The Integrated Cooperative Development Project (ICDP) is an area based project evolved by National Cooperative Development Corporation (NCDC) for development and strengthening of cooperatives of various types with required infrastructure, share capital, margin money etc. NCDC, in consultation with the State Government, identifies the districts for implementation of ICDP over a period of 5 years.

2. The Government funds the project with refinance arrangements from NCDC. District Central Cooperative Banks (DCCB) are the Project Implementing Agency (PIA) in the

districts concerned. The following is the funding pattern:-

S. No.	Activity	From NCDC to State Government (In %)			From State Government to cooperatives (In %)			
		Loan	Subsidy	Total	Loan	Share capital	subsidy	Total
1	Civil works. plant & machinery and infrastructure etc.	100	-	100	50	50	-	100
2	Margin money to societies/Share Capital to Cooperatives	100	-	100	-	100	-	100
3	Man Power Development & Training and Incentives	-	50	50	-	-	100	100
4	Managerial Assistance to PIA and monitoring cell etc.	-	50	50	-	-	100	100

3. ICDP was introduced in the year 1989 in Tamil Nadu. 31 districts have so far been selected for implementation. The projects in 27 districts with a total outlay of **Rs.432.14 crore** have already been completed. At present the projects are under implementation in 4 districts namely. Nilgiri, Namakkal, Thiruvallur and Kanyakumari with the total outlay of **Rs.214.50 crore**.

CONCLUSION

The Cooperative movement in Tamil Nadu has witnessed substantial growth in diverse areas of economy over the decades. The Cooperative Institutions have emerged as vibrant institutions catering to virtually all the basic needs of farmers, consumers and common men. The Cooperatives have played a vital role in stabilizing the prices of essential commodities by making them available at reasonable prices. The Cooperative Institutions have successfully attempted to link consumers and producers through farm fresh outlets and other outlets, thereby eliminating intermediaries.

In order to keep pace with changes, the Cooperative Institutions have been proactive in adopting technology to improve functioning at par with other professional entities. Core Banking Solutions, Computerisation of PACCS

and Enterprise Resource Planning of Cooperative Stores are some of the major initiatives in this direction.

The Cooperative Institutions in Tamil Nadu strongly achieve in inclusive growth and will continue to work towards growth of all, particularly of poor and downtrodden.

As envisaged in Vision 2023, released by the then Hon'ble Chief Minister, the Cooperatives would continue to march under the able leadership of the Hon'ble Chief Minister towards achieving the Goals.

Sellur K. Raju
Minister for Cooperation