

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
STARRED QUESTION NO. 167
TO BE ANSWERED ON 11/12/2024

Initiatives for upgrading Cooperative Sector

167. SHRI PRAMOD TIWARI:

Will the Minister of COOPERATION be pleased to state:

- (a) whether Government aims to connect every village to Cooperatives, driving economic prosperity under the banner of 'Sahkar se Samridhi';
- (b) if so, the details thereof;
- (c) whether many Cooperatives lack professional management structures, capital and resource constraints; and
- (d) if so, the key Government initiatives for upgrading the Cooperative sector in the country?

ANSWER

MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) in respect of Rajya Sabha Starred Question no. 167 for reply on 11th December, 2024 asked by Shri Pramod Tiwari regarding Initiatives for upgrading Cooperative Sector.

(a) and (b): Yes, Sir. In order to realize the vision of 'Sahkar se Samridhhi', Government of India (GoI) on 15.02.2023, has approved the Plan for strengthening cooperative movement in the country and deepening its reach up to the grassroots. The Plan entails establishment of new multipurpose PACS (M-PACS), Dairy and Fishery cooperative societies covering all the Panchayats/ villages in the country in the next five years, thereby connecting every village to Cooperatives, through convergence of various existing GOI schemes, including Dairy Infrastructure Development Fund (DIDF), National Programme for Dairy Development (NPDD), PM Matsya Sampada Yojana (PMMSY), etc, with the support of National Bank for Agricultural and Rural Development (NABARD), National Dairy Development Board (NDDB), National Fisheries Development Board (NFDB) and State Governments.

As per National Cooperative Database, a total of 8,823 new M-PACS, Dairy and Fishery Cooperative Societies have been registered across the country since the approval of the plan on 15.2.2023.

(c) and (d): GoI has taken several other initiatives to strengthen and upgrade the cooperative sector in the country, including the following:

1. Model Bye-Laws for PACS making them multipurpose, multidimensional and transparent entities: Government, in consultation with all the stakeholders, including States/ UTs, National Level Federations, State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs), etc., has prepared and circulated Model Byelaws for PACS to all the States/ UTs, which enable PACS to undertake more than 25 business activities, improve governance, transparency and accountability in their operations. So far, 32 States/ UTs have adopted Model Byelaws or their existing byelaws are in line with Model Byelaws.

2. Strengthening of PACS through Computerization: In order to strengthen PACS, project for Computerization of functional PACS with a total financial outlay of ₹2,516 Crore has been approved by the Government of India, which entails bringing all functional PACS in the Country onto a common ERP based national software, linking them with NABARD through StCBs and DCCBs. This initiative helps in improving the operational efficiency of PACS, ensuring speedy disbursement of loans, lowering of transaction costs, increasing transparency and increasing farmers' trustworthiness in PACS operations. So far, a total of 67,930 PACS from 30 States/ UTs have been sanctioned under the project. A total of 40,727 PACS have been onboarded on ERP Software and hardware has been procured by 29 States/UTs.

The details of other initiatives are enclosed at **Annexure**. These initiatives help not only in improving the professional management structures of cooperatives but also in diversifying their economic activities, thus helping in increasing their income channels and transforming them into multipurpose and multidimensional economic entities.

Progress on major initiatives taken by Ministry of Cooperation

Ministry of Cooperation, since its inception on 6th July, 2021, has undertaken several initiatives to realize the vision of “Sahakar-se-Samriddhi” and to strengthen & deepen the cooperative movement from Primary to Apex level Cooperatives in the country. List of initiatives taken and progress made so far are as follows:

A. Making Primary Cooperatives economically vibrant and transparent

- 1. Model Bye-Laws for PACS making them multipurpose, multidimensional and transparent entities:** Government, in consultation with all the stakeholders, including States/ UTs, National Level Federations, State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs), etc., has prepared and circulated Model Byelaws for PACS to all the States/ UTs, which enable PACS to undertake more than 25 business activities, improve governance, transparency and accountability in their operations. Provisions have also been made to make the membership of PACS more inclusive and broad-based, giving adequate representation to women and Scheduled Castes/Schedules Tribes. So far, 32 States/ UTs have adopted Model Byelaws or their existing byelaws are in line with Model Byelaws.
- 2. Strengthening of PACS through Computerization:** In order to strengthen PACS, project for Computerization of functional PACS with a total financial outlay of ₹2,516 Crore has been approved by the Government of India, which entails bringing all functional PACS in the Country onto a common ERP based national software, linking them with NABARD through StCBs and DCCBs. A total of 67,930 PACS from 30 States/ UTs have been sanctioned under the project. A total of 40,727 PACS have been onboarded on ERP Software and hardware has been procured by 29 States/UTs.
- 3. Establishing New Multipurpose PACS/ Dairy/ Fishery Cooperatives in uncovered Panchayats:** The Government of India has approved the plan to establish new multipurpose PACS/dairy/fisheries cooperatives, aiming to cover all panchayats and villages in the country over the next five years. This initiative is supported by NABARD, NDDB, NFDB and State/UT Governments. For effective implementation of the initiative, ‘Margadarshika’ has been launched on 19.9.2024, indicating the targets and timelines for stakeholders. As per National Cooperative Database, a total of 8,823 new PACS, Dairy and Fishery Cooperative Societies have been registered across the country since the approval of the plan on 15.2.2023.
- 4. World’s Largest Decentralized Grain Storage Plan in Cooperative sector:** Government has approved a plan to create warehouses, custom hiring centers, primary processing units and other agri infrastructure for grain storage at PACS level, through convergence of various GOI schemes, including AIF, AMI, SMAM,

PMFME, etc. This will reduce wastage of food grains and transportation costs, enable farmers to realize better prices for their produce and meet various agricultural needs at the PACS level itself. Under the pilot project, construction of godowns in 11 PACS of 11 States has been completed.

- 5. PACS as Common Service Centers (CSCs) for better access to e-services:** An MoU has been signed between Ministry of Cooperation, MeitY, NABARD and CSC e-Governance Services India Limited for providing more than 300 e-services such as banking, insurance, Aadhar enrolment/ updation, health services, PAN card and IRCTC/ Bus/ Air ticket, etc. through PACS. So far, 40,214 PACS have started providing CSC services to rural citizens.
- 6. Formation of new Farmer Producer Organizations (FPOs) by PACS:** Government has allowed 1,100 additional FPOs to be formed by PACS with the support of NCDC, in those blocks where FPOs have not yet been formed or the blocks are not covered by any other implementing agency. Apart from this, 1,207 FPOs have been formed in the cooperative sector by NCDC. This will be helpful in providing farmers with necessary market linkages and get fair and remunerative prices for their produce.
- 7. PACS given priority for Retail Petrol/ Diesel outlets:** Government has allowed PACS to be included in the Combined Category 2 (CC2) for allotment of retail petrol/ diesel outlets. As per information received from Oil Marketing Companies (OMCs), 286 PACS from 25 States/UTs have applied online for retail petrol/ diesel outlets.
- 8. PACS given permission to convert bulk consumer petrol pumps into retail outlets:** The existing bulk consumer licensee PACS have been given a one-time option by Oil Marketing Companies to convert into retail outlets. As per information shared by OMCs, 109 wholesale consumer pump licensee PACS from 4 States have given consent for conversion into Retail Outlets, out of which 45 PACS have received Letter of Intent (LOI) from the OMCs.
- 9. PACS eligible for LPG Distributorship for diversifying its activities:** Government has now allowed PACS to apply for LPG Distributorships. This will give PACS an option to increase their economic activities and diversify their income stream.
- 10. PACS as PM Bharatiya Jan Aushadhi Kendra for improving access to generic medicines at rural level:** PACS have been allowed to operate Pradhan Mantri Bhartiya Janaushadhi Kendras (PMBJKs), which will provide additional income source to them and ease the access to quality generic medicines for rural citizens. So far, 4,470 PACS/ cooperative societies have applied online for PMBJKs, out of which 2,705 PACS have been given initial approval by Pharmaceutical & Medical

Devices Bureau of India (PMBI) and 755 PACS have received drug license from State Drug Controllers which are ready to function as PM Bhartiya Jan Aushadhi Kendras.

- 11. PACS as Pradhan Mantri Kisan Samriddhi Kendras (PMKSK):** PACS have been enabled to operate PMKSK for ensuring easy accessibility of fertilizer & related services to farmers in the country. As per the information shared by Department of Fertilizers (GOI) and States/ UTs, a total of 36,180 PACS are functioning as PMKSK.
- 12. PACS to carry out O&M of rural piped water supply schemes (PWS):** PACS have been made eligible to carry out the Operations & Maintenance (O&M) of PWS in rural areas. As per information received from States/ UTs, 1,227 PACS have been identified/ selected by 13 States/ UTs to provide O&M services at Panchayat/ Village level.
- 13. Convergence of PM-KUSUM at PACS level:** Farmers associated with PACS can adopt solar agricultural water pumps and install photovoltaic modules in their farms.
- 14. Micro-ATMs to Bank Mitra Cooperative Societies for providing doorstep financial services:** Dairy and Fisheries cooperative societies can be made Bank Mitras of DCCBs and StCBs. To ensure their ease of doing business, transparency and financial inclusion, Micro-ATMs are also being given to these Bank Mitra Co-operative Societies with support from NABARD to provide 'Door-step Financial Services'. To facilitate effective implementation of the initiative, an SOP has been launched on 19th September 2024. So far, 7,446 Micro-ATMs have been distributed to Bank Mitra cooperative societies in Gujarat.
- 15. Rupay Kisan Credit Card to Members of Milk Cooperatives:** In order to expand the reach of DCCBs/ StCBs and to provide necessary liquidity to the members of Dairy Cooperative societies, Rupay Kisan Credit Cards (KCCs) are being distributed to the members of cooperatives for providing credit at comparatively lower interest rates and to enable them to carry out other financial transactions. To facilitate effective implementation of the initiative, an SOP has been launched on 19th September 2024. So far, 7,25,795 Rupay KCC have been distributed in the State of Gujarat.
- 16. Formation of Fish Farmer Producer Organization (FFPO):** In order to provide market linkage and processing facilities to fishermen, NCDC has registered 70 FFPOs in the initial phase. In addition, Department of Fisheries, Government of India has allocated the work of converting 1000 existing fisheries cooperative societies into FFPOs to NCDC, with an approved outlay of Rs. 225.50 crore.

17. White Revolution 2.0: Ministry of Cooperation, Government of India, has launched a new initiative of 'White Revolution 2.0' with the aim of enhancing employment, promoting women's empowerment and improving milk production through cooperative societies. The key objectives of this initiative are 50% increase in procurement of milk by dairy cooperatives, providing market access to dairy farmers in areas that have not yet been covered by the organized dairy sector and promoting the share of dairy cooperative societies in the organized dairy sector. Ministry of Cooperation, in collaboration with the National Dairy Development Board (NDDB), has prepared and launched an SOP on 19th September, 2024 to guide the effective implementation of this initiative.

18. Atmanirbharta Abhiyan: Ministry of Cooperation has launched the initiative to incentivize production of pulses (tur, masur and urad) to reduce dependency on imports, and production of maize to be used for production of ethanol for meeting the goal of Ethanol Blending Programme (EBP). National Cooperative Consumer Federation (NCCF) and National Agricultural Cooperative Marketing Federation of India (NAFED) are the central nodal agencies under this initiative, and have developed Esamyukti (NCCF) and Esamidhi (NAFED) portals respectively, for registration of farmers through cooperatives. For pre-registered farmers of tur, urad and masur pulses, the Government has guaranteed to procure 100% of the produce at Minimum Support Price (MSP). However, if market prices exceed the MSP, farmers are free to sell their produce in the open market for higher profits. Similarly, both the agencies guarantee 100% procurement of maize from pre-registered farmers throughout all three seasons - Kharif, Zaid, and Rabi, thus ensuring a steady supply of maize to ethanol distilleries and at the same time also encouraging farmers to cultivate maize. As of today, 15,38,704 farmers have already registered on the Esamyukti.in portal of NCCF and 17,64,130 on the Esamidhi portal of NAFED.

B. Strengthening the Urban and Rural Cooperative Banks

19. Urban Cooperative Banks (UCBs) have been allowed to open new branches to expand their business: UCBs can now open new branches up to 10% (maximum 5 branches) of the existing number of branches in the previous financial year without prior approval of RBI.

20. UCBs have been allowed by RBI to offer doorstep services to their customers: Door step banking facility can now be provided by UCBs. Account holders of these banks can now avail various banking facilities at home such as cash withdrawal, cash deposit, KYC, demand draft and life certificate for pensioners, etc.

21. Cooperative banks have been allowed to make one-time settlement of outstanding loans, like Commercial Banks: Co-operative banks, through board-approved policies, can now provide the process for settlement with borrowers, along with technical write-off.

- 22. Time limit increased to achieve Priority Sector Lending (PSL) targets given to UCBs:** RBI has extended the timeline for UCBs to achieve Priority Sector Lending (PSL) targets by two years i.e., up to March 31, 2026.
- 23. A Nodal Officer designated in RBI for regular interaction with UCBs:** In order to meet the long pending demand of the cooperative sector for closer coordination and focused interaction, RBI has notified a nodal officer.
- 24. Individual housing loan limit more than doubled by RBI for Rural and Urban Cooperative Banks:**
- a. Housing loan limit of Urban Cooperative Banks has now been doubled from Rs. 30 lakh to Rs.60 lakhs.
 - b. Housing loan limit of Rural Cooperative Banks has been increased to two and a half times to Rs.75 lakhs.
- 25. Rural Cooperative Banks will now be able to lend to commercial real estate/ residential housing sector, thereby diversifying their business:** This will not only help Rural Cooperative Banks to diversify their business, but will benefit Housing cooperative societies also.
- 26. License fee reduced for Cooperative Banks:** License fee for onboarding Cooperative Banks to 'Aadhaar Enabled Payment System' (AePS) has been reduced by linking it to the number of transactions. Cooperative financial institutions will also be able to get the facility free of cost for the first three months of the pre-production phase. With this, farmers will now be able to get the facility of banking at their home with through biometrics.
- 27. Non-scheduled UCBs, StCBs and DCCBs notified as Member Lending Institutions (MLIs) in CGTMSE Scheme to increase the share of cooperatives in lending:** Cooperative banks will now be able to take advantage of risk coverage up to 85 percent on the loans given. Also, cooperative sector enterprises will also be able to get collateral free loans from cooperative banks now.
- 28. Notification of Scheduling norms for including Urban Cooperative Banks:** UCBs that meet the 'Financially Sound and Well Managed' (FSWM) criteria and have maintained the minimum deposits required for classification as Tier 3 for the last two years are now eligible to be included in Schedule II of the Reserve Bank of India Act, 1934 and get 'Scheduled' status.
- 29. Monetary ceiling doubled by RBI for Gold Loan:** RBI has doubled monetary ceiling from Rs. 2 lakh to Rs.4 lakh, for those UCBs that meet the PSL targets.

30. Umbrella Organization for Urban Cooperative Banks: RBI has accorded approval to the National Federation of Urban Co-operative Banks and Credit Societies Ltd. (NAFCUB) for the formation of an Umbrella Organization (UO) for the UCB sector, which will provide necessary IT infrastructure and operational support to around 1,500 UCBs.

C. Relief to Cooperative Societies in the Income Tax Act

31. Surcharge reduced from 12% to 7% for co-operative societies having income between Rs. 1 to 10 Cr.: This will reduce the burden of Income Tax on Cooperative Societies and more capital will be available with them to work for the benefit of their members.

32. MAT reduced for cooperatives from 18.5% to 15%: With this provision, now there is parity between Cooperative Societies and Companies in this regard.

33. Relief in cash transactions under section 269ST of the Income Tax Act: In order to remove difficulties in cash transactions by cooperatives under Section 269ST of IT Act, Government has issued a clarification that cash transaction of less than Rs. 2 lakhs done by a cooperative society with its distributor in a day will be considered separately, and will not be charged with income tax penalty.

34. Tax cut for new manufacturing Cooperative societies: Government has decided that a flat lower tax rate of 15% will be charged, compared to an earlier rate of up to 30% plus surcharge, for new cooperatives commencing manufacturing activities by March 31, 2024. This will encourage the formation of new cooperative societies in the manufacturing sector.

35. Increase in limit of Cash Deposits and Cash Loans by PACS and PCARDBs: Government has enhanced the limit for Cash Deposits and Cash Loans by PACS and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) from Rs.20,000 to Rs.2 lakh per member. This provision will facilitate their activities, increase their business and benefit members of their societies.

36. Increase in the limit of Tax Deducted at Source (TDS) in Cash Withdrawal: Government has increased the cash withdrawal limit of cooperative societies without deduction of tax at source from Rs.1 crore to Rs.3 crore per year. This provision will save Tax Deducted at Source (TDS) for cooperative societies, which will enhance their liquidity.

D. Revival of Cooperative Sugar Mills

37. Relief from Income Tax to Sugar Cooperative Mills: Government has issued a clarification that cooperative sugar mills would not be subjected to additional

income tax for paying higher sugarcane prices to farmers up to Fair and Remunerative or State Advised Price, from April, 2016 onwards.

38. Resolution of decades old pending issues related to Income Tax of Sugar

Cooperative Mills: Government has made a provision in its Union Budget 2023-24, wherein Sugar cooperatives have been allowed to claim as expenditure their payments to sugarcane farmers for the period prior to assessment year 2016-17, giving them a relief of more than Rs.46,000 crore.

39. Rs.10,000 crore loan scheme launched for strengthening of Sugar Cooperative

Mills: Government has launched a scheme through NCDC for setting up ethanol plants or cogeneration plants or for working capital or for all three purposes. So far, the Ministry has released Rs. 750 crore to NCDC (Rs. 500 crore in FY 2022-23 and Rs. 250 crore in FY 2024-25) under the scheme and as on 7.11.2024, NCDC has so far sanctioned Rs.7790.00 crore to 56 CSMs.

40. Preference to Cooperative Sugar Mills in purchase of ethanol:

Cooperative Sugar Mills have now been put at par with private companies for ethanol procurement by Government of India under the Ethanol Blending Programme (EBP).

41. Reduction in GST on molasses from 28% to 5%:

Government has decided to reduce the GST on molasses from 28% to 5% which will enable cooperative sugar mills to earn more profits for their members by selling molasses to distilleries with higher margins.

E. Three new National Level Multi-State Societies

42. New National Multi-State Cooperative Seed Society for certified seeds:

Government has established a new apex multi-state cooperative seed society under the MSCS Act, 2002, namely Bharatiya Beej Sahakari Samiti Limited (BBSSL) as an umbrella organization for quality seed cultivation, production and distribution under a single brand. BBSSL so far has planted breeder seeds of Wheat, Mustard, and Pulses (Gram, Pea) on 366 Hectare land during Rabi season. Similarly, during Kharif season breeder seeds of Paddy, Moong, Soyabean, Groundnut, Jowar and Guar have been planted on 148.26 Hectare land. So far, 14,816 PACS/ Cooperative Societies have become members of BBSSL.

43. New National Multi-State Cooperative Organic Society for organic farming:

Government has established a new apex multi-state cooperative organic society under the MSCS Act, 2002, namely National Cooperative Organics Limited (NCOL) as an umbrella organization to produce, distribute and market certified and authentic organic products. So far, 3,772 PACS/ cooperative societies have become

members of NCOL. NCOL has launched 13 products i.e., Whole Wheat Flour, Moong Dhuli, Moong Whole, Moong Chilka Dal, Moong Split, Arhar/Toor Dal, Urad Whole, Urad Dal, Masoor Whole, Masoor Malka, Brown Chana, Rajma Chitra, Chana Dal under 'Bharat Organics Brand'.

44. New National Multi-State Cooperative Export Society for promoting exports:

Government has established a new apex multi-state cooperative export society under the MSCS Act, 2002, namely National Cooperative Export Limited (NCEL) as an umbrella organization to give thrust to exports from cooperative sector. So far, 5,438 PACS/ cooperative societies have become members of NCEL. Till date, NCEL has achieved a total export quantity of commodities (rice, sugar, onion, wheat, maize and Jeera) of 11,62,728 Metric tonnes with an exported value of Rs. 4,581.7 crore.

F. Capacity Building in Cooperatives

45. Promotion of training and awareness through National Council for Cooperative Training (NCCT): By increasing its reach, NCCT has conducted 1,937 training programs and provided training to 1,09,021 participants till October 2024.

G. Use of Information Technology for 'Ease of Doing Business'

46. Computerization of the Central Registrar's Office: Central Registrar's office has been computerized to create a digital ecosystem for Multi-State Cooperative Societies, which will assist in processing applications and service requests in a time bound manner.

47. Scheme for computerization of office of RCSs in States/Union Territories: To increase 'Ease of doing business' for Cooperative Societies and create a digital ecosystem for transparent paperless regulation in all the States/ Union Territories, a Centrally Sponsored Project for computerization of RCS Offices has been approved by the Government. Grants are provided for purchase of hardware, development of software, etc. to the States/ UTs. So far, proposals received from 35 States/ UTs have been sanctioned by GOI.

48. Computerization of Agriculture and Rural Development Banks (ARDBs): To strengthen the long-term cooperative credit structure, the project of computerization of 1,851 units of Agriculture and Rural Development Banks (ARDBs) spread across 13 States/ Union Territories has been approved by the Government. NABARD is the implementing agency for the project. So far, proposals from 10 States/UTs have been received and sanctioned. Further, GOI share amounting to Rs 4.26 crore has been released to 8 States/UTs in FY 2023-24 and FY 2024-25 for procurement of hardware, digitization and setting up of support system.

H. Other Initiatives

49. New National Cooperative Database for authentic and updated data

repository: A database of cooperatives in the country has been prepared with the support of State Governments to facilitate stakeholders in policy making and implementation of programmes/ schemes related to cooperatives across the country. So far, data of more than 8 lakh cooperatives has been captured in the database.

50. Multi-State Co-operative Societies (Amendment) Act, 2023:

Amendment has been brought in the MSCS Act, 2002 to strengthen governance, enhance transparency, increase accountability, reform electoral process and incorporate provisions of 97th Constitutional Amendment in the Multi State Cooperative Societies.

51. Cooperative Ombudsman:

Following the amendment in the Multi–State Cooperative Societies (MSCS) Act, 2002, Cooperative Ombudsman has been appointed under Section 85A of the said Act vide gazette notification dated 05.03.2024. The Ombudsman office is fully functional and deals with complaints or appeals, from members of the MSCS regarding their deposits, equitable benefits of the Multi–State Co-operative Society’s functioning or any other issue affecting the individual rights of the concerned member.

52. Cooperative Election Authority (CEA):

Following the amendment in the Multi–State Cooperative Societies (MSCS) Act, 2002, the Cooperative Election Authority has been set up to strengthen governance and accountability, with a mandate to conduct free and fair election in all MSCSs. Elections in more than 60 MSCS have been conducted successfully.

53. Inclusion of Cooperatives as ‘buyers’ on GeM portal:

Government has permitted cooperatives to register as ‘buyer’ on GeM, enabling them to procure goods and services from over 67 lakhs vendors to facilitate economical purchases and greater transparency. So far, 574 cooperative societies have been onboarded on GeM as buyers. To date, 2,406 transactions have been done with transaction amount of Rs. 273.62 crores.

54. Expansion of National Cooperative Development Corporation (NCDC) to

increase its range and depth: NCDC has launched new schemes in various sectors such as ‘SwayamshaktiSahkar’ for SHGs; ‘Deerghavadhi Krishak Sahkar’ for long term agricultural credit and ‘Dairy Sahkar’ for dairy. During the current FY 2024-25, so far, total financial assistance of Rs. 52,533 crores has been disbursed by NCDC.

55. Financial assistance by NCDC for Deep Sea Trawlers: NCDC is providing financial assistance for projects related to deep sea trawlers in coordination with the Department of Fisheries, Government of India. NCDC has already sanctioned financial assistance of Rs. 25.95 crore for purchase of total 44 deep sea trawlers for the Fisheries Cooperative Societies of Maharashtra and Gujarat State.

56. Refund to Investors of Sahara Group of Societies: A portal has been launched for making payments to the genuine depositors of the cooperative societies of Sahara Group in a transparent manner. Disbursements have already started after proper identification and submission of proof of their deposits and claims. So far, Rs.1248.71 crores have been disbursed to 8.23 lakhs applicants.
