

**GOVERNMENT OF INDIA  
MINISTRY OF COOPERATION**

**LOK SABHA  
UNSTARRED QUESTION NO. 2614  
TO BE ANSWERED ON 19/12/2023**

**FPO in Cooperative Sector**

**†2614. SHRI PRADEEP KUMAR SINGH:**

**SHRI RAJU BISTA:**

**SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:**

Will the Minister of COOPERATION (सहकारिता मंत्री) be pleased to state:

- (a) the details of the steps being taken by the Ministry to constitute and promote Farmer Produce Organisations (FPOs) in the cooperative sector;
- (b) the details of FPOs constituted in Cooperative Sector, State-wise;
- (c) the manner in which the said FPOs are likely to benefit farmers who are associated with Primary Agricultural Credit Societies (PACS); and
- (d) the manner in which the said steps are likely to help strengthen the cooperative sector in the country and increase the income of PACS?

**ANSWER**

**THE MINISTER OF COOPERATION**

**सहकारिता मंत्री (SHRI AMIT SHAH)**

(a): The Government of India has launched the Central Sector Scheme for “Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)” in the year 2020 with a total budgetary outlay of Rs.6,865 crore which aim at enabling farmers to enhance their bargaining power, leverage economies of scale, reduction in cost of production and enhancing farmers’ incomes through aggregation of their agricultural produce, thus playing a major role towards sustainable incomes.

The Ministry of Agriculture and Farmers' Welfare has informed that there are 14 Implementing Agencies (IAs) under the scheme viz. Small Farmers' Agri-Business Consortium (SFAC), National Bank for Agriculture and Rural Development (NABARD), National Cooperative Development Corporation (NCDC), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) etc. for formation and promotion of FPOs either under Companies Act or Co-operative Societies Act of the concerned States.

Under the scheme, NCDC is exclusively promoting FPOs in the cooperative sector. An initial target for formation and promotion of 763 cooperative FPOs was allocated to NCDC, against which 672 FPOs have been registered under respective State Cooperative Acts.

Further, additional target of 1,100 Farmer Producer Organizations (FPOs) has been allocated to NCDC by the Government of India for formation and promotion of FPOs in cooperative sector, through strengthening of Primary Agricultural Cooperative Credit Societies (PACS). Against the target of 1,100 FPOs, selection and allocation of 645 blocks has been completed.

(b): The State/UT-wise total number of FPOs registered under respective State Cooperative Act is as mentioned below:

S.No.	State/UT	No. of FPOs registered under Cooperative Act
1.	Andhra Pradesh	67
2.	Arunachal Pradesh	3
3.	Assam	18
4.	Bihar	63
5.	Chhattisgarh	32
6.	Gujarat	50
7.	Haryana	21
8.	Himachal Pradesh	20
9.	Jammu & Kashmir	46
10.	Jharkhand	30
11.	Karnataka	34
12.	Kerala	16
13.	Lakshadweep	1
14.	Madhya Pradesh	26
15.	Maharashtra	25
16.	Manipur	4
17.	Meghalaya	12
18.	Mizoram	7
19.	Nagaland	16
20.	Odisha	17
21.	Puducherry	3
22.	Punjab	11
23.	Rajasthan	32
24.	Sikkim	13
25.	Tamil Nadu	49
26.	Telangana	31
27.	Tripura	17
28.	Uttar Pradesh	67
29.	Uttarakhand	33
30.	West Bengal	28
	<b>Grand Total</b>	<b>792</b>

(c) & (d): To strengthen the Primary Agricultural Cooperative Credit Societies (PACS), Government of India has allocated a target of formation of 1,100 new FPOs through members of PACS. It is aimed at strengthening the existing PACS through remunerative prices for their produce by providing them necessary market linkages through District, State and National level federations, further leading to diversification in the economic activities of PACS and enabling them to generate new and stable sources of income.

Under the scheme, FPOs are being provided financial assistance upto Rs.18.00 lakh for a period of 3 years. In addition, provision has been made for contribution of matching equity grant upto Rs. 2,000 per farmer member of FPO with a limit of Rs.15.00 lakh and a credit guarantee facility upto Rs.2 crore of project loan per FPO from eligible lending institution to ensure institutional credit accessibility to FPOs.

Further, in order to realise the vision of 'Sahakar Se Samriddhi', Government of India has taken various initiatives to economically strengthen PACS. The details of initiatives taken by the Ministry of Cooperation for development of Cooperative Sector is enclosed at **Annexure-I**.

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**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. Model Byelaws have been adopted by 31 States/ UTs so far.
- 2. Strengthening of PACS through Computerization:** In order to strengthen PACS, project for Computerization of 63,000 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 62,318 PACS from 28 States/ UTs have been sanctioned under the project. Software is ready and trials have already started in 5,673 PACS in 26 States/ UTs so far.
- 3. New Multipurpose PACS/ Dairy/ Fishery Cooperatives in uncovered Panchayats:** A proposal has been approved by the Government to set up new multi-purpose PACS or primary dairy/ fisheries cooperatives covering every Panchayat/ village in the next five years, with support of NABARD, NDDB, NFDB, NCDC and other National level Federations. As reported by the States/ UTs, the process for registering 9,961 new PACS/ Dairy/ Fishery cooperative societies in 24 States/ UTs is in various stages.
- 4. World's Largest Decentralized Grain Storage Plan in Cooperative sector:** Government has approved a plan to create warehouses, custom hiring centres, primary processing units and other agri-infra for grain storage at PACS level, by converging various schemes of Government such as 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. 22 States/ UTs and National level Cooperative Federations such as National Cooperative Consumers Federation (NCCF) and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), have identified 1,711 PACS for creation of storage capacity under the Pilot Project. At present, construction is going in 13 PACS of 13 States/ UTs under the Pilot Project.
- 5. PACS as Common Service Centers (CSCs) for better access to e-services:** 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, 24,470 PACS have started providing CSC services to the rural citizens which will also result in increase in income of those PACS at the same time.

- 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. This will be helpful in providing the farmers with necessary market linkage 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), a total of 228 PACS have applied online for retail petrol/ diesel outlets.
- 8. PACS given permission to convert bulk consumer petrol pumps into retail outlets:** Based on the discussions with the Ministry of Petroleum and Natural Gas, guidelines have been issued to convert the existing bulk consumer licensee PACS into retail outlets for increasing the profit of PACS and generate employment opportunities in rural areas. 109 PACS from 5 States having wholesale consumer pumps have given consent for conversion into Retail Outlets, out of which 43 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 create new employment opportunities in rural areas. Two locations have already been advertised in the State of Jharkhand.
- 10. PACS as PM Bharatiya Jan Aushadhi Kendra for improving access to generic medicines at rural level:** Government is promoting PACS to operate Pradhan Mantri Bhartiya Janaushadhi Kendras which will provide additional income source to them and provide easy access of generic medicines to rural citizens. So far, 4,289 PACS/ cooperative societies have applied online for PM Janaushadhi Kendras, out of which 2,293 PACS have been given initial approval also.
- 11. PACS as Pradhan Mantri Kisan Samriddhi Kendras (PMKSK):** Government is promoting PACS to operate PMKSK for ensuring easy accessibility of fertilizer & related services to farmers in the country. As per the information shared by States/ UTs, 28,648 PACS are functioning as PMKSK so far.
- 12. Convergence of PM-KUSUM at PACS level:** Farmers associated with PACS can adopt solar agricultural water pumps and install photovoltaic modules in their farms.
- 13. PACS to carry out O&M of rural piped water supply schemes (PWS):** In order to utilize the reach of PACS in rural areas, on the initiative of the Ministry of Cooperation, Ministry of Jal Shakti has made PACS as eligible agencies to carry out the Operations & Maintenance (O&M) of PWS in rural areas. As per information received from States/ UTs, 1,381 PACS have been identified by 12 States/ UTs to provide O&M services at Panchayat/ Village level.
- 14. Micro-ATMs to Bank Mitra Cooperative Societies for providing doorsteps 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'. As a pilot project, 1,723 Micro-ATMs have been distributed to Bank Mitra cooperative societies in Panchmahal and Banaskantha Districts of 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 enable other financial transactions. As a pilot project, 73,503 Rupay KCC have been distributed in Panchmahal and Banaskantha Districts of Gujarat.

**16. Formation of Fish Farmer Producer Organization (FFPO):** In order to provide market linkage and providing processing facilities to the fishermen, NCDC has registered 69 FFPOs in the initial phase. Department of Fisheries, Government of India has further allocated conversion of 1000 existing fisheries cooperative societies into FFPOs to NCDC, with an approved outlay of Rs 225.50 crore.

**B. Strengthening the Urban and Rural Cooperative Banks**

**17. 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.

**18. UCBs have been allowed by RBI to offer doorstep services to their customers:** Door step banking facility can now be provided by the UCBs. Account holders associated with 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.

**19. 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 process for technical write-off as well as settlement with borrowers.

**20. 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.

**21. 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 as well.

**22. Individual housing loan limit more than doubled by RBI for Rural and Urban Co-operative Banks:**

- a. Housing loan limit of Urban cooperative banks have now been doubled from Rs 30 lakh to Rs 60 lakh.
- b. Housing loan limit of Rural cooperative banks has been increased to two and a half times to Rs 75 lakh.

- 23. Rural Co-operative Banks will now be able to lend to commercial real estate/ residential housing sector, thereby diversifying their business:** This will not only help Rural co-operative banks to diversify their business, but benefit Housing co-operative societies also.
- 24. 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 their fingerprints.
- 25. Non-scheduled UCBs, StCBs and DCCBs notified as Member Lending Institutions (MLIs) in CGTMSE Scheme to increase the share of cooperatives in lending:** The co-operative 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 co-operative banks now.
- 26. Notification of Scheduling norms for including Urban Co-operative 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.
- 27. 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.
- 28. 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 operation support to around 1,500 UCBs.

**C. Relief to Cooperative Societies in the Income Tax Act**

- 29. 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.
- 30. MAT reduced for cooperatives from 18.5% to 15%:** With this provision, now there is parity between Cooperative Societies and Companies in this regard.
- 31. 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.
- 32. 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.

**33. 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.

**34. 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 liquidity of the cooperative society.

**D. Revival of Cooperative Sugar Mills**

**35. Relief from Income Tax to Sugar Cooperative Mills:** Government has issued a clarification that Sugar cooperative 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.

**36. 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 a relief of more than Rs.10,000 crores.

**37. 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. Loan amount of Rs. 3,010 cr. has been sanctioned by NCDC to 24 Cooperative Sugar Mills so far.

**38. 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).

**39. 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 its members by selling molasses to distilleries with higher margins.

**E. Three new Multi-State Societies at the National Level**

**40. 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. 8,200 PACS/ cooperative societies from 27 States/ UTs have applied to become its members so far.



**41. 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. 2,475 PACS/ cooperative societies from 24 States/ UTs have applied to become its members so far. 6 organic products have already been launched by NCOL so far.

**42. 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. 2,625 PACS/ cooperative societies from 22 States/ UTs have applied to become its members so far. Till date, NCEL has got permission to export 14.92 LMT rice to 16 countries and 50,000 MT sugar to 2 countries.

#### **F. Capacity Building in Cooperatives**

**43. Establishment of the Cooperative University:** Steps are being taken by Ministry of Cooperation for setting up of a National Cooperative University for Cooperative education, training, consultancy, research and development and a sustainable and quality supply of trained manpower.

**44. Promotion of training and awareness through National Council for Cooperative Training (NCCT):** By increasing its reach, NCCT has conducted 3,287 training programs and provided training to 2,01,507 participants in FY 2022-23.

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

**45. 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.

**46. Scheme for computerization of office of RCSs in States and Union Territories:** To increase 'Ease of doing business' for Cooperative Societies and create a digital ecosystem for transparent paperless regulation in all States/Union Territories, a Centrally Sponsored Project for computerization of RCS Offices has been approved by the Government. Grants will be provided for purchase of hardware, development of software, etc. to the States/ UTs.

**47. 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) has been approved by the Government. NABARD is the implementing agency for the project and will develop a national level software for ARDBs. Hardware, support for Digitization of legacy data, training to the employees, etc. will be provided under the project.

#### **H. Other Initiatives**

**48. 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 around 7.86 lakh cooperatives has been captured in the database.

- 49. Formulation of New National Cooperative Policy:** A National level committee comprising 49 experts and stakeholders drawn from all over the Country has been constituted to formulate the New National Cooperative Policy for enabling a vibrant ecosystem to realize the vision of ‘Sahakar-se-Samriddhi’.
- 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 97<sup>th</sup> Constitutional Amendment in the Multi State Cooperative Societies.
- 51. Inclusion of Cooperatives as ‘buyers’ on GeM portal:** Government has permitted the cooperatives to register as ‘buyer’ on GeM, enabling them to procure goods and services from nearly over 67 lakh vendors to facilitate economical purchases and greater transparency. So far, 559 cooperative societies have been onboarded on GeM as buyers.
- 52. Expansion of National Cooperative Development Corporation (NCDC) to increase its range and depth:** NCDC has launched new schemes in various sectors such as ‘Swayamshakti Sahkar’ for SHGs; ‘Deerghavadhi Krishak Sahkar’ for long term agricultural credit and ‘Dairy Sahkar’ for dairy. Total financial assistance of Rs. 41,024 Crores has been disbursed by NCDC in FY 2022-23, which is almost 20% higher than the disbursement of Rs.34,221 crore in 2021-22. Government of India has permitted NCDC to issue bonds worth ₹2000 crore with government guarantee, subject to the adherence of specified terms and conditions. Further, NCDC is setting up sub-offices in 6 North Eastern States – Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura with the objective of taking various national schemes to the cooperative societies at their doorstep.
- 53. 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 20.30 crore for purchase of 14 deep sea trawlers for the Fisheries Cooperative Societies of Maharashtra.
- 54. 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. Disbursement have already started after proper identification and submission of proof of their deposits and claims.

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