

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION NO. 4026
TO BE ANSWERED ON 25th MARCH, 2025**

State's Cooperative Institutions

4026. Shri Charanjit Singh Channi:

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

- (a) whether the Government has neglected the State's cooperative institutions, such as cooperative banks, sugar mills and dairy plants, leading them to a state of crisis;
- (b) whether the Government has formulated any special plan for the revival and strengthening of these cooperative institutions, if so, the details thereof;
- (c) whether the market share of Punjab State Cooperative Milk Producers' Federation Limited (Verka) has declined while other brands like Amul have expanded their presence in the State; and
- (d) whether the Government has taken any concrete steps to enhance Verka's competitiveness and regain its market share, if so the details thereof?

ANSWER

**THE MINISTER OF COOPERATION
सहकारिता मंत्री (SHRI AMIT SHAH)**

(a) to (b): Ministry of Cooperation, since its inception on 6th July, 2021 has undertaken several initiatives to realize the vision of 'Sahkar Se Samriddhi' and strengthen and deepen the cooperative movement from Primary to Apex level Cooperatives in the country. The steps taken for benefit of cooperative banks, cooperative sugar mills and cooperative dairy sector are at Annexure - I.

(c): As per the data provided by NDDDB, milk procurement and sale of Dairy Cooperatives in India and Punjab are increasing over the years as per the details given below:

Year	All India		Punjab	
	Procurement (LKgPD)	Sale (LLPD)	Procurement (LKgPD)	Sale (LLPD)
2020-21	519	361	19	10
2021-22	548	386	19	11
2022-23	547	422	19	12
2023-24	607	434	20	13
2024-25 (YTD Feb 2025)*	616	439	21	13

Source: Milk Unions and Federations
* Provisional Data

(d): Government is implementing following major schemes for strengthening the dairy cooperatives in Punjab:

- White Revolution 2.0:** Target to set up 2,378 new DCSs and strengthening of 2,440 existing DCSs in Punjab has been fixed under White Revolution 2.0. So far, 87 DCSs have been registered.
- Supporting Dairy Cooperatives and Farmer Producer Organisations engaged in dairy activities – Interest subvention for working capital loans**

Interest subvention of Rs. 31.61 Crore has been released to the participating agencies in the state of Punjab for the period from 2020-21 to 2023-24, as on 15 March 2025.

Details of union-wise Interest Subvention released in the state of Punjab under SDC&FPO scheme during the above period (as on 15 March, 2025) are given in Annexure-II.

- Dairying through Cooperatives (DTC) – Component B of National Programme for Dairy Development (NPDD)**

In the state of Punjab, total 2 projects have been sanctioned with aggregate outlay of Rs. 371.18 Crore (Loan- Rs. 286.36 Crore, Grant – Rs. 54.52 Crore, Participating Institution's (PI) contribution – Rs. 30.30 Crore). The details of components sanctioned are given below:

Sr. No.	Participating Institution	Financial Outlay (Rs. Lakh)				Project Components
		Loan	Grant	PI contri	Total	
1	Ropar Milk Union	273.18	23.15	28.51	324.84	<ul style="list-style-type: none"> • Strengthening Milk Procurement Infrastructure • Strengthening Milk Processing Infrastructure (5 LLPD milk processing plant) • Support for Marketing Infrastructure • Productivity Enhancement • Training & Capacity Development

Sr. No.	Participating Institution	Financial Outlay (Rs. Lakh)				Project Components
		Loan	Grant	PI contri	Total	
2	Baani Milk Producer Company	13.18	31.37	1.79	46.34	<ul style="list-style-type: none"> • Strengthening Milk Procurement Infrastructure • Productivity Enhancement • Training & Capacity Development
	Total	286.36	54.52	30.30	371.18	

4. **The NDDB has implemented following schemes to increase Verka's competitiveness:**

- i. **Support to Strengthen Marketing Operations of Producers' Owned Institutions scheme of NDDB:-** With an objective "To support the smaller Producer Owned Institutes to strengthen their marketing operations so as to increase their market share for milk & milk products and provide quality & safe milk to the consumers at a reasonable price", NDDB has introduced a scheme "Support to Strengthen Marketing Operations of Producers' Owned Institutions". Under this scheme, four projects for the Amritsar, Patiala, Gurdaspur and Hoshiarpur Milk Unions have been approved with total grant of Rs 330.32 lakhs.

- ii. **Revitalising Promising Producers' Owned Institutions" Scheme of NDDB:-** National Dairy Development Board (NDDB) sanctioned an interest free loan of Rs. 246.21 lakh and grant of Rs. 228.20 lakh to Ferozepur District Co-operative Milk Producers' Union Limited under the NDDB's "Revitalising Promising Producers' Owned Institutions" Scheme. Total project outlay under the scheme is Rs. 607.15 Lakh. In this scheme, out of total outlay Rs. 168.53 Lakh is for component of "Strengthening Marketing Operation".

A. Strengthening the Urban and Rural Cooperative Banks:-

- i. **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.
- ii. **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.
- iii. **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.
- iv. **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.
- v. **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.
- vi. **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 lakhs 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.
- vii. **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.
- viii. **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.

- ix. **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.
- x. **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.
- xi. **Monetary ceiling doubled by RBI for Gold Loan:** RBI has doubled monetary ceiling from Rs. 2 lakhs to Rs.4 lakhs, for those UCBs that meet the PSL targets.
- xii. **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.

B. Strengthening of Cooperative Sugar Mills (CSMs):-

(i) Relief from Income Tax to Cooperative Sugar Mills: Sugar factories operating in the co-operative sector in certain States of India pay to sugarcane growers a final amount, often referred to as Final Cane Price (FCP) which is over and above the Statutory Minimum Price (SMP) fixed by the Central Government under the Sugarcane Control Order, 1996.

The payment of FCP by the co-operative sugar factories over and above the SMP for purchase of sugarcane had resulted into tax litigation. The co-operative sugar factories were claiming this excess payment as business expenditure whereas the same has been disallowed in the assessment on the ground that the excess price paid for purchase of sugar cane over and above SMP is in the nature of appropriation/distribution of profit and hence not allowable as deduction. In order to provide certainty in this matter and to encourage co-operative movement in sugar sector, a new clause (xvii) was inserted to amend sub-section (1) of section 36 of the Income-tax Act to provide that the amount paid for purchase of sugarcane by the co-operative societies engaged in the manufacture of sugar at a price which is equal to or less than the price fixed by or fixed with the approval of the Government, including price fixation by State Governments through State-level Acts/Orders or other legal instruments that regulate the purchase price for sugarcane, including State Advised Price, which may be higher than the Statutory Minimum Price/Fair and Remunerative Price fixed by the Central Government shall be allowed as deduction for computing business income of the sugar co-operative factories w.e.f. 01.4.2016.

(ii) Resolving decades old pending issues related to income tax demand on Cooperative Sugar Mills: The provision at SI. No (i) above resolved the issue of treatment of additional payment for

sugar price by CSMs as an income distribution to farmers w.e.f. 01.04.2016. However, pending demands and litigation still persisted in respect of assessment years (AYs) prior to 2016-17. Therefore, to conclude the matter logically and to extend the benefit of the abovementioned relief to all the applicable years, section 155 of the Act has been amended to insert a new sub-section (19) vide Finance Act, 2023, w.e.f. 01 April 2023. It provides that in the case of a sugar mill cooperative, where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee and such deduction has been disallowed wholly or partly in any previous year commencing on or before the 1st day of April, 2014, the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of such assessee for such previous year. The Assessing Officer shall allow such deduction to the extent such expenditure is incurred at a price which is equal to or less than price fixed or approved by the Government for that previous year. CBDT has also issued Standard Operating Procedure in this regard on 27.07.2023.

(iii) Rs 10,000 crore loan scheme through NCDC for strengthening of Cooperative Sugar Mills: Ministry of Cooperation has launched a new scheme named 'Grant-in-aid to NCDC for Strengthening of Cooperative Sugar Mills', under which Government of India has provided grant of Rs.1,000 crore to NCDC during financial year 2022-23 and 2024-25. NCDC will use this grant to provide loans up to Rs. 10,000 crores to Cooperative Sugar Mills, for setting up ethanol plants or for setting up cogeneration plants or for working capital or for all three purposes. NCDC has so far sanctioned 87 loans of ₹ 9893.12 crore to 48 CSMs.

For ease of CSMs availing loan for setting up of ethanol plants under the scheme, NCDC has revised its funding pattern from 70:30 to 90:10 wherein the society has to raise only 10% of the project cost and 90% of the project cost will be provided by NCDC subject to technical and financial viability of the project. Further, for benefit of the Cooperative Sugar Mills, NCDC has reduced its floating rate of interest for term loan to 8.50% under the scheme.

(iv) Preference in purchase of ethanol to Cooperative Sugar: Oil Marketing Companies (OMCs) are according top priority to CSMs participating in ethanol procurement cycles. So far, 24,650 KL ethanol worth ₹ 25.50 crore have been procured by OMCs from 11 CSMs.

(v) Enhancing ethanol production of Cooperative Sugar Mills by converting their molasses-based ethanol plants into multi feed ethanol plants : Ministry of Cooperation has taken initiative for conversion of existing molasses-based ethanol plants of CSMs into multi feed ethanol plants. As that they can operate their distilleries through out the year, under this initiative CSMs will get following benefits:

- a. NCDC will provide a term loan under funding pattern of 90:10, with 90% from the society and 10% from NCDC.
- b. On March 6, 2025, the Department of Food and Public Distribution issued a Gazette Notification notifying the revised scheme titled "*Scheme for Financial Assistance to Cooperative Sugar Mills (CSMs) for Converting Their Existing Sugarcane-Based Feedstock Ethanol Plants into Multi-Feedstock-Based Plants to Utilize Grains Such as Maize and Damaged Food Grains (DFG) for Enhancing and Augmenting Ethanol Production*"

Capacity”, exclusively for cooperative sugar mills. Under the scheme, Central Government will bear the interest subvention on the loan availed by them at a rate of either 6% per annum or 50% of the interest rate charged by the lending institution, whichever is lower, for a period of five years, including a one-year moratorium.

- c. Cooperative sugar mills availing the benefit of interest subvention will be given Priority-1 by OMCs to facilitate their transition from single-feed ethanol plants to multi-feed ethanol plants.

C. Strengthening of Dairy Cooperative Societies:-

The Government is implementing the following major schemes to promote dairy cooperative societies: -

- a) Supporting Dairy Cooperatives and Farmer Producer Organizations engaged in dairy activities (SDCFPO)
- b) Animal Husbandry Infrastructure Development Fund (AHIDF)
- c) Rashtriya Gokul Mission (RGM)
- d) National Livestock Mission (NLM)
- e) Livestock Health and Disease Control Programme (LH&DCP)

Further, the Ministry of Cooperation has launched cooperative-led "White Revolution 2.0" aimed at expanding cooperative coverage, employment generation and women's empowerment with an objective "To increase the milk procurement of dairy cooperatives by 50% from the present level over next five years by providing market access to dairy farmers in uncovered areas and increasing the share of dairy cooperatives in organised sector.

The Standard Operating Procedure (SOP) for White Revolution 2.0 was launched on 19.09.2024. In absolute terms, by the end of fifth year i.e 2028-29, the milk procurement by dairy cooperatives is expected to reach 1007 lakh kg per day. The target will be achieved through two pronged strategies:

- i. Expanding the coverage by dairy cooperatives.
- ii. Deepening the reach of dairy cooperatives.

For the above purpose, the Ministry of Cooperation has envisaged to set up 75,000 new Dairy Cooperative Societies (DCSs) in uncovered panchayats/villages and strengthen 46,422 existing DCSs. These DCSs will be provided market linkage either by expanding the existing milk routes or by creating new milk routes. NDDDB will coordinate various activities related to White Revolution 2.0. So far, 10,263 DCSs have been registered.

Details of Interest Subvention under SDC&FPO scheme for the state of Punjab (as on 15 March, 2025)**(Rs. In Crore)**

Year	Union / Federation / Milk Producer Company	Total Sanction of Interest Subvention			Total Release of Interest Subvention		
		Sanction of Interest Subvention			Release of Interest Subvention		
		Regular (@2% p.a.)	Additional (@up to 2% p.a.)	Total	Regular (@2% p.a.)	Additional (@up to 2% p.a.)	Total
2020-21	Punjab Milk Federation (Milkfed)	9.21	9.21	18.42	5.11	5.11	10.23
	Total (2020-21)	9.21	9.21	18.42	5.11	5.11	10.23
2021-22	Doaba Milk Union	0.30	0.30	0.60	0.29	0.28	0.57
	Ludhiana Milk Union	0.89	0.87	1.76	0.74	0.73	1.48
	Patiala Milk Union	0.48	0.47	0.95	0.43	0.42	0.85
	Punjab Milk Federation (Milkfed)	6.11	6.11	12.22	3.18	3.18	6.36
	Ropar Milk Union	0.72	0.72	1.44	0.33	0.33	0.65
	Total (2021-22)	8.50	8.47	16.97	4.97	4.94	9.92
2022-23	Amritsar Milk Union	0.53	0.53	1.06	0.37	0.37	0.73
	Doaba Milk Union	0.93	0.93	1.86	0.80	0.79	1.59
	Hoshiarpur Milk Union	0.21	0.21	0.42	0.05	0.00	0.05
	Ludhiana Milk Union	1.12	1.12	2.24	1.05	1.05	2.11
	Patiala Milk Union	0.76	0.76	1.52	0.26	0.26	0.53
	Ropar Milk Union	0.13	0.13	0.26	0.13	0.13	0.26
	Sangrur Milk Union	0.43	0.43	0.86	0.24	0.23	0.47
	Punjab Milk Federation (Milkfed)	4.40	4.40	8.80	2.41	2.41	4.83

Year	Union / Federation / Milk Producer Company	Total Sanction of Interest Subvention			Total Release of Interest Subvention		
		Sanction of Interest Subvention			Release of Interest Subvention		
		Regular (@2% p.a.)	Additional (@up to 2% p.a.)	Total	Regular (@2% p.a.)	Additional (@up to 2% p.a.)	Total
	Total (2022-23)	8.51	8.51	17.02	5.32	5.24	10.56
2023-24	Amritsar Milk Uion	1.18	1.18	2.35	0.00	0.00	0.00
	Bathinda Milk Union	0.42	0.42	0.85	0.08	0.00	0.08
	Doaba Milk Union	0.77	0.77	1.54	0.68	0.00	0.68
	Hoshiarpur Milk union	0.77	0.77	1.53	0.00	0.00	0.00
	Ludhiana Milk Union	0.28	0.28	0.55	0.00	0.00	0.00
	Patiala Milk union	0.27	0.27	0.53	0.16	0.00	0.16
	Punjab Milk Federation (Milkfed)	5.81	5.81	11.62	0.00	0.00	0.00
	Total (2023-24)	9.49	9.49	18.97	0.92	0.00	0.92
	Grand Total	35.70	35.67	71.37	16.31	15.30	31.61

**There has been no sanction for Unions in the state of Punjab for FY 2024-25*
