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Increased spendings in rural sector, infrastructure and poverty alleviation and forward looking policies across sectors to boost growth and employment are the highlights of Union Budget 2017-18. While rural sector has been benefitted by increased allocations, SMEs having turnover below Rs.5 crores are given a big boost by reduction in corporate tax rate from 30% to 25%. This move apart from helping better tax compliance will also leave higher surpluses for investments and expansion in this sector. Similarly, the benefits to real estate sector especially affordable housing will step up demand in a number of related sectors with cascading impact throughout the economy. In the macro economic front, projected fiscal deficit of 3.2% is considered what is best possible given the compulsions of higher spendings to step up demand. However, a lower net borrowings of Rs.3.4 lakh crores is considered a positive aspect.

In agriculture, Govt has set a record target of Rs.10 lakh crores for Banks in agricultural credit. This target works out about 10% of total deposits of banks and about 12% of projected bank credit during 2017-18. Agricultural credit has recorded impressive growth rate in the last 15 years with doubling of credit in every 4-5 years since 2000. Interest rate on crop loans has also been brought down to affordable level through govt interventions. Though there was confusion in the previous 2 years about the continuance of crop loan interest subvention scheme which keeps effective interest rates on crop loans at not more than 4%, this year the Govt has provided adequate allocations in the budget for continuing the scheme during next fiscal. However, the benefits under the crop loan interest subvention scheme of Govt are not extended to the crop loan borrowers of State Cooperative Agriculture & Rural Development Banks, as they are not banks within the purview of BR Act. Federation's demand for extending the crop loan interest subvention scheme to farmers who avail crop loans from ARDBs also is yet to be considered by the Govt. Coverage of farmers by formal credit system not growing at desired level, declining share of investment credit in the composition of total credit, declining share of cooperatives which at present account for only 15% of the total quantum of credit but still cater to 60% of borrowing farmers, cost of investment credit which is vital for enhancing agricultural productivity continues to remain at unaffordable level and distortions in credit supply among various regions and sections of farmers are some of the serious issues which continue to skip the attention of the Govt.

Govt has been giving high priority for irrigation development in the last 3 budgets and introduced a number of schemes to increase the area of farm lands under irrigation. The proposal to set up Long Term Irrigation Fund in NABARD with a corpus of Rs.20,000 crores this year which will be increased to Rs.40,000 crores next year will further strengthen these initiatives by substantially bringing down the cost of long term irrigation loans giving a boost to private sector investment in the irrigation sector. In spite of tremendous potential, the pace of irrigation

development in the country has been extremely slow in the past. Out of 160 mn ha of farm lands, only about 65 mn ha are under irrigation which leaves almost 60% of Indian agriculture to depend on monsoon. Increasing the area of farm lands under irrigation at a faster pace is essential for achieving higher farm productivity and more importantly to reduce the risk in crop production. This will also substantially reduce the burden on crop insurance schemes. The budget proposes to increase the coverage of crop insurance scheme from the current 30% to 50% in the next 2 years. In view of increasing risks in crop production due to climate change, a time frame needs to be fixed for achieving 100% coverage of crop insurance scheme especially in the case of rain fed crops. The coverage of this scheme should also be extended to plantation and horticulture crops as well as farm assets.

The budget also proposes to set up Dairy Processing & Infrastructure Fund in NABARD with an initial corpus of Rs.2000 crores which will be increased to Rs.8000 crores in 3 years. Dairy sector in recent years witnessed significant increase in the demand for processed milk and milk derivatives driven by changing income and consumption pattern. The new Dairy Processing & Infrastructure Fund in NABARD is an important initiative to create additional processing capacity in the dairy sector to meet this demand, benefitting the entire dairy value chain including about 90 million milk producers.

Budget recognises the hardships encountered by farmers post demonetisation and made allocations for waiving 60 days interest on crop loans as announced by the Prime Minister earlier. While welcoming this measure, the question remains as to why this relief is not extended to instalments of investment credit which farmers could not repay on time for the same reason.

Budget also announced computerisation of Rs.63000 functional Primary Agricultural Cooperative Societies (PACSS) and linking them with District Central Cooperative Banks (DCCBs) at an estimated cost of Rs.1900 crores to be completed in the next 3 years. By bringing them in the core banking platform of DCCBs, PACSS are expected to play a crucial role in taking the rural sector to digital banking and cashless transactions.

Budget also restores the scheme of investments by the Central Govt in the debentures of SCARDBs to support their farm sector long term lending. It may be recalled that no allocations were made in the last year's budget for continuing the scheme during 2016-17. The fact that the Govt has restored allocations in the revised budget estimates for this scheme during 2016-17 and also made allocations in the expenditure budget for 2017-18 is something for the Federation and SCARDBs to feel good.

**K K. Ravindran**  
Managing Editor



# Have We Given up on Cooperatives?

Dr. K G Karmarkar\*

## Introduction

With the passing of the Cooperatives Act in 1904, ably piloted by the efforts of Sir FANicholson and Sir Denzil Ibbetson, a new system of financial intermediaries was created by the British colonial government. Based on the Raiffeisen model of cooperatives in Germany and partly on the Rochdale Pioneers in England, the British did not do so based on vague altruistic value principles. They continued to be rattled by the continuing cycle of natural disasters, pest and locust attacks, droughts and floods inevitably followed by famine and mass deaths of the poor and destitute people who had no safety net or social security system, to protect them. Rather than strengthening the Indian agricultural system, they were more keen on utilising India's natural resources to set up huge plantations which yielded commercial crops like tea, rubber, spices, timber, cotton, sugar, tobacco, coffee, etc. for the lucrative markets abroad. For them, the poor peasants were a source of cheap labour and they had no intention of changing the extant status quo which was beneficial to them and not the starving laborers. The regular cycle of famines, pests, droughts and floods were at best a hindrance to smooth administrative systems and hence their espousal of the cooperative system for India in 1904.

As a programme to introduce co-operatives into India and promulgating a law and setting up special government machinery for the implementation of that law, a Co-operative Department headed by a Registrar of Co-operative Societies (RCS) was set up. The Cooperative law was made to fit into the British legal system and the law-makers were guided by European "cooperative principles" (Raiffeisen principles: self-help, self-administration, self-responsibility; the Rochdale Pioneers' principles: open and voluntary membership, democratic management and control: one member - one vote, limited return on capital, political neutrality). These co-operative principles were later adopted by the International Co-operative Alliance (established in Manchester in 1895) and are now followed by the world co-operative movement in a form (last revised in 1995) until today. The co-operative movement in British India (1904-1947) can be classified into four phases. They are (a) initiation stage (1904-1911), (b) modification stage (1912-1918), (c) expansion stage (1919-1929) and (d) restructuring stage (1930-1946).

### (a) Initiation stage (1904-1911):

In olden days, non- institutional agencies in the shape of

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money-lenders charged exorbitant rates of interest from the helpless peasants. The situation was such that the farmers were forced to sell their land and belongings to repay the interest portion of their debts while the principal portion of their debts often remained mysteriously unpaid. In some parts of the country especially in Poona and Ahmednagar, the farmers spearheaded an agitation against the money-lenders. Ultimately the government understood the miserable plight of the farmers and passed three Acts,viz, the Deccan Agriculture Relief Act (1879), the Land Improvement Loan Act (1883) and the Agriculturists Loan Act (1884).During 1892, the Madras Government appointed Sir Frederick Nicholson to study the village banks organised on co-operative lines in Germany. On his return, he submitted a report. The name of the report was "Find Raiffeissen". In the report, he suggested the establishment of co-operative societies for supplying rural credit.The Famine Commission of 1901 strongly recommended that in order to prevent famine, agriculturists should be granted loans to improve agriculture. By 1904, the Co-operative Society Act was passed.

### Salient features of the 1904 Act:

1. Rural-urban classification of societies was made. Rural co- operative societies were to be organised on the basis of Raiffeisen Model where liability was unlimited and loans were granted to the members only for productive purposes. Urban credit societies were organised on the basis of Shulze-Delitzsch Model where liability was limited and the societies also carried out certain non-credit functions.
2. The Registrar of Cooperatives was supposed to organise and control the societies.
3. Loans could be given to members on personal or real (immoveable) security.
4. One-man, one vote was specified in the Act.

### The operational aspects of this Act showed several defects as under:

1. There was no provision for setting up of non-credit co-operative societies in rural areas.
2. There was no central agency to supervise and supply funds.
3. The classification of societies into rural and urban was extremely unscientific.
4. There was a need for re-organisation for payment of credits.

### (b) Modification stage (1912-1918):

The shortcomings of the Act of 1904 were rectified by



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enacting another Co-operative Societies Act of 1912. The new Act provided legal protection for all types of co-operatives including central financing agencies and supervising unions. The distinction between rural and urban societies was given a new focus. The liability was limited in the case of primary societies and unlimited for central societies. As this Act provided for the registration of all types of co-operative societies, it led to the emergence of rural co-operatives both on credit front and non-credit front but this growth was uneven spatially. In 1914, the Government appointed a Committee under the chairmanship of Sir Edward Mac Lagan to review the progress of the co-operative movement. The report of the Committee came out in 1915. The Committee observed that illiteracy and ignorance of the masses, misappropriation of funds, rampant nepotism, inordinate delay in granting loans and viewing co-operative movement as a government movement were some of the glaring defects of the co-operative movement. These observations prompted Mac Lagan to offer the following suggestions for the effective and smooth functioning of the co-operative societies.

1. All members should be made aware of the co-operative principles.
2. Honesty should be the main criterion for taking loans.
3. Dealings should be strictly confined to the members only.
4. Applications should be carefully scrutinised before advancing loan and there should be careful follow up for effective utilisation of loan.
5. One member-one vote should be strictly followed.
6. Capital should be raised as far as possible from the savings of the members only.
7. Punctual repayment of dues should be insisted upon.

These recommendations could not be put into practice because of the 1st World War (1914-1918) which weakened the British and other European colonial empires considerably.

#### **(c) Expansion stage (1919-29):**

Under the Montague- Chelmsford Act of 1919, co-operation became a provincial subject which gave further impetus to the movement. Various states passed their own Acts to make co-operative movement a successful one. The membership of the co-operative societies increased considerably during this period. The same period also witnessed the birth of co-operative land mortgage banks first in Punjab (Moga in 1920) and subsequently land mortgage banks were registered in Madras (1925) and Bombay (1926). The year 1929 witnessed a worldwide economic depression. The prices of the agricultural commodities fell down to a remarkable extent. Unemployment along with other economic crises grew up. The agriculturists could not pay back the loans of the societies. Overdues increased unexpectedly and co-operative societies were ruined. The land mortgage cooperative banks were organ-

ised to help farmers repay their dues to money-lenders and banks and also improve agricultural productivity by improving irrigation, land development, mechanisation and basically ensured capital infusion into farming activities.

#### **The Rural Credit Cooperative Structure Today**

The short-term credit cooperative structure as it has evolved is either three-tier or two-tier depending upon the size of the States. The three-tier system comprised primary agricultural credit societies at the village/panchayat levels, District Central Cooperative banks (DCCBs) at the District levels and the State Cooperative banks (SCBs) at the State capital level. The 3-tier structure operates in the larger states with the State Cooperative Bank at the State capital with branches, District Central Cooperative banks and branches at districts and Primary Agricultural Credit Cooperatives (PACS) at the grassroots levels. In the smaller states like all North-Eastern states, Goa, Pondicherry, Delhi, etc., the 2-tier structure comprising the State Cooperative bank and its branches exist with primary agricultural cooperatives at the grassroots levels. There are 31 SCBs with branches, 374 DCCBs with 13,151 branches and 93,634 PACs of which about 63,000 are active and the rest being dormant and inoperative.

As regards the long term cooperative credit structure, there are Federal systems (SCARDBs and PCARDBs) in the larger States and Unitary systems (SCARDBs and branches) in the smaller States with two States having mixed federal and unitary systems. At present, the federal system exists in the States of Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, and Chattisgarh. In the states of Assam, Bihar, Gujarat, Jammu and Kashmir and Uttar Pradesh and in the Union Territories of Pondicherry, Manipur and Tripura, the long term credit structure is unitary in character. In the States of West Bengal and Himachal Pradesh, the long-term credit institutions come under mixed type with both PCARDBs and branches of SCARDB co-existing. In Andhra Pradesh, the co-operative credit institutions follow an integrated structure through which short-term, medium-term and long-term credits are provided by a single agency the State Cooperative Bank. This is known as single window credit delivery system. In States like Tamil Nadu and Karnataka, the Primary Co-operative Land Development Banks (PCARDBs) were established at taluka/block level. In some States, the area of operation of primary land development banks extends to a whole district or a number of talukas.

#### **Problems of the Rural Credit Cooperatives**

The rural cooperative credit systems were totally under the rule of bureaucrats (the Registrar of Cooperative Societies) and were never people-driven and became the happy hunting ground of vested interests and politicians who tested their careers by starting in the cooperatives. The government officials were keen to exercise their power in the cooperatives and funds were provided by the

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Government from the budgetary provisions and the government controls were tightened over the years. In 2004, the Government announced a doubling of agricultural credit scheme and in a hurry to pursue credit targets, loans to farmers were sanctioned recklessly and targets were achieved in two years but then NPAs of the banking sector also rose alarmingly.

Just before General Elections in 2008, an Agricultural Debt Waiver and Debt Relief Scheme was announced and Rs. 73,000 crore was written off. From then on, the Central Government announced the huge quantum jumps of agri-credit in the annual budgets. And the NPAs continued to rise as loan disbursals were targeted while loan repayments were not. In 2004, the Vaidyanathan Committees for Revival of the STCCs and in 2005, the Vaidyanathan Committees for the LTCCs were set up. The idea was to strengthen the Rural Credit Cooperatives but actually ended up as a funds infusion scheme into the dying cooperatives which had been bled off their cash resources and only limited credit operations and transactions were possible. The amendments in the State Cooperatives Acts were only put on paper and were never really implemented and Rs. 13,500 crore of capital funds infusion was disbursed for the STCCS institutions.

But the Rs. 1,500 crore funds infusion for the LTCCs institutions were never given and these institutions are lying moribund and directionless and this has had an impact on agricultural productivity at the grass-roots level as only crop loans are being encouraged and the loans meant for land development, irrigation, farm mechanisation, land improvement, animal husbandry, forestry, horticulture and fisheries were denied to the rural cooperatives. For the last 10 years, the LTCCs institutions have been left in the lurch and it appears that they are slowly being allowed to wither and waste away. No reasons are given and no directions have been issued. They are being ignored and allowed to die. The least which can be done is to merge these LTCCS institutions with the STCCS structures as was done in Andhra Pradesh.

If one looks at the future of the cooperative banks in the country, it is very, very bleak. In the Union Budget for 2017-18, only Rs. 1900 crore has been provided to meet the computerisation expenses of the 63,000 operational PACS in the country. How to make these PACS vibrant and operational and profitable does not seem to worry anybody. And this is only for the STCCS in the country. The kiss of death seems to have been given to the LTCCS and they appear to have become invisible and not worthy of any mention.

### **Some Interim Suggestions**

The common factors for failure of the cooperative banks in banking parlance have been lack of transparency in governance, lack of professionalism, placement of non-professional CEOs, undue interest by the directors in financing vested interests, which have led to high level NPAs, inadequate operating margins etc. The failure of the State Cooperative Banks have had a major negative impact

on the operations of all cooperative banks in general and thereby the credibility of the structure has been destroyed. Whenever the Cooperative banks are in trouble, administrators are posted and sometime funding is provided by the state government to bail out from the crises but success if any is limited. The thinking at the regulator and government levels is that political interference in the functioning of the banks must cease. RBI has been tightening the regulatory norms and placing stringent norms for SLR requirement, CRAR, NPA classification and provisioning norms to ensure that the rural depositors' interests are protected. Basel III norms once introduced will be rather stringent for cooperative banks.

Under the present circumstances, a working solution has to be prepared to operate these banks professionally and efficiently or else eliminate the banks which do not have any scope for revival as RBI/NABARD would be weeding out inefficient banks which put the depositors' funds at grave risk. Major issues like proper governance norms, funds mobilisation and utilisation of resources for revival of cooperative banks, posting of professional CEOs in banks, need for professional directors, etc. have to be squarely addressed. At present, these issues are handled by the Registrar of Cooperative Societies and at times these officials are not able to perceive the gravity of the banking problems and lack professional expertise to take urgent measures and prepare comprehensive solutions. There could be a separate agency that can professionally and independently work out plans and suggest/recommend appropriate strategies for revival, consolidation, merger or closure of the cooperative banks. Each bank has a unique set of challenges and the situation needs people with good analytical abilities to prepare feasible solutions on a bank-to-bank basis.

Incidentally, it may be mentioned that the Government of India has already set up the Banks' Board Bureau (BBB) for public sector banks. As per the mandate given to BBB, each public sector bank would be monitored on the basis of 'Key Performance Parameters' which are mutually agreed upon, recommend appointments for top level jobs at PSBs and full time directors, evolve strategies for PSBs, advise the banks for raising funds for recapitalisation and deal with issues of stressed assets, etc. A six member Board comprising of eminent professionals with at least three formal bankers, two finance professionals and one official from the Department of Financial Services, Govt. of India, has been suggested.

The terms of reference/ mandate of the proposed "Cooperative Banks' Bureau" could be as under:

1. Recommend the selection and appointment of professional directors in cooperative banks
2. Appointment of CEOs in various cooperative banks
3. Prepare plans for revival/consolidation/merger of cooperative banks with a time-bound implementation strategy.

*Article Continues to page no. 11* 



# Rise and fall – rural credit in india

Mr. C.L. Dadhich\*

## Introduction

India lives in her villages. Financing of rural masses particularly during distress situations like famine, drought, etc., has been the major concern of all the Governments in power. However, no specific efforts were made in this direction still the beginning of last century. The primary objective of this paper is to trace the efforts made in past, analyses, the present position and portray the future pattern of Rural Credit in India. The policy measures have been also discussed to improve the situation.

## Steady rise

Broadly speaking, rural credit system in India consists of two major sub-sections viz., informal (non-institutional) system and formal (institutional) system. While informal system is in vogue since time immemorial; formal system came into existence with enactment of Co-operative Societies Act 1904. However, formal system did not make much headway till Independence. All India Rural Credit Survey 1954 revealed that in 1951 share of formal system in rural loan outstanding was 7.3 per cent while informal system accounted for 92.7 per cent share. The Committee on Direction of All India Rural Credit Survey observed the co-operation has failed but it must succeed. Accordingly it recommended among others, state participation in share capital of co-operatives, introduction of crop loan system and linking of credit with marketing. Reserve Bank of India made special provision to provide general line of credit to co-operative banks, established long term operational funds to provide resources to State Government to facilitate state participation in co-operatives and set up agricultural stabilization and fund for conversion of short term loan. With view to augmenting capital formation in agriculture, the functions of co-operative land mortgage banks were re-oriented and those banks were renamed as Co-operative land development banks to provide investment credit and further renamed as State Cooperative Agriculture and Rural Development Banks (SCARDBs) with diversification into rural non-farm sector in the eighties.

In 1963, Agriculture Refinance Corporation was established as a subsidiary of Reserve Bank of India to provide refinance to banks for investment credit to agriculture. Later on it was renamed as Agriculture Refinance and Development Corporation to emphasise its developmental role.

As a result of growing vested interests, massive state interference and a polisation of co-operatives experienced mounting pressure of over dues, weak financial health and

inability to recycle the funds. It was observed that co-operatives will be not in a position to provide funds for burgeoning credit needs emerged from green revolution in late sixties in the country (RBI 1969). Under the social control on banks and with nationalisation of 14 major commercial banks in 1969 commercial banks came on rural scene in a big way.

A number of measures were taken by commercial banks to augment flow of credit to rural areas in general and agriculture in particular. Important among these included:

- 1) In order to augment credit flow to the hitherto neglected and under privileged sectors, a concept of priority sector evolved in the early seventies. Initially, public sector banks were required to extend loans to the priority sector to the extent of at least one third of the total loan outstanding by March 1979. The target was raised further to 40 per cent to be achieved by March 1986 by all the domestic scheduled commercial banks. Within the priority sector, a sub-target for the agriculture and allied activities was set at 15 per cent of net bank credit to be achieved by March 1985, which was subsequently raised to 18 per cent by March 1990 in phased manner.
- 2) In 1975, Regional Rural Banks (RRBs) were established to provide credit exclusive to weaker section of the society sponsored by commercial banks. RRBs came on rural scene as low profile institutions with adequate resource base of commercial banks. They lost their unique character of low profile on providing salary at par with commercial banks under judicial award of similar pay for similar work. Further to have benefits of the scales of operations, RRBs sponsored by the same banks in a state were merged at the cost of regional character.
- 3) In order to give undivided attention pointed focus and forceful direction to integrated rural development, National Bank for Agricultural and Rural Development (NABARD) was established in 1982 by merging Agricultural Credit Department of RBI and Agriculture Refinance and Development Corporation. While NABARD took over the operations and functions relating to rural finance, it remained organisationally linked with the Reserve Bank to ensure better co-ordination in policy formulation. However, policy formulation continued to remain overall responsibility of Reserve Bank of India.
- 4) The successful experience of Bangladesh Grameen Bank in financing of the poor by organizing Self Help Group(s) also influenced and motivated NABARD to

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launched a pilot project in 1994 to purvey micro finance Self Help Group Bank Linkages Programme (SHGBLP) was taken up in a big way to provide micro-credit particularly to women on the basis of social collaterals. The programme envisaged empowerment of women through socio-economic ingredients. Along with generation of self employment through financial assistance, efforts were also made to provide social inputs like education, health nutritions environment upgradation, etc. by adopting certain cardinal principles. However, this being markedly different from normal banking, these programmes did not get off the ground as envisaged. With a view to up scaling and main streaming of micro-finance movement, Reserve Bank of India allowed others like NBFC, NGOs, Trusts, foundations including banks to organize micro-finance institutions (MFIs) to take micro-finance activities. Incentives like freedom of rate of interest on micro-credit treating micro-credit under priority sector lending, etc., were also given. Apart from credit microfinancial services included saving mobilization insurance and remittances. Together these two modes of microfinance viz., SHG-Bank Linkage Programme (SHGBLP) and SHG-NBFC mode made phenomenal programme particularly in terms of numbers of beneficiaries covered.

- 5) Since October 1995, primary urban co-operative Banks (PCBs) have been allowed to extend agricultural credit in their area of operation to the entire district of registration including rural areas, as per the scales of finance prevailing in the district.
- 6) In order to enable farmers get best from their land banks have been advised to introduce a package to double the flow credit to agriculture over a period of three years effective from 2004-05 (NABARD 2005). Targets have been raised year after year and for the year 2016-17, it is as high as Rs. 9 lakh crore. Short term crop loans are issued under interest subvention scheme to farmers at 7 per cent interest. With a view to encouraging farmers to make timely repayment of short term crop loans an additional 3 per cent interest subvention is also provided under this scheme. Thus the effective rate of interest for such farmers is 4 percent per annum.
- 7) Keeping in view the importance of financial inclusion for inclusive growth, RBI advised banks to institute ICT based Business Correspondent Model (BC Model) to provide low cost banking services including credit at the door step in the remote villages. Commercial banks were also advised to prepare road map to cover all the villages having population above 2000 by 2012 and all the villages having population between 1000 to 2000 by 2013. They were also advised to open at least 25 of new branches in unbanked rural areas.

## DISQUIETING FALL

Despite these innovative measures, coverage and institutional credit flow to rural areas have been far from satisfactory particularly in the wake of financial sector reforms.

It may be observed from Table 1 that share of institutional credit declined from peak level of 69.4 per cent in 1991 to 56.0 per cent in 2012 indicating resurgence of non-institutional lenders. Needless to say, introduction of financial sector reforms has slow down the flow of institutional finance in rural areas.

(in per cent)

**Table 1. Credit agency wise share in rural loan outstanding**

Credit agency	During the year				
	1951	1981	1991	2002	2012
Institutional agencies	7.3	61.2	69.4	61.1	56.0
Non-institutional agencies	92.7	38.8	30.6	38.9	44.0
All	100.0	100.0	100.0	100.0	100.0

Source: Report of the surveys – Reserve Bank of India for 1951, NSSO for all other years.

Occupation group wise in 2012 while share of cultivators in institutional credit was 64.0 per cent as against 52.1 per cent for non-cultivators. Contrastingly, share of cultivator in non-institutional credit was 36.0 per cent as against 47.9 per cent for non-cultivator (Table 2). So far incidence of indebtedness is concerned, at least 33.8 per cent cultivator households reported indebtedness of institutional source at as against 14 per cent non-cultivator households. This indicates that in rural areas institutional agencies have high preference for cultivator households as compared to non-cultivator households.

(in per cent)

**Table 2. Credit agency wise and type of household-wise share in rural loan outstanding and incidence of indebtedness as on 30.6.2012.**

Credit agency	Cultivator		Non-cultivator		All	
	IOI	SRLO	IOI	SRLO	IOI	SRLO
Institutional agencies	33.8	64.0	14.2	52.1	17.2	56.0
Non-institutional agencies	21.5	36.0	18.6	47.9	19.0	44.0
All	45.9	100.0	28.9	100.0	31.4	100.0

IOI – Incidence of indebtedness SLO – Share in rural loan outstanding

Source: Key indicators of debt and investment in India (2014) NSSO Government of India.

Among the institutional agencies, the share of commercial banks was the highest at 25.1 per cent closely followed by co-operatives 24.8 self-help groups 2.2 per cent (1.9 per cent SHG Bank linked card 0.3 per cent SHG-NBFC) Government 1.2 per cent and financial companies 1.1 per cent. This suggests that micro finance movement did not register its presence in a significant manner. Similarly, in case of cultivator household share of commercial banks was slightly higher at 30.7 per cent as compared to co-operatives

at 28.9 per cent (Table 3). Despite late entry of commercial banks in rural lending the higher share of commercial banks is a laudable feature.

(in per cent)

**Table 3. Credit agency wise and type of household wise share in rural loan outstanding as on 30.6.2012.**

Credit agency	Share in rural loan outstanding		
	Cultivator	Non-cultivator	All
Government	1.3	1.1	1.2
Co-operatives	28.9	22.9	24.9
Commercial banks	30.7	22.3	25.1
Insurance	0.1	0.2	0.2
Provident fund	0	0.1	0.1
Financial Corp. Inst.	0.4	0.6	0.6
Financial Company	0.9	1.2	1.1
Self help group bank limited	1.1	2.4	1.9
Self help group NBFC	0.3	0.3	0.3
Other Institutions	0.3	0.9	0.7
Institutional agencies	64.0	52.1	56.0
Non-institutional agencies	36.0	47.9	44.0
All	100.0	100.0	100.0

Source: Key indicators of debt and investment in India (2014) NSSO Government of India.

It may be observed from data presented in Table 4 that though institutional agencies played a major role in rural lending, the non-institutional agencies had advanced credit to 19 per cent of rural households as against 17 per cent households by institutional agencies. Asset holding wise break-up indicated that institutional agencies covered higher proportion of household in the top asset group (32.4 per cent) as against only 7.9 percent household in the bottom asset group. In case of non-institutional agencies for bottom asset group coverage of households was 14.0 per cent as compared to 15.3 per cent household covered in the top asset bracket. This suggests that while non-institutional agencies were neutral between size of the asset, institutional agencies had a preference for the rich.

While the policy of the subvention of interest on short term has played a significant role in enlarging the flow of short term credit, it has adversely impacted the flow of credit for investment purposes. The share of term credit disbursed during the year declined from 39.3 per cent in the year 2004-05 to 24.3 per cent in the year 2014-15 (NABARD 2015). The share of term loans also suffered a setback on account of growing contribution of commercial banks in Rural Infrastructure Development Fund (RIDF) (since 1995-96), Short Term Co-operative Rural Credit (STCRC), (Refinance) Fund (since 2012-13) for providing short term refinance assistance to RRBs, out of the short fall in priority sector lending targets. Incidentally, outstanding balance in these funds maintained with NABARD aggregated to staggering sum of Rs. 180,000 crore (RIDF Rs. 90,000 crore, STCRC Rs. 60,000 crore and STRC Rs. 30,000 crore) as at end March 2015 (NABARD 2015).

(in per cent)

**Table 4. Asset holding-wise incidence of indebtedness (ioi) to institutional and non-institutional credit agencies by rural households**

Decile class of hh asset holding	Incidence of indebtedness (per cent)		
	Institutional	Non-institutional	All
1	7.9	14.0	19.6
2	7.4	17.1	22.3
3	10.8	19.1	27.1
4	12.4	18.2	27.5
5	13.0	21.9	30.9
6	16.9	21.6	33.0
7	19.1	19.3	32.7
8	22.2	21.6	42.6
9	29.3	22.1	42.6
10	32.6	15.3	41.3
All	17.2	19.0	31.4

Source: Key indicators of debt and investment in India (2014) NSSO Government of India.

According to the Report on Trend and Progress of Banking in India 2014-15 (RBI 2015) both public sector banks (16.5 per cent) and private sector banks (14.8 per cent) had a short fall in advances to agriculture sector against the target of 18 per cent. Similarly, the loans and advances of RRBs also recorded deceleration in the growth to 11.7 per cent as against 15.2 per cent in the previous year. Agricultural advances of urban co-operative banks have also declined in 2014-15 as compared to the previous years (RBI 2015). In short, rural lending of the banking institutions was not up to the desired level in 2014-15.

Despite the huge dilution in definition of priority sectors and net bank credit as well as alternative arrangements in place to accommodate short fall in priority sector lending targets in the form of making deposits in RIDF, STCRC and STRC Funds non achieving of priority sector lending targets is a matter of serious concern.

The sub target of financing to weaker section under priority sector has been conveniently forgotten by one and all. Surely, these unsavory developments are responsible for the poor coverage of bottom asset groups in rural areas and weaker sections of society. RRBs exclusively set up for financing of weaker sections of the society in rural areas in mid 70s were allowed to finance all the sections of the society in 1995 on viability considerations on the recommendation of the Bhandari Committee (RBI 1995).

Interest rate structure of short term institutional credit market is highly subsidized and very rigid, in case of term loan. Interest rates are not related and responsive to risks and cost. As a result there is artificial demand for credit at borrower level and rationing of credit at institutional level leading to rampant leakages in the institutional credit market (Dadhich 1977) (Dale et al., 1981). Institutional credit markets suffer from procedural rigidities also. Non-institutional credit market is comparatively free from these maladies but highly usurious in nature. In short, rural credit markets are highly factored leading to poor transmission of credit policy signals.

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All this makes replacing of non-institutional credit market a difficult proposition.

Credit deposit ratio (CD ratio), an important measure of use of local resource revealed that CD ratio of rural branches drastically declined from 76.9 in 1991 to 60.2 as against rise of average CD ratio of scheduled commercial banks from 57.7 to 76.0 during the period under review. Evidently, rural savings have been diverted towards financing of borrowers belong to non rural areas. This apart, the number of rural branches of scheduled commercial banks recorded a phenomenon growth from 35134 as at end March 1991 to 48536 as at end March 2015, while share of rural branches to total branches witnessed drastic decline from 57 per cent to 37 per cent during the reference period. Similar trends were recorded in respect of accounts and amount of credit of rural vis-a-vis non rural branches (RBI 2015). This suggests that rural areas did not receive fair deal not only in terms of branch expansion but in regard to availability of credit and number of borrowers financed as compared to urban areas including Metros. Needless to add that branch plays a central and critical role even in financial inclusion programme.

### **Bright future**

Despite disquieting present scenario, the future of rural credit appears to be very bright and promising. The huge banking outlets opened under the financial inclusion plan particularly under the BC model may pay the rich dividends in the near future. Incidentally, number of banking outlets in the rural areas aggregated to 5.54 lakh including 48536 branches at the end of March 2015. Similarly, number of BSBDAS including Jandhan accounts reached to 441 million as at end September 2015. Transactions through these outlets under these accounts have been on a rise. Interestingly, the farm sector credit outstanding aggregated to Rs. 4860 billion under 42 million accounts as on the reference date. Similarly, small non-farm credit amounted to Rs. 1390 billion under 11 million accounts as on the reference date (RBI 2015). Needless to mention that the efforts under financial inclusion will further accelerate rural lending in the near future. This apart lending for allied activities viz., dairying, poultry, Fisheries, Fruits and Vegetables etc., will go up significantly as a result of rise in demand for these high value agricultural commodities.

**Under a package of measures suggested by the Vaidyanathan Committee (s), both the co-operative credit wings are in the process of revitalization.** The revitalized co-operatives will be in a better position to regain their lost market share in rural credit in the near future.

In view of limited scope of urbanization, the rural population will continue to grow. This will further aggravate the problem of disguised unemployment in rural area in general and agriculture in particular. In this backdrop, the rural non-farm activities will grow faster than agriculture. Seemingly, the future of lending to rural non-farm activities is very bright. Banking system should gear up for financing of

rural non-farm sector on a massive scale in near future. Ultimately, make in India programme will be converted to make in Rural India programme.

### **Policy implications**

The foregoing analysis brings to the fore that the policy of interest subvention only on a short crop loans has distorted the balance between the crop loans and term loans. Since investment credit (term loans) is a major driver of private sector capital formation in agriculture a decline in its share raises concerns about sustainable growth in agricultural production and productivity in rural areas (NABARD 2015). All along in past, we followed a policy of higher interest on short terms loans and lower interest on term loan to augment capital formation. Interest subvention on short term loans is contrary to accepted principles of growth. Nevertheless in order to augment the flow of term loans it is desirable that interest subvention is extended to term loan as well. Further with a view to ensuring social justice it is imperative that interest subvention is extended on micro-credit. This will not only encourage non-farm activities in a big way but go a long way in promoting micro-credit which is presently plagued with higher burden of interest (Dadhich 2010). On the flip side under the present dispensation, cheap credit at times causes artificial demand for credit by influential farmers and possibility of on lending of such credit cannot be easily ruled out. Ultimately, subvention should be phased out and interest rates should be based on risks and cost of credit to improve the viability of credit institutions on the one hand and make them competitive on the other.

Mere designing of policy measures and stipulations of targets is not enough for achieving the desired results. The effective implementation and monitoring of these policy measures is equally important. Reserve Bank of India should gear up its regulatory function to enforce all the stipulations with deep sense of urgency to further augment flow of rural credit. Since arrangements for refinancing short term co-operative rural credit (out of short fall in priority sector lending) one adhoc and counter productive the withdrawal of historic general line of credit by Reserve Bank is indeed a big blow to co-operative credit system in the country not only from financial point of view but also in terms of moral support. Incidentally, Reserve Bank is one among the few central banks in the World to have introduced the unique line of credit in early 1950s for the promotion of the co-operative credit system in the country. Reserve Bank should consider providing some inducing solutions to ensure adequate and uninterrupted flow of financial assistance to short term credit co-operatives in the country.

Banking outlet managed by Business correspondent should take up lending activities on a massive scale through Kisan credit card or general credit card or RuPay card to all BSBDAS including PM Jandhan Accounts. Recent initiative of the GOI to install 1.5 lakh pos machines in rural areas will further popularize the use of Kisan credit card.

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Intermediation margins of banking system including BC services should be thin, reasonable and competitive to encourage non-institutional lenders to route their surplus funds through banking channels. Local unemployed youth should be encouraged to take up business correspondent services to provide all time services at the door step rather than weekly service. This will go a long way in integrating rural credit markets.

### Conclusions

The performance of rural credit institutions was reasonably satisfactory till the introduction of financial sector reforms while the broad philosophy of financial sector reforms was to improve the financial health of these institutions to make them vibrant but under current made them little indifferent and less responsive to social responsibilities. Policy measures designed by Reserve Bank were reasonably well, but the dual or lenient regulation made them somewhat less effective. As a result, overall performance suffered a setback. External policy measures like interest subvention, RIDF deposits, etc. have done untold damage to the credit distribution and adversely impacted private capital formation in agriculture. Poorest of the poor suffered a setback. However, under the financial inclusion plans the system has been reorganized to take up new responsibilities in a big way. The system is now poised to take off and seemingly future is reasonably bright.

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### "Have We Given up on Cooperatives?" ( from page no. 6)

4. Suggest ways to raise funds for revival of cooperatives.
5. Infusion of funds for revival of weak cooperative banks.
6. Monitoring performance of individual banks on the basis of "key performance parameters"
7. Deal with issues of stressed assets and their recovery.
8. Advise the State Governments on all matters relating to Cooperative Banking.

The modalities and operational details for each of the above functions have to be carefully worked out. This will be an exclusive specialised agency which would deal with the areas indicated above for the revival of cooperative banks and also the cooperative sector. There would be a six member body comprising eminent professionals with expertise in banking of which at least

three will be former bankers, two finance professionals and one government official, mainly from the Cooperative Department.

The funds required would be for administrative expenses of the Bureau and funding for revival of the cooperative banks. To create a funds corpus for facilitating operations at the Cooperative Bank Bureau, a certain percentage of the annual profits of all cooperative banks (say 5%) could be suggested which can be used for administrative expenses as well as funding for revival of weak banks. Major funds requirement will be for revival of the cooperative banks which could be sourced from the State Governments towards a one-time Revolving Fund at the disposal of the MCB Bureau. There are other ways also to raise the funds and these can be explored and worked out, if operational go-ahead is given.

# Income tax concerning cooperatives in the budget 2017

Dr.A.K.Zakir Hussain \*

An income tax is a tax that governments impose on income generated or earned by entities or individuals every year. It is a key source of funds that the government uses to fund its activities and serve the public. Sensing the role played in socio-economic upliftment, some of the cooperative societies have deduction of income and income generated out of certain activities and some cooperatives have total exemptions. IT exemption was started by British who felt cooperatives are doing social service and need Government support. Taxing cooperative sector deprives the agenda of credit to all and inclusive growth. Further, out of the total direct tax collected in 2015-16 amounted to Rs 7.42 lakh crore, the share of cooperatives is negligible, as many of the cooperatives are under loss or generate nominal profit. Therefore, in order to revert the tax benefit to cooperative banks and to seek tax concessions for other cooperative societies, in the pre-budget discussion with the Hon. Finance Minister, the cooperative fraternity put forth many requests for deduction, exemption and tax rate to cooperatives. This time, the expectations were high from the cooperative sector especially in the current economic situation to ease the crisis faced by co-operative banks across India, post demonetization. Important among them are:

- Cooperative banks cater to the needs of farmers, rural artisans, workers and other people of small means across the countryside. Deduction u/s 80P should be reverted to them by giving 100% deduction on net profit.
- PACS and Marketing Cooperatives may be funded sufficiently to build godowns and cold storages which would in turn enable the farmers to get higher returns.
- The cooperatives were taxed based on the a slab having 10%, 20% and 30% tax rate with the income rate of 10,000, 10,000 and balance of income respectively. This slab exists for many decades and needs a drastic change.

Even though none of the above submissions considered, the budget 2017 provided certain benefits common to all Assessee including the cooperative institutions. The Finance Bill 2017 kept the objective of developing a wider tax base so that lower rates of tax could be imposed on a large number of taxpayers and higher rates on a few. This article lucidly brings in the tax implications of different forms of cooperatives in India post budget 2017.

## 1. Housing Cooperatives

Section 80-IBA was introduced by the Finance Act, 2016 with effect from 1.4.2017. It provides that "where the Gross Total Income of an Assessee projects (say a housing

cooperative), includes any profits and gains derived from the business of developing and building housing, 100% of deduction is allowed from the profit and gains derived from such business. The existing provisions of section 80-IBA provides conditions which include the limit of 30 square meters for the built-up area of residential unit in respect of project located in the Chennai, Delhi, Kolkata and Mumbai or within 25 kms from the municipal limits of these four cities. Further, it is also provided that in order to be eligible to claim deductions, the project shall be completed within a period of three years. In order to promote the development of affordable housing sector, the Finance Bill 2017 brought the following relaxations in respect of 80IBA to claim the deduction:

- (i) The size of residential unit shall be measured by taking into account the "carpet area" as defined in Real Estate (Regulation and Development) Act, 2016 and not the "built-up area".
- (ii) The restriction of 30 square meters on the size of residential units shall not apply to the place located within a distance of 25 kms from the municipal limits of the Chennai, Delhi, Kolkata or Mumbai.
- (iii) Time frame for completion of project increased from existing 3 years to 5 years.

## Other existing provisions to claim deduction

Housing Cooperatives have to maintain separate books of account in respect of housing project. A certificate of completion of project should be obtained in writing from the competent authority. When the housing project is not completed within the period five years from date of approval, the total amount of deduction so allowed in one or more previous years, shall be deemed to be the income of the society and chargeable under to tax of the previous year in which the period for completion so expires.

## 2. Cooperative Banks

### 2.1 Interest Income of Bad and Doubtful Debts

The existing provisions of section 43D of the Act, inter-alia, provides that interest income in relation to certain categories of bad or doubtful debts received by certain institutions or banks or corporations or companies, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier. This provision is an exception to the accrual system of accounting which is regularly followed by such assessee for computation of total income. As per matching principle in taxation, if the interest income on bad or doubtful debts is chargeable to tax on receipt basis, the interest payable on such bad or doubtful debts need to be allowed on actual payment.

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The benefit of this provision is presently available to scheduled banks, public financial institutions, State financial corporations, State industrial investment corporations and certain public companies like Housing Finance companies. With a view to provide a level playing field to co-operative banks vis-à-vis scheduled banks, it is proposed to amend Section 43B of the Act to provide that any sum payable by the assessee as interest on any loan or advances from a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

## **2.2 Provision for bad and doubtful debts**

The existing provisions Section 36(1)(vii)(a) of the Act, provides that a scheduled bank (not being a bank incorporated by or under the laws of a country outside India) or a non-scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank, can claim deduction in respect of provision for bad and doubtful debts. The amount of such deduction is limited to seven and one-half per cent of the total income (computed before making any deduction under that clause and Chapter VIA) and an amount not exceeding ten per cent of the aggregate average advances made by the rural branches of such bank computed in the prescribed manner at the end of the previous year. In order to strengthen the financial position of the entities specified in Section 36(1)(vii)(a) of the Act, it is proposed to enhance the present limit from seven and one-half per cent to eight and one-half per cent of the amount of the total income (computed before making any deduction under that clause and Chapter VIA). This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

## **3. Income tax common to all types of Cooperatives**

### **3.1 Disallowance of Expenditure**

Expenditure means a cost relating to the operations of an accounting period or to the revenue earned during the period or the benefits of which do not extend beyond the period. While determining whether a particular expenditure is deductible or not, the first requirement must be to enquire whether the deduction is expressly prohibited under any of the provision of the Income tax Act.

The existing provision of Section 40A(3) of the Act, provides that any expenditure exceeding Rs.20,000/- in a day, otherwise than by an account payee cheque or account payee bank draft is not an allowable business expenditure. Budget 2017 proposed to reduce the existing per-day cash

payment limit from Rs.20,000/- to Rs.10,000/-. Further, Section 40A (3A) also disallow any payment made in any subsequent year exceeding Rs.20,000/- otherwise than by an account payee cheque or account payee bank draft relating to any expenditure. Budget 2017, reduced the limit fixed u/s 40A(3) and 40A(3A) to Rs.10,000/-

### **3.2 Allowance of Capital Expenditure**

Section 35AD which was inserted with effect from 1.4.2010 provides for investment linked deduction on the amount of capital expenditure incurred exclusively for the purposes of business, during the previous year for a specified business except capital expenditure incurred for acquisition of any land or goodwill or financial instrument. In the budget 2017, Section 35AD is proposed to amend by bringing in the restriction to pay by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account the capital expenditure exceeds Rs.10,000/-. No deduction shall be allowed for non compliance.

### **3.3 Allowance of Depreciation**

In order to discourage cash transactions even for capital expenditure, it is proposed to amend the provisions of Section 43 of the Act to provide that where an Assessee incurs any expenditure for acquisition of any asset in respect which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, exceeds Rs.10,000/-, such expenditure shall be ignored for the purposes of determination of actual cost of such asset i.e. no depreciation is allowed on such assets while arriving the net profit.

### **3.4 Disallowance for complying with TDS**

Section 40A(ia) provides for disallowing certain business expenditure requiring tax deduction when not complied with. Any interest, commission or brokerage, rent, royalty, fees for professional services, fees for technical services, and any amount payable to a resident contractor shall not be allowed as a deduction in the previous year in which the expenses are incurred, while computing the income chargeable under the head 'Profit and gains of business or profession', if in respect of such expenses:- a. Tax has not been deducted, or b. After deduction has not been paid on or before the due date mentioned under Sec.139 (1). However, where in respect of any such sum, - a. Tax has been deducted in any subsequent year, or b. Has been deducted during the previous year but paid after the due date specified under Sec. 139(1), such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid. Budget 2017, proposed to amend the Section 40A(ia) by making it to apply in computing income chargeable under the head "income from other sources" apart from income chargeable under the head "Profit and gains of business or Profession".

### **3.5 Discourage cash payment**

In order to disincentivise cash transactions, it is proposed to amend the provision of section 40A relating to mode of payment. Apart from the existing mode of payment i.e. account payee cheque or account payee bank draft, the use of electronic clearing system through a bank account also introduced in the budget 2017.

### **3.6 Interest on refund**

The existing section 244A of the Act provides that an Assessee is entitled to receive interest on refund in case of excess tax paid. Budget 2017 proposed to insert a new sub-section (1B) in the said section to provide that where refund would be paid with a simple interest of one-half percent on such refund amount for every month or part of a month, from the date on which claim for refund is made in the prescribed return. In case of an order passed in appeal, the interest would be paid from the date on which the tax is paid, to the date on which refund is granted. It is also proposed to provide that the interest shall not be allowed for the period for which the delay in the proceedings resulting in the refund is attributable to the deductor. This amendment will take effect from 1st April, 2017. Therefore, the cooperatives have to file the return and get the refund, avoiding invoking of proceedings by the department.

### **3.7 Revised Return**

Section 139(5) provides for revising the return originally filed earlier by an assessee to make such amendments, additions or changes as may be found necessary. Such a revised return may be filed by the Assessee at any time before the assessment is made. There is no limit under the income tax Act in respect of the number of time for which the return of income may be revised by the Assessee. The Budget 2017 proposed to amend Section 139 (5) to provide that the time for furnishing of revised return shall be available upto the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

### **3.8 Fee for delayed filing of return**

Apart from penal interest u/s 234A, Section 271F provides for penalty of Rs.5000/- for not filing the returns in time. In order to improve the tax compliance and reduced time for assessment, budget 2017 proposed to insert a new section 234F to provide that a fee for delay in furnishing of return shall be levied in case where the return is not filed within the due dates i.e. for Cooperatives it is 30th September of the Assessment Year. Consequentially, the penalty u/s 271F is withdrawn. The proposed fee structure is as follows:—

- (i) Rs.5000/-, if the return is furnished after the due date but on or before the 31st day of December of the assessment year;

- (ii) Rs.10,000/- in any other case.

However, the above late fee would be restricted to Rs.1,000/- where the total income does not exceed Rs.5 lakh.

It is also proposed to make consequential amendment in Section 143(1), to provide that in computation of amount payable or refund due, as the case may be, on account of processing of return under the said sub-section, the fee payable under section 234F shall also be taken into account.

### **3.9 Power to call for information**

The existing provisions of Section 133 empower certain income-tax authorities viz. Principal Director or Director or the Principal Commissioner or Commissioner, without the prior approval of such authorities, to call for information for the purpose of any inquiry or proceeding under the Act. Budget 2017 proposed to amend Section 133 (6) and provide that the Joint Director, the Deputy Director and the Assistant Director may also exercise the power in respect of inquiry or proceeding under the Act. Further, the Joint Director, the Deputy Director or the Assistant Director may exercise the powers in respect of such inquiry, without seeking prior approval of higher authorities. These amendments will take effect from 1st April, 2017.

### **Tax Rate**

Budget 2017 refers the proposal to cut down the corporate tax gradually from 30% to 25%. Further, in case of domestic company, the rate of income-tax is 25% if the total turnover or gross receipts of the previous year 2015-16 does not exceed fifty crore. Cooperative societies were deprived of the tax reduction from 30% to 25%. Secondly, the 25% rate applicable to companies having turnover of Rs.50 crore is not applicable to cooperative societies.

### **Conclusion**

Taxing cooperative societies would have negligible impact on the total direct tax collection. However, leaving them untaxed may uplift the standard of living in case of many poor and downtrodden people in the country and reduce the economic imbalance to a greater extent. The revenue garnered by the government by levying tax on retained earnings of cooperative societies is not very significant and could be easily foregone to further the cause of financial inclusion, price control and inclusive growth. Further, If the tax is done away with, it would help the marginal farmers, artisans, urban poor, traders, self-employed and lower middle class of the society who are largely associated with cooperative societies. Let the cooperative fraternity aspire for positive sops in the next budget.

# Role of cooperatives in sustainable development and growth - with Special Reference to Housing Cooperatives

N.S. Mehara\*

## What is Sustainable Development?

Sustainable development is defined as "A development that meets the needs of the present without compromising the ability of future generations to meet their own needs"- Brundtland Report (1987). The concept and meaning of sustainable development in practice can mean different things to different people. It is a process for meeting human development goals while sustaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depends. It is the organizing principle for sustaining limited resources that are necessary to provide for the needs of future generations of life on earth. It is a process that envisions a desirable future state for human societies in which living conditions and resource-use continue to meet human needs without undermining the integrity, stability and beauty of nature. It harnesses the concern for carrying capacity of natural systems with the social, political, and economic challenges faced by the humanity.

The International Union for the Conservation of Nature published a world conservation strategy in 1980 that included one of the first references to sustainable development as a global priority. Subsequently, the United Nations World Charter for Nature raised five principles of conservation by which human conduct affecting nature is to be guided and judged. The United Nations World Commission on Environment and Development released the Report in 1987-'Our Common Future' (Brundtland Report), which included what, is now one of the most widely recognised definitions of sustainable development. It contains within it two key concepts i.e. the concept of 'needs', particularly the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.

The concept of sustainable development has gone beyond the initial intergenerational framework to focus more on the goal of socially inclusive and environmentally sustainable economic growth. The UN Conference on Environment and Development published the Earth Charter in 1992, which outlines the building of a just, sustainable, and peaceful global society in the 21st Century. The action plan Agenda 21 for sustainable development identified information, integration, and participation as key building

blocks to help countries achieve development that recognises these interdependent pillars. It emphasises that in sustainable development everyone is a user and provider of information. It stresses the need to change from old sector-centered ways of doing business to new approaches that involve cross-sectoral co-ordination and the integration of environmental and social concerns into all development processes. It also emphasises that broad public participation in decision making is a fundamental prerequisite for achieving sustainable development.

Broadly defined, sustainable development is a systems approach to growth and development and to manage natural, produced, and social capital for the welfare of their own and future generations. The term sustainable development as used by the United Nations incorporates both issues associated with land development and broader issues of human development such as education, public health, and standard of living. However, meeting the needs of the future depends on how well we balance social, economic and environmental objectives or needs when making decisions today.

## What are the Sustainable Development Goals?

In September 2015, the world leaders at the Sustainable Development Summit and the United Nations General Assembly formally adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030.

The SDGs, also known as the Global Goals, build on the successes of the Millennium Development Goals (MDGs), eight anti-poverty targets that the world committed to achieving by 2015. The MDGs, adopted in 2000, aimed at an array of issues that included slashing poverty, hunger, disease, gender inequality, and access to water and sanitation. Enormous progress has been made on the MDGs, showing the value of a unifying agenda underpinned by goals and targets. Despite this success, the indignity of poverty has not been ended for all.

The new SDGs, and the broader sustainability agenda, go much further than the MDGs, addressing the root causes of poverty and the universal need for development that works for all people. These 17 SDGs which work in the spirit of partnership and pragmatism to make the right choices now to improve life, in a sustainable way, for future generations are briefly listed as under:

1. **No Poverty:** End poverty in all its forms everywhere.

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2. **Zero Hunger:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. **Good Health and Well-being:** Ensure healthy lives and promote well-being for all at all ages.
4. **Quality Education:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. **Gender Equality:** Achieve gender equality and empower all women and girls.
6. **Clean Water and Sanitation:** Ensure availability and sustainable management of water and sanitation for all.
7. **Affordable and Clean Energy:** Ensure access to affordable, reliable, sustainable and modern energy for all.
8. **Decent Work and Economic Growth:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. **Industry, Innovation, Infrastructure:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
10. **Reduced Inequalities:** Reduce inequality within and among countries.
11. **Sustainable Cities and Communities:** Make cities and human settlements inclusive, safe, resilient and sustainable.
12. **Responsible Consumption, Production:** Ensure sustainable consumption and production patterns.
13. **Climate Action:** Take urgent action to combat climate change and its impacts.
14. **Life below Water:** Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. **Life on Land:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. **Peace, Justice and Strong Institutions:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. **Partnerships for the Goals:** Strengthen the means of implementation and revitalize the global partnership for sustainable development.

#### **Role of Cooperatives in Realising the SDGs**

Cooperative enterprises, being values-based organizations, provide livelihoods for millions of people across the globe, and are by nature sustainable and participatory form of business. Having presence in all sectors of the economy, they place emphasis on job security and improved working conditions, pay competitive wages,

promote additional income through sharing of surpluses and distribution of dividends, and support community facilities and services. In addition, cooperatives foster democratic knowledge and practices and social inclusion, making them well-placed to support the achievement of sustainable development.

An important dimension of the contribution of cooperative enterprises to sustainable development has been acknowledged in the global consultations on growth and employment: The role of cooperatives in expanding social protection to the informal sector. Promoting cooperatives could empower farmers to negotiate for better agricultural inputs and prices of their produce. Indeed, cooperatives have all along delivered towards sustainable development, and this contribution should be further emphasised and acknowledged.

The United Nations recognizes and reaffirms the vital role of cooperatives in economic, social and cultural development as well as in the achievements of social policy objectives. The celebrations of International Day of Cooperatives on 2nd July, 2016 were centered on the theme 'Cooperatives: The Power to act for a Sustainable Future', which was chosen to emphasize the contribution of cooperatives to the SDGs. The Message of the UN Secretary General on the occasion says: "Cooperative endeavour is about empowerment, inclusion and sustainability. It is designed to uphold the principles of equality and democratic participation. It embodies the principle of the Sustainable Development Goals that no-one should be left behind. ---- With their offer of economic, social and environmental resilience, the potential contribution of cooperatives to sustainable development is clear.----We believe cooperatives can make significant contributions to the SDGs on employment, poverty, hunger, and equality.----Let us harness the power of cooperatives to achieve the SDGs and create a world of dignity and opportunity for all." The Secretary General has also urged the Governments to create an enabling environment for cooperatives to thrive and grow.

The International Cooperative Alliance (ICA) has rightly called upon the cooperators across the world to engage in the implementation of the SDGs by participating in its campaign to unite cooperatives in building a sustainable future by making a pledge to participate in the Co-ops for 2030 platform ([www.coopsfor2030.coop](http://www.coopsfor2030.coop)). The platform has allowed cooperatives to learn about the SDGs, set targets to help achieve them, track their progress and see how other cooperatives are engaging. The ICA has received an encouraging response as a large numbers of cooperatives across the globe have made pledge in the Co-ops for 2030 platform.

#### **Cooperative Housing and the SDGs**

The right to adequate housing, as a component of the right to an adequate standard of living, is enshrined in many

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international human rights instruments. Most notably among these are the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. During the 1990s, the right to adequate housing gained further increasing recognition among the human rights community, and many Governments adopted or revised housing policies to include various dimensions of human rights. The Second UN Conference on Human Settlements (Habitat II) in 1996 harnessed this momentum. The outcomes of the Conference, the Istanbul Declaration and the Habitat Agenda, constitutes a framework where human settlements development is linked with the process of realising human rights in general and housing rights in particular.

A 'house' or a 'home' is not only a necessity but also an important aspect of human life as it provides to the people the much needed shelter and security to exist and perform their activities. It is central to human life, provides spatial identity and bind individuals into a family thereby strengthening human relationships. Housing is one of those basic social conditions that determine the quality of life and welfare of people and places. Where homes are located, how well designed and built, and how well they are weaved into the environmental, social, cultural and economic fabric of communities are factors that influence the daily lives of people, their health, security and wellbeing, and which, given the long life of dwellings as physical structures, affect both the present and future generations. Housing is therefore central to sustainable development.

Housing is also part of the relationships between society and the environment. On the one hand, housing construction and operation consume large amounts of natural resources like land, energy, water, building materials, while producing waste, air and water pollution. On the other hand, housing itself is exposed to a variety of environmental impacts and hazards, including those associated with natural disasters and climate change. These aspects are also significant considerations for sustainable development.

The SDGs in general and role of cooperatives in their realization have been briefly discussed in earlier part of this article. The SDGs related to water, sanitation and human settlements, where the role of service cooperatives like housing cooperatives comes prominently into play, are discussed below:

#### **Clean Water and Sanitation (SDG-6)**

Water and sanitation are at the very core of sustainable development, critical to the survival of people and the planet. Clean, accessible water for all is an essential part of the world we want to live in. There is sufficient fresh water on the planet to achieve this. But due to bad economics or poor infrastructure, every year millions of people, mostly children, die from diseases associated with inadequate water supply, sanitation and hygiene. Water scarcity, poor water quality and inadequate sanitation negatively impact food security,

livelihood choices and educational opportunities for poor families across the world. Drought afflicts some of the world's poorest countries, worsening hunger and malnutrition. By 2050, at least one in four people is likely to live in a country affected by chronic or recurring shortages of fresh water. The SGD-6 not only addresses the issues relating to drinking water, sanitation and hygiene, but also the quality and sustainability of water resources worldwide.

#### **Targets set under SDG-6 envisage that by 2030:**

- Achieve universal and equitable access to safe and affordable drinking water for all.
- Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.
- Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
- Implement integrated water resources management at all levels, including through trans-boundary cooperation as appropriate.
- Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes by 2020.
- Expand international cooperation and capacity-building support to developing countries in water and sanitation related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies, and
- Support and strengthen the participation of local communities in improving water and sanitation management.

#### **Progress:**

The relevant extracts from the Report of the UN Secretary-General on the progress under SDG-6 shows that:

In 2015, 4.9 billion people globally used an improved sanitation facility; 2.4 billion did not. Among those lacking adequate sanitation were 946 million people without any facilities at all, who continued to practise open defecation. In 2015, 68 % of the global population was using improved sanitation facilities compared to 59 % in 2000.

More progress has been made in access to drinking water. In 2015, 6.6 billion people, or 91 % of the global population, used an improved drinking water source compared to 82 % in 2000. An estimated 663 million people were still using unimproved water sources or surface water

that year. While coverage was around 90 % or more in all regions except sub-Saharan Africa and Oceania, widespread inequalities persist within and among countries. Moreover, not all improved sources are safe.

Holistic management of the water cycle means taking into account the level of 'water stress', calculated as the ratio of total fresh water withdrawn by all major sectors to the total renewable fresh water resources in a particular country or region. Currently, water stress affects more than 2 billion people around the world. Already, water stress affects countries on every continent and hinders the sustainability of natural resources, as well as economic and social development. In 2011, 41 countries experienced water stress, an increase from 36 countries in 1998. Of those, 10 countries withdrew more than 100 % of their renewable fresh water resources.

Integrated water resources management, one of the follow-up actions to the Plan of Implementation of the World Summit on Sustainable Development, aims to address this urgent situation. In 2012, 65 % of the 130 countries that responded to a survey question on integrated water resources management reported that management plans were in place at the national level.

Total official flows for water and sanitation were \$10 billion in 2014, of which total aid flows from DAC donors amounted to \$8 billion. Aid for water and sanitation nearly doubled as a share of ODA during the International Drinking Water Supply and Sanitation Decade (1981-1990). Thereafter, it has remained at around 7 % of total aid flows. Better targeting and tracking of water aid within the context of national situations is needed.

Effective water and sanitation management also depends on the participation of stakeholders. According to a 2013-14 Global Analysis and Assessment of Sanitation and Drinking-Water survey, 83 % of the 94 countries surveyed reported that procedures for stakeholder participation were clearly defined in law or policy. In the SDGs, the focus is being refined to also include the participation of local communities.

### **Sustainable Cities and Communities: (SDG-11)**

Cities are hubs for ideas, commerce, culture, science, productivity, social development and much more. At their best, cities have enabled people to advance socially and economically. However, many challenges exist to maintaining cities in a way that continues to create jobs and prosperity while not straining land and resources. Common urban challenges include congestion, lack of funds to provide basic services, a shortage of adequate housing and declining infrastructure. The challenges cities face can be overcome in ways that allow them to continue to thrive and grow, while improving resource use and reducing pollution and poverty. The future we want includes cities of opportunities for all, with access to basic services, energy, housing, transportation and more. The SDG-11 aims to make cities and

human settlements inclusive, safe, resilient and sustainable

#### **Targets set under SDG-11 envisage that by 2030:**

- Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- Strengthen efforts to protect and safeguard the world's cultural and natural heritage.
- Significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global GDP caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
- Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
- Provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.
- Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.
- Substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement holistic disaster risk management at all levels by 2020, and
- Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

#### **Progress:**

The relevant extracts from the Report of the UN Secretary-General on the progress under SDG-11 shows that:

More than half the world's population lives in cities. By 2030, it is projected that 6 out of 10 people will be urban dwellers. Despite numerous planning challenges, well-managed cities and other human settlements can be incubators for innovation and ingenuity and key drivers of sustainable development.

As more people migrate to cities in search of a better life

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and urban populations grow, housing issues intensify. In 2014, 30 % of the urban population lived in slum-like conditions; in sub-Saharan Africa, the proportion was 55 % (highest of any region). Globally, more than 880 million people were living in slums in 2014.

As population growth outpaces available land, cities expand far beyond their formal administrative boundaries. This urban sprawl can be seen in many cities around the world. From 2000 to 2015, the ratio of the land consumption rate to the population growth rate in Eastern Asia and the Oceania was the highest in the world, with developed regions second. Other regions, such as South-Eastern Asia and Latin America and the Caribbean, showed a decrease in that indicator. Sometimes, a low value for this ratio can indicate a prevalence of overcrowded slums. Unplanned urban sprawl undermines other determinants of sustainable development e.g. every 10 % increase in sprawl account for a 5.7 % increase in per capita CO<sub>2</sub> emissions and a 9.6 % increase in per capita hazardous pollution.

Managing solid waste is often problematic in densely populated areas. In many developing regions, less than half of solid waste is safely disposed of. As per capita waste generation continues to rise, the collection and safe disposal of solid waste will continue to require serious attention.

Urban air pollution also challenged cities around the world, causing illness and millions of premature deaths annually. In 2014, around half the global urban population was exposed to air pollution levels at least 2.5 times higher than maximum standards set by the WHO.

The quest for sustainable and coordinated urban development starts with national policies and regional development plans. As of 2015, 142 countries (home to 75 % of the world's urban population) had a national urban policy in place or under development.

### **Housing and Slum Upgrading**

Rapid urbanization places remarkable strain on housing and serviced land. By 2030, about 3 billion people, or about 40 % of the world's population, will need proper housing and access to basic infrastructure and services such as water and sanitation systems. This translates into the need to complete a large number of housing units each year with serviced and documented land from now till 2030. Unfortunately, especially in the developing countries, supply is often limited by inadequate governance systems and human resource deficiencies, as well as by institutions and regulations which are either obsolete or lacking in capacity or are poorly informed.

So far, the failure of urban planning and the construction sector in matching demand for housing has resulted in a huge shortage that has led to the development of slums globally. Due to constraints in formal housing and land delivery systems, more and more people who would otherwise qualify for housing programmes are resorting to slum settlements. In some cities, up to 80 % of the population

lives in slums and 55 million new slum dwellers have been added to the global population since 2000. Slums are a clear manifestation of a poorly planned and managed urban sector particularly housing sector. Each day about 120,000 people are added to the populations of Asian cities, requiring the construction of at least 20,000 new dwelling units and supporting infrastructure. In Latin America and the Caribbean current housing needs are estimated at about 42 million and 52 million units respectively, whereas annual housing needs in Africa comes to 4 million units with over 60 % of the demand required to accommodate urban residents.

Most Indian cities are managing more number of inhabitants than they can sustain due to unplanned growth. This results in congestion, noise, traffic jams, air pollution and major shortages of key necessities. Every major city in India faces the same proliferating problems of grossly inadequate housing, transportation, sewage, electric power, water supplies, schools and hospitals. In such a situation, the migrant population adds to the burden of the cities. Migrants are exposed to large uncertainties whether it is the job or the dwelling place. The first and the foremost thing that a migrant looks for when he comes to the city are the living space and then a job. Majority of them land in slums or makeshift shelters that promise no services be it the basic necessities of water, electricity, security of tenure and health service.

The housing shortage in India is estimated to the tune of 18.78 million units in urban areas and 43.67 million units in rural areas. Government of India has launched the Pradhan Mantri Awas Yojana (PMAY) for building 20 million houses and 10 million houses in urban and rural areas respectively by 2022. The Government is committed to address the housing needs of all especially the rural and urban poor in a time bound manner. The PMAY-Housing for All (Urban) seeks to address the housing requirement of urban poor including slum dwellers by 2022 through in-situ slum redevelopment, affordable housing in partnership, beneficiary led construction, and credit linked subsidy for promotion of affordable housing.

### **Affordable and Sustainable Housing**

Addressing the issue of affordability is a necessary condition for transformation towards sustainable housing. And yet affordability is not enough, because the so-called affordable houses cannot be considered sustainable if they create negative impacts on the environment or social life. The aspects of affordability need to be compatible with sustainability conditions. Sustainable housing is often considered from a resource-saving (green) perspective. There is need for a more comprehensive approach i.e. viewing sustainable housing not simply as units or clusters of self-sufficient 'green buildings', but as socially-enhancing and environment friendly residential practices integrated into the wider human settlement systems.

This approach is necessitated by the holistic perspective of

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sustainable development and by the multi-faceted nature of housing. Sustainable affordable housing in this regard may be considered as extension of the adequate shelter for all strategy of the Habitat Agenda. Adequate shelter means more than a roof over one's head. It also means adequate-privacy, space, security, lighting/heating and ventilation, basic infrastructure (water supply, sanitation and waste-management facilities); physical accessibility; security of tenure; structural stability and reliability; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities. All of the above should be available at an affordable cost.

### Action Needed for Sustainable Housing Development

Sustainable housing is yet to gain its due prominence in developing countries like India. It is rare that the social, cultural, environmental and economic facets of housing are addressed there in an integrated policy. In many developing countries, the pro-poor housing programmes often provide accommodation of poor standards, in remote locations, with little consideration to the lifestyle and livelihood strategies of residents. In others, rapid housing developments create amplified carbon footprint and further negative impacts on the environment. Yet in most developing cities, decent and safe housing remains a dream for majority of the population. In order to address their housing and informal settlements issues, Governments need to set up a strong national housing policy to create an enabling environment that will increase the supply of affordable housing.

Housing Policies adopted over the years have failed to provide adequate and affordable housing. Housing is considered as an engine of economic growth. Housing and housing amenities are major indicators to gauge human well-being of a nation. Hence its importance can't be overlooked. The complex web of inter-relationships between sustainability and housing needs to be addressed by effective policies for sustainable housing, which consider a spectrum of underlying conditions to achieve sustainability in housing development, such as: impacts on the environment and climate change; durability and resilience of homes; economic activities in housing and their links with the wider economy; cultural and social fabric of communities and impacts of housing on poverty alleviation, social development, and the quality of life.

Strong political will, sound guidelines and effective regulations is a must to provide adequate housing for all, reduce slum growth and ensure sustainable urban development. Key stakeholders such as national and local government bodies, non-governmental organizations, financial institutions, housing cooperatives as well as builders and private sector developers have to operate within clear, given frameworks. This will enable well-defined institutional and operational conditions in order to support the housing sector more effectively thereby contribute to the

provision of affordable, adequate housing for all.

The growing urgency to provide more homes to millions of households and the remarkable rate of illegal/unplanned construction and housing production processes calls for a paradigm shift in housing policy, urban planning and building practices. This becomes more urgent when the phenomenon of climate change is considered, given that the building sector is responsible for nearly 40 per cent of greenhouse gas emissions in cities. This problem compels national and local Governments to attend to design, planning and technology standards and norms that affect the planning of residential areas, housing design and production, and the construction industry. There is need to promote sustainability of habitats through improvements such as energy efficiency in building, improved management of solid and liquid waste including recycling and power generation, model shift towards public transport and conservation, promotion and adoption of alternate and environment friendly building components. The planning process has to be modified with changing environment so that a positive future is shaped where the present generation enjoys all the benefits and enough is left for the future generations.

Creating an enabling legal, planning, financing and regulatory framework for the sustainable augmentation of housing, particularly for the poor and low-income groups is essential. Housing provision should be an integral part of urban development programme. Every city must have a long-term human settlement structure plan and people should be involved in the process of planning and implementation to improve the facilities and to create better living conditions in cities. This is where housing cooperatives plays a vital role. They have been providing decent houses to their members and also strive to create an environment that is conducive to the fulfillment of the physical, social, economic and spiritual needs of members. They also feel proud to have adopted environment friendly measures to safeguard the nature.

Housing policy at the national and state levels need to be closely harmonized with other development aspects such as economic, social and environmental interests. For instance, beyond the mere provision of shelter, housing projects have to be understood as playing an active role in boosting employment and the economy, reducing poverty and improving human development. Likewise, housing policies have to include urban planning considerations, advocating for mixed urban uses and medium to high density, ensuring small urban footprints and rationalized mobility patterns. National and local authorities need to be at the helm of housing projects, not only to create a conducive environment for investors, developers and builders, but also to ensure housing affordability that is pro-poor and guarantee provision of basic services and infrastructure.

### Conclusions

Cooperatives are vital in the global economic and social development. They are key partners for achieving the United

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# The Himachal Pradesh State Cooperative Agriculture & Rural Development Bank

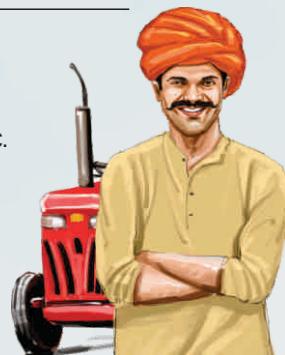
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Nations' 2030 Agenda, as cooperative values and principles run parallel to the SDGs. The Agenda includes several mentions to cooperatives as diverse private sector actors to achieve the SDGs, creating an opportunity for the cooperative movement to demonstrate its contributions and commitment to engage. Cooperatives are sustainable businesses that have the power to act at local, national and international levels. The cooperative business model needs to be promoted and shared because cooperative enterprises foster democracy, social inclusion and operate with concern for the environment and the community at large.

Sustainable development is at the very core of cooperative enterprises. Based on ethical values and principles, the cooperative model of business serves to meet the needs and aspirations of the masses in an economically, socially and environmentally sustainable way. The cooperatives should rise to the challenge of poverty, climate change, inequality etc. as it is not only an environmental concern but also put an impact on the social and economic well being of the populace.

Every settlement has a role to play in the functioning of the system, and contribution to make for sustainable economic, social and physical development. The orientation of technological development should aim to satisfy the needs and aspirations of the people keeping in view the requirements of future generations towards sustainability. It is a turning point in the integration of environmental issues into policies and actions for welfare of the community. The achievement of sustainable development and economic growth is one of the political challenges for the coming decades. It is based on the processes that are efficient, equitable, environmentally sound and indigenous. It is ultimate analysis that involves a practical compromise between short-term human needs and vast natural resources.

For achieving the ambitious targets of SDGs, we need a well governed State, a strong and responsible private sector, an influential and inclusive civil society, a supportive global partnership and a vibrant social economy including the cooperative sector. Each of the stake holders needs to contribute their individual comparative advantage to collectively work towards realizing the SDGs. With cooperatives so deep-rooted in the communities that they serve, this is a rare opportunity to show the power to act for a sustainable future.

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# Demonetization, Digitilization and Cooperative Banks

Dr. Neeraj K. Dubey\*

## Introduction:

Our Indian Government had announced the decision of demonetization of Rs. 500 and 1000 currency notes w.e.f. mid night of 8th November, 2016. The professed purpose of this decision was to immobilize the stock of black money and huge amount counterfeit notes in the system. This step had evoked varied reaction from the public, mostly relating to problems being faced for deposit and exchange of old notes for the new.

Firstly in the year 1978, Notes of denominations ₹1000/-, ₹5000/- and ₹10000/-, were demonetized, which comprised 0.2% of gross domestic product (GDP) at that time. Now it is different; ₹500/- and Rs.1000/- are most commonly used currencies for day-to-day transactions; they comprise nearly 86% of total money in circulation and 10.5% of GDP. Therefore, every single individual, irrespective of his financial and social hierarchy, is impacted by this demonetization.

As per the Weekly Statistical Supplement (WSS), the Notes in Circulation as on November 4, 2016 stood at ₹17,74,187/- crore. Roughly 86% of this value, i.e. ₹15, 25,800/- crore comprised notes of denominations ₹500/- and ₹1000/-, which had been demonetized. In 1978, nearly 85% of demonetized notes did not come back to the system. Hidden purpose of this policy was Seigniorage (profit made by a Central Bank resulting from issue of currency; which is the difference between the face value of currency and their production costs)

## Cooperative Banks

According to data from NABARD, there are 32 state cooperative banks, 370 district central cooperative banks as

has 508 cooperative banks with approx 2.6 Crore customers. Cooperative banks are still critical for the last mile in rural India. This is expected to continue for at least next 5-10 years till larger banks/NFIs take firm hold in rural India. Post demonetization, the cooperative banking sector faced serious problem on account of a severe liquidity crisis. Soon after the demonetization announcement, cooperative banks were asked not to accept the old ₹500, ₹1,000 currency note deposits or exchange those notes with the new currency notes w.e.f. 21/11/2016. This meant that these lenders could only deal with permissible denominations of Rs 100 and below or take deposits in new currencies that was hardly available in the system. This had shaken the trust of common man from cooperative banks and rural economy almost paralysed for short period as they deal with people at the bottom of the pyramid. Customers will think twice again before depositing their hard earned money or taking a loan against their property from a local cooperative bank.

## Why cooperative banks were restricted?

There were a couple of reasons why the government and the Reserve Bank of India (RBI) did not allow cooperative banks to accept or exchange old notes for the new currency.

- (1) The checks and balances at these banks aren't perceived to be strong enough to counter efforts to push black money into the banking system. Staffers, too, aren't trained well.
- (2) These banks aren't as tightly regulated as scheduled commercial banks.
- (3) Most of these banks are indirectly controlled by

Status Report State Cooperative Banks			(Rs in Crores)
	31/03/2014	31/03/2015	Remark
Deposits	1,04369	1,02859	
Loan O/s	NA	1,14545	
Loan Recovery %	NA	95%	Impressive
Profit	926	1,105	Increased
NPAs	5.53% (5699)	5.02% (5746)	Decreased
Losses	696	617	Decreased

on 31 March 2015. The number of primary agricultural credit societies (PACS), the smaller ones, as on 31 March 2014, stood at 93042, as per the latest data available. Maharashtra

politicians or local businessmen. Hence, there is, of course, reason to worry to let these banks participate in such a massive exercise.

But, by restricting funds to cooperative banks and prolonging the crisis, had resulted in significant damage to the health of several cooperative banks, which are already

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54.97%

### **STRIKINGLY INNOVATIVE PROGRAMMES INTRODUCED BY THE BANK**

<ul style="list-style-type: none"><li>● Non-Farming Rural Enterprises, Rural Housing, S.R.T.O.</li><li>● Sericulture, Integrated Horticulture / Floriculture, Medicinal Plant</li><li>● Individual Dairy Development and Sheep / Goat rearing / Poultry / Piggery / Rabbit Rearing / Fisheries and Fishing Boat</li><li>● Big and Small Lift Irrigation Schemes.</li><li>● Rural Godowns / Agri Clinic &amp; Agri Business Centres</li><li>● Purchase of Agriculture Lands</li><li>● Solar Lights / Solar Pumps</li><li>● Purchase of Two Wheelers</li></ul>	<ul style="list-style-type: none"><li>● Rain Water Harvesting Structures</li><li>● Vermi Compost Units</li><li>● Bio-digester</li><li>● Farm Mechanisation</li><li>● Combined Harvester</li><li>● JCB/Dozers</li><li>● Coffee curing, Drying yards (Paddy, Areca, Coffee etc.)</li><li>● Agricultural Implements</li><li>● Short term crop loan</li><li>● Gold Loan, Salary Loans etc.</li></ul>
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### **BANK ACCEPTS FIXED DEPOSITS**

1. 91 days - 7.00%
2. 181 days - 8.00%
3. One year and upto two years - 9.40%
4. Two years and above - 9.50%
5. 0.25% of additional Interest to Senior Citizens
6. Bank advances Gold, Vehicle, Salary, House Mortgage Loans etc. at an attractive rate of interest.

### **STRENGTHEN THE FARMERS' BANK**

**FOR DETAILS, PLEASE CONTACT US OR OUR BRANCH OFFICES OR ANY PRIMARY CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANK LTD. IN THE STATE.**

**K. Shadakshari, MLA**  
President

**M. Shivanna**  
Secretary

**A. C. Diwakara**  
Managing Director



*Always in the Fore front*



**Credit needs are plenty**

**We are catering the cross-section ...** Agriculture, Non-Farm, Housing, Education, Kisan Credit Card Scheme, Swarojgar Credit Card Scheme, Gold pledge, Jewel Purchase, Traders Loan, Consumer Loan, Farm tourist ventures ...

*Launching shortly: monthly saving scheme*

*moderate and transparent interest rates • reasonable and acceptable conditions*

**Accepting deposits at attractive rate of interest.**

**Rendering services through 63 PCARD Banks all over Kerala**

**Solomon Alex**  
**President**

**Aparna Prathap**  
**General Manager**



**KERALA STATE CO-OPERATIVE AGRICULTURAL  
AND RURAL DEVELOPMENT BANK**

Ph: 0471-2460595, Thiruvananthapuram - 695 001

Web: [www.keralalandbank.org](http://www.keralalandbank.org) E-mail: [ho.cardbank@gmail.com](mailto:ho.cardbank@gmail.com)

on the verge of closure. The tiny ones are more vulnerable. Actual assessment of this damage could be analyzed later.

Why cooperative banks should matter to us? Cooperative banks have been the trusted centres to bank for millions of farmers and middle, low-income people for long. Despite all their negative sides, these institutions are known to offer them easier loan and deposit products and hence is the favourite institution for the poor. Restricting them to conduct business, as happened post-demonetization, will have major impacts on these banks: It damages the business of cooperative banks and their financial health.

The cooperative sector has largely been a failure on account of the accumulated losses, etc, but that situation is beginning to change after an overhaul initiated by the RBI and NABARD in 2010. Many inefficient corrupt banks have been shut and the remaining are good enough to continue.

Looking into the gravity of this matter it is an ardent need of the time to preserve the interests of the

Cooperative Banks in India in order to ensure their smooth functioning in the society. Moreover cooperative banks are required to upgrade their digital infrastructure to promote the cashless economy in the country.

#### References:

- (1) Economic Times 9/11/16 to 15/02/2017
- (2) India Today January 2017
- (3) <http://www.firstpost.com/business/> (12/02/2017 15:40 Hrs)
- (4) <https://www.linkedin.com/pulse/> (14/02/2017 11:15 Hrs)
- (5) <http://indianexpress.com/article/business/banking-and-finance/> (12/02/2017 17:20 Hrs)
- (6) <http://indiadtoday.intoday.in/story/> (16/02/2017 21:05 Hrs)
- (7) <https://thewire.in/> (20/02/2017 14:45 Hrs)

## CO-OPERATIVE PRINCIPLES

The co-operative principles are guidelines by which co-operatives put their values into practice.

### 1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### 2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

### 3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to

their transactions with the co-operative; and supporting other activities approved by the membership.

### 4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### 5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

### 6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

### 7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.



## प्रधानमंत्री फसल बीमा योजना – न्यूनतम प्रीमियम, किसान कल्याण के लिए अधिकतम बीमा

भारत किसानों का देश है जहां अधिकांश ग्रामीण आबादी कृषि पर आश्रित है। भारत सरकार ने एक नई योजना प्रधानमंत्री फसल बीमा योजना (पिएमएफबीवाई) शूरू की जिसका शूभारम्भ १३ जनवरी २०१६ को माननीय प्रधानमंत्री श्री नरेन्द्र मोदी द्वारा किया गया।

इस योजना उन किसानों पर प्रीमियम का बोझ कम करने में मदद मिलेगी जो अपनी खेती के लिए ऋण लेते हैं और यह खराब मौसम से उनकी रक्षा भी करेगी।

किसान फसल बीमा योजना के संबंध में किसी परेशानी का सामना न करें इसलिए बीमा दावे के निपटान की प्रक्रिया को तेज और आसान बनाया गया है। यह योजना भारत के हर राज्य में संबंधित राज्य सरकारों के साथ मिलकर लागू की जा रही है। इस योजना को कृषि एवं किसान कल्याण मंत्रालय, भारत सरकार कार्यन्वित कर रहा है।

### योजना के मुख्य आकर्षण

- प्रीमियम की दर सभी खरीफ फसलों के लिए केवल २% एवं सभी रबी फसलों के लिए १.५% रखी गई है। वार्षिक वाणिज्यिक और बागवानी फसलों के लिए प्रीमियम दर ५% है।
- किसानों द्वारा भूगतान किये जानेवाले प्रीमियम की दरें बहुत ही कम हैं और शेष प्रीमियम का भूगतान सरकार द्वारा किया जाएगा ताकि किसी भी प्रकार की प्राकृतिक आपदा में फसल हानि के लिए किसानों को पूर्ण बीमा राशि प्राप्त हो सके।
- सरकारी सब्सिडी पर कोई ऊपरी सिमा नहीं है। भले ही शेष प्रीमियम १०% हो यह सरकार द्वारा वहन किया जाएगा।
- इससे पहले, प्रीमियम दर पर कैपिंग का प्रवधान था जिससे किसानों को कम दावे का भूगतान होता था। अब इसे हटा दिया गया है और किसानों को बिना किसी कटौती के पूरी बीमा राशि का दावा मिलेगा।
- प्रैद्योगिकी के उपयोग को प्रोत्साहित किया जा रहा है। दावा भुगतान में होने वाली देरी को कम करने के लिए फसल काटने के आंकड़ों के संग्रह एवं अपलोड करने हेतु स्मार्ट फोन, रिमोट सेंसिंग ड्रोन और जीपीएस तकनीक का इस्तेमाल किया जाएगा।
- २०१६-२०१७ के बजट में इस योजना के लिये ₹५,५५० करोड़ रुपये का प्राबधान किया गया है।

यह बीमा योजना भारतीय कृषि बीमा कंपनी (एआईसी) द्वारा नियंत्रित की जाएगी।

सौजन्य: सूजना

राष्ट्रीय कृषि बीमा योजना (एनएआईएस) एवं संशोधित राष्ट्रीय कृषि बीमा योजना (एमएनएआईएस) के स्थान पर यह योजना लागू की गई है और इसलिए यह सेवा कर से मुक्त है।

### योजना के उद्देश्य

- प्राकृतिक अपदार्थों, कीट और रोगों के कारण अधिसूचित फसलों में से किसी की विफलता की स्थिति में किसानों को बीमा सुरक्षा और वित्तीय सहायता प्रदान करना।
- कृषि में किसानों की सतत प्रक्रिया सुनिश्चित करने के लिए उनकी आय को स्थायित्व देना।
- कृषि में नवाचार एवं आधुनिक पद्धतियों को अपनाने के लिए किसानों को प्रोत्साहित करना।
- कृषि क्षेत्र में ऋण के प्रवाह को सुनिश्चित करना।

### किसान जिन्होंने फसल बीमा का लाभ मिलेगा

अधिसूचित क्षेत्रों में अधिसूचित फसल उगाने वाले पट्टेदार/जोतदार किसानों सहित सभी किसान इस योजना में सामिल होने के लिए पात्र हैं। जिन किसानों ने ऋण नहीं लिया है उन्हैं राज्य में प्रचलित भूमि रिकार्ड अधिकार (आरओआर), भूमि कब्जा प्रमाण पत्र (एलपीसी) आदी आवश्यक दस्तावेज प्रस्तुत करना होगा। इसके अलावा राज्य सरकार द्वारा अनुमति, अधिसूचित लागू अनुबंध, समझौते के विवरण आदि अन्य संबंधित दस्तावेज भी अवश्यक हैं।

- अनिवार्य घटक: वित्तीय संस्थाओं से अधिसूचित फसलों के लिए मौसमी कृषि कार्य (एसएओ) के लिए ऋण लेने वाले सभी किसान अनिवार्यतः इस में शामिल होंगे।
- खैच्छक घटक: ऋण न लेने वाले किसानों के लिए योजना वैकल्पिक होगी।
- योजना के तहत अनुसूचित जातिय/अनुसूचित जनजाति/माहिला किसानों का अधिकतम कवरेज सुनिश्चित करने के लिए विशेष प्रयास किए जाएंगे। इसके तहत बजट आबंटन और उपयोग संबंधित राज्य के अनुसूचित जाति/अनुसूचित जनजाति/सामाज्य वर्ग द्वारा भूमि-धारण के अनुपात में होगा। कार्यन्वयन एवं फसल बीमा योजनाओं पर किसानों की प्रतिक्रिया प्राप्त करने के लिए पंचायती राज संस्थाओं (पिआरआई) को शामिल किया जा सकता है।

### जोखिम जिनके समक्ष सुरक्षा मिलेगी

योजना के अंतर्गत फसल के निम्नलिखित चरणों और फसलों के नुकसान के लिए जिम्मेदार जोखिम शामिल किये गए।



## **THE HARYANA STATE COOPERATIVE AGRICULTURE & RURAL DEVELOPMENT BANK LTD**

Sahkarita Bhawan, Bay No. 31-34, Sector 2, Panchkula

Phone: 0172-2587040 Fax: 0172-2587069

The Haryana State Cooperative Agriculture and Rural Development Bank Ltd., is the specialised institution in the State, which caters to the Long Term credit needs of the farmers for the upliftment of the economic position of the agriculturists and allied fields.

The bank advances Long Term loans to the farmers for the following purposes:-

### **Scale of finance and periodicity of Major Sectors**

#### **Farm Sector**

Sr. No.	Name of the Scheme	Period	Scale of finance
1	Minor Irrigation	9 Years	₹0.75 to 4.00 lacs
2.	Land Development	--do--	90% of the project cost
3	Farm Mechanisation	5-9 Years	85% of the cost of the Machinery
4	Purchase of Agriculture Land	10 Years	Upto ₹12.00 lacs
5	Horticulture/Plantation	5-9 Years	₹0.25 to 3.55 per Ha.
6	Animal Husbandry	5-7 Years	₹0.70 to 3.50 lacs per 5 unit
7	Rural Godowns	Upto 9 Years	90% of the project cost

#### **Non Farm Sector**

Sr. No.	Name of the Scheme	Period	Scale of finance
1	Rural Housing	Upto 9 years	Upto ₹6.00 lacs
2	Marriage Palaces	Upto 6-9 years	90% of the Project Cost
3	Community Halls	Upto 6-9 years	90% of the Project Cost
4	Village Cottage Industry	Upto 6-9 years	90% of the Project Cost
5	Public Transport Vehicles	Upto 6-9 years	85% of the Project Cost
6	Rural Educational Infrastructure	Upto 6-9 years	90% of the Project Cost
7	Other SSI units	Upto 6-9 years	90% of the Project Cost

#### **Rate of Interest**

The Rate of Interest @ 13 % p.a. w.e.f. 21.01.2016 is being charged from the ultimate borrowers for all type of loans advanced by the DPCARDBs in the state of Haryana.

#### **NOTE:**

For further details, kindly contact The Haryana State Coop. Agri. & Rural Dev. Bank Ltd., Panchkula or the District Coop. Agri. and Rural Dev. Banks at District level and its branches at Tehsil & Sub-Tehsil level in the State.

**RAJNI SEKHRI SIBBAL, IAS**  
Chairman

**SATBIR SHARMA**  
Managing Director



- **बूवाई/रोपण में रोक संबंधित जोखिम:** बीमित क्षेत्र में कम बारिश या प्रतिकूल मौसमी परिस्थितियों के कारण बूवाई/रोपण में उत्पन्न अवरोध.
- **खड़ी फसल (बुवाई से कटाई तक के लिए);** नियंत्रण से बाहर के जोखिमें जैसे सुखा, अकाल, बाद, सौलाब कीट एवं रोग, भूस्खलन, प्राकृतिक आग और बिजली, तूफान, औले, चक्रबात, आंधी, टेम्पेस्ट, तूफान और बवंडर आदि के कारण उपज के नुकसान को शामिल करने के लिए व्यापक जोखिम बीमा उपलब्ध कराया जाता है।
- **कटाई के उपरांत नुकसान:** फसल कटाई के बाद चक्रवात और चक्रवाती बारिश और बेनौसम बारिश के विशेष खतरों से उत्पन्न हालात के लिए कटाई से अधिकतम दो सप्ताह की अवधि के लिए कवरेज उपलब्ध है।
- **स्थानिक आपदाएं:** अधिसूचित क्षेत्र में मूसलधार बारिश, भूस्खलन और बाढ़ जैसे स्थानीय जोखिमों की घटना से प्रभावित पृथक् खेतों को उपज हानि/ क्षति.

### बीमा राशि/कवरेज की सीमा

अनिवार्य घटक के तहत ऋणी किसानों के मामले में बीमा राशि जिला स्तरीय तकनीकी समिति (डीएलटीसी) द्वारा निर्धारित वित्तीय माप के बराबर होगी, जिसे बीमित किसान के विकल्प पर बीमित फसल की अधिकतम उपज के मूल्य तक बढ़ाया जा सकता है। यदि अधिकतम उपज का मूल्य ऋण राशि से कम है तो बीमित राशि अधिक होगी। राष्ट्रीय अधिकतम उपज को चालू वर्ष के न्यूनतम समर्थन मूल्य (एमएसपी) के साथ गुण करने पर बीमा राशि का मूल्य प्राप्त होता है। जहां कहीं बी चालू वर्ष का न्यूनतम समर्थन मूल्य उपलब्ध नहीं है। वहां पिछले वर्ष का न्यूनतम समर्थन मूल्य अपनाया जाएगा।

जिन फसलों के लिए न्यूनतम समर्थन मूल्य की घोषणा नहीं की गई है उनके मामले में विपणन विभाग/बोर्ड द्वारा निर्धारित मूल्य अपनाया जाएगा।

## प्रधानमंत्री कृषि सिंचाई योजना

कृषि के लिए सिंचाई सबसे महत्वपूर्ण है। उत्पादन बढ़ाने के लिए सिंचाई सुविधाएं सुनिश्चित करने के लिए एक नई योजना 'प्रधानमंत्री कृषि सिंचाई योजना (पिएम के एसवाई) शुरू की गई है। इस योजना में पांच सालों (२०१५-१६ से २०१९-२०) के लिए ५० हजार करोड़ रुपये की राशि का प्रावधान किया गया है। मौजूदा वित्तीय वर्ष के लिए ₹५३०० करोड़ आवंटित किए गए हैं।

पीएमकेएसवाई के मुख्य उद्देश्यों में सिंचाई में निवेश में एकरूपता लाना, 'हर खेत को पानी' के तहत कृषि योग्य क्षेत्र का विस्तार करना, खेतों में जल के इस्तेमाल की दक्षता को बढ़ाना ताकि पानी के अपव्यय को कम किया जा सके, सही सिंचाई और पानी को बचाने की तकनीक को अपनाना (हर बूंद अधिक फसल) आदि शामिल हैं। इसके अलावा इस योजना के माध्यम से सिंचाई में निवेश को आकर्षित करने का भी प्रयास किया जाएगा।

राष्ट्रीय स्तर पर पीएमकेएसवाई की निगरानी सभी संबंधित मंत्रालयों के मंत्रियों के साथ एक अंतर-मंत्रालयीन राष्ट्रीय संचालन समिति (एनएससी) द्वारा की जाएगी। इस निगरानी समिति कि अध्यक्षता प्रधान मंत्री करेंगे। कार्यक्रम के कार्यन्वयन, संसाधनों के आबंटन, अंतर-मंत्रालयीन समन्वय, निगरानी और प्रदर्शन के आकलन के लिए नीति आयोग के उपाध्यक्ष की अध्यक्षता में एक राष्ट्रीय कार्यकारी समिति (एनईसी) गठित की जाएगी। राज्य स्तर पर योजना का कार्यन्वयन संबंधित राज्य के मुख्य सचिव की अध्यक्षता में गठित राज्य स्तरीय मंजूरी

समिति (एसएलएससी) द्वारा किया जाएगा। इस समिति के पास परियोजना को मंजूरी देने और योजना की प्रगति की निगरानी करने का पूरा अधिकार होगा। कार्यक्रम को और बेहतर ढंग से लागू करने के लिए जिला स्तर पर जिला स्तरीय समिति भी होगी।

योजना के तहत कृषि-जलवायु की दशाओं और पानी की उपलब्धता के आधार पर जिला और राज्य स्तरीय योजनाएं बनायी जाएंगी। देश में कुल १४.२ करोड़ हेक्टेयर कृषि योग्य भूमि में से ६५ प्रतिशत में सिंचाई सुविधाएं नहीं हैं। इस लिहाज से इस योजना का महत्व और बंद जाता है। इस योजना का उद्देश्य देश के हर खेत तक किसी न किसी माध्यम से सिंचाई सुविधा सुनिश्चित करना है ताकि 'हर बूंद अधिक फसल' ली जा सके।

इस योजना में हर खेत तक सिंचाई जल पहुंचाने के लिए योजनाएं बनाने व उनके कार्यान्वयन की प्रक्रिया में राज्यों को अधिक स्वायत्ता व धन के इस्तेमाल की लायीली सुविधा दी गयी है। इस योजना में केंद्र ७५ प्रतिशत अनुदान देगा और २५ प्रतिशत खर्च राज्यों के जिम्मे होगा। पूर्वोत्तर क्षेत्र और पर्वतीय राज्यों में केंद्र का अनुदान ९० प्रतिशत तक होगा।

मानसून पर खेती की निर्भरता कम करने के उद्देश्य से सरकार द्वारा इस योजना में तीन मंत्रालयों - जल संसाधन, नदी विकास एवं गंगा पुनरुद्धारा मंत्रालय, ग्रामीण विकास विभाग एवं कृषि मंत्रालय की विभिन्न जल संरक्षण, संचयन एवं भूमि जल संवर्धन तथा जल वितरण संबंधित



कार्यों को समेकित किया गया है। योजना के अंतर्गत हर खेत को पानी तथा प्रति बूंद अधिक फसल उत्पादन के साथ-साथ पूरे देश में खाद्यान्न सुरक्षा सुनिश्चित करना है। हर खेत तक सिंचाई जल लाने की लक्ष्य प्राप्ति के लिए जिले में जल संरक्षण, संचयन एवं संवर्धन कार्य में समन्वय एवं सहमेल स्थापित कर एवं सभी जल रहे प्रयासों के माध्यम से प्रत्येक बूंद का सदूपयोग कर अधिकतम फसल उत्पादन प्राप्त करना मुख्य है।

भूमि का अधिकांश भाग वर्षा आधारित है। वर्षा के अभाव में किसानों को विषय परिस्थितियों का सामना करना पड़ रहा है। इसी समस्या को ध्यान में रख कर ग्राम स्तर पर, जिला स्तर पर एवं राज्य स्तर पर सिंचाई योजना तैयार कर हर खेत तक जल पहुंचाना, कृषि योग्य भूमि का विस्तार करना, सुनिश्चित सिंचाई का प्रबंधन, जलाशय पुनर्भरण, सतत जल संरक्षण प्रणाली प्रचलनों के साथ साथ भूमि जल सूजन, पानी के बाहाव को रोककर उपयोग में लाना तथा जल उपलब्धता के अनुरूप पसलों का चयन एवं आधुनिक सिंचाई प्रणाली, ड्रिप एवं स्प्रिंकलर आदि कार्यक्रमों को लागू करना है। योजना के अंतर्गत ग्राम स्तर तक सिंचाई क्षेत्र में निवेश को बढ़ाकर हर खेत को पानी उपलब्ध कराना तथा जल का प्रबंधन करना है।

### योजना के मुख्य घटक

इस योजना में बहुत एवं मध्यम सिंचाई की राष्ट्रीय परियोजनाएं पूर्ण करने पर विशेष ध्यान दिया जायेगा। इसके अंतर्गत हर खेत को पानी, लघु सिंचाई द्वारा नये जलस्रोतों का निर्माण, पुरानी जल संरचनाओं का सुधार एवं-नविनोकरण, कमांड क्षेत्र का विकास कर खेतों तक पानी पहुंचाना, अभावग्रस्त क्षेत्र में भूमिगत जल का विकास करना, जल संरचनाओं का जल प्रबंधन एवं जल वितरण प्रणाली में सुधार कर सूक्ष्म सिंचाई पद्धती द्वारा सिंचाई क्षमता बढ़ाना और परम्परागत जल संग्रहण को बढ़ावा दिया जाना है।

### सिंचाई हेतु बेहतर जल प्रबंध

इस उद्देश्य की प्राप्ति हेतु ड्रीप/स्प्रिंकलर सिंचाई आदि के माध्यम से सिंचाई जल का प्रभावी उपयोग करना योजना अंतर्गत सिंचाई क्षेत्रमें ४० प्रतिशत सीमा के अंतर्गत इनलेट, आउटलेट, सिल्ट ट्रैप आदि का निर्माण करना, लघुतम सिंचाई के अंतर्गत नलकूप, कुंओं, आदि का निर्माण करना डीज़ल पम्प विद्युत पंप, सोलर पम्प, एवं पाईप लाईन सिस्टम को बढ़ावा देना और जल संरक्षण एवं फसल बूआई क्रियाओं के लिए कृषि विस्तार। गतिविधियों पर ध्यान देना, सिंचाई प्रबंधन पद्धतियों का प्रशिक्षण और सभी विस्तार कार्यकर्ताओं को प्रधान मंत्रि कृषि सिंचाई योजना का प्रशिक्षण दिलाना।

साथ ही, जल ग्रहण क्षेत्र विकास, भूमि एवं जल संरक्षण कार्य,

सतही जल का प्रभावी प्रबंधन एवं मिट्टी तथा नमी संरक्षण गतिविधियों का जल निकास नालियों के निर्माण द्वारा उपचार करना और मनरेगा योजना के तहत पूर्ण क्षमता के साथ जल स्रोतों का निर्माण करना तथा परम्परागत जलस्रोतों का नवीनीकरण करना।

### हर खेत को पानी

सतही एवं भूमिगत जल स्रोतों के माध्यम से नवीन जल स्रोतों का सूजन, जल स्रोतों की मरम्मत, सुधार एवं नवीनीकरण, परम्परागत जल स्रोतों की वहन क्षमता को सुदृढ़ करना, जल संचय हेतु वर्षा जल संग्रहण संरचनाओं का निर्माण करना।

कमांड क्षेत्र विकास के माध्यम से खेत तक जल प्रणाली का सृजन, सृदीकरण, उपलब्ध जल स्रोत जिसका उसकी पूर्ण क्षमता तक दोहन नहीं हो पाता, का लाभ लेने हेतु जल प्रबंधन एवं वितरण तंत्र में सुधार करना, कम से कम १० प्रतिशत तक एरिया को सूक्ष्म सिंचाई के अंतर्गत लाना, विभिन्न स्थानों से जल कि दिशा का परिवर्तन कर विशेष रूप से ऐसे स्थानों से जहां जल की बहुतायत है, जल की कमी वाले क्षेत्रों तक ले जाना, कम ऊंचाई वाले स्थानों से जल संरचनाओं, नदियों से लिफ्ट सिंचाई पद्धति के माध्यम से सिंचाई करना, परम्परागत जल संरक्षण प्रणालियों का सूजन एवं नविनिकरण।

### प्रति बूंद ज्यादा फसल

खेतों में प्रभावी जल वहन एवं पूर्ण जल के उपयोग को बढ़ावा देने वाले उपकरणों की व्यवस्था संबंधी कार्यों का पूरा करना, लाईनिंग करना, जल वितरण को बढ़ावा इत्यादि। सूक्ष्म सिंचाई संरचनाओं का निर्माण, नहर प्रणाली के अंतिम छोर तक जल पहुंचाना, माध्यमिक भंडारण संरचनाओं का निर्माण जिससे जब जल उपलब्ध हो तब भण्डारण कर उपयोग किया जा सके। जल लिफ्ट करने के उपकरणों जैसे डिज़ल, सौर ऊर्जा, बिजली से जलने वाले पंप और पाईप क्षमता वर्धन एवं, प्रशिक्षण गतिविधियां, जल के बेहतर ईस्टेमाल के वैज्ञानिक तरिके को बढ़ावा देने हेतु जन-जागरूकता अभियान, कृषि गतिविधियों का प्रजार-प्रसार, सामुदायिक सिंचाई गतिविधियों के बढ़ावा देना।

जिला स्तर जिला सिंचाई योजना तैयार किये जाने एवं उसके कार्यान्वयन हेतु जिलाधीश की अध्यक्षता में जिला स्तरीय कार्यान्वयन समिति गठित की गई है। राज्य स्तर पर मुख्य सचिव की अध्यक्षता में राज्य स्तरीय मंजूरी समिति का गठन किया गया है। राष्ट्रीय स्तर पर प्रधानमंत्री की अध्यक्षता में नेशनल स्टीयरिंग कमेटी तथा नीति आयोग के उपाध्यक्ष की अध्यक्षता में नेशनल एक्जिक्यूटिव कमेटी का गठन कीया गया है। जिला सिंचाई योजना आगामी पांच वर्ष के लिए तैयार की जायेगी। इस योजना की मॉनिटरिंग सीधे भारत सरकार द्वारा की आयेगी।



## किसानों के लिए महत्वपूर्ण कार्ड - सॉयल हेल्थ कार्ड



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किसानों की समृद्धी का द्वार खोलने वाली समृद्धी सॉयल हेल्थ कार्ड योजना भारत सरकार के कृषि मंत्रालय द्वारा फरवरी २०१५ से चलायी जा रही है। इसका उद्देश्य देश भर में फैले १४ करोड़ किसानों को उनके खेत की मिट्टी में मौजूद पोषक तत्वों की स्थिति और खेत में फसल के लिए आवश्यक उर्वरकों के सही मात्रा में प्रयोग के बारे में जानकारी देना है। इस कार्ड में किसान का विवरण, मिट्टी के नमूने का विवरण, मिट्टि की परीक्षण रिपोर्ट और फसल-वार उर्वरकों और पोषक तत्वों के बारे में जानकारी निहित होती है।

आज भी हमारा किसान अति आवश्यक पोषक तत्वों के लिए ही उर्वरकों का प्रयोग करता है और सूक्ष्म व दूसरे आवश्यक पोषक तत्वों पर ध्यान नहीं देता है। आज हर जागरूक किसान को मिट्टी में उपलब्ध पोषक तत्वों के अनुसार ही बेहतर उत्पादन व अधिक मूल्य देने वाली फसलों के चयन की जरूरत है। मिट्टि में उपलब्ध पोषक तत्वों की पहचान बेहतर फसल उत्पादन का एक महत्वपूर्ण घटक है और उसके सुधार से ही फसल की पैदावार बढ़ाकर किसानों की आमदनी बढ़ाई जा सकती है। इससे मिट्टी को लंबे समय तक उपजाऊ बनाये

रखा जा सकता है।

किसान को यह कार्ड तीन वर्ष के अंतराल पर उपलब्ध कराय जाता है। किसान के खेत की मिट्टि के नमूने को राज्य सरकार के कृषि विभाग या अधिकृत एजेंसी के माध्यम से क्रमशः रबी और खरीफ फसलों की कटाई के बाद, सामान्यतः वर्ष में दो बार एकत्रित किया जाता है।

खट्टिवादी तरीके से खेती कर के जीवनायापन करने वाले किसानों के लिए यह योजना एक वरदान है। इस योजना का भागीदार बनकर हमारे देश का अन्नदाता और देश दोनों समृद्ध होंगे।

कृषि क्षेत्र में यह एक अग्रणी कार्यक्रम है। आंध्र प्रदेश ने इस दिशा में पहल करके किसानों को सर्वाधिक सॉयल हेल्थ कार्ड जारी किए हैं। पंजाब ने भी परीक्षण हेतु बड़ी मात्रा में मिट्टी के नमूने एकत्र किए हैं। उत्तरप्रदेश, पंजाब, छत्तीसगंगा, तेलंगाणा और ओडिशा में इस दिशा में उल्लेखनीय कार्य किया गया है। योजना को अधिक प्रभावी बनाने के लिए भारत सरकार ने [www.soilhealth.dac.gov.in](http://www.soilhealth.dac.gov.in) पोर्टल भी शुरू किये हैं।

सौजन्य: सूजना



## किसान कॉल सेंटर

कृषि में आईसीटी की क्षमता का उपयोग करने के लिए, कृषि मंत्रालय द्वारा २९ जनवरी २००४ को “किसान कॉल सेंटर” योजना शुरू की गई थी। इस योजना का मुख्य उद्देश्य टेलीफोन कॉल पर किसानों के प्रश्नों का जवाब देना है। ये कॉल सेंटर राज्य और केंद्र शासित प्रदेशों के १४ विभिन्न स्थानों में हैं। देश व्यापी न्यायारह अंकों वाला टोल फ्री नंबर १८००-१८००-१५५९ किसान कॉल सेंटर के लिए आबंटित किया गया है। इस नंबर से तक सभी मोबाइल फोन और निजी सेवा प्रदाताओं सहित दूरसंचार नेटवर्क के लैंडलाइन फोन के माध्यम से पहुंचा जा सकता है। किसानों के सवालों के जवाब २२ राज्यानीय भाषाओं में दिये जाते हैं।

किसान १८००-१८००-१५५९ टोल फ्री नंबर के माध्यम से

किसान कॉल सेंटर (केसीसी) को सप्ताह के सातों दिन प्रातः छह बजे से रात दस बजे तक फोन कर सकते हैं। किसानों का पंजीकरण किसान कॉल सेंटर एजेंट द्वारा किया जाता है जो किसान की व्यक्तिगत जानकारी को किसान ज्ञान प्रबंधन प्रणाली में दर्ज करता है।

किसान को जानकारी प्राप्त करने के लिए पाठ संदेश एसएमएस या वॉयस संदेश के अपने मोड को चुनने के लिए कहा जाता है।

इसके बाद पसंदीदा भाषा के विकल्प लिये जाते हैं। हिन्दी और अंग्रेजी भाषा का विकल्प पूरे भारत के लिये दिया गया है और रोमन लिपि में क्षेत्रीय भाषा उन हैंडसेटों के लिए दी गयी है जो कि लिखी क्षेत्रीय भाषाओं की लिपियों को नहीं दिखाते हैं।

किसान अधिक से अधिक ८ फसलों या गतिविधियों के विकल्प चुन सकता है ताकि उसे अनावश्यक संदेश, जिनमें उसकी रुचि नहीं है, प्राप्त नहीं हों। पंजीकरण करने पर, किसान को तुरंत एक स्वागत एसएमएस संदेश प्राप्त होगा।

### २. वेब पंजीकरण

जिन किसानों के पास इंटरनेट की सुविधा है वे पोर्टल के माध्यम से रजिस्टर कर सकते हैं अथवा वे पास के साझा सेवा केंद्र (सीएससी) में जाकर, ग्राम स्तरीय उद्यमी के माध्यम से रजिस्टर हो सकते हैं। पंजीकरण करवाने के लिए ग्राम स्तरीय उद्यमी द्वारा एक बार तीन रूपए शुल्क लिया जाएगा। वेब पंजीकरण के लिए <http://mkisan.gov.in/hindi/wbreg.aspx> लिंक है।

सौजन्य: सूजना



रजिस्टर करने के लिए निम्नलिखित व्यक्तिगत विवरण अनिवार्य हैं। :

१. नाम, २. मोबाइल नंबर, ३. राज्य, ४. जिला, ५. ब्लॉक।

किसान जानकारी प्राप्त करने के लिये भाषा एवं फसल व गतिविधियों के बारे में अपनी पसंद का चूनाव कर सकता है। रजिस्टर बटन दबाने के बाद, एक सत्यापन कोड (वेरिफिकेशन कोड) किसान के मोबाइल पर भेजा जाएगा जो पंजीकरण प्रक्रिया को पूरा करने के लिए जरूरी है।

३. एसएमएस के माध्यम से पंजीकरण

किसान ५९९६९ या ७७३८२९९८९९ पर एक एसएमएस भेजकर पंजीकरण कर सकते हैं।

पंजीकरण के लिए प्रक्रिया और स्वरूप इस प्रकार है:-

१. संदेश बॉक्स में टाइप के लिए प्रारूप है - “किसान GOV REG <नाम>, <राज्य का नाम>, <जिले का नाम>, <ब्लॉक का नाम>” (राज्य, जिला और ब्लॉक के नाम के केवल पहले ३ वर्णों की आवश्यकता होती है)।

२. संदेश लिखने के बाद ५९९६९ या ७७३८२९९८९९ पर भेज दें।

किसान से इस एसएमएस के लिए शुल्क लिया जाएगा। हालांकि विशेषज्ञों और अधिकारियों से बाद में प्राप्त होने वाले एसएमएस के लिए कोई शुल्क नहीं होगा। कृपया ध्यान दें कि पंजीकरण सूचना भेजने में अल्पविराम चिह्न (,) आवश्यक हैं।



## Budget proposals for 2017-18: Government Initiatives

1. Given the importance of the agriculture sector, the Government of India, in its Budget 2017-18, planned several steps for the sustainable development of agriculture:
  - ▶ Total allocation for rural, agricultural and allied sectors for FY 2017-18 has been increased by 24% year-on-year to ₹1,87,223 crore (US\$ 28.1 billion). A dedicated micro-irrigation fund will be created with a corpus of ₹5000 crore (US\$ 750 million). The government plans to set up a dairy processing fund of ₹8,000 crore (US\$ 1.2 billion) over three years with initial corpus of ₹2,000 crore (US\$ 300 million).
  - ▶ A dedicated micro-irrigation fund will be set up by National Bank for Agriculture and Rural Development (NABARD) for farmers to achieve the goal of 'Per Drop More Crop'. Initial corpus will be ₹5000 crore (US\$ 750 million) in this regard.
  - ▶ The participation of women in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has increased to 55% and allocation to the scheme has been increased to a record ₹48,000 crore (US\$ 7.2 billion) for FY2017-18.
  - ▶ Short-term crop loans up to ₹300,000 (US\$ 4,500) at subsidised interest rate of 7% per annum would be provided to the farmers. An additional incentive of 3% is provided to farmers for prompt repayment of loans within due date, making an effective interest rate for them at 4%.

Following are the highlights of major announcements in the budget relating to agriculture and rural credit.

- ▶ Target for agriculture credit in 2017-18 fixed at a record level of ₹10 lakh crores.

- ▶ Waiver of 60 days interest on crop loans.
- ▶ Computerisation of 63000 functional PACSs and linking with DCCBs at an estimated cost of ₹1900 crores being completed in 3 years.
- ▶ Crop insurance coverage to be increased from 30% to 40% in 2017-18 and 50% in 2018-19 with a provision of ₹900 crores.
- ▶ Setting up new mini labs in all 648 Krishi Vigyan Kendras for soil testing.
- ▶ Corpus of LT Irrigation Fund in NABARD to be increased to Rs.40000 crores by additional provision of Rs.20000 crores.
- ▶ Coverage of National Agricultural Market to be expanded from the present 250 markets to 585.
- ▶ A model law on contract farming to be prepared and circulated to States for adoption.
- ▶ Dairy Processing and Infrastructure Development Fund to be set up in NABARD with a corpus of Rs.2000 crores and will be increased to Rs.8000 crores over three years.

### Road Ahead

The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. The 12th Five-Year Plan estimates the foodgrains storage capacity to expand to 35 MT.

## FDI investments in the agri and allied sectors

According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 2,299.83 million from April 2000 to September 2016.

Some major investments and developments in agriculture in the recent past are as follows:

- India and Brazil have signed a bilateral investment agreement, aimed at enhancing cooperation in areas of agriculture, cattle genomics, ship building, pharmaceuticals, defence production, ethanol production and oil and gas, between the countries.
- Zephyr Peacock, the India-focused private equity fund of US-based Zephyr Management, has invested an undisclosed amount in Bengaluru-based potato seeds

firm Utkal Tubers India Pvt Ltd, which will be used to produce high-quality mini-tubers in a tissue culture laboratory and multiply them in its own development farms and through supervised contract farming in different regions of the country.

- Mahindra Agri Solutions Ltd, a unit of Mahindra & Mahindra Ltd, has agreed to purchase 60 % stake in OFD Holding BV, a Netherlands-based fruit distribution company, for ₹36 crore (EUR 5 million), which will provide MASL access to European and Chinese markets for Indian grapes.
- Mahindra and Mahindra Ltd has acquired 35% stake in a Finnish combine harvesters manufacturer, Sampo Roselnew Oy, for US\$ 20.46 million and will jointly focus on the combine harvester business in Asia, Africa and



- Eurasian Economic Union countries.
- Mahindra & Mahindra, India's leading tractor and utility vehicle manufacturer, has entered into pulses retailing under the brand 'NuPro'. Going forward, the company plans to foray into e-retailing and sale of dairy products.
- Fertiliser cooperative IFFCO launched a joint venture with Japanese firm Mitsubishi Corp to manufacture agrochemicals in India.
- Acumen, a not-for-profit global venture fund, has invested ₹11 crore (US\$ 1.7 million) in Sahayog Dairy, an integrated entity in the segment, based at Harda district in Madhya Pradesh.

- Rabo Equity Advisors, the private equity arm of Netherlands-based Rabo Group, raised US\$ 100 million for the first close of its second fund – India Agri Business Fund II. The fund plans to invest US\$ 15–17 million in 10–12 companies.
- Oman India Joint Investment Fund (OIJIF), a joint venture (JV) between the State Bank of India (SBI) and State General Reserve Fund (SGRF), invested Rs 95 crore (US\$ 13.94 million) in GSP Crop Science, a Gujarat-based agrochemicals company.

## Centre committed to the cooperatives sector

The Union Minister for Agriculture and Farmers Welfare, Mr. Radha Mohan Singh has said that cooperative societies have provided inputs like credit, fertilizer, seed and have established themselves in many fields such as dairy, banking, sugar, fertilizer, marketing, handloom, fisheries and housing. Mr. Singh paid glowing tributes to the cooperative sector at the Golden Jubilee celebrations of IFFCO in Motihari, in Feb. 2017. IFFCO, which stands for Indian Farmers Fertiliser Cooperative Limited, is the world's largest fertiliser cooperative federation based in India registered as a Multistate Cooperative Society. It completes 50 years of establishment on the November 03, 2017.

The minister said that IFFCO came into existence with only 57 cooperative societies in the year 1967-68 but, today

it is one of the largest cooperative societies. Now, it has more than 36,000 cooperative societies. Its business is general insurance to rural telecommunication.

Mr. Singh said that the government is committed to the development and strengthening of the cooperatives. The government has formed NCDC keeping in view of the importance of cooperatives in rural economy. He said that there are more than 249 million of members of cooperatives in India in which 6.10 lakh cooperative societies and more than 71% rural families.

Mr. Singh hoped on this occasion that the production of the farmers will increase from the profitable schemes of IFFCO. The minister also praised the Managing Director of IFFCO, Dr. U.S. Awasthi and his team for their efforts.

## "Smart" power for "smart" villages

A technical report on energy and agriculture for "smart" villages in India was released in January 2017. The "smart village" concept developed by the Smart Villages Initiative explores how renewable energy (solar, wind, hydro, biomass, and hybrid combinations) offers attractive and sustainable opportunities to rural communities in India.

The report is an outcome of a workshop attended by experts from the domains of research, entrepreneurship, information and communications technology, business, finance, policymaking, and non-profit to discuss and focus more attention on the relationship between energy and agriculture relevant to smallholder farmers in India.

Dr. Shailaja Fennell, Lecturer, Centre of Development Studies, University of Cambridge, who was part of the discussions that led to the report, argued that reliance on biomass for cooking creates risks and hardships for women. At the same time, a large number of rural households (87% in Bihar and 71% in Uttar Pradesh) are without electricity.

A "Smart Nanogrid" solution implemented at Chhotkei village in rural Odisha shows how the picture can change: the 30 kW station now meets the energy needs of 140 households, powers 20 streetlights, a temple and three

community centres -- a total of about 20 kW. The remaining has been set aside for day-time use by irrigation pumps and micro enterprises such as poultry, stitching, rice-puff machines, provision stores, etc., to improve agricultural output, generate employment, and enable value addition.

Dr. Ashok Jhunjhunwala, Department of Electrical Engineering, Indian Institute of Technology Madras, spoke about 'green homes' for smart Indian villages. Rooftop solar direct current (DC) can change rural homes, as power can be available 24/7 at affordable rates even during periods of power outage. Properly designed roof top solar and solar micro-grid could power agricultural pumps and supplement power for rural industries.

In short, India's rural scenario can change as India aims to meet 50% of its energy needs from solar by 2030.

Sir Brian Heap, Special Advisor to the Smart Villages Initiative, noted that in India, where two-thirds of the population lives in around 600,000 villages, empowering villagers to create income-generating enterprises can will lead to improved food security, education and health, and to participatory democracy.



## Nabard to raise ₹20,000 cr for crop loans

The National Bank for Agriculture and Rural Development to raise ₹20,000 crore for short-term crop loans to farmers at lower rates.

The funds will be raised by Nabard at the prevailing market rate and will be used for on-lending to cooperative banks at an interest of 4.5%.

"In light of the good monsoon and expectation of increased credit demand and to boost agricultural production, farmers need to be supported through cooperative banks, which purvey credit at their doorstep," said an official statement.

The Union Cabinet also gave its post-facto approval for the allocation of additional capital of ₹2,000 crore to Nabard for this purpose in the Union Budget. Of this, additional capital of ₹500 crore will be released this fiscal.

An interest subvention of about 1.8% and Nabard's administrative cost of 0.2% will also be provided as per the scheme of the Department of Agriculture, Cooperation and Farmers Welfare.

In line with the government's focus on encouraging cashless payments by farmers, Nabard will also coordinate the conversion of operative Kisan Credit Cards into RuPay or ATM-enabled cards by cooperative banks.

## Farm growth rebounds 4.1% on good monsoon

The Survey has pegged the growth in agriculture and allied sector for the current year at 4.1%, up from 1.2% in the previous year.

"The higher growth in agriculture sector is not surprising as the monsoon rains were much better in the current year than the previous two years," the Survey said. The country witnessed a near-normal monsoon across various parts in 2016, except Southern Peninsula, after consecutive drought years.

Incidentally, this is in sync with the projections made by the Central Statistics Office in the recent advance estimates. The CSO has projected a 4.1% growth in agriculture on the back of good monsoons. The first advance estimates by the Agriculture Ministry had pegged the growth in foodgrain output for the kharif 2016-17 season at 8.9% against a decline of 3.2% in the corresponding last year.

"A favourable monsoon after consecutive years of drought, supplemented by farmer-oriented schemes, has increased the acreage and yield of most kharif crops. The sown area in the current rabi season has shown 6% increase in comparison to the last year," said President Pranab Mukherjee addressing the joint sitting of the Parliament.

### Demonetisation Impact

However, the Survey, while stating that the cash-intensive agriculture sector was affected more by the demonetisation, did not quantify the impact of cash crunch on agriculture growth though the progress of rabi sowing of key crops such as wheat and gram have been factored in

The Cabinet also gave ex-post facto approval for interest waiver for November and December 2016 for farmers accessing short-term crop loans from cooperative banks.

Nabard will provide additional resources to cooperative banks to extend the interest waiver. "An additional financial liability of ₹1,060.50 crore will be required for this purpose," said the release, adding that the allocated ₹15,000 crore for 2016-17 for the Interest Subvention Scheme has already been utilised.

### New pension scheme

Meanwhile, the Cabinet also approved a new pension scheme for senior citizens that will provide a guaranteed return of 8% for 10 years.

"The Union Cabinet has given its post-facto approval for launching of Varishtha Pension Bima Yojana 2017," said an official statement, adding that it will be open for subscription for one year from launch.

The scheme will be managed by Life Insurance Corporation of India. It will give subscribers options for monthly, quarterly, half-yearly or annual pension. The differential return would be borne by the Centre as subsidy on an annual basis.

while calculating the impact on GDP.

Contrary to early fears, as of January 15, 2017, aggregate sowing of the two major rabi crops — wheat and pulses (gram) — exceeded last year's planting by 7.1% and 10.7%, respectively, it said.

"Favourable weather and moisture conditions presage an increase in production. To what extent these favourable factors will be attenuated will depend on whether farmers' access to inputs — fertiliser, credit, and labour —was affected by the cash shortage," the Survey said.

### Targeted credit flow

Further, it also pointed out that about 84% of the targeted agricultural credit flow for the fiscal was achieved by September 2016 itself, which was higher than corresponding previous year's 59%.

The agriculture credit target was fixed at ₹9 lakh crore for 2016-17 against ₹8.5 lakh crore in the previous year.

Highlighting the challenges in agriculture sector, the Survey said that frequent recourse to stock limits and controls on agriculture trade, which draws upon the antiquated Essential Commodities Act, were creating uncertainty for farmers.

Further, it also pointed out that protection of intellectual property rights in the seed sector remains a challenge in agriculture.

Also in the fertiliser sector it was proving easier to rehabilitate unviable plants in the public sector rather than facilitate the exit of egregiously inefficient ones.



## Castor farmers rake it in with new farming methods, cropping pattern

Castor seed cultivation, which had lost farmers' interest higher input costs and reduced margins, is set to catch their fancy again. New farming techniques are making it more economical and high-yielding.

According to recent research conducted by the Solvent Extractors' Association of India (SEA) on about (120 acres) of land spread over two districts in Gujarat, input costs have gone down by 25-30% with an equal rise in yields in the initial two harvests.

After witnessing peak rates at around ₹6,200 per quintal in 2010-11, castor seed had became the most preferred crop. The crop, which usually has five-six harvests, has an average yield of 1,252 kg per hectare nationally.

However, farmers had shifted to cultivating pulses and potato after castor prices almost halved in subsequent years, rendering it unattractive. Prices have hovered in the ₹3,325-3,400 per quintal range since 2012.

According to farmers, the cost of castor cultivation is around ₹18,000 per bigha (or ₹45,000 per acre). Considering the current yield of around 8-14 quintal per bigha, they make anywhere between ₹27,200 and ₹47,000 per bigha at an average price of around ₹3,400 per quintal.

A fall in castor prices shrunk the margins for the farmers. According to Gujarat Agriculture Department data, castor sowing in the State fell 27% to 565,400 hectares for kharif 2016 against 781,400 hectares in the previous year. Gujarat produces over 80% of India's total production of 14,22,000

tonnes (2015-16).

"In the pilot project, 62 farmers from Banaskantha and Arvalli districts of Gujarat joined SEA's Castor Yield Increase programme. The objective was to reduce use of water, pesticides and fertilisers and cut costs while raising the yield by changing the cropping pattern," said Haresh Vyas, project in-charge and Co-Chairman, SEA Castor Seeds and Oil Promotion Council.

### Trimming costs

"Farmers can cultivate castor seed on a reduced area and yet get higher yield by following the new cropping pattern as suggested by SEA. In the last 10 years, costs have risen 60%, mostly on fertilisers, pesticides and water. The new technique saves costs to a great extent as it cuts the consumption of all these inputs," said Maganbhai Patel, a leading castor farmer.

The Dantiwada Agriculture University has provided GCH 7, a new hybrid variety of castor seeds, free of cost to farmers.

"We are now planning to expand the pilot project to five districts of Gujarat and Rajasthan by including more farmers. Next year we plan to have over 1,500 bigha (or 600 acres) with more than 300 farmers," added Vyas.

Castor is known for its longer shelf-life and assured good returns due to multiple industrial applications including drilling and cosmetics.

## SC takes govt. to task over farmer suicides

The Supreme Court on Friday expressed grave concern over farmers' suicide due to indebtedness and crop failure and said it felt the government was going in a "wrong direction" in tackling the real problem.

Asking the Centre to apprise it of the policy roadmap to address the burning issue, a Bench headed by Chief Justice J.S. Khehar said the issue of farmers' suicide was of "extreme importance" and paying compensation to the families of such victims "post-facto" was not the real solution.

"This issue is of extreme importance. Tentatively, we feel that you are going in a wrong direction. Farmers take loan from banks and when they are unable to repay, they commit suicide. The remedy to the problem is not to pay money to farmers after the suicide.

"Farmers' suicides have been happening for so many decades and it is surprising that no action has been taken to address the causes behind suicides."

Additional Solicitor General P.S. Narasimha, appearing for the Centre, told the Bench that the government had initiated

many schemes for farmers and the 2015 crop insurance scheme would drastically reduce such fateful incidents.

The ASG said other schemes also needed to be strengthened to make farmers feel that the government would stand behind them in distress.

### PIL petition

The court was hearing the plea, filed by NGO 'Citizens Resource and Action and Initiative' on the plight of farmers in Gujarat and suicide committed by many there. The Bench had expanded the scope of the petition to the entire country.

Advocate Colin Gonsalves, appearing for the NGO, said that government policies had been existing since long but the main issue was to implement the schemes on the ground.

He also referred to the studies conducted by renowned agriculture scientist M.S. Swaminathan and eminent journalist P. Sainath on farmer suicides and suggested that they may also be asked to put forth their recommendations.

## Aadhaar Made Mandatory to Avail of Nearly 3 Dozen Govt. Schemes

The government has made Aadhaar mandatory to avail of benefits under nearly three dozen central schemes apart from the midday meal scheme at schools and the Sarv

Shiksha Abhiyan. The government says it will help people who don't have the biometric identity document to get it without any inconvenience by June 30.



"Seventy-five percent of children between five and 18 years of age have Aadhaar in states where it is being made mandatory. Almost every adult in the country has an Aadhaar," a top government official said. "Children who do not have an Aadhaar will be enrolled by their school itself for the same by June 30 ... so, there is no question of any child being denied a midday meal by states or they being made to run around for it. Same goes for the 30-odd other schemes in question." Aadhaar will soon be mandatory for all 84 schemes covered so far under direct subsidy benefit transfer programme, the official said. Those without an Aadhaar can apply for the identity card by June 30 and get benefits till then by furnishing alternative documents, he added.

It was first reported that the Centre would make Aadhaar compulsory for schemes like midday meal and Sarv Shiksha Abhiyan, the programme aimed at universalisation of elementary education. Aadhaar has been mandatory for 34 schemes including these the National Social Assistance Programme and Deendayal Antyodaya Yojana for skill training. Aadhaar is already required for subsidised LPG and

foodgrains under the public distribution system.

The Ministry of Social Justice has now made Aadhaar compulsory for six scholarship schemes for students with disabilities and benefits given under the National Action Plan for skill training of disabled and for disabled persons seeking aids and appliances. For subsidised education loans and venture capital funds or credit enhancement guarantees for start-ups under three schemes of this ministry, backward caste students will have to furnish their Aadhaar number. The ministry will ask for the Aadhaar id for assistance to NGOs that are working for the welfare of SCs, backward castes, alcoholics and old people. Victims of atrocities belonging to SCs and STs and those seeking incentives for inter-caste marriages will need to furnish Aadhaar id to get benefits from the social justice ministry.

The Ministry of Human Resource Development has made Aadhaar mandatory for the Saakshar Bharat Scheme for adult education and paying salaries to teachers and other staff under the Sarv Shiksha Abhiyan.

### **For First Time, Loans to Weaker Sections Surpass Credit to Cos**

Bank loans to the weaker and deprived sections surpassed credit to the corporate sector for the first time, in part due to the government's increased focus on rural India and also as a result of a slowdown in demand and the cautious approach of banks towards lending to companies.

The so-called priority sector lending comprised 34% of total loans compared with 32% for corporates at the end of January, Reserve Bank of India data on sectoral deployment of bank credit showed. Outstanding loans to large industries amounted to ₹21.3 lakh crore as of end January, compared with ₹22.7 lakh crore to the priority sector.

"The credit offtake reflects changes in economic activity. The fall in loans to large corporates reflects weak demand for credit, and the fall in outstanding's due to UDAY (Ujwal Discom Assurance Yojana) discom bonds, shift to corporate bonds and a drop in working capital," said Saugata Bhattacharya, chief economist, Axis Bank. "A sharp rise in credit to weaker sections is likely due to increased lending to self-help groups for onward lending. This shows intent by banks to increase funding for the unfunded." Companies are increasingly tapping other sources such as the bond market for funds as it has become cheaper and easier for them than

taking bank loans. Banks are also trying to get rid of problem loans from their books. "Banks are in the process of cleaning up their balance sheet because of which loans to large corporate have shrunk," said SK Ghosh, group chief economic adviser, State Bank of India. As for priority-sector lending, RBI has revised the definition of weaker section to include a number of entities including loans to minorities. The definition was widened recently to include overdrafts under the PM Jan Dhan Yojana (PMJDY), said Ghosh. "Banks are comfortable giving overdrafts to good accounts under PMJDY. This may have contributed to the surge in priority sector loans."

Overdrafts under PMJDY are part of loans to weaker sections under priority sector and these loans account for 23%, or ₹5 lakh crore, of the priority sector portfolio, up from 21% two years ago. Over 25 crore accounts have been opened under PMJDY and the cumulative overdrafts have aggregated to ₹320 crore. The percentage of zero-balance accounts fell from over 75% in September 2014 to around 25% now, which qualifies more number of households for bank overdrafts.

### **Uttar Pradesh farm loan waiver imperils fiscal path**

A full waiver of Uttar Pradesh farmers' unpaid dues to commercial and cooperative banks, as promised by the BJP, might cost the state's exchequer about ₹8,500 crore or roughly 0.67% of the gross state domestic product (GSDP) in 2016-17. This assumes the state's GSDP grows at close to national average in 2016-17 — it almost did last year — and that the year's budget, being revised soon, will take the full hit.

Despite running revenue surpluses for the last few years, Uttar Pradesh, like most other states, has suffered huge fiscal slippages in the last couple of years, partly because of stepped-up capital spending. The loan waiver cost will overburden the state's finances at a time it is staring at pay commission obligations too.

However, it has been indicated that the waiver by the state would likely be restricted to overdue cooperative

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bank/primary cooperative societies' loans, which, according to state government officials, is not more than 10% of the total impaired farm loans. Also, repayment by state governments in such cases, going by precedents, are usually staggered over three to five years.

Addressing a poll rally at Hardoi in the state on February 15, Prime Minister Narendra Modi had said, "I will make sure that the first cabinet decision after forming the government in Lucknow will be to waive loans given to farmers in Uttar Pradesh."

In fact, the BJP's election manifesto for UP had promised not only crop loan waiver for all small and marginal farmers but fresh interest-free farm loans too. If the government bears the interest cost of new new loans, the burden on it would be even higher. "Crop loan disbursed to UP farmers during 2016-17 rabi season was ₹32,672 crore, more than 95% was by commercial banks and the balance by the cooperative banks. During the 2016 kharif period, fresh loans disbursed was to the tune of over ₹30,00 crore, with a sixth of it by cooperative banks," a UP finance department official told FE.

Farm loan waivers have in recent years become a regular feature in election manifestos of political parties. While such largesse by the state could be traced to VP Singh's government's ₹10,000 crore agricultural debt relief scheme

in early 1990s, the bounties culminated when the UPA government in the 2008-09 Budget unveiled full loan waiver for some 3 crore farmers along with a one-time settlement scheme, which together cost the exchequer ₹60,000 crore. "Recent elections have raised some concerns on a possible rise in NPLs (non-performing loans) from agriculture sector of banks in (UP-Punjab) region. (These) are critical states given that the banks have ~10% of loans in these states and they are mostly in the agriculture sector with a reasonably high share of overdues between 3 and 10% across banks," Kotak Institutional Equities wrote. It remains to be seen whether the government would want to waive only the interest on the loans or the principle amount or both and also whether it would set the waiver limit for individual farmers at ₹50,000 or ₹1 lakh.

Uttar Pradesh, the country's largest producer of cane and wheat, depends heavily on agriculture, with the farm and allied sectors accounting for over 21% of its GDP in the last fiscal, compared with the national average of just over 14%.

Of 14 crore households in the country dependent on farming, 2.2 crore are in UP, about 90% of which is in the small and marginal category, holding up to 1 hectare of land. The net sown area in UP is estimated at 16.56 million hectares or 12% of the national sown area.

### **Insurers deploy drones to check claims by farmers**

The use of drones for agricultural surveys by insurance companies is fast catching up. Images from the drones are their latest tools in assessing crop damages and catching insurance frauds.

Farmers buy insurance for one type of crop but sow another crop, and then claim damages. In such situations, drone surveys are helping catch the discrepancies and fraudulent claims, says Rajeev Chaudhary, Chief Risk Officer at Agriculture Insurance Company of India.

Citing an example, he said that in Rajkot, Gujarat, there are many instances where farmers have taken insurance for the groundnut crop, which is a risky and vulnerable crop, but sowed cotton. Since the harvesting time of both the crops is different, drone surveys were carried out to get a clear picture on the ground, he said.

"The matter is being taken up with the State government on the basis of drone images," he said.

Jatin Singh, CEO of Skymet Weather Services, said hundreds of crores worth of settlements have not been made due to fraudulent claims. In one State, the premium is ₹400 crore per season, and settlement is held up due to the fraudulent claims, he said.

#### **Eye in the sky**

Skymet has 15 fixed-wing drones and has been providing agriculture survey services to insurance companies and the governments of Maharashtra, Gujarat, Rajasthan and Madhya Pradesh. The company is a member of the NITI Aayog panel on the use of drones for agriculture.

Singh said that the business of agriculture surveys based on drones has been growing significantly and has been instrumental in detecting insurance frauds and ascertaining flood insurance risk, crops loss and acreage. In one State, the crop declaration by farmers was incorrect and the issue is under investigation, he said.

To remove various discrepancies in the crop insurance schemes, the Centre last year launched Pradhan Mantri Fasal Bima Yojana (PMFBY), which was implemented from kharif season 2016-17 along with the pilot Unified Package Insurance Scheme and restructured Weather-based Crop Insurance Scheme.

The premium under PMFBY is 2% for kharif crops and 1.5% for rabi crops.

Alpesh Shah, Senior Partner and MD of Boston Consulting Group (India), said that insurance frauds in certain areas of the country are high.

KG Krishnamoorthy Rao, Managing Director and CEO of Future Generali India Insurance Company, said insurance companies are trying to improve the method of claims settlement with technology.

Use of drones is helping in better and more accurate estimation of losses. When frauds happen, apart from losses for insurance companies there is the possibility of an increase in premium, which is not in the interest of farmers.

Therefore, accurate assessment of farm losses could also lead to a correction in the premium amount for the farmers, he said.



## **Dr. Viral V. Acharya Appointed Deputy Governor and Smt. Surekha Maandi as New ED, RBI**

The Central Government has, through notification F No. 7/1/2012-BO-I (Pt.) dated December 28, 2016, appointed Dr. Viral V. Acharya, currently C. V. Starr Professor of Economics, Department of Finance, New York University – Stern School of Business, as Deputy Governor, Reserve Bank of India for a term of three years from the date of his taking charge. Dr. Acharya will join on January 20, 2017. As Deputy Governor, Dr

Acharya will look after the Monetary Policy and Research cluster.

The Reserve Bank of India has appointed Smt. Surekha Marandi as Executive Director (ED) consequent upon super-annulation of Shri U.S. Paliwal who retired on December 31, 2016. Smt. Marandi took charge on January 2, 2017.

## **Govt Asks Cooperative Banks Not to Take Deposits under PMGKDS**

The government has barred cooperative banks from accepting deposits under the Pradhan Mantri Garib Kalyan Deposit Scheme (PMGKDS). There have been irregularities discovered in cooperative banks during the demonetisation process that the income tax department is investigating.

"It is clarified that co-operative banks are not authorised banks to accept deposits under PMGKDS, 2016," The deposit scheme is part of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 under which a declarant has to deposit 25% of the declared undisclosed income in an authorised bank as notified by the government.

They have to also pay 50% of the amount declared in tax and penalty.

"Application for the deposit in the form of Bonds Ledger Account shall be received by any banking company, other than Co-operative Banks, to which the Banking Regulation Act, 1949, applies," the government said.

Those making a declaration under the scheme have to pay the tax amount and then fill up a challan form provided by the bank for the four-year deposit scheme.

The authorised banks have to electronically furnish the details of deposit to the Revenue Department on the next working day to enable information verification of the deposit before accepting the declaration under the PMGKDS.

## **RBI to banks: Be quick to identify and declare fraudulent borrowers**

Flagging instances of loan exposures getting seasoned as non-performing assets (NPAs) for three to four years before borrowers were declared as fraudulent, the Reserve Bank of India has called upon bankers to identify and declare loan accounts as fraud without wasting time.

During FY16, advances-related frauds constituted nearly 92% of the total frauds reported by all banks. This was more pronounced in the case of public sector banks and less in the case of private and foreign banks, said SS Mundra, Deputy Governor, at a recent seminar on 'Financial Crimes Management' organised by CAFRAL (Centre for Advanced Financial Research and Learning).

"In almost all the cases, we observed that the exposure had got seasoned as an NPA for three to four years before the borrower was declared as fraudulent. As a consequence, the gap between the date of occurrence and detection has been widening.

"Further, the gap between first bank and the last bank reporting the borrower account as fraud to the RBI is also very long," said the Deputy Governor.

While emphasising that 'fraud' is a criminal offence, Mundra observed any delay on the part of bankers in initially red-flagging an exposure and subsequently declaring it as a fraud will have far-reaching implications on employee conduct and internal governance standard.

Cautioning that banks and bankers could be charged for abetting the criminal offence, the Deputy Governor said: "My call to you, therefore, is to identify and declare the account as fraud without wasting time.

"The best course of action would be to follow the instructions in letter and spirit and take a responsible and pro-active stand while attending consortium meetings."

Mundra said as a penal measure borrowers who have committed a fraud in the account are debarred from taking finance from, among others, banks, financial institutions and non-banking finance companies for a period of five years from the date of full payment of the defrauded amount. After this period, it is for individual institutions to take a call on whether to lend to such a borrower.

## **RBI says open to bad bank option for NPAs**

The Reserve Bank of India (RBI) will look at all options, including setting up a so-called bad bank, for resolving the banking industry's bad loans, Viral Acharya, the newly appointed deputy governor in charge of monetary policy, said on 8/2/17.

Acharya's comments come in the wake of the Economic Survey's suggestion for setting up a bad bank, or public

sector asset rehabilitation agency, to be funded by government securities, equity infusion from the private sector, or by using RBI's excess capital to tackle the ₹6.7 trillion of bad loans choking the banking system.

"I think we have to remain open to all solutions at this point because problem is quite large. I don't think bad bank itself will work, it has to be designed right. We have to sell

assets to ARCs (asset reconstruction companies) at (the) right price. How to get that right price that is going to be key. We will think what kind of design issues might help with that," Acharya said.

If the RBI does consider a bad bank, this would represent a reversal of its views. Former governor Raghuram Rajan argued against this concept.

Acharya himself is a firm supporter of the idea of a bad bank to clean up the toxic loans on the books of Indian banks.

"I am absolutely proposing either explicitly or implicitly that we separate the healthy parts of the troubled banks from the healthy parts. Either as a bad bank which has those bad assets left in the original balance sheet once you have

separated the good parts, or you could run it to full maturity, so we are not looking for sellers or buyers. Or you could actually pool all the bad parts together and make an asset restructuring company that looks for buyers for these assets," Acharya told in an interview.

He first proposed this idea in a 2015 research paper on Indian banks, which concluded that the burden of cleaning up the banking system through radical reforms rested on the government.

The central bank, in its policy document released on 8/2/17, also mentioned the need to resolve non-performing assets (NPAs) "more quickly and efficiently" to ensure timely transmission of policy rates to bank customers.

## **Federations Annual Performance Awards to SCARDBs 2015-16**

### **(I) GOVERNMENT OF INDIA TROPHY FOR BEST ALL-ROUND PERFORMANCE**

Kerala State Cooperative Agricultural & Rural Development Bank Ltd.

### **(II) FEDERATION TROPHY FOR SECOND BEST ALL-ROUND PERFORMANCE**

Karnataka State Cooperative Agriculture & Rural Development Bank Ltd.

### **(III) MELOTH NARAYANAN NAMBIAR MEMORIAL TROPHY FOR BEST PERFORMANCE IN LENDING**

Tamil Nadu Cooperative State Agriculture & Rural Development Bank Ltd.

### **(IV) PUNJAB CHIEF MINISTER'S TROPHY FOR BEST PERFORMANCE IN RECOVERY**

Kerala State Cooperative Agricultural & Rural Development Bank Ltd.

### **(V) FEDERATION TROPHY FOR BEST PERFORMANCE IN DEPOSIT MOBILISATION**

- 1) Kerala State Cooperative Agricultural & Rural Development Bank Ltd.
- 2) Karnataka State Cooperative Agriculture & Rural Development Bank Ltd.
- 3) Himachal Pradesh State Cooperative Agriculture & Rural Development Bank Ltd.

### **(VI) FEDERATION TROPHY FOR BEST TURN-AROUND PERFORMANCE**

Uttar Pradesh Sahakari Gram Vikas Bank Ltd.



## Foodgrain production now estimated at record 271.98 MT

The second Advance Estimates of production of major crops for 2016-17 has been released by the Department of Agriculture, Cooperation and Farmers Welfare on 15th. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources.

As a result of very good rainfall during monsoon 2016 and various policy initiatives taken by the government, the country has witnessed record foodgrain production in the current year. As per the Second Advance Estimates for 2016-17, total foodgrain production in the country is estimated at 271.98 million tonnes which is higher by 6.94 million tonnes than the previous record production of foodgrain of 265.04 million tonnes achieved during 2013-14. The current year's production is also higher by 14.97 million tonnes than the previous five years' (2011-12 to 2015-16) average production of foodgrains. The current year's production is significantly higher by 20.41 million tonnes than the last year's foodgrain production.

Total production of Rice is estimated at record 108.86 million tonnes which is also a new record. This year's rice production is higher by 2.21 million tonnes than previous record production of 106.65 million tonnes achieved during 2013-14. It is also higher by 3.44 million tonnes than the five years' average rice production of 105.42 million tonnes. Production of rice has increased significantly by 4.45 million tonnes than the production of 104.41 million tonnes during 2015-16.

Production of Wheat, estimated at 96.64 million tonnes is also a record. This year's wheat production is higher than the previous record production of 95.85 million tonnes achieved during 2013-14. Production of wheat during 2016-17 is also higher by 4.03 million tonnes than the average wheat production. The current year's production is higher by 4.36 million tonnes as compared to wheat production of 92.29 million tonnes achieved during 2015-16.

Production of Coarse Cereals estimated at a new record level of 44.34 million tonnes is higher than the average production by 3.00 million tonnes. It is higher than the previous record production of 43.40 million tonnes achieved during 2010-11 by 0.94 million tonnes. Current year's production it is also higher by 5.82 million tonnes as compared to their production of 38.52 million tonnes achieved during 2015-16.

## From cancer-causing crop to organic vegetables

A small group of progressive farmers in Santhanuthalapadu in the Prakasam district of Andhra Pradesh has quit the cultivation of tobacco, the principal commercial crop in the district, to grow organic fruits and vegetables.

After burning their fingers growing the "negative" crop —

As a result of significant increase in the area coverage and productivity of all major Pulses, total production of pulses during 2016-17 is estimated at 22.14 million tonnes which is higher by 2.89 million tonnes than the previous record production of 19.25 million tonnes achieved during 2013-14. Production of pulses during 2016-17 is also higher by 4.50 million tonnes than their Five years' average production. The current year's production is higher by 5.79 million tonnes than the previous year's of 16.35 million tonnes.

With an increase of 8.35 million tonnes over the previous year, total Oilseeds production in the country is estimated at record level of 33.60 million tonnes. 0.85 million tonnes than the previous record production of 32.75 million tonnes achieved during 2013-14. The production of Oilseeds during 2016-17 is also higher by 4.34 million tonnes than the five year's average. The current year's production is significantly higher than the production of 25.25 million tonnes during 2015-16.

Production of Sugarcane is estimated at 309.98 million tonnes which is lower by 38.46 million tonnes than the last year's 348.45 million tonnes.

Despite lower area coverage during 2016-17, higher productivity of Cotton has resulted into higher production of 32.51 million bales (of 170 kg each) as compared to 30.01 million bales during 2015-16.

Production of Jute & Mesta estimated at 10.06 million bales (of 180 kg each) is marginally lower than of 10.52 million bales during the last year.

**Total production of Rice is estimated at record 108.86 mt**

**Production of Wheat, estimated at 96.64 million tonnes is also a record**

**Production of Coarse Cereals estimated at a new record level of 44.34 million tonnes**

**Total production of pulses during 2016-17 is estimated at record 22.14 million tonnes**

**Total Oilseeds production in the country is estimated at record level of 33.60 million tonnes**



urine, and biopesticides made from neem and other leaves. "There is no problem in marketing organic vegetables and fruits, as health-conscious people come to our farms from Ongole and other places to buy the farm fresh produce," says farmer D. Yellamanda Reddy, who grows among other vegetables, cabbage, cauliflower, capsicum, brinjal and tomato.

#### **A satisfied lot**

"We also have the satisfaction of contributing our mite to fighting climate change and global warming," says Mr. Reddy, displaying the just-harvested healthy brinjal, free of insect infestation.

The organic farmers in the village have installed micro irrigation systems such as sprinklers and drip irrigation to ensure the much-needed water for the crop.

### **Bumper wheat yield anticipated in Punjab**

Conducive weather in the country's key wheat-producing State of Punjab are likely to boost wheat output, easing concerns about the adverse impact of unusual warm weather raised earlier.

Dr. R.S. Gill, head, Department of Entomology, Punjab Agricultural University, stated that cloudy weather without rainfall is highly favourable for the development of aphids, and farmers need to be cautious about it.

"Aphids are the most important insect pests in wheat and the damage caused by them is observed in the month of March. These are small, soft-bodied, green to blackish green louse-like insects found in colonies on leaves and earheads. Aphids suck sap from the leaves and maturing grains," he said in a statement.

"By spraying on the borders of wheat fields, its spread

This is significant at a time when a majority of farmers are struggling to save their crops following a severe drought in the district for the third successive year.

Organic practices adopted by the select group of progressive farmers in the village include residue mulching, composting and crop rotation to maintain soil health, adds Rajagopala Reddy, who focusses on growing greens, particularly fenugreek — highly sought-after by those having high cholesterol, diabetes and renal diseases.

According to farmer D. Chennappa Reddy, this system of cultivation helps in restoring the severe biodiversity loss associated with inorganic, chemical-based farming.

Chemical farming kills useful insects, rats, frogs and snakes upsetting the food-chain in the ecosystem, he says. It took him three years to restore the soil health which was affected because of the repeated use of chemical fertilizers.

### **Kerala to introduce organic veggie brand**

can be checked," he added.

"Cold conditions in January and February, and intermittent timely rain, have resulted in good development of grain, which will boost the per hectare yields of wheat. If the weather remains conducive in the coming days as well, we can expect a bumper wheat production to the tune of 165 lakh tonnes this year," P.S. Rangi, an agriculture expert and Punjab State Farmers Commission adviser, told *The Hindu*, adding that the market arrival of wheat is likely to remain between 120 to 125 lakh tonnes in the coming season.

Wheat has been sown on nearly 35 lakh hectares during the ongoing rabi (winter) season.

### **Kerala to introduce organic veggie brand**

Kerala, which annually buys over ₹2,000-crore vegetables from neighbouring states like Tamil Nadu and Karnataka, will soon launch its own brand of organic vegetables in the market to promote pesticide-free greens.

State minister for agriculture V S Sunil Kumar told the Assembly that initiatives were underway to sell the organic vegetables, grown in selected clusters across the state, under the "Kerala brand".

"The agriculture department will sell organic vegetables, produced in 446 selected clusters, under the name Kerala Organic brand," he said during the question hour of the house.

The minister said 'rice agro-parks' would be set up in Palakkad, Alappuzha and Ernakulam districts soon.

A string of such small-scale agro-parks would be set up in

other parts of the state also in the later phase making use of the facilities of district agro-farms and other available land, Sunil Kumar said.

In the context of increasing concerns about pesticide containing vegetables and fruits coming from neighbouring states, Sunil Kumar said more laboratories would be set up to examine the chemical residue in them.

The proposal to set up an advanced laboratory, where at least 50 samples of vegetables and fruits could be tested in one hour, was also under the active consideration.

Asked to update on the drought situation prevailing in the state, the minister said crops in 30,353 hectare agriculture land had been damaged, registering a loss of ₹300 crore.

### **Indian scientist discovers molecule to boost wheat yield**

discovered by an Indian researcher.

The discovery assumes importance as average wheat

yield is lower at around 3 tonnes per hectare in India, the world's second largest grower after China.

India's average yield is 39 % lower than China. The molecule is water soluble and can be sprayed on wheat plant or injected to the root of the plant.

It can also be used on other crops like rice, maize and potato.

The new molecule has been discovered by researcher Ram Sagar Misra from Shiv Nadar University with the help of two other researchers, Benjamin Davis and Matthew Paul, from the Oxford University and the UK-based Rothamsted Research, respectively.

"The molecule have been patented in the US, the UK and the EU by the University of Oxford. We are now in talks with three agro-chemical companies including one Israeli firm for commercialisation," said Misra.

Not toxic

### **Pollination opportunity: Money beyond honey**

As Dhananjay Takle moves around the fruit-laden trees in his three-acre pomegranate farm, he can't but recall the scene just over five months back. This farmer from Agoti village in Indapur taluka of Pune district had a real scare when the same 1,000-odd trees weren't setting fruit, despite good flowering.

"I had planted pomegranate for the first time and invested around Rs 6 lakh in inputs, including labour. The trees started flowering towards September-end. But the flowers, instead of developing into fruits, were simply dropping," he notes. Consultation with other farmers in his village revealed that the flower drop had to do with the lack of pollination. There weren't enough honey bees and other pollinating insects in and around his fields to transfer pollen from the stamen (male organ) of one flower to the stigma (female part) of the other. The result: No fertilisation and fruit formation.

Takle, then, followed the advice of his fellow-farmers: Take beehive boxes, each containing a colony of 20,000-30,000 insects, on hire and install them in the field, as some of them had done earlier. "I contacted Dinkar Patil, a bee keeper from Latur, who rented out three boxes for my orchard. By early November, 90 % of the trees started bearing fruits and I hope to harvest around 20 tonnes of pomegranate in the next 15 days. Without those bees, all my hard work would have gone waste," he says.

The importance of honeybees to agriculture – more specifically, the role that the tiny-winged insects play in pollination – is too well-known to require elaboration. Not as well recognised a reality, however, is the destruction of beehives that the indiscriminate usage of pesticides have wrought and, in turn, contributed to a not-insignificant agricultural crisis. There's no better proof of that than farmers like Takle today having to hire beehive boxes to "aid" in pollination.

Highly cross-pollinated crops like onion, cotton, oilseeds

The molecule is non-toxic to the plant and does not get into the wheat grain. This new approach developed through the biotechnology-enabled process is known as "chemical intervention in the plant signalling approach", he said.

Misra said that this new method does not rely on genetic modifications (GM) to create super-yields or combat climate change and therefore offers a viable alternative to GM technology.

The new approach uses Trehalose-6-phosphate (T6P), a central sugar signal in plants, which regulates sucrose use and allocation, underpinning crop growth and development to signal the plant to produce more starch in wheat, he added.

Wheat output in India is projected to be 96.64 mt in the 2016-17 crop year (July-June) as against 92.29 mt in 2015-16. India had record wheat production of 95.85 mt in 2013-14.

### **Pollination opportunity: Money beyond honey**

and most fruits and vegetables depend entirely on winged insects that, during their flights to collect nectar, also transport pollen from one flower to another. "Honeybees are best suited to perform this function. Our experiments have shown an average 30% increase in crop yields – from 17-19% for cotton to 48% in sunflower and 150-170 % in lychees – if honeybees are artificially introduced in the fields during the flowering stage even in normal conditions," informs Laxmi Rao, assistant director of the Pune based Central Bee Research and Training Institute (CBRTI).

Not for nothing, then, that as pollinator insect populations have seen reduction – linked to factors from widespread pesticide application and mono-cropping to climate change — it has spawned a business of artificial introduction of beehive boxes. In Maharashtra, there are professional beekeepers now charging.

Dinkar Patil has been doing this for the last 15 years. Proprietor of the Latur-based Patil Bee Keepers, he was initially supplying beehive boxes to companies producing onion and vegetable seeds. But in recent years, he has noticed an increasing demand from even farmers for his pollination services. "Much of it is from pomegranate, oilseeds and mustard growers, who have reported sharp dip in the natural bee numbers in their areas. The demand-supply gap is huge, because I myself get queries for 5,000 beehive boxes a year, but am in a position to fulfill barely a fifth of these. There were orders for around 500 boxes from pomegranate farmers in Indapur alone last year, but I could provide only 50," claims Patil, who owns and rents out 700 boxes round the year.

Beekeeping, promoted as a cottage industry by the Khadi and Village Industries Commission, has so far focused mainly on honey. But now, a new demand avenue has opened up for beekeepers — in the form of pollinators-on-hire services. The beehive boxes are kept for a month or so during the flowering season. Once fruit-setting happens, the boxes are removed and taken to the field of the next crop whose

flowering is due. Since flowering happens for different crops all through the year, barring the peak summer and monsoon months, there is a steady demand for the services offered by the likes of Patil.

Patil maintains colonies of *Apis mellifera* or European honeybees that normally travel within an area of four square-km area to collect nectar and pollinate flowers. On the other hand, Vipin Mahajan, another beekeeper from Talegaon Dabhade, a town in Pune's Mawal taluka, employs *Apis trigona* bees. The former species require regular supplementary feeding of concentrated sugar solution to ensure no starvation, but the bees don't migrate and farmers only need to install one box per acre.

### Cultivation Under Contract: West Bengal shows the way in win-win potato farmer-corporate tie-up

This has been a terrible year for potato farmers, with prices everywhere — from Agra and Farrukhabad in Uttar Pradesh to Burdwan in West Bengal — crashing to well below `4 per kg levels. But about 10,000 growers in West Bengal have managed to realise an extra `5 or so per kg, by supplying to the global snack and beverage giant PepsiCo under a contract farming initiative.

"At current rates of `3.40-3.80 per kg for normal potatoes, farmers are grossing `170-190 from every 50-kg sack that doesn't even cover production costs. However, some of us who have entered into collaborative farming with PepsiCo are being paid `8.40 per kg. That works out to an extra `230-250, compared to what we would have got by selling a sack of regular potatoes," points out Shantanath Nandi.

This four-bigha (one acre) farmer from Anandapur village in Hooghly district's Goghat block under Arambag subdivision has been growing 'process-grade' potatoes for PepsiCo for the last six years. He produces between 90 and 110 sacks of the tuber from each bigha, which gives ₹42,000 at ₹8.40 per kg. After deducting costs of ₹22,000-25,000, it leaves a profit of ₹17,000-20,000 per bigha or ₹170-200 a sack. Had Nandi been growing ordinary 'table-grade' potatoes, his total revenue itself would have been just ₹170-190, not enough to take care of even cultivation costs of over ₹200 per sack or ₹4 per kg.

The process-grade potato varieties such as 'Atlantic', 'FC3' and 'FC5', which PepsiCo is promoting, contain 20% dry matter and 80 % water. Table varieties have about 85% water. The lower dry matter content makes them less suitable for processing, as the extra water adds to dehydration and energy costs. Normal potatoes also have higher accumulation of reducing sugars. These, when fried, are subjected to certain enzymatic reactions, leading to their blackening. The resultant chips or fries tend to acquire a dark brownish colour, whereas ideally they should possess a light yellow hue.

### Bengal govt fixes ₹4.60/kg support price for potatoes

In a bid to arrest the slide in potato prices, the West Bengal government on Tuesday announced a minimum

The *trigona* bees require less maintenance, but the requirement is three boxes per acre. Also, *mellifera* beehives can survive for three years, whereas *trigona* hives need to be re-populated every year.

According to CBRTI's Rao, the lack of trained bee breeders is a major concern. This is even more so in a scenario where the destruction of the natural habitat for bee populations is already impacting pollination in major crops. "There can be no second Green Revolution without conservation of honey bees. Farmers need to be sensitised about the importance of the winged visitors to their fields," she points out.

### Cultivation Under Contract: West Bengal shows the way in win-win potato farmer-corporate tie-up

Shantanath Nandi, Asim Chowdhury and other farmers at Anandapur are among the many who have taken to cultivating process-grade potatoes for PepsiCo, under an arrangement where the Indian subsidiary of the American multinational undertakes to purchase their entire produce at a fixed price announced a month before planting. "All they have to do is to grow the potatoes for us," says Jaideep Bhatia, director-agro at PepsiCo India.

The maker of Lay's and Uncle Chips potato chips brands does contract cultivation — "collaborative farming" is the term it prefers to use — in Punjab, West Bengal, Maharashtra, Gujarat and Uttar Pradesh. In West Bengal, its direct farm sourcing operations are spread across nine districts: Hooghly, Howrah, Burdwan, West Midnapore, Birbhum, Bankura, Jalpaiguri, Cooch Behar and Alipurduar.

"In 2010, our procurement was 39,998 tonnes from West Bengal. This year, we will do 72,250 tonnes. This programme is a big success for us," claims Bhatia. He adds that PepsiCo not only provides farmers with disease-free true potato seeds produced from its laboratory in Punjab, but also tractor-drawn planters and other equipment, crop protection and extension services, cold storage and insurance facilitation.

"I've been working with this company for the last 5-6 years and there is certainly increased interest among growers for this kind of cultivation," notes Chandicharan Mondal, a potato aggregator, who has brought 200-odd farmers under PepsiCo's programme.

But the quantities being procured by PepsiCo and other food processing majors are only a fraction of the 10 million tonnes annual potato production of West Bengal alone. While contract cultivation of processing-grade potatoes is useful, there are limits to how much these can replace the normal aloo used in day-to-day meals and table preparations. And to that extent, the woes of growers cannot be wished away.

### Bengal govt fixes ₹4.60/kg support price for potatoes

support price of ₹4.60 a kg, approximately 30% more than the present market price.



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## FINANCIAL HIGHLIGHTS



As on 31.03.2014			As on 31.03.2015		
● Paid up Share Capital & Reserves	:	₹ 10629.25 lakhs	₹ 12948.76 lakhs		
● Deposits	:	₹ 148241.39 lakhs	₹ 169084.53 lakhs		
● Loans & Advance	:	₹ 71664.46 lakhs	₹ 93134.67 lakhs		
● Investments	:	₹ 64234.87 lakhs	₹ 59872.44 lakhs		
● Money at Call & Short Notice	:	₹ 30885.10 lakhs	₹ 33855.68 lakhs		
● Net Profit	:	₹ 1934.41 lakhs	₹ 948.69 lakhs		
● Working Capital	:	₹ 181399.10 lakhs	₹ 206913.46 lakhs		

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The state will procure 28,000 tonnes a month directly from farmers for its mid-day meal schemes and anganwadi centres.

#### **Price movement**

The move comes as a bumper crop has prompted the southward movement of tuber prices here. With favourable climatic conditions and higher yield, potato production in Bengal is expected to touch 110 lakh tonnes this year.

Currently, potato price (of the 'Jyoti' variety) – after witnessing a prolonged since December last year – is fetching ₹3.30–3.60 a kg. At the cold storage end, the 'Jyoti' variety fetches around ₹4.20 a kg, trade sources said.

Almost a month back (mid-February this year), potato prices stood between ₹2.60 and ₹2.80 a kg at the farm-end; and ₹3.00 (approx) a kg at the cold storage end.

#### **State intervention**

The state government's announcement will lead to an

immediate inching up of prices by at least 20 paise a kg, the sources said.

"We have seen a bumper production of potato this year, as a result of which farmers have resorted to distress selling. In order to prevent that, we are offering a remunerative price of ₹4.60 a kg," Chief Minister Mamata Banerjee said.

The state faced a similar situation last year also, with lower demand from neighbouring states and increased stock. The government had then procured the tuber at ₹5 a kg.

#### **Transport subsidy**

Meanwhile, the state government has decided to facilitate farmers in case they look at transporting potato to other states.

A subsidy of ₹0.50 a kg for railways transportation and of ₹1 per kg for exports through ships has also been announced.

### **Onion farmers in Maharashtra remain deprived of govt grant**

At least one lakh onion farmers in Maharashtra are yet to receive a grant of ₹100 per quintal, announced by the state government in September last year following a free fall of onion rates. The government announced the grant for the farmers who sold their produce in the Agriculture Produce Market Committees (APMC) from July 1 to August 31, 2016. There were several demands from the APMC representatives for an increase in the grant to at least ₹500 per quintal.

According to market sources, the proposals worth ₹45 crore are still pending with the government. In Pune APMC

alone, around 4,145 proposals were sent to the government of which 2,847 proposals were considered eligible for the grant of ₹1.72 crore. About 20,000 farmers were then estimated to have sold nearly 3 lakh quintals in the Lasalgao market during the two months, making them eligible for payments of ₹3 crore.

If other market committees were taken into account, the proposals were worth ₹45 crore, sources said. The farmers were not happy with the conditions imposed by the state government for the grant of incentives.

### **Cotton variety which needs only 100 days to mature developed**

A SCIENTIST from the Central Institute for Cotton Research (CICR) here has developed what is reported to be the shortest-duration cotton variety in the world. Requiring only 100-120 days for maturity, the new variety could emerge as the solution to the problems of dryland cotton farmers in regions like Vidarbha and Telangana.

"This is by far the most exciting development I have experienced in my career spanning over 25 years as a cotton scientist... When this variety becomes available to farmers after two years — after we complete field trials — India will have moved from the longest-duration cotton variety to the shortest-duration one," said CICR Director Keshv Kranthi.

Explaining the importance of the variety, he said: "One of the main reasons for repeated failure of dryland cotton crop is its long duration. In India, the period generally extends for 170-240 days, while it is about 150 days in countries like Australia and China. So, the duration here extends well beyond the monsoon months. These plants then go without water during the crucial time of flowering and fruiting, suffering weak uptake of nutrients due to lack of water."

"Why this variety will be the one that we need for our

dryland farmers is because it fits into the monsoon period, making water available for the critical time of flowering and fruiting phases," he said, adding that "long duration crop also attracts more pests. "Developed by Santosh H B from the crop improvement department of CICR, the variety has been tentatively named "Yugank", after the son of Dharwad cotton scientist S S Patil, who provided the original material — Patil's son died in a mishap last year. It will be available in both Bt and non-Bt forms.

"Another advantage of shorter-duration cotton is that the fibre quality is better. The longer the duration, the weaker the fibre," said Santosh.

The variety has proved to be resistant to sucking and other pests and has a large boll size too. "One plant gives up to 20 bolls, which is way below the average hybrid yield of 60-70 bolls per plant. But if used in high-density plantation system, the number of these plants is at least six times higher. So the new variety will give higher yields within a short time period," said Santosh.

"I have arrived at this variety through the process of selection of the best traits over the last four years," he said.



STATEMENT OF OWNERSHIP AND OTHER PARTICULARS ABOUT LAND BANK JOURNAL AS REQUIRED UNDER RULE 8 OF THE REGISTRATION OF NEWSPAPERS (CENTRAL) RULES 1956

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### Key Financial Indicators of the Bank as on 31.03.2016

Sl. No	Particulars	Position as on 01.04.2015 (opening Balances)	Position as on 31.03.16	% of Increase/ Decrease
		(₹ in crores)		
1	Paid - up Share Capital	101.98	109.27	7.15
2	Reserves	454.04	472.48	4.06
3	Owned Funds	556.02	581.75	4.63
4	Deposits	2871.57	3252.41	13.26
5	Borrowings	2909.10	3055.37	5.03
6	Investments including call & Short Term deposits	3006.05	2565.34	(-) 4.68
7	Loans & Advances	3435.43	4080.28	18.77
8	Net Profit (after tax)		16.97	



**Dr. Nethi Muralidhar**  
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President, TSCAB