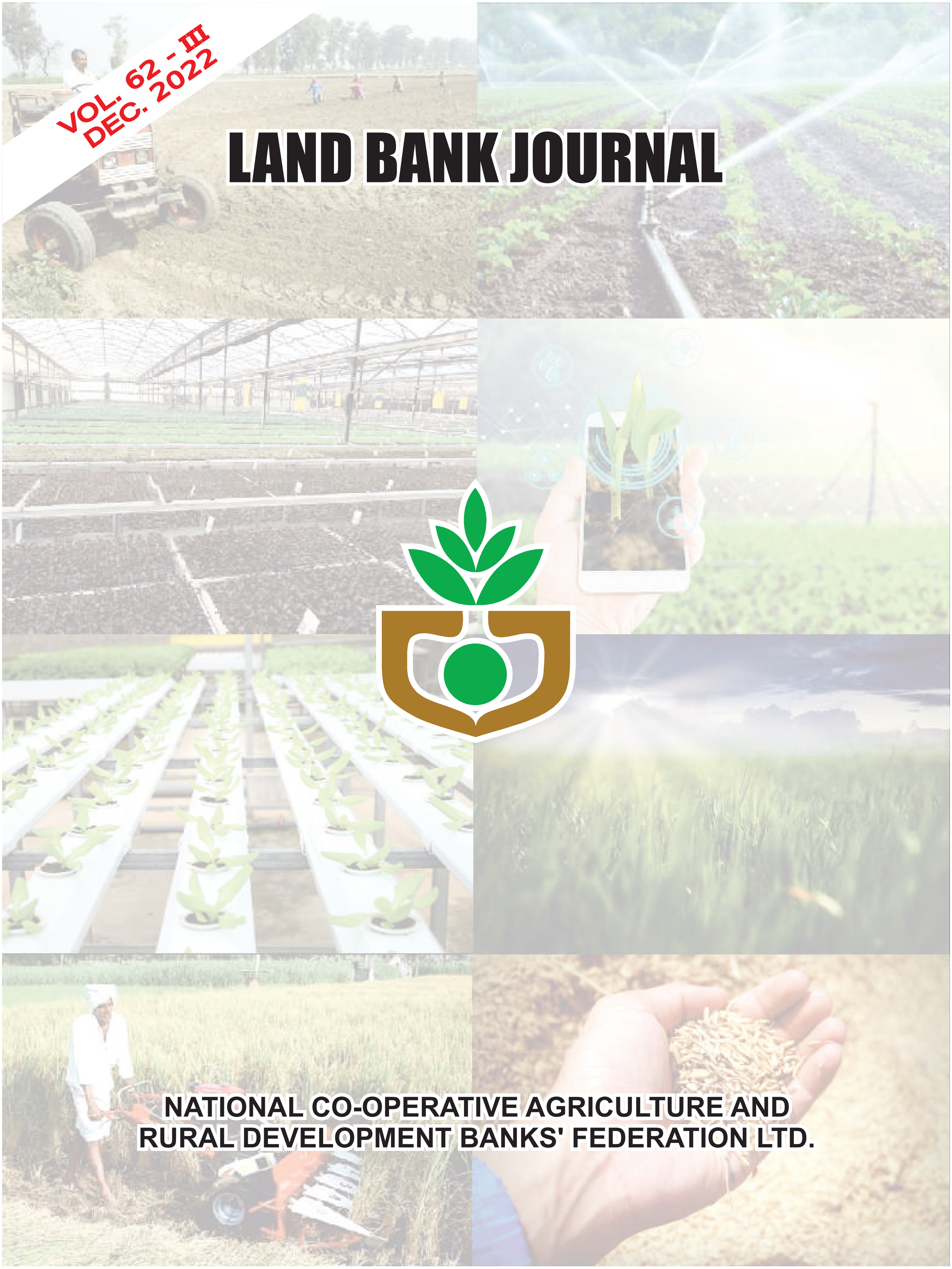

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EDITORIAL

'Sahakar Se Samriddhi' and inclusive growth through cooperatives are among the major themes of Union Budget 2023-24. The budget contains a number of proposals to enhance the role of cooperatives in accelerating economic growth and improving living conditions of farmers and other poorer sections through the medium of cooperatives.

The Govt proposes to build up massive decentralised storage capacity at village level cooperatives which will help farmers to store their produce after harvesting and sell at an appropriate time to maximise returns. Cooperative warehousing also facilitates farmers to raise loans from the cooperative society against warehouse receipts to meet their immediate cash requirements instead of selling the produce during harvesting season when the prices are at the lowest.

The Govt will facilitate setting up of multipurpose cooperative societies as well as dairy and fishery societies in all uncovered panchayats and villages across the nation. The multipurpose societies will be equipped to undertake a variety of non-credit activities as well, including warehousing, supply of inputs, processing of agricultural produce, owning and leasing of equipments and machinery, running supermarkets etc., as per requirements of members. The Govt has already circulated common byelaws for PACSs to become multipurpose societies and approved a scheme for computerising all existing PACSs at a cost of ₹ 2516 crore. The Govt has also created a National Cooperative Database for mapping of cooperatives and their activities. These initiatives will result in increasing the number of village level multipurpose cooperatives from 63000 at present to nearly 3 lakhs within the next five years and thereby creating of millions of jobs in rural sector in the businesses undertaken by these societies. The societies will also benefit farmers directly by making available substantially higher returns for their produce.

The budget also announced a number of changes in the IT Act to benefit cooperatives and to improve ease of doing business by cooperatives. The new cooperative manufacturing activities during financial year 2023-24 will get the benefit of lower tax rate of 15% as applicable to the manufacturing units registered under Companies Act.

The cash transaction limit between a Primary Agricultural Credit Society (PACS) or Primary Cooperative Agriculture & Rural Development Bank (PCARDBs) and their members has also been increased from ₹ 20000 to ₹ 2 lakhs. This will facilitate members to make deposits or loan repayments upto ₹ 2 lakhs in cash and also the cooperative society to disburse loans upto ₹ 2 lakhs in cash. These changes in IT rules will be a big boost to the deposit schemes and loan recovery of Primary Agricultural Credit Societies and Cooperative Agriculture & Rural Development Banks. TDS exemption limit under section 194(N) for cash withdrawal by cooperatives have also been increased to ₹ 3 crores.

The budget also provides a big financial relief to sugar cooperatives by converting all their outstanding tax dues prior to assessment year 2016-17 as expenditure which effectively nullify their entire tax liabilities upto financial year 2015-16. The aggregate amount of tax relief to the sugar sector under this package is estimated at ₹10000 crore.

The formation of the Ministry of Cooperation in July 2021 under the visionary leadership of Hon'ble Union Minister Shri Amit Shah and the slew of measures taken by the Ministry in the short span of 1½ years, as reflected in the last two union budgets will help the cooperative movement to take central stage in Indian economy and Indian transformation.

REALISING SAHKAR SE SAMRIDDHI

Amit Shah*

'Cooperation' embodies two important principles of human civilisation – 'Sah' and 'Karya' which means accomplishment of outcome-oriented activities following an all-inclusive approach. Cooperatives have immense potential to deliver required goods and services at the grass-roots and to ensure a sustainable and quality growth. Seven decades of attaining independence have witnessed a skewed distribution of cooperatives across States, indicating immense scope for expansion of cooperative movement. The contribution of cooperatives will have a multiplicative effect on our Prime Minister's vision of five trillion-dollar Indian economy. The time has come to transform cooperatives into multi-purpose and multi-dimensional community business units to cater to the demands of agriculture, manufacturing and services sectors at the community level. All-inclusive socio-economic progress of India requires quick, time-bound and a comprehensive and consultative action plan on cooperative development. The task seems difficult but attainable. The cumulative efforts of Union and State Governments, cooperative leaders and the federal heads would, undoubtedly, bring all of us closer to achieving the goal of 'Sahkar Se Samridhi'.

Cooperation' has remained the philosophy of our nation for centuries. India strives for a cooperative-led allencompassing socio-economic progress. The cooperative sector has always played a significant role in the overall economic development of the country with its member driven and all inclusive approach. Cooperation embodies two important principles of human civilisation – 'Sah' and 'Karya' which means accomplishment of outcome-oriented activities following an all inclusive method. It has the required capability to ensure equitable and concerted efforts towards enhancing the flow of timely, adequate and door-step commodity and service supports to various critical infrastructure such as agriculture and industrial input services, irrigation, marketing, processing and community storages, etc., and also for other activities such as poultry, fisheries, horticulture, dairy, textiles, consumer, housing, health to name a few. India is now celebrating its past glorious achievements and exploring pathways to make a deprivation free and socio-economically prosperous environment. At the time when we rejoice the Azadi Ka Amrit Mahotsav and India@75, we must get ourselves ready to becoming one of the world economic leaders through the mechanism of cooperation. Cooperatives are universally accepted as an essential instrument of social and economic policy and have inherent advantages in strengthening the efforts leading to overall economic prosperity with enhanced livelihood security and employment. These have immense potential to deliver required goods and services at the grass-roots and to ensure a sustainable and quality growth environment. We should appreciate and recognise the strength of our cooperatives. These

* The original article penned by Hon'ble Home & Cooperation Minister was published in January, 2023 issue of Kurukshetra Journal, brought out by Publications Division, Ministry of Information & Broadcasting".

are people-centred rather than capital-centred organisations and through collective efforts they bring in cohesiveness, community business sense and enhance social bonding. These are governed by seven golden principles **(Table 1).**

Creation of a New Ministry – A Historic Move

India has a rich history of cooperatives. A few people may know that India's Iron Man – Sardar Vallabhbhai Patel ji used to follow the basic ideology of cooperation while solving various critical problems on the ground. His pioneering work witnessed the spread of the dairy cooperative movement in the country when he sowed the seeds of Anand Milk Union Limited (Amul) through Shri Tribhuvandas Patel by forming farmer cooperatives, production and marketing of milk through collectivised efforts. The small seed sown by Sardar Patel has now become a global dairy brand.

The rich Indian history of cooperation and the inherent socio-economic potential of this sector could not, however, ensure a separate governance structure at the national level for last 74 years of independent governance system. In this context, July 6, 2021 will remain a historic day forever for the India's cooperative sector. On that day, the Hon'ble Prime Minister of the country, Shri Narendra Modi Ji took a firm decision and for the first time in India, the Ministry of Co-operation was set up to enable and spread the growth of cooperative movement across India. We could fulfil the strongly felt long pending demand for creation of a separate Ministry for paying due policy recognition to critical matters of cooperative sector.

Table 1: Seven Golden Principles of Cooperaton

1	Voluntary and Open Membership	Cooperatives are voluntary organisations where membership is open to all persons without any discrimination.
2	Democratic Member Control	Cooperatives are member-driven and member-controlled democratic units. Members actively participate in setting their policies and making decisions. In primary cooperatives, members have equal voting rights conforming to the norm of 'one member – one vote'.
3	Member Economic Participation	Members contribute equitably to and control and utilise the capital of their cooperative to support their economic activities.
4	Autonomy and Independence	Cooperatives are autonomous organisations and believe in self-help for maintaining their cooperative autonomy through democratic controls.
5	Education, Training and Information	Cooperatives provide education and training for their members, elected representatives, managers and employees to support development drives of their units.
6	Cooperation among Cooperatives	Cooperatives extend efficient service support to their members and strengthen cooperative movement by working together through local, national, regional and international structures.
7	Concern for Community	One of the major aims of cooperatives is to ensure sustainable development for their communities through adoption of appropriate policy measures.

Source: Internatonal Cooperatve Alliance [Available at https://www.ica.coop/en/cooperatves/cooperatve-identty]

Table 2: Cooperatve Spread in Select 20 Major States/UTs in India

SN	States/UTs	Presence of Cooperatves** (in Lakh Nos)	No. of Districts $	Cooperatve per District (in Nos)
1	2	3	4	5
1	Maharashtra	2.059	36	5719
2	Gujarat	0.776	33	2350
3	Andhra Pradesh	0.732	26	2816
4	Telangana	0.652	34	1916
5	Karnataka	0.409	29	1412
6	West Bengal	0.337	25	1346
7	Kerala	0.193	14	1376
8	Haryana	0.246	22	1117
9	Bihar	0.392	38	1031
10	Madhya Pradesh	0.474	52	912
11	Rajasthan	0.285	33	862
12	Punjab	0.174	22	793
13	Tamil Nadu	0.245	38	644
14	Utar Pradesh	0.482	76	634
15	Odisha	0.173	30	578
16	Jharkhand	0.139	24	577
17	Utarakhand	0.056	13	433
18	Chhatsgarh	0.114	27	421
19	Assam	0.102	33	310
20	Jammu and Kashmir	0.020	20	101
	All India	8.544	739	1156

Sources: Compiled from: $ https://igod.gov.in/sg/district/states and **NCUI, 2018

The objectives of the Ministry of Cooperation in providing a supportive and enabling policy framework to cooperatives have been very clear. The 1904-05 cooperative laws are more than a century old legislation. The idea of cooperatives is not new to us and India's civilisation and society have evolved on the principles of cooperation. We find that work in every field across important economic sectors has revolved around the idea of cooperation. Simultaneously, the cooperatives have played a big role in creating an economic model for rural development and providing employment to the poor people so that they can lead a dignified life. The freedom movement itself tried to create a new economic model against the British government in some places with the help of cooperation. Immediately, after independence, especially with the efforts of Sardar Patel, the cooperative movement gained greater momentum, spreading it across different parts of the country. However, if we see chronologically, the cooperative movement stagnated around the 1960-70s. Also, the growth of the cooperative sector across the states was not uniform which led to high concentration of cooperatives in some areas.

NCUI 2018 data indicates that 8.54 lakh cooperative units spread across 739 districts **(Table 2)**. The uneven and skewed spread of cooperative movement is discernible from district-wise data presented in the table for 20 major States/UTs. On an average, there are 1,156 cooperative units per district. Seven States viz. Maharashtra, Gujarat, Andhra Pradesh, Telangana, Karnataka, West Bengal and Kerala have more than the national average cooperative spread. States viz. Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh, Assam, Chhattisgarh and Odisha record below national average spread of cooperatives. This opens up opportunities for these States to realise the power of collectives and to gear up activities of rapid social mobilisation through registration of diversified activity-based cooperatives to actualise the collective socio-economic benefits right at the community and to be an active catalyst in achieving the greater goal of Sahkar se Samriddhi.

Ensuring Equitable Spread and Outreach

The Mission – 'Sahkar Se Samridhi' aims at ensuring equitable and widespread growth of cooperatives. The initial efforts should be such that every village of India should have a primary society, a primary cooperative credit society and should be connected to a nearby cooperative bank. Wherever possible, cooperatives should have a wider reach and wherever there is a potential, they should be promoted, formed and nurtured. There is a huge possibility of promoting larger number of cooperatives in sectors viz. fishery, agricultural processing, primary production, housing and construction. Similarly, there is immense potential in certain other areas like health, medicine, insurance and textiles. The cooperative business model can turn around the khadi and village industries and can bring parity in the income and employment growth in developed and developing states. One can clearly visualise the skewed spread of the co-operative movement across the States and, accordingly, categorise them in terms of developed, developing and weak States. The first is the case of the developed States where there has been reasonable progress in the cooperative sector but there is a huge scope for improvement to address some inherent disadvantages. There are some States which are in the developing category which have managed to stop the deterioration to some extent and need greater policy support to move forward. Finally, there are some States which are completely lagging behind where the presence of cooperatives is negligible and most of the institutions are weak. Odisha, Jharkhand, Bihar, Uttarakhand, Assam etc. need to ensure expansion in the cooperative base and also to extensively analyse their past models of growth and the activities they had adopted for maximising social and economic welfare. The time has come for the States to transform their cooperatives into multipurpose and multidimensional community business units to cater to the demands of agriculture, manufacturing and services sector at the community level.

In this context, we should ascertain and affirm our concentrated efforts towards deepening of this mass movement. In the next two decades, our efforts should enable the cooperatives to contribute substantially in the nation's economic growth and development. It is a well-established fact that only the cooperatives can distribute profits equitably and reap benefits for all of its members. Unlike other business models, in cooperatives, maximum profits out of the surplus can flow to the shareholders with minimum expenditure incurred on management cost.

Cooperation and Economic Empowerment

The cooperative model can bring economically weaker sections of our society to the forefront of economic growth and can create widespread financial prosperity. There are gleaming examples like Lijjat Papad, Amul and other milk cooperatives in southern States like in Karnataka and many others which have brought economic prosperity to millions of people from marginalised sections of the society. A small dairy society started by late Shri Tribhuvandas Patel has transformed today into India's biggest food and FMCG giant – Amul, and has changed lives of millions of women. It is an epitome of women empowerment where Rs. 60,000 crores are remitted directly into the bank accounts of the women dairy farmers.

Venturing New Areas through Cooperation

There is a need to ensure emergence of largenumber of cooperatives in new and evolving sectors like insurance, health, tourism, processing, storage, industrial and service sectors, etc. The cooperative movement should reach all the villages and should be transformed into a mass movement.

Hon'ble Prime Minister has urged all Ministries to set up a goal for themselves in the year of Amrit Mahotsav. The time has come to set goals for ourselves in the 75th year of our independence. Let us set a goal that in the next 10 years every village will have a milk society and a credit society which will be viable and functional. Let us also set a goal that every village should have some primary society or the other spreading cooperative business activities right at the community. If India can do this, these units can contribute substantially to the national economy and improve the lives of millions of poor and marginalised sections who are often left behind.

Meeting Challenges for Effective Cooperation

While cooperatives are the best route to address empowerment issues, these units should be prepared for the meeting modern-day challenges. The bottlenecks of growth within the sector have to be addressed and this would demand several policy level and administrative changes. The first and foremost in this regard is fostering a culture of transparency. This will restore the trust of small farmers in cooperatives. We need to adhere to the law and cooperative principles to strengthen this sector. This also calls for holding fair and regular elections. We need to abide by the democratic values to ensure that the best people are inducted to the cooperatives platform. The democratic ways and means in conducting cooperative activities like elections need to be implemented more strongly, firmly and rigorously. The cooperative sector needs to move towards professionalism and should conduct itself on the principles of corporate governance. There are many such models in our country like IFFCO, Amul, etc. which have kept the cooperative spirit intact and imbibed the strengths of corporate governance values. We have to build such models which conform to a judicious blend of cooperative values and corporate governance. This will ensure transparency, accountability, professionalism and sound governance. Also, cooperative institutions need better infrastructure and access to business loan and working capital and for meeting their plant and machinery needs.

Cooperative Federalism - the Only Way

The provisions in the present constitutional set up facilitate promotion and nurturing of cooperatives in an all-inclusive way. It has never been a hindrance in our plans to develop the cooperative movement while working along with the States. 'Cooperation' is a State Subject and the State Cooperative Societies are governed by the State specific legislations. The Union Government is responsible for the management of Multi State Cooperatives. We can accomplish a lot of work through constructive and continuous dialogue between the Centre and the States and imbibe the principles of cooperation in our work and actions. If we expect cooperative movement to be spread across all the states in an equitable manner then we need to come on a common forum with the States and create an enabling environment for cooperatives collectively. Through a continuous dialogue and consultation process India can achieve more uniformity in the cooperative legislations across all States.

While the 97th Constitutional Amendment can meet the challenges of the cooperative sector, the Union Government shall play an enabling role to transform the cooperative movement of the country and the jurisdiction of both Centre and States should remain clear and as per the fundamentals of our Constitution. The Multi State Cooperative Society is the subject of the Centre and State Cooperative Societies remain with the States. It shall be the responsibility of the Ministry of Cooperation to engage in such dialogues, discussions and deliberations with the States and come up with an enabling legal framework for cooperatives.

Planning New Cooperation Policy

India has 8.5 lakh cooperative units out of which 20 percent [1.77 lakh units] are credit cooperatives. Remaining 80 percent are non-credit cooperatives involved in diverse activities viz. Fishery, Dairy, Producer, Processing, Consumer, Industrial, Marketing, Tourism, Hospital, Housing, Transport, Labour, Farming, Service, Livestock, Multi-purpose Cooperatives, etc. Out of about 96,000 Primary Agricultural Credit Cooperatives (PACs) spread across 91 percent of total villages of India, 63,000 [65 percent] are viable and active. Technology development in cooperatives is the need of the hour. Computerisation of PACs is a must. About 13 crore farmer households are directly connected to cooperatives. It shows the strength of the cooperative movement. Our policies and actions can leverage on this huge network of cooperative institutions for the benefit of the sector. We need to work for their prosperity and business viability through their revival. We need to empower them with scheme interventions, policy support and provision of technology. The contribution of Cooperatives in the nation's economy has been impressive. The share of cooperative agriculture finance to total is about 25 percent, fertiliser distribution 35 percent, fertiliser production 25 percent, sugar production 31 percent, milk procurement, production and marketing about 25 percent, wheat procurement 13 percent, paddy 20 percent, fish production 21 percent, etc. There is a need to build a vibrant and resilient cooperative sector on this strong foundation. All the hurdles and bottlenecks need to be addressed through the new cooperation policy and suitable government interventions. Important policy parameters [4 Ps + 3 Es] for attaining Sahkar Se Samridhi are at **Table 3.**

Table 3: Prosperity through Cooperaton: The Seven Vital Parameters

4 Ps	3Es
1. People Cooperatng People	1. Ease of Doing Business
2. Producton by People	2. Ease of Living
3. People before Proft	3. Ease of Cooperaton and Access to Opportunites
4. Proft with Purpose	

Dimensions of New Cooperation Policy

It is high time to review its policy on Cooperation. The extant National Cooperative Policy is 20 years old. The Ministry of Cooperation has started dialogues and consultations for firming up a new cooperation policy within the next 8-9 months. The policy will consider the requirements of all cooperative societies from PACs to the Apex Cooperatives. The policy will create an environment through which cooperatives can expand and new dimensions of growth will emerge. We need to explore new areas and work in a cooperative manner with TEAM spirit – where 'T' denotes 'Transparency', 'E' stands for 'Empowerment', 'A' stands for 'Aatma Nirbhar' ('Self-reliance') and 'M' for 'Modernisation' **[Table 4]**. Today, computerisation of the entire cooperative sector has become imperative and we cannot bring efficiency in the work of cooperatives till this task is completed.

Table 4: Decoding TEAM Cooperaton

T	Transparency	Cooperatves to adopt best practces for their governance with accountability and by rising above politcs.
E	Empowerment	Empowering persons engaged in farm and non-farm actvites
A	AatmaNirbhar (Self-Reliance)	Self-reliance through community and collectvised acton
M	Modernisaton	Bringing right technology and quick adoption thereof to enhance productivity and efficiency

The probable dimensions of the new cooperation policy could be the following:

(a) Laying out processes for hassle-free registration.

(b) Bringing in transparency within administration, recruitment and also within training of trainers and training of employees.

(c) Ensuring transparency in cooperative elections on the lines of Election Commission of India.

(d) Addressing issues of cooperation and coordination amongst different cooperative institutions.

(e) Establishing proper linkages to all societies at village level like dairy, PACs, FPO, women cooperative, etc.

(f) Bringing in uniformity and parity of cooperative law within the States.

Conclusion and Road Ahead

Our beloved Prime Minister's clarion call – 'Sahkar Se Samridhi' requires quick, time-bound and an all-inclusive consultative action. There exists a need to identify and address suitably various issues which may limit the progress of cooperatives. Some of the vital issues which require immediate attention are – (a) Regional/ state level and sectoral imbalances in the cooperative movement; (b) Regulatory complexities; (c) Governance, leadership and operational issues; (d) Lack of professional management in

cooperative units; (e) Need of time-tested structural reform measures; (f) Lack of cooperation amongst cooperatives, etc. Other critical dimensions of cooperative movement which require adequate attention are – establishing an effective dialogue and coordination mechanism between the central registrar and state registrars of cooperatives; adhering to cooperative principles and democratic values, procedures of transparency, strengthening basic infrastructure including equity structure, diversification; promoting entrepreneurship, branding, marketing, and adopting technology, training, exchange of education and training of members; formation and promotion of new cooperative societies and promotion of social cooperatives. Timely identification and redress of such issues would drive us to explore feasible pathways for bringing in a technology-driven integrated cooperative development strategy and for ensuring competitiveness of the community owned business units.

The contribution of cooperatives will have a multiplicative effect on our Prime Minister's vision of five trillion-dollar Indian economy and enhancing the income of farmers. To make it happen, we need to empower and revive community level primary cooperatives, in the first instance. To make PACs active and vibrant, we all have to bring a consensus in our approach. While the Ministry of Cooperation is all set to computerise the PACs and planning for a greater technology push in the cooperative sector, the reach of PACs in each and every village should be the goal of our cooperation policy. Making the village self-reliant and strong, doubling the income of the members of cooperatives should also be the goals of the cooperation policy. Further, the Policy should have provisions to make all types of cooperative institutions financially strong and sustainable. The task may seem difficult but is attainable. This cannot be achieved only by the Union Government and State Governments' noble intentions and interventions alone. We should draw inspirations from the Maha Upanishad's oft-quoted term – Vasudhaiva Kutumbakam meaning all living beings on this earth are a family. Thus, the leaders of the cooperative movement and the federal heads will have to rise to the occasion, make extra efforts to visit their districts, talk to members and infuse hope in them for the betterment of the sector. These cumulative efforts of ours would, undoubtedly, bring all of us closer to achieving the goal of 'Sahkar Se Samridhi'.

A STUDY ON SUCCESSFUL FPO PROMOTED BY NGO IN BHARUCH DISTRICT OF GUJARAT STATE

V. M. Chaudhari

Introduction:

Agricultural land holding in the country is dominated by small and marginal farmers with average size of less than 1 hectare. These Small and Marginal Farmers (SMFs) face some challenges both in production and post-production stage like access to production technology, quality inputs at reasonable prices, credit, custom hiring, seed production, value addition, processing, investments and most importantly market access.

FPO stands for Farmer Producer Organizations. FPO is an organization, where the members are farmers itself.

Collectivization of small and marginal farmers to form their organizations as Farmer Producer Organizations (FPOs) has been recognized as the most effective and appropriate institutional mechanism to reduce cost of production, increase per unit productivity and facilitate better market linkages so as to enhance their net income. This will not only help in augmenting income of the farmers but also considerably improve rural economy and create job opportunities for rural youths in villages itself.

Definition of Farmer Producer Organization (FPO) in Agriculture

FPO is a generic name, which means and includes farmer-producers' organization incorporated/ registered either under Part IXA of Companies Act or under Co-operative Societies Act of the concerned States and formed for the purpose of leveraging collectives through economies of scale in production and marketing of agricultural and allied sector. However, FPOs registered under Cooperative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is called) for the purpose of this Scheme, is to be insulated from all kinds of interference including in election process and day to day management through suitable provisioning in their Memorandum of Association and Bye-laws with a view to encourage healthy growth and development of FPO.

Benefits to Farmer through FPOs

Through the formation of FPOs, farmers will have better collective strength for better access to quality input and technology. The farmer will also avail better credit and better marketing access through economies of scale for better realization of income.

Services and activities provided by FPO

As per the new guidelines, the FPOs may provide and undertake the following relevant major services and activities for the development:

- The FPO can supply quality production inputs like seed, fertilizer, pesticides at reasonably lower wholesale rates.
- FPO can make available need-based production and post-production machinery and equipment on custom hiring basis for members to reduce the unit production cost
- FPO can engage in the process of value addition like cleaning, grading, packing, and also farm level processing facilities at a user charge basis on a reasonably cheaper rate.
- The FPO can make the facility for storage and transportation for its members
- The FPO must undertake higher income-generating activities like seed production, beekeeping, mushroom cultivation, etc.
- FPO needs to undertake aggregation of smaller lots of farmer-members' produce; add value to make them more marketable.
- Facilitate logistics services such as storage, transportation, loading/unloading, etc. on a shared cost basis.
- FPO can market the aggregated produce with better negotiation strength to the buyers and in the marketing with better and remunerative prices.
- **Implementing Agencies to Form and Promote FPOs**

The following three implementing Agencies will form and promote Farmer Producer Organizations

Joint Managing Director, The Gujarat State Cooperative Agriculture & Rural Development Bank Ltd, Ahmedabad, Gujarat.

- Small Farmers Agri-business Consortium (SFAC)
- National Cooperative Development Corporation (NCDC)
- National Bank for Agriculture and Rural Development (NABARD)

Note: States may also if so desire, nominate their Implementing Agency in consultation with the Department of Agriculture.

- **Understanding about Farmer producer organization (FPO)**

1. **What is FPO :** Farmer producer organization is a group of farmers with special interests and concerns with developed structure, formal membership, status and functions for its members and with a set of byelaws and rules. Mobilizing farmers into groups of between 15-20 members at the village level (called Farmer Interest Groups or FIGs) and building up their associations to an appropriate federating point i.e. Farmer Producer Organizations (FPOs). Farmers Producer organizations are groups of rural producers coming together based on the principle of membership, to pursue specific common interests of their members and developing technical and economic activities that benefit their members and maintaining relations with partners operating in their economic and institutional environment.
2. **Meaning of FPO:** A producer company is basically a body corporate registered as Producer Company under Companies Act, 1956. It covers following points: Production, harvesting, processing, procurement, grading, pooling, handling, marketing, selling, and export of primary produce of the Members or import of goods or services for their benefit. Rendering technical services, consultancy services, training, education, research and development and all other activities for the promotion of the interests of its Members. Generation, transmission and distribution of power, revitalization of land and water resources, their use, conservation and communications related to primary produce. Promoting mutual assistance, welfare measures, financial services, insurance of producers or their primary.
3. Farmer Producer Company organization is nothing but a cooperative form of business organization. It is registered under Indian Companies Act. It allows 10 or more producers to form an organization to transact business in which surplus is distributed among its members as per its Memorandum of Association and Articles of Association. This Act was came into effect in 2003 as an amendment in the Part IX A of Companies Act 1956. At no point a Producer Company can become a public limited company. The shares of a producer company cannot be transacted in any stock exchange or to any non-users members. The Chief Operating Officer of a Producer Company can become the Chairman and it has also proviso to co-opt technical directors to seek their expertise to make the company to achieve its set objectives. This is one such statute that gives level playing field for cooperative form of business organizations.
4. **Background:** Small holders had a mean farm size of 0.5 hectare and that too in 5 to 10 small plots. The small holding size will not produce enough food to support the family. Such small holders constitute the vast majority of farmers in the developing countries including India. Because they are scattered individuals, they have little or no bargaining power or political influence in securing loans from scheduled banks and very few smallholder farmers carry crop insurance against natural calamities, etc. In addition, small holders are especially vulnerable to climate change-aggravated weather events, like untimely rains (especially at harvest times), severe droughts and floods, hailstorms and pest infestations, any of which can wipe out their crops. They also continue to suffer from market uncertainties as most agricultural policies (and institutional support) tend to favor large farmers and agricultural or food corporations, e.g., industrial.
5. **Management:** Number of Directors should be 5 to 15. Directors should be appointed within 90 days of incorporation. A full time CEO appointed with substantial power of management. Single vote for every member (Individual producer) & on basis of participation (institution producer).

6. **Characteristics / Features of FPO:** It is formed by a group of producers for either farm or non-farm activities. It is a registered body and a legal entity. Producers are shareholders in the organization. It deals with business activities related to the primary produce/product. Common interest, It works for the benefit of the member producers. Both long and short term objectives and plan of action. Enrolment through membership fee. Democracy through regular elections. Capacity of the organization should be strong to ensure its long term stability and sustainability. Linkages and network with other Farmer Producer Organizations. Committed leadership. A part of the profit is shared amongst the producers, rest of the surplus is added to its owned funds for business expansion.
7. **Need of FPO:** The main aim of FPO is to ensure better income for the producers through an organization of their own. Small producers do not have the volume individually (both inputs and produce) to get the benefit of economies of scale. Besides, in agricultural marketing, there is a long chain of intermediaries who very often work non- transparently leading to the situation where the producer receives only a small part of the value that the ultimate consumer pays. Through aggregation, the primary producers can avail the benefit of economies of scale. They will also have better bargaining power vis-à-vis the bulk buyers of produce and bulk suppliers of inputs.
8. **Importance of FPO :** Collective inputs purchase, Collective marketing, Processing, Increasing productivity through better inputs, Increasing knowledge of farmers, Ensuring quality, Marketing assistance, Technical services, Saving and credit, Local development.
9. **Activities of FPO :** Management activities, Procurement of inputs, Disseminating market information, Dissemination of technology and innovations, Facilitating finance for inputs, Aggregation and storage of produce, Primary processing like drying, cleaning and grading, Brand building, Packaging, Labeling and Standardization & Quality control, Management of fields (Collective production), Bulk purchase of inputs, Collective requests for credit, Management of selling of produce, Advice to producers & training to farmers, Marketing to institutional buyers.
10. **Services provided by FPO:** Financial services, Input-supply services, Marketing services, Technical services, networking services.
    Input supply services (Seeds, Fertilizers & Machinery) Financial Services (Credit, Saving, Insurance, extension) Marketing linkage services (Contract farming, Procurement under MSP) Training and Networking Services (HRD, Policy Advocacy, Documentation)
11. **Financial services:** The FPO will provide loans for crops, purchase of tractors, pump sets, construction of wells, laying of pipelines. The FPO will provide various insurance like Crop Insurance, Electric Motors Insurance and Life Insurance. Input Supply Services: The FPO will provide low cost and quality inputs to member farmers. It will supply fertilizers, pesticides, seeds, sprayers, pump sets, accessories, pipelines, procurement and packaging services. The FPO will procure agriculture produce from its member farmers; will do the storage, value addition and packaging. Marketing Services: The FPO will do the direct marketing after procurement of agricultural produce. This will enable members to save in terms of time, transaction costs, weight losses, distress sales, price fluctuations, transportation, quality maintenance etc.
12. **Technical Services:** FPO will promote best practices of farming, maintain marketing information system, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that adds value to products. Networking Services: Making channels of information (e.g. about product specifications, market prices) and other business services accessible to rural producers; facilitating linkages with financial institutions, building linkages of producers, processors, traders and consumers, facilitating linkages with government programs.
13. **Types of FPO's:** Community based, Resource oriented farmer producer organization, Commodity based, and

Market oriented farmer producer organization.

- **Formation and Registration of a FPO**

Any of the following combination of producers can incorporate a producer company:

- 10 or more producers (individuals)
- Two or more producer institutions
- Combination of the above two (10+2)

The Registrar under 30 days of receipt of all the required documents, after becoming satisfied that the requirements of this act have been complied with, issues a certificate.

The liability of the members of the company is limited to the amount of shares purchased by them.

- Farmers, who are the producers of agricultural products, can form groups and register themselves under the Indian Companies Act.
- To facilitate this process, the Small Farmers' Agribusiness Consortium (SFAC) was mandated by Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, to support the State Governments in the formation of Farmer Producer Organizations (FPOs).
- The aim is to enhance farmers' competitiveness and increase their advantage in emerging market opportunities.
- The year 2014 was observed as the "Year of Farmer Producer Organizations", and slowly but surely, the concept is catching on. The FPO's major operations will include supply of seed, fertilizer and machinery, market linkages, training and networking and financial and technical advice.

- **Producer Organization can be registered under any of the following legal provisions:**

a) Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the respective State.

b) Multi-State Cooperative Society Act, 2002.

c) Producer Company under Section 581(C) of Indian Companies Act, 1956, as amended in 2013.

d) Section 25 Company of Indian Companies Act, 1956, as amended as Section 8 in 2013.

e) Societies registered under Society Registration Act, 1860.

f) Public Trusts registered under Indian Trusts Act, 1882.

- **Concept of Farmers Producer Organization-know how**

1. Eligibility to become member of a PO

All primary producers residing in the relevant geography, and producing the same or similar produce, can become member of the PO voluntarily depending on the bye-laws of the PO. The founder-members are those who were there at the time of formation of the PO. Other members join the PO later. However, all members enjoy equal rights. A primary producer can become member of a PO with a nominal membership fee. Although primary producers obtain membership of PO voluntarily, institution should make efforts to involve all producers especially the small producers.

2. Meaning of primary produce

Primary produce means the produce of farmers from agriculture and allied activities or produce of handloom, handicrafts and other cottage industries, including any by-product and product resulting from ancillary activities thereof. Persons engaged in agriculture, horticulture, animal husbandry, fishery, sericulture, apiary (bee yard), handloom, handicrafts, etc., can become members of appropriate PO. Persons engaged in collection of minor forest produce are also eligible for membership of PO although they gather these from forests and strictly are not producers.

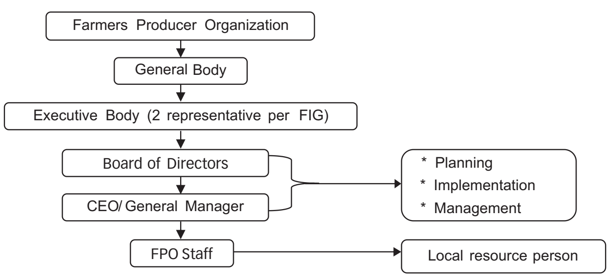
3. A person can become member of more than one POs

Benefits from the PO will accrue to members in proportion to the volume/value of produce given to the PO. Therefore, one person from a family can provide the whole produce of the family to the PO and get the same amount of benefit as multiple members providing the same volume/value. If however there are two different POs in the vicinity, each for a different type of produce, say vegetables and milk, one person can become member of both these POs, if the family produces both milk and vegetables.

4. PO can procure produce from non-members during market exigencies

The objective of the PO is to ensure better income to the member-producers through aggregation and value addition. Therefore, procurement from non-members is usually not undertaken. However, market exigencies at times may necessitate such procurement. There should be provision in the by-laws of a PO to enable procurement from non-members during such exigencies.

- **Steps in establishing FPO**
  - Understanding the village community.
  - Identifying potential leaders in the community.
  - Talking to the identified leaders and seeking cooperation from other agencies.
  - Helping local leaders to call community meetings.
  - Nominating core group leaders to develop the FPO.
  - Developing an organizational structure for the FPO & Developing the FPO's management through education and action learning.
  - Gearing up for action.
  - Implementing selected projects.
  - Monitoring and Evaluating the FPO's progress.
- **Structure of a FPO**



- **Why Farmers Producers Organization**
  - Farmers Producers Organizations influence policies and demand for required services.
  - Farmers can participate in the decision making process of the developmental activities.
  - Service system becomes more effective and accountable.
  - The get better access to latest markets and technology.
  - FPOs can involve in Farmer and market led extension activities.
  - Build interactions between research, extension and farming systems.
  - Enable farmers to organize themselves for action or to share resources.
  - Analyse farmer's problems with extension support.
- **ORGANISING AND FORMALISING FPOs**
  - Farmers Interest Groups (FIGs) in an aggregated cluster together form FPOs.
  - Typically, around 50-70 FIGs can come together to form a FPO. However, smaller number of FIGs also may federate in states like Arunachal Pradesh.
  - FPOs can be registered under the Producer Company provision under the Companies Act.
  - A separate manual on registration of FPOs is available in the website of SFAC & NABARD.
  - However, it must be clarified that the purpose of mobilizing farmers is not merely to achieve the target of registering a formal entity. The final form which the FPO assumes (i.e. cooperative, Producer Company, multi-state cooperative etc.) must be a decision taken by FIG members at an appropriate time. It is important to stress that the process must not be hurried in any manner and there is no "right time" by which the FPO must be registered. Any period between 18 months to 24 months may be necessary for the FIGs to settle down and understand the implications of aggregation. Only then should the FPO registration be attempted.
- **The guiding principles for assistance under the Fund will be broadly as indicated below**:

1. The FPO registered under any statute/legal form will be supported.
2. The FPO will act for the benefit of the producers.
3. There is active community participation (ownership / management / empowerment)
4. Activities of FPO to be eligible for support under the Fund may fall within the domain of agriculture / activities allied to agriculture including dairy, poultry, fisheries, etc. and cover the entire value chain.
5. The support under the scheme will broadly cover the cost towards promotion of FPOs including capacity building, business planning, registration,

MIS development, market linkages and linkage to value chain, administrative expenses of promoting agency, deliberations/ interaction meets, documentation, research, publicity, monitoring of progress and such other items of expenditure required for promotion of FPOs.

6. There is integrated approach in implementation of projects (need-based and flexible, convergence with other schemes / programmes)

- **Formation and Promotion of 10,000 Farmer Producer Organization (FPO) Scheme**

Realizing the significance of FPOs, Government had announced in Union Budget, formation of 10,000 new FPOs by 2023-24. "Formation and Promotion of 10,000 Farmer Producer Organization (FPOs)" will serve its objective fully and farm economy will get further boost.

The objective of introducing the new guidelines for FPO under the Scheme is as follows:

- To provide a holistic and broad-based supportive ecosystem to form new 10,000 FPOs to facilitate the development of vibrant and sustainable income-oriented farming
- To enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns through better liquidity and market linkages for their produce and become sustainable through collective action
- To provide handholding and support to new FPOs up to 5 years from the year of creation in all aspects of management of FPO, inputs, production, processing and value addition, market linkages, credit linkages and use of technology, etc

❖ **MISSION**

- To promote economically viable, democratic, and self-governing Farmer Producer Organizations (FPOs)
- To provide the required assistance and resources–policy action, inputs, technical knowledge, financial resources, and infrastructure– to strengthen these FPOs.
- To remove hurdles in enabling farmers access the markets through their FPOs, both as buyers and sellers.
- To create an enabling policy environment for investments in FPOs to leverage their collective production and marketing power.

❖ **Cluster-Based Business Organizations (CBBOs)**

The Department of Agriculture and Farmer Welfare will allocate Cluster to Implementing Agencies which in turn will form the Cluster-Based Business Organization in the States. FPOs will be formed and promoted through these Cluster-Based Business Organizations (CBBOs) and it will be a platform for an end to end knowledge for all issues in FPO promotion. The CBBOs will have five categories of specialists such as,

- The domain of Crop husbandry
- Agri. marketing or Value addition and processing
- Social mobilization
- Law & Accounts and
- IT/MIS.

❖ **Support by the National Project Management Agency (NPMA)**

There will be a National Project Management Agency (NPMA) at SFAC for providing overall project guidance, data compilation, and maintenance of FPO through integrated portal and Information management and monitoring.

- **Members of FPO in CBBOs**

Initially, the minimum number of members in FPO will be 300 in plain area and 100 in the North East and hilly areas. However, the Department of Agriculture and Farmers Welfare may revise the minimum number of membership-based on experience.

- **Priority for Aspirational Districts FPO**

According to the new guidelines, priority will provide for the formation of FPOs in aspirational districts in India with at least one FPO in each block of aspirational districts. FPOs will be promoted under the "One District One Product" cluster to promote specialization and better processing, marketing, branding and export by FPOs.

- **Equity Grant for FPO**

To strengthen the financial base of FPOs and help them to get credit from financial institutions for the projects and working capital requirements for business development, the Government is providing Equity Grant to FPO.

- **Loan to FPO**

States or union territories will be allowed to avail loan at prescribed concessional rate of interest under Agri.-Market Infrastructure Fund (AMIF) approved for setting up in NABARD for developing agriculture marketing and allied infrastructure in Gramin (Rural) Agriculture Markets, by marketing and allied infrastructure including Common Facilitation Centre / Custom Hiring Centre for FPOs as the eligible category for assisting States / UTs.

- **Training and Capacity Building for Promotion of FPOs**

CBBOs will provide adequate training and handholding to FPO. Professional training of Board of Directors, CEO, Accountant of FPOs will be provided in organizational training, resource planning, accounting, management, marketing, processing in reputed National / Regional training Institutes.

❖ **National Project Management Agency (NPMA)**

1. At national level, a National Project Management Agency (NPMA) will be set up by SFAC through transparent manner for providing overall project guidance, data maintenance through integrated portal and information management and monitoring. The NPMA will be equipped with the technical team with five categories of specialization in Agriculture / Horticulture, Marketing and Processing, Incubation Service Provider, IT/MIS and Law & Accounting to provide overall guidance at all India level.
2. Criteria for Identification of NPMA:

   The NPMA will be expected to provide hand holding support and mentoring support to CBBOs, and need to have extensive experience in performing strategic roles, preferably in the agricultural domain at the national and state level. SFAC may, while formulating the criteria for selection of NPMA, take into account the appropriate qualifications and experience of requisite experts, relevant experience of organization/entity in guiding both companies and cooperative organizations as reasonably required for discharge of role envisaged for NPMA under the Scheme including the minimum net worth for suitability. The strength and experience may include strategic inputs around organizational management, processing, value addition, marketing & market linkage in agriculture/horticulture, accounting & auditing, compliance issues, ICT & MIS experience, incubation services and providing project management support to central and state governments, transaction and post transaction management support, and qualification of experts proposed for the work. The period of engagement of NPMA is to be decided suitably.

- **Comparison between Producer Companies and Co-operative Societies:**

PARAMETER	COOPERATIVE SOCIETY	PRODUCER COMPANY
Registration	Cooperative Societies Act.	Indian Companies Act.
Area of Operation	Restricted, discretionary	Entire Union of India
Share	Non tradable	Not tradable but transferable; limited to members at par value
Government Control	Functions under overall supervision and of control Government, Management supersession threat	Autonomous entity
Operational Flexibility	Any Amendment to bye-law needs to be approved by the Registrar in addition to general body meeting	All amendments can be carried and be effective from the decisions made in the general meetings
Support systems	No specific support systems	Multiple specific support systems under the present dispensation

❖ **SUPPORT TO FPOs**

- It is important to clarify here that FPOs mobilized and registered under the provisions of these Guidelines are purely member-owned farmer bodies, which are entitled to receive certain services and financial support as stipulated in the guidelines for a fixed period.
- FPOs are not in any way to be equated with Government-owned or Government-promoted institutions. Grants provided in the budget to invest in the FPOs are one-time support measures designed to ensure the viability of FPOs, and cannot be used to acquire shares for any individual or institution connected with the Central or State Governments.
- It is also clarified that no physical infrastructure or human resources create during the period of mobilization of FPOs will be supported over and above the provisions of the budget and beyond the period specified.

❖ **Organizational support to promote FPO**

- There are many organization who supports FPO's. They supports FPO financially and technically for the promotion and handholding of FPO.
- NABARD
- SFAC
- Government departments
- Corporates
- Domestic and international Aid agencies
- NGOs

❖ **HRD support institutions for FPOs**

1. National Institute of Agricultural Extension Management (MANAGE) Hyderabad
2. National Institute of Rural Development, NERC, Guwahati, Assam.
3. Indian Institute of Entrepreneurship (IIE), Guwahati, Assam.
4. Indian Institute of Packaging, Guwahati, Assam.
5. Extension Education Institute (EEI), AAU, Jorhat, Assam.
6. Asst. Agriculture Marketing Adviser, GoI, Guwahati, Assam.
7. Entrepreneurship Development Center, CAU, CHF, Pasighat, Arunachal Pradesh.
8. State Agriculture Management & Extension Training Institute (SAMETI), Pasighat, Arunachal Pradesh.
9. Krishi Vigyan Kendras (KVK)
10. Agricultural Technology Management Agency (ATMA)

- There are more HRD support institutions under Govt. of India and state governments on various subjects pertaining to FPOs.
- Coordination and liaison with HRD institutions can be performed directly as well as through concerned departments.

Successful FPOs Promoted by Vijay Bharti-NGO, Bharuch, Gujarat

Vijay Bharti- a Non-Governmental Organization (NGO) is the Producer Organization Promoting Institution (POPI) for promotion and hand holding of this POs. Vijay Bharti Promoted 3 Farmer Producer Companies (FPO) during the year 2016-17 under NABARD PRODUCE fund. Since initiation from May 2016, all the 3 FPOs' are actively engaged in various activities as per the NABARD Guidelines. They later registered as Farmers Producer Organization (FPO) in March 2017 and are now in progressive path of their growth.

The objective of VIJAY BHARTI in formation of FPO is to provide platform for fair business of their farm produce and avail the farm inputs at reasonable rates. Keeping these in view, the activities like Mobilization of farmer for shareholding, Exposure visit, Registration of FPOs, Training and Capacity building of BODs and CEO, Preparation of Business Plan, Implementation of Business activities, Buyer - seller meet, MIS preparation, Farmer Data base computerization etc. have been implemented systematically through project.

FPOs Promoted by Vijay Bharti as Resource Institution in Bharuch District of Gujarat State.

Sr. No.	Block	Programme Supported by	Legal Form of FPO	Registration Number	Date of Registration	FPO Address	Major Crops
1.	**FPO Name:**	The Thakorji Farmer Producer Cooperative Society Ltd. Amod.					
	Amod	NABARD – Produce	Cooperative society	30523/2017	27/03/2017	At.-Kurchan, Taluka-Amod, Dist.-Bharuch, Gujarat	Cotton,Tur, Wheat flour, Gram, Castor, Moong
2.	**FPO Name :**	Agro Empire Anaj Kathor ane Telibiya Utpadak ane Kharid Vechan ane Processing Sahakari Mandli Ltd., Jambusar.					
	Jambuser	NABARD -PODF	Cooperative society	REG/BHA/ U(TE) 46108/2019 /2019	05/12/2019	At.-Maganad, Taluka-Jambusur, Dist.-Bharuch	Castor,Cotton, Wheat, Bajara, Pulses Programme
3.	**FPO Name :**	Parishram Fruit and Vagetable Producer Cooperative Society Ltd., Ankleshwar					
	Ankleshwar	NABARD –Produce	Cooperative society	U-6946	29/03/2017	At.-Juna Borbhatha, Taluka-Ankleshwar, Dist-Bharuch	Fruits And Vegetables
4.	**FPO Name :**	The Sarsamaa Farmer Producer Co-operative Society Ltd., Jhagadia.					
	Jhagadia	NABARD -Produce	Cooperative society	U-30516	29/03/2017	At.-Sarsa, Taluka- Jhagadia, Dist.-Bharuch	Castor, Cotton, Wheat, Bajara, Fruits And Vegetables
5.	**FPO Name :**	The Maa Narmada Anaj ane Kathor Telibiya Utpadak ane Kharid Vechan ane Processing Sahakari Mandli Ltd., Jhagadia.					
	Jhagadia	NABARD -Produce	Cooperative society	REG/BHA/ U(TE)/ 4615/2019	18/10/2019	At.-Bhalod, Taluka-Jhagadiya, Dist.-Bharuch	Castor, Cotton, Wheat, Bajara, Fruits And Vegetables

(1) Thakorji Farmer Producer Cooperative Society Ltd., Amod.

The Thakorji Farmer Producer Cooperative Society Ltd., Amod, Bharuch was registered on 27/03/2017 with 51 members.

Thakorji Farmer Producer Cooperative Society Ltd. shown a positive growth sign of successful activities, within 3 year from being registered as FPO.

NABARD Sayyog mela and FPO Buyer-Seller meet 2020.

Thakorji FPO had participated NABARD Sahyog mela and FPO Buyer- seller meet 2020. During Buyer-seller meet Vijay Bharti NGO, CEO Mr. Jayesh Patanvadiya signed official agreement with Udaan.com for supply of bulk order agriculture produce like pulses and flour.

NABARD Sahyog Mela was also organized from 1-3 October, 2021 at Riverfront, Ahmedabad. CEO thanked NABARD for providing opportunity like this for their FPOs bright future.

Total members of FPO as on 31/3/2021 are 499 among which 11 members are committee members including two female directors. The FPO carries operation of Grain Grading, Cleaning, Processing and Packing of all types of grains & pulses.

Thakorji FPO registered a sale of Rs 30.00 lakhs for wheat flour during year 2020 with Udaan.com. The FPO was ordered 4 ton wheat flour supply every week by Udaan.com B2B online business platform. This was a record achievement for FPO within 3 years of registration. This achievement was worth recording as the primary product wheat was grown by members of Thakorji FPO. Earlier farmer's faces lots of difficulties to sell the produce to the APMC for marketing coupled with other logistic problems. The turnover of FPO was Rs. 5.87 lakh during 2017-18, Rs. 226.39 lakh during 2018-19, Rs. 38.44 lakh during 2019-20 & Rs. 35.15 lakh during 2020-21. The major buyers of the FPO are Udaan, Big basket, Gujpro and local market. Availing the planned support from the NABARD and with lots of encouragement from Vijay Bharti-NGO as POPI, this FPO is planning for more activities in years to come and will definitely establish itself as " Successful FPO" in the State.

(2) The Parishram Fruit & Vegetable Producer Co-operative Society Ltd., Ankleshwar.

The FPO is supported by NABARD promoted by Vijay Barati-NGO and registered under The Gujarat State Cooperative Societies act with 51 members. This FPO start their journey with NABARD in 2008 as Parishram Farmer Club. As a FC they better understand the power of work in unity. In year 2016 they got opportunity to convert FC to FPO under NABARD Produce Fund. This FPO work with 300 mobilized farmers in Ankleshwar block of Bharuch District. Agriculture is the main occupation of this area along with Horticulture crops and Vegetable crops growers. The Parishram Fruit & Vegetable Farmer Co-operative Ltd was established on 27th march 2017 for strengthening farmer capacity through agricultural best practices for enhanced productivity; ensuring access to and usage of quality inputs and services for intensive agriculture; enhancing cluster competitiveness; facilitating access to fair and remunerative markets including linking producer groups to marketing opportunities by market aggregators. This was the first in Bharuch District that Farmers Producer Company got FPO project with support & Coordination of Vijay Bharti NGO. Parishram FPO completed the journey of NABARD Produce Fund during 2016-2019 successfully by enhancing yield & productivity. Main buyers of this FPO are APMC, Bharuch, and Fruits merchant from Mumbai, Ahmedabad, Ankleshwar, Surat & Delhi.

This FPO had a turnover of ₹ 21 lakh in 2017-18 from business activities of marketing, processing & procurement of fruit guava and banana (16 lakh) as well as procurement and sale of vegetables (5 lakh), turnover of ₹ 2.40 lakh during 2018-19 from sales of vegetables in local market. The FPO made a business of ₹ 49 lakh during the year 2019-20 from production, aggregation and marketing of banana (12 lakh), input – supply of chemical fertilizer, bio fungus, bio fertilizer and growth hormones for fruit crops (12 lakh) and vegetable supply (25 lakh) and turnover of ₹ 10 lakh during the year 2020-21 from supply of vegetables to APMC.

Role of Parishram Fruit & Vegetable FPO in Procurement:

- Parishram Fruit & Vegetable FPO played very important role for procurement of produces & to search market linkages.
- Parishram Fruit & Vegetable FPO has outlet store in APMC Bharuch. So, FPO procured Vegetable and Fruit directly from APMC Market.
- Also tied-up with traders, exporters & processing industries for forward linkages.
- FPO provided vehicles for the procurement of produce.

Achievements of Parishram FPO in crop management.

- Implementation of modern & high tech technology.
- Provided direct marketing support to the farmers.
- Introduced Global GAP in target area.
- Establishment of Farm Machinery Banks for Custom Hiring.
- More returns to farmers in terms of cost of production, assured rates for produce quality, subsidies etc.
- Farmer had Planted Parishram FPO grafted Thai-Guava and local variety plants. Farmers now got best result then others. FPO farmers, produce export quality Guava and Banana etc. are exported in Europe countries.

(3) The Sarsa maa Farmer producer co-operative society Ltd., Jhagadia.

The Sarsa maa farmer producer co-operative society ltd., Sarsa, Jhagadia, Bharuch was registered on 27/03/2017 under Co-operative act with initial 51 shareholders and presently it has 351 shareholders including 15 women members from 10 villages. The FPO right now doing best business activity like Banana and Papaya Supply, Banana wafer production, vermi-compost production, Honey procurement and supply. The FPO facilitated Beekeeping training to 400 farmers. The FPO has turnover of ₹ 12.09 lakh during 2017-18, ₹ 15.16 lakh during 2018-19 and turnover of more than ₹ 31 lakh during 2019-20 and during 2020-21 each from supply of banana, papaya, procurement of honey, and input sales of beehive and input supply of vermicomposting as its business activities.

- **Impact of this FPO (in brief)**

No. of Shareholder Members	Of Which Women (%)	SC / ST Members	Number of shareholders availing at least one service	Capacity building Trainings/ workshop/ Exposure visit, etc. imparted to CEO/ BODs	Trainings / Workshop participated by POPI
351	15.05 %	351	290	Training for BOD-3 / Farmer Exposure Visit-2 / CEO Training-2	4

One women is a member of Board of Director of Sarsa maa FPO. Women members also plays important role of decision maker in business activities to be implemented

- **Activities of The Sarsa maa FPO**

Sr. No.	Name of the Activities	Number of shareholders availing at least one service	Increased Annual incomes / Livelihood
A	Farm produce procurement of Banana	100	25 %
B	Cotton procurement	200	20 %
C	Vermi-compost production	65	50 %
D	Honey production	35	50 %

As per opinion of CEO of the FPO it is easy to make FPO financially viable and self - reliant if it has own resources of land, room etc. He also observed that registration of FPO under co-operative act is beneficial than company act.

The FPO had registered market linkage for vegetable supply with processor, for other products under eNAM, Gujpro, Ninjacart, Big basket, Book my crops under corporate during the year 2019-20 and eNAM for online Government market platform for selling produce (National Agriculture Market) during 2020-21.

Gujarat Farmers going High Tech & initiated hedging on exchange platform through FPO

FPOs commonly known as Farmers Societies are being registered in majority of Blocks and Districts. Presently around 4750 FPOs are in existence in India which were formed under various initiatives of the Government of India including SFAC, State Governments, NABARD, NGOs & other organizations over the last 8-10 years of which approximately 200 FPOs are registered in Gujarat.

Position of registered FPO in India:

State	FPO	Member Farmers	State	FPO	Member Farmers
Uttar Pradesh	372	38780	Rajasthan	298	48314
Madhya Pradesh	375	70313	Maharashtra	253	31007
Orissa	335	42511	Gujarat	200	42797
Telangana	320	26782			

More than 400 FPOs are working in Gujarat including unregistered societies. Member farmers of FPO are benefited on average 15-20 % higher rates on selling their produce. In FPOs, member farmers are the Chairman and Secretary along with handling responsibilities of managing the organization. To harvest more returns, produces of farmers are delivered through exchanges along with direct export business. It is expected that more than 40,000 tones trading is made through exchanges by farmers. Annual average turnover of FPO in Gujarat reached to ₹ 2500 crore. Approximately 12 lakh farmers are associated with FPOs in India. Farmers are earning premium rates on their quality produce. In Gujarat crops like Castor, Cumin, Oil seeds, Cotton etc. are largely managed and marketed by FPOs. It is expected that more farmers would be joining this segment and with expansion of business, they will adopt this mode for higher earnings.

IFFCO Kisan Sanchar (A Subsidiary of IFFCO) is in the process of setting up 17 FPOs in Gujarat in tie-up with NABARD, NCDC

These FPOs are being established in association with National Bank for Agriculture and Rural Development (NABARD) and National Cooperative Development Corporation and will be spread across several districts of Gujarat. Fertilizer major IFFCO's arm IFFCO Kisan Sanchar Ltd is setting up 17 Farmer Producer Organization (FPOs) in Gujarat in association with NABARD and NCDC. A total of 5,000 farmers will get associated with these FPOs by the end of this year and more than 50,000 farmers by 2025.

"IFFCO Kisan has been selected by two implementing agencies - NABARD and NCDC to set up 17 FPOs in the state of Gujarat. These FPOs will cater to various kinds of crop," (Sanjeev Sharma, Chief- Agri. Business Services, IFFCO Kisan Sanchar Ltd.) The IFFCO intends to hand hold farmers for creating a sustainable business model.

It will impart regular training on agri.-tech usage, Package of Practices (PoPs), post-harvest management, primary processing, quality parameters, market intelligence and diverse business planning etc.

IFFCO Kisan would also be facilitating market linkage support to these FPOs/ farmers under its Farmer Forward Linking Program (FFLP) to farmers. IFFCO Kisan will establish five FPOs in association with NABARD in four districts namely - Anand, Patan, Surendranagar and Valsad. These FPOs will focus on banana, castor, cumin, cashew and mango.

The company will set up 12 FPOs in Gujarat in association with NCDC. These FPOs will be located in Junagadh and Sabarkantha districts with both the districts having 6 FPOs each. The FPO at Junagadh will cater to mango, groundnut, jowar and cumin while those coming up at Sabarkantha will cater to groundnut, castor, amla and potato. The company will provide forward linkages to the farmers so that they are able to fetch better prices for their produce.

"IFFCO Kisan is also at the forefront of adopting modern agri-tech and data driven practices and will envisage to make farmers adopt some of the practices that are climate friendly such as Good Agricultural Practices (GAP), Integrated Pest Management (IPM), Organic farming etc. which will not only enhance the crop yield and save soil and climate health but reduce the cost of cultivation and will augment the income of farmers.

IFFCO Kisan is currently connected with around 60 FPOs directly or indirectly spread across the country. IFFCO Kisan, in association with NABARD, has already established Rajeshwar FPO in Vav Taluka, Tharad in Banaskantha District of Gujarat engaging more than 1,000 cumin farmers.

❖ Present Status of FPOs in Gujarat promoted by NABARD

NABARD, in Gujarat, has promoted 304 FPOs of which 257 FPOs are registered and 47 FPOs are in process of registration. Out of 255 registered FPOs, 177 are registered as Companies & 78 as Cooperative Societies. 86 FPOs have been on-boarded on e-NAM platform during 2021-22. On a broad classification, spices are the major product of these FPOs, followed by groundnut, cotton, fruit & vegetables. NABSanrakshan is managing the Credit Guarantee Schemes for FPOs under which total of 10 FPOs from Gujarat have availed credit guarantee against the finance amount of ₹ 3.23 crore for a total coverage of ₹ 20.75 crore.

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AMENDMENT TO THE MULTISTATE COOPERATIVE SOCIETIES ACT 2002 : A VIEWPOINT

A Prelude

The preamble of the Multistate Cooperative Societies Act 2002 (for brevity, the MSCS Act) states that this is an Act to consolidate and amend the law relating to cooperative societies, with objects not confined to one state and serving the interests of members more than one state, to facilitate the voluntary formation and democratic functioning of cooperatives as people's institutions based on self-help and mutual aid, to enable them to promote their economic and social betterment, and to provide functional autonomy and for matters connected there with or incidental thereto.

As per the statistics available on the website, since the law was enacted, 1,479 such societies have been registered, of which 9 have been deregistered. Maharashtra has the highest number at 567, followed by Uttar Pradesh (147), and New Delhi (133). Credit societies constitute the bulk of registered societies at 610, followed by agro-based ones (which include sugar mills, spinning mills etc.) at 244. There are 96 multistate cooperative dairies and 66 multistate cooperative banks.

Multistate cooperative lack proper supervision and control. The Central Registrar is more a figure head and has to depend on the machinery created under the state acts. The state registrars already have their plates full and cannot devote time to multistate societies. Hence, it is time for the newly-formed Cooperation Ministry to closely monitor the activities of the multistate societies. Multistate cooperatives are collecting deposits from the public and carrying activities in the fields of credit, housing and industrial activities. It is interesting to note that multistate co-operatives have been instructed to display at the entrance of the societies and on their websites that these societies are functioning as autonomous organizations accountable to their members and are not under the administrative control of the Central Registrar. Therefore, the depositors/members are advised to take decision for investing deposits based on the performance of the society at their own risk. The Central Registrar does not provided any guarantee for these deposits. Further, other than credit, are intimated that they are not entitled to take any deposits.

These instructions show that the multistate cooperatives are fully autonomous and are accountable only to their members. The stakeholders are informed that the Central Registrar does not control such societies. the new Ministry must ensure that these societies conduct elections periodically and the affairs of the societies are in accordance with the statutory provisions. As a first step, the National Cooperative Union has called the multistate cooperative societies to send their profiles for a compendium. This in turn depends on the societies to provide such information so that the collection of date would be possible.

Thought the Supreme Court in Union of India vs. Rajendra N. Shah and another, LL 2021 SC 3112 : 2021 (5) KLT SN 21 (C.No. 12) SC : AIR 2021 SC 4905 : 2021 SCC OnLine SC 474 nixes most of the provisions introduced by the 97th Constitutional Amendment Act on the ground that the requisite ratification from States was not obtained as per Article 368(2) of the Constitution, the majority held that Part IXB is operative so far as the multistate cooperative societies are concerned. Therefore, provisions of the MSCS Act should be in tune with the parameters set out by the 97th CAA.

An Initiative by the Ministry

The Ministry of Cooperation of the Government of India has invited suggestions on the amendment proposed to the multistate cooperative societies Act 2002; vide letter No. 11012/02/2017-L&M dated 8th July, 2022. At the outset it is pointed out the Ministry has not indicated the reasons for the amendment proposed and hence the wisdom for the proposed amendment could not be gathered in full.

This article does not confine itself as a reflection on the amendment proposed to the existing MSCS Act, but also throws light on certain provisions to be incorporated so as make the Act complete and comprehensive. The section

Source - The Cooperator - Oct. 2022

number denotes the number as given in the amendment proposal.

Suggestions to Strengthen and Sustain

Definitions

In Section 3(f), the need for addition 'financial year' after cooperative year is not clear. 'Financial year' is common in all Acts and such addition in this definition is not considered necessary. 'Election Authority' may be replaced as 'Election Commission for multistate cooperative societies' (Section 3 (ja).

Registration

The existing provision to Section 7 (2) may be changed as : "Provided if a request is received from the applicant to rectify the defects in the application, the Central Registrar may grant time not exceeding two months and in such a case, the Central Registrar shall dispose of the application within a period of extension so given to the applicant."

A new provision may be added to Section 8 for the issue of a duplicate certificate of registration when the original certificate is lost irrecoverably.

Contents of bylaws

The proposed Section 10(2)(zk) may contain comprehensive conditions of service of employees such as age of entry, retirement, educational qualifications for, each post, service benefits etc.

Nominal / Associate member

Except as otherwise provided in the rules, a nominal or associate member shall not be entitled to participate in the general meeting or the multistate cooperative society, or in the elections to the board of such society or to become a officer of the society or to any share in any form whatsoever in the assets or profits of the multistate cooperative society. [As new Section 26(2)].

Disqualification for membership

Section 29 may have two divisions; (i) disqualification at the entry, i.e., if the applicant suffers from disqualification, he cannot seek membership to the society; (ii) if the member becomes subject to any disqualification after being admitted as a member, he incurs disqualification to continue as a member, and therefore, cessation of membership takes place. Conditions like utilization of service of the society or attending the meetings of the society will be attracted only in the second case, viz., cessation of membership. For admission of such applicant as a member, no such condition can be prescribed.

Expulsion of members

The expulsion of member is a draconian provision, and hence it should be sparingly invoked only in a special general meeting called for the specific purpose, and it cannot be included as one of the subjects in the crowded annual general meeting. Further such expulsion needs to be passed by a majority of members of not less than two-third, present and voting. this is to be provided in Section 30.

Annual general body meeting

In Section 39, the following subjects may be deleted from the subjects for consideration in the annual general body meeting, viz., (I)expulsion of members (as it is proposed to be in a special general body meeting); and (ii) election of members of the board, if any, as election will not take place in the annual general body meeting, but only in the election of general body meeting.

The following provisions may also be added here: (I)The Central Registrar or any other person authorized by him shall have the right to attend the general body meeting of any multistate cooperative society. (ii) Members of the board, who, in the opinion of the Central Registrar, were responsible for not convening the annual general meeting within the stipulated period shall be disqualified to continue as members of the board for the remaining term and for the subsequent term. (iii) A notice of the general meeting stating the place, date and hour of the meeting together with the agenda shall be given to every member, as may be prescribed.

Board of directors

In the proposed Section 41 (6), the word' relative' may be a prefix of 'near' and in the explanation, the 'near relative' may be restricted to (a) to (k) only in the proposed explanation. The word 'CEO' may be replaced as 'Chief Executive'.

Disqualification for being a Member of the board

More disqualifications are to be provided in Section 43, like (i) is such near relation, as may be prescribed, of a paid employee of the multistate cooperative society; or (ii) is a nominal or associate member; or (iii) is a minor; or (iv) has been sentenced for any offence under this Act;) (v) has been sentenced for any offence involving moral turpitude; (vi) has been removed or disqualifed from holding the office of the member of board of the multistate cooperative society or any other multistate cooperative society; or (vii) does not know to read and write Hindi or English or such other language as the Central Government may notify in this behalf with relation to any particular area.

Election of board members

The title of Section 45 may be substituted with 'Election Commission for multistate cooperative societies'. 47 titled 'Removal of elected members by general body' may be replaced with 'Election and removal of President, Vice-President etc.'

It is also imperative to provide for removal from office of the President or Chairperson, Vice President or Vice Chairperson, or any other officer of the board if a motion expressing want of confidence in any or all them is carried with the support of the majority of the members of such board in accordance with the procedure as may be prescribed. This is to give effect to the decision of the Supreme Court in Vipulbhai M. Chaudhary vs. Gujarat Cooperative Milk Marketing Federation Ltd. C.A. No. 3047 of 2015 dated 19.3.20215:2015 (2) KLT 397 : (2015) 8 SCC 1.

Meeting of board

Section 50 needs to be revised to incorporate provisions for election of members of the board, election of office bearers, filling up of casual vacancy by cooption, conduct of ordinary board meeting, special board meeting and the instances where the Registrar can call for a special board meeting.

Chief Executive

In Section 51, keeping the upper age limit for the Chief Executive as 70 years appears arbitrary, when other employees are expected to retire on superannuation on completion of 60 years. Further, if an extension of service is provided beyond 70 years, it may be viewed as a colourable exercise of power. The retirement age may be uniform to all employees, including the Chief Executive. In case the society needs his expertise, he may be hired as a Consultant for a maximum period of three years. Such consultant will have limited powers and may not be a members of the board.

Qualification and disqualification for employees, including that of the Chief Executive, should be specified in the service regulations for the employees, framed by the board with the previous approval of the Central Registrar. The disqualifications proposed to be inserted in Section 51 may be done away with.

Disposal of net profits

In the proposed new Section 63A, to rehabilitate the sick multistate cooperative societies, the Central Government has proposed Cooperative Rehabilitation, Reconstruction and Development Fund from the profits of profit-making multistate cooperative societies. It appears to be a penalty on the profit-making societies. If the government is so interested in rehabilitating sick societies, it should provide funds from the budgeted schemes, rather than taking funds from the profit-making societies. After all, "Robbing Peter to pay Paul" is not a sound policy for the Government.

Appointment of auditors

There has to be a provisions that the accounts of every society shall be audited within six months of the close of the financial year to which such accounts relate. The proposed Section 70(3A) casts an obligation on the auditor to submit the audit report to the multistate cooperative society within six months from the date of closing of the financial year, to which such accounts relate. The responsibility is to be on the board and not on the auditor.

Inquiry

When the Central Registrar is empowered to order for an inquiry on his own motion under the proposed Section 78 (1); the insertion of new sub-section (1A) needs rethinking. The proposed sub-section (1A) presupposes calling for an explanation on the alleged irregularity and if found true, the Central Registrar orders for inquiry. It is like putting the cart before the horse. There is a likelihood of destruction of records by the society when an inquiry is ordered. When the Registrar is empowered to order an inquiry suo motu, the round about way may be dispensed sub-section (1B) may also not be necessary, as ordering an inquiry should be based on certain eventualities and not based on a fixed period of 10 years.

Surcharge

The title of Section 83 'Repayment, etc.' may be substituted with 'Surcharge'. In chapter VIII, the title given is 'Audit, Inquiry, Inspection, and Surcharge'. But there is no Section titled 'Surcharge' in the existing Act.

This Section needs to be revamped. It should provide that no action shall be commenced under this sub-section after the expiry of seven years from the date of detection of any act or omission referred to in this sub-section. The Central Registrar or the person authorized by him shall, when acting under this Section, have all the powers of a Civil Court while trying a suit under the Code of Civil Procedure, 1908.

Reference of disputes

The following new provisions are to be added to Section 84, viz., (i) The arbitrator may pass such interlocutory orders as he may deem fit in the interest of justice. (ii) Nothing contained in section 34 of the Code of Civil Procedure, 1908 (Central Act V of 1908) shall apply to any decision passed or, award made under this Section.

Winding up of the MSCS Act

A new sub-section is to be added to Section 86, viz., if a proposal for revitalization of a multistate cooperative society, in respect of which an order sub-section (1) or (2) has been passed, is received by the Central Registrar within a period of one year from the date of such order, the Central Registrar may cancel the same and allow the multistate cooperative society to continue to exist.

Supersession of board

In the proposed Section 123(1), the words 'Central Government', wherever appears, may be replaced with 'Central Registrar'. Apart from supersession, suspension of board is also to be provided. The instances necessitate supersession suspension should be clearly spelt out in the case of multistate coop society carrying on the business of banking, the provisions of the Banking Regulation Act, 1949 (Central Act 10 of 1949) shall also apply. In the case of a multistate cooperative society, carrying on business of banking, appointment of administrator shall not exceed two years in aggregate.

Appointment of administrator

A new Section may be added as Section 123A for appointment of administrator on failure to constitute board etc. The following may be the instances, interalia, (i) Where the term of office of a board has expired and a new board has not been constituted; or (ii) where the existing board resigns enbloc; or (iii) where vacancies occur in the board either by resignation or otherwise and the number of the remaining members cannot constituted the quorum for the meeting of the board; or (iv) where the board fails to hold its regular meeting consecutively for six months; or (v) that a new board cannot be constituted before the expiry of the term of office of the existing board; or (vi) there is stalemate in the constitution or functions of the board; or (vii) that a new board is prevented from entering upon office or a new board fails to enter upon office, on the date on existing board expires.

The Central Registrar may, either suo motu or an application from any member of the multistate cooperative society appoint an administrator, who need not be a member of the multistate cooperative society, for a period not exceeding six months as may be specified in the order, which period may, at the discretion of the Central Registrar and for reasons to be recorded in writing, be extended from time to time, so, however that the aggregate period shall not, in any case, exceed one year or till a new board enters upon office, whichever is earlier.

The Road Ahead

If the Government is really serious about revamping the multistate cooperatives, it should understand that there is an apparent lack of day-to-day Government control on such societies. Unlike State cooperatives, which have to submit multiple reports to the submit to the State Registrar, multistate cooperatives need not. The on-ground infrastructure for Central Registrar is thin-there are no officers or offices at State level, with most work being carried out either online or through correspondence. For members of the societies, the only office where they can seek justice is in New Delhi, with State authorities expressing their inability to do anything more than forwarding their complaints to the Central Registrar.

Continue to page no. 68

COOPERATIVE AGRICULTURE AND RURAL DEVELOPMENT

Agriculture is important for Indian economy. Not only it gives direct employment to two-third of our population, but also provides food, clothing, fodder raw material, and other basic necessities of life for their socio-economic development. Agriculture, therefore, is and will continue to be central to all strategies for planned socioeconomic development of the country. Rapid growth of agriculture is essential to achieve self-reliance at the nation level, ensuring household food security, and tackling the problems of poverty, unemployment, and environmental degradation. Agriculture and allied sectors contribute nearly 15.7% to gross domestic product (GDP). Moreover, about 59.70% of the population is dependent on agriculture for their livelihood. Over a period of time, cooperatives have played a very vital role in supporting the agricultural sector. The cooperative movement in India is one of the oldest in the region and the largest in the world in terms of number of members and cooperative institutions. Starting as a credit movement in 1904, it has now diversified into several specialized sectors such as marketing, agro-processing, fertilizer production and supply, international trade, production of heavy machinery, housing, consumer, fisheries etc. Agriculture is the strongest segment of the cooperative sector. The total number of cooperatives in the country is around 8,54,355 with total membership of 290.06 million, share capital of ₹ 406886.80million, and working capital of ₹12,53,6174 (credit + non-credit). This movement has spread over 97% of villages and covers 96.95% of rural households in India.

Most of the cooperatives are vertically integrated through their respective specialized federations or unions at the district, state, and national levels. National Cooperative Union of India (NCUI) is the umbrella organization of the entire cooperative movement in the country, which in turn is a member of International Cooperative Alliance (ICA). The primary cooperatives are affiliated to the district level unions/federations which in turn are affiliated to state level unions/federations.

Cooperative Reforms

The cooperative movement in India evolved as a mechanism for pooling meager resources of people with a view to providing them the advantages of economies of scale. After Independence, the cooperatives were considered a part of the strategy of planned economic development. The cooperatives today are at the crossroads of their existence, particularly in view of the fast-emerging scenario of economic development. Hence, cooperative reforms are absolutely vital for the future.

Prospects and Challenges

Agriculture remains an important sector of economy in India. Therefore, agricultural credit and finance are crucial for the development of farmers and the cooperative movement as a whole. The need for cooperative credit in agriculture is increasing in tandem with increasing agricultural productivity and improvement in the livelihood of Indian farming community. Effective measures are required to solve the increasing debt burden of farmers, especially by raising the competitiveness and sustainability of agricultural banking institutions. The efficiency of these institutions must be enhanced through better facilities, manpower and services, and by expanding their scale of coverage.

For the growth and development of the agriculture section, cooperatives have to be cognizant of the following: (i) establish specific banking and credit institutes in the country, (ii) establish specific laws and regulations, and (iii) establish a proper inspection system for both internal and external functioning. Financial sector reforms without social and rural sensitizing would only aggravate the complexities of the agrarian section reforms yet to take shape.

Cooperatives and Rural Development

Cooperatives in India are promoted, guided, and conditioned by Government policies and legislative frameworks. This has its impact on the role and performance of cooperatives in relation to rural

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development. Cooperatives and rural development are now being increasingly recognized as the only means of disbursing the benefits of growth in the widest possible manner. Growth is now being judged in the context of reduction of poverty and inequality and increased social justice. In India, the government has launched many rural development programs, most of these have failed to make noticeable impact on the country. The cooperative movement has contributed much towards rural growth and development through its basic principles of self-help, responsibility, democracy, equality and solidarity. The cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Involvement of Cooperatives in Rural Development

The involvement of cooperatives in rural development is very important on account of their vast organizational networks spreading across the villages to the national level. The comprehensive coverage of various segments of cooperatives in the rural economy has been illustrated in Table1.

Cooperatives such as dairy, sugar, and credit have made phenomenal growth during the last 100 years. The most notable success stories of cooperatives in India have been in the areas of milk, sugar cane, fruits, vegetables, and agricultural inputs, including fertilizers and micro credit. Dairy development in India has been acclaimed world over a one of the most accomplished development programs. States like Gujarat, Maharashtra, Uttar Pradesh, Haryana, Rajasthan, Andhra Pradesh, Karnataka, and Tamil Nadu are surplus producers of milk. In short, cooperatives have provided gainful employment to millions of small farmers and brought them closer to the market.

In the rural development programs, post-Independence, cooperatives have been accorded a place of central importance. They have been recognised as tools for economic development and planned economic action, thereby fulfilling the needs of the weaker sections of the society. In fact, cooperative village management has been visualized as the ultimate tool for placing rural economy on sound footing.

Cooperatives in strengthening Rural Financial Institutions

Cooperatives are the most farmer-friendly institutions in rural areas. In view of the important roles played by regional rural banks (RRBs) and rural cooperative credit institutions, the Central Government and the state governments have pumped in huge amount of money to recapitalize them to

Table 1 : Share of Cooperatives in National Economy

Different sector	% Share of contribution
Agricultural credit disbursed by cooperatives	46.15
Fertilizer disbursed	36.22
Fertilizer production	27.65
Sugar production	59.00
Wheat production	31.80
Animal feed production/supply	50.00
Retail fair price shops	22.00
Milk procurement to total production	7.44
Milk procurement to marketable surplus	10.50
Ice Cream manufacture	45.00
Oil Marketed (branded)	50.00
Spindle age in cooperatives	9.50
Cotton yarn/fabric production	23.00
Handloom incooperatives	55.00
Fisherman in cooperatives (active)	21.00
Storage facilities (village level PACS)	65.00

enable rural capital formation and rural credit disbursal. These banks need to develop systems and processes to enable the smooth flow of rural credit and its timely recovery. The RRBs and cooperatives also need to invest in business correspondents / business facilitators (BC/BF agents) and computer/mobile technologies to strengthen their services without sharply increasing operational costs.

Cooperatives in Alleviation of Rural Poverty

The involvement of cooperatives in financial the poor and weaker sections of the society gained momentum only with the ushering of anti-poverty programs in the 1980s. The performance of cooperatives has to be seen in terms of their contribution to agriculture, rural development, and poverty by considering their direct involvement in assisting the poor and vulnerable sections of the society.

Role of Cooperative Education and Training for Rural Development

The main objective of cooperative education and training is to develop and promote member education programes through the state unions to increase the productivity of farmers and thus productivity of farmers and thus imporve their socio-economic condition.

NCUI has imparted cooperative education programs/activities with latest modules of human resource development (HRD) and information technology (IT). The cooperative education activity of NCUI comprises the following:

1. The programme conducted by National Centre for Cooperative Education (NCCE).
2. Intensification of cooperative education in cooperatively under developed states (UDS project of NCUI).
3. Cooperative education project for women.
4. Cooperative education for industrial, handlooms, and handicraft cooperatives.
5. Monitoring and guidance to state cooperative unions in respect of general cooperative education.
6. Monitoring and guidance in respect of cooperative education programs for women and youth.

The Approach

Team work, intensive efforts, and cooperative education combined with farm/technical guidance are the main ingredients of the project approach. The office bearers and members of the project adopt, motivate and educate the societies to implement the business development plans (BDPs) through active participation in planning of business activities, operational management, and evaluation.

Table 2 : Cooperative Education Programs organized by cooperative education field projects including North Eastern Region (2020-21)

S.No.	Programs	During (days)	Events	Beneficiaries/ Participants	*Events	**Beneficiaries /Participants
1.	Secretaries /Managers Training programs	3	242	1,665	61	741
2.	Managing committee members training programs	3	986	6,792	164	1,686
3.	Members & potential remember courses	2	2,288	22,638	296	4,886
4.	Leadership development programs	3	578	3,522	64	1,578
5.	Youth camps/ Meetings	1	611	5,633	51	796
6.	Meeting on credit/ recovery/ deposits mobilization	1	770	6,407	111	1,401
7.	Women's development meetings and formation of SHG (motivation and meetings)	1	1,106	11,112	115	1,469
8.	Participation and guidance in MCM	1	566	4,106	116	1,048
9.	Water harvesting	1	247	3,514	-	-
10.	BDP formation program & other	3	562	2,156	-	-
	Total		**7,956**	**67,545**	**978**	**13,605**

An educational farm guidance and developmental activity with BDP of PACS/LAMPS is adopted by the projects for their overall development. NCUI is imparting the Central Sector Scheme for intensification of cooperative education through 44 cooperative education field projects, including women projects and North Eastern Projects located in cooperative/ under-developed states/under developed areas of developed states and union territories.

The Cooperative Education Programs conducted by Cooperative Field Projects during 2020-21 are listed in Table 2. It indicates the progress of cooperative education during 2020-21.

A total number of 8,934 events were conducted by the cooperatives, which had an impact on 81,150 beneficiaries. Besides, number of social development and farm guidance programs undertaken were significantly high during the said period. Hence, cooperative education is necessary at the grassroot level for robust rural development.

Conclusion

The performance of cooperatives in relation to agriculture and rural development presents an mixed the picture. The cooperatives have contributed significantly to the growth of both credit: and non-credit sectors. Their contribution to the growth of democratic process in the country, emergence of rural leadership, and development of human resources deserves appreciation. It is imperative that policymakers and planners of the country should give due importance to grassroot-level activities in the country so that coopratives education is not neglected. Due to its rural orientation, cooperative education is tailor made to emerge as a potential winner in the times ahead.

The cooperative movement cannot develop and grow unless there is an appropriate national and local policy and legislative environment that can ensure that cooperatives are able to develop and contribute to the nation's economic and social development. Other important elements like properly functioning markets, access to credit at reasonable terms, and human resources development for building local capacity can facilitate successful cooperative development.

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INDIA @75: GROWTH, DEVELOPMENT, SUSTAINABILITY, AND CHALLENGES OF COOPERATIVE AGRICULTURAL SOCIETY

Keywords:

Cooperative, Agricultural Cooperative Society, India @ 75, Growth, Development, Sustainability, Challenges.

ABSTRACT

India has changed in the last 75 years. Indian has multiple cultures, religions, languages, regions, and lifestyles. Unity in diversity makes changes in India unique. India regained its position as the fastest-growing large economy in the world. To satisfy the aspirations of the young population, India has to attain and maintain a high rate of GDP expansion for the next three decades. India must move through several milestones and a long and arduous journey to attain these. The first milestone will be in 2022 when India commemorates the 75th anniversary of its independence. India has to achieve higher growth with better macro policies, sectoral policies, increase in the investment rate, higher investment on infrastructure, use of technology, increase in exports, and better performance of banking and other financial institutions to improve credit to different sectors of the economy. India has nearly 900,000 cooperatives, the most in the world. It is accounted for almost 20% of India's Gross Domestic Product (GDP). A strong base of the cooperative movement has been laid. Cooperative housing societies have lived in India for many decades. They are critical in providing reasonable housing solutions to lakhs of people. Housing cooperatives are self-regulated entities governed by their members. They are formed through cooperation and with the consent of their members. This study focuses on understanding the agricultural cooperative societies' growth, development, sustainability, and challenges during India@75.

INTRODUCTION

India has nearly 900,000 cooperatives, the most in the world. It is accounted for almost 20% of India's Gross Domestic Product (GDP). A strong base of the cooperative movement has been laid. Our responsibility is to build a solid structure to the base; Cooperatives can combine technology and professionalism in the dynamic environment to attain future progress. In celebrating the 75th year of India's Independence, Prime Minister Shri Narendra Modi has given life to the cooperative movement by creating the Union Ministry of Cooperation. In the celebration of Azadi Ka Amrit Mahotsav, they pledged that 2047 would attain the peak of the cooperative movement in the country. The world adopted both capitalist and communist models, which are extreme. The cooperative model is in the middle way and is the best suitable model for India. In the present economic model, unbalanced development has been occurring in India. So the cooperative model has to be popularized to make it universal and inclusive. It is more helpful for creating a self-reliant India. Self-reliance is not only self-sufficient in technology and production but also self-reliant financially. It is identified that in India there is 8.55 lakh out of 30 lakh societies in the world are from India. From that, 13 crore people are directly associated with cooperatives, and 91% of villages in India have some form of cooperative working. The global data reports that cooperatives contribute to many other nations' GDP.

A wave of energy, untiring struggle, and an unshakeable will on the part of the government, private sector, and every individual citizen can achieve this conversion in the next five years. Seventy years ago, equivalent energy, effort, and resolve from all Indians released the country from colonial rule within five years of the launch of the Quit India Movement in 1942. Then, like now, foundations had been laid, but a determined acceleration of struggle was essential. The Prime Minister's call for Sankalp Se Siddhi is a clarion call for a powerful conversion for a New India by 2022-23. The government has to be in the vanguard of the change in the Indian economy. Regardless, the government's role must be determined correctly. This Strategy document tries to do this. There is a continuous effort to achieve and optimum level of public-private

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partnership. Policies had been executed for more efficient delivery of public goods and services such as heath, education, power, urban water supply, and connectivity.

On August 15, 2022, India celebrated 75 years of independence and started year-long festivities to mark its meaningful expedition. The celebrations came earlier for the cooperative sector with the starting of a new ministry of cooperation to instantly supervise cooperatives and the Supreme Court verdict asserting the fundamental right to form cooperatives but making clear the demarcation between the Centre and States. The 118 years of the old cooperative movement in India have much to celebrate and introspect on its chequered performance, glimpse onwards, and cement its position as a supported to socio-economic-environment development.

The Ministry of Cooperation has been formed to strengthen the cooperative movement. The international Labour Organization (ILO) states that a cooperative is an autonomous society of individuals united voluntarily to meet their everyday socio-economic and cultural requirements via a jointly own and democratically controlled enterprises. India's youthful and aspirational population deserves a rapid transformation of the economy, which can delivery docuble-digit growth, jobs, and prosperity to all. A recent report by the Centre for Monitoring Indian Economy (CMIE) showed the farm sector's share in total employment rose to 39.4% in 2020-21 from 38% in 2019-20 and termed it a sign of distress in the labor market where non-agricultural sectors were unable to provide employment. Agriculture emerged as the lone bright spot when the coronavirus pandemic took out the economy's growth engines. Cooperatives in the agriculture and allied sector comprise 34% (2,31,784 out of 6,76,750) of the non-credit cooperative societies, and credit cooperatives comprsise 20% (1,77,605 out 8,54,355) of the total number of cooperatives. According to the National Federation of State Cooperative Banks (NAFSCOB), in 2018-19, there were 95,995 Primary Agricultural Cooperative Societies (PACS) with 132 million members. Of these PACS, 68% (65,691) viable and another 18% (17,904) were potentially viable. Of the 132 million members, 79% (104,860,00) were from the small and marginal farmer category. There is an immense opportunity to revive already existing PACS and enable them to meet the emerging needs of farmers. There is a need to develop PACS in mission mode to launch the collective purchase of inputs, deliver post-harvest marketing, storage, and processing, and develop the financial and physical supply chain.

The manufacturing sector dropped 7.3% in 2020-21 from 9.4% in 2019-20. The unprecedented magnitude of reverse migration of workers to rural areas was linked to a lack of employment and entrepreneurship opportunities, reduction or loss of income, and, in some cases, ensuing rise in debt and reduced household security. According to CMIE, 60% of the employment in manufacturing is in the unorganized sector. Labor migrated to agriculture in times of distress, and many may not have the opportunity to relocate or wit to stay. A heartening example of providing opportunities to workers with skill and experience comes form the district of West champaran in Bihar. The District Administration encouraged workers to start manufacturing units, provided finance, and created a cluster of ancillary business needed for garment manufacturing. The 50-odd startups by workers employ 700 people and have sold items worth over Rs. 10.5 crores. According to the International Organization of industrial and Service Cooperatives, or CICOPA, "cooperatives and SMEs have a strong added value for the SME business ecosystem, as they generate among themselves a strong clustering effect, selling and buying a wide range of business support services at national or regional level (marketing, training, financing, advisory services, to name a few)." Role of Cooperatives and Different Progress types of cooperative societies operating in India are divided into the following:

1. Production Cooperatives that manages agricultural and industrial productions like, Farming Cooperatives, Industrial Cooperatives, and Processing Cooperatives.
2. Marketing Cooperatives that are engrossed in the marketing of agricultural products such as Agricultural Marketing Societies and Consumer Cooperatives.
3. Cooperative Service that deliver services required for their members, such as Cooperative Credit Societies

and Cooperatives Banks and also Housing Cooperatives,

4. Allied Service Cooperatives deal with activities necessary for the daily life and business of the agriculturists, artisans, etc.

Most people make a living through self-employment or wage employment in the informal sector. More broadly, livelihood comprises people, their capabilities, and means of living, including food, income, and assets. The tangible assets are income and stores, while the intangible assets are claims and access. The liveihoods of farmers in India largely depends on agriculture and allied agricultural activities, and agriculture depends on land, water, Agri-inputs, credit, market, Govt policies, and knowledge base. Presently, with about 40% of the population living in poverty, livelihood security for poor rural farmers continues to be a cause of concern in India. As most of the rural population depends on agriculture for their livelihood, increasing agricultural production through the active involvement of the poor and weaker sections of society is the most appropriate solution. Small and fragmented land holdings, heavy soil erosion resulting in depletion of soil productivity, inefficient use of water resources, outdated agricultural production technologies, unavailability of agricultural credit, and scarcity of infrastructure for post-harvest procedures and marketing of agricultural produce are accountable for lower yield and income.

Livestock is another source of income for small farmers. However, over 75% of the animals are uneconomical due to severe genetic erosion, inadequate feeding, and health care. With lower crop and livestock productivity, employment opportunities in farming and other related sectors are further reduced, leading to reduced farm wages, seasonal employment, malnutrition, and migration. Water is a critical input for food production and better quality of life. Neglect of water resources will affect agricultural production, employment opportunities, and the supply of clean potable water. Water scarcity leads to unemployment, be broken through improvement in agricultural production. It is necessary to address the above challenges, mainly to improve the productivity in crop yields of low productive non-irrigated areas owned by small and marginal farmers, which can improve the purchasing power of the poor. It forms a value chain development approach, where small farmers are supported for backward and forward integration to enhance production and add value to the produce. There are many initiatives across the country where small and marginal farmers and tribal families had excelled in food production despite small holdings, poor-quality soils, scarce resources, and poor access to modern technologies when they were administered in specifying backward and forward linkages. Besides the Public and Private sectors, the Cooperative, the third economic sector of the country, has the critical responsibility for improving rural livelihoods by playing a significant role in improving the agriculture sector, as the majority of the population relies on it for their livelihood, specifically in the rural area.

Since its introduction, the cooperative movement in India has been considered more a product of Government Policy rather than a people's movement. Nevertheless, 100% of villages and 75% of the rural population in India are serviced by cooperatives today. It is estimated that 5.45 lakh cooperatives are functioning with 2.36 crore members and working capital of ₹ 34,000 crores, who have made significant contributions to the expansion of institutional infrastructure, formation of private capital, allocation of agricultural inputs, and processing and marketing of the products, they are the key elements of value chain development, Cooperatives have also been active in land development, water resources management, farm machinery services, power distribution, labor supply, and many other sectors. Cooperative organizations had several advantages, such as easy access to financial and administrative support for developing critical infrastructure and services required to boost agricultural production and replicate on a broader scale. Nobody can repudiate the efforts put in by some of the cooperatives like India Farmers Fertiliser Cooperative Ltd. (IFFCO) and Krishak Bharti Cooperative Ltd. (KRIBHCO) in the fertilizer Sector, AMUL in the dairy section and Indian Farm Forestry Development Cooperative Ltd. (IFFDC) in forestry and environment sectors in the country towards enhancing rural livelihood.

This study is conducted to understand the growth, development, sustainability, and challenges of agricultural cooperative society during India@75.

OBJECTIVES OF THE STUDY

1. To identify agricultural cooperative societies' growth, development, and sustainability during India@75
2. To find out the challenges of the agricultural cooperative societies faced during India@75.

METHODOLOGY

The study is descriptive and analytical. The data is collected from official reports, published articles in international journals and national journals, research reports, websites, and from other authentic sources. The results and discussions enhanced here are under the various studies conducted in the agriculture cooperative society.

REVIEW OF LITERATURE

Marsdenelal (2000) case study, showing how place-based production can add value to Welsh beef products, raises the issue of cooperatives in a spatial context. Looking to Kneen (1993) summarizes the director marketing forms such as CSAs, farmers' markets, and others as "expressions of proximity." These proximity expressions are based on familiarity and commitment to a nearby place, community, and environment. It can be argued that cooperatives, being membership and direct marketing organizations, breed familiarity and, thus, commitment to the nearby community. Friedmann (1993) sees direct marketing organizations as linked to the needs and interests of the nearby community as they focus on locality and seasonality rather than the distance and durability of the product. Cooperative organization can decrease transaction costs by concentrating on locality, seasonality or product quality. The collective initiatives allow the farmers to enter higher prices and value-added pathways (Verhaegen and Van Huylenbroeck, 2001). Thus, not only does the spatial proximity of the cooperative to its consumer base, i.e., members, allow for more significant concern for the community, but the proximity also improves the economic performance of the primary producer. Bloomberg el al., 1994, go so far as to state that the personalization of products requires local deliveries and personal knowledge of the initial producers, allowing the products to bypass on IOF-type system. Economic literature has long criticized Cooperatives (Cook and Chaddad, 2004). They have mainly been charged with poor financial performance (Porter and Scully, 1987; Fulton, 1995; Notta and Vlachvei, 2007; Hirsch et al., 2020). This is linked to the fact that agricultural cooperatives have limited powers to restrict the quantity supplied by farmers. In the case of imperfect competition, the cooperative tend to oversupply since individual farmers do not bear the complete marginal profit loss when they increase their production level (instead, they share it at the cooperative level).

A crucial weakness is an overproduction may arise when the Cooperative is a price maker in the final market (Albaek and Schultz, 1998). Open membership in agricultural cooperatives is thus viewed as a deficiency, which reduces the competitive power of cooperatives because of the adverse selection problem. More precisely, the output-pooling mechanism in cooperatives may increase the number of low-quality producers who benefit form the average quality level (Saitone and Sexton, 2009). However, the competitive yardstick effect mitigated this negative effect of open memberships. Merel et al. (2015) investigate the trade-off between these two effects. they compare open and closed membership situations in a differentiated product setup. They show that in the open membership case, the farmers benefit form the risk-reducing advantage of the cooperative and higher product prices. Finally, the horizon problem in cooperatives implies that they may suffer from underinvestment issues related to intergenerational conflicts (Rey and Tirole, 2007; Giannakas et al., 2016). In the case of an investment that becomes profitable in the long run, older farmers tend to disagree with younger members about the implementation of such investment because the former is close to exiting farming activities, meaning that they would not benefit from the realized investment. Therefore, in the context of innovative investment, the horizon problem may limit the Cooperative's performance. This problem is directly linked to non-transfereability issues in the cooperatives, in the sense that the members of cooperatives cannot quickly liquidate their previous investment if they withdraw from the Cooperative.

RESULTS AND ANALYSIS

India is predominantly an agricultural society, with more than half its population yet residing in the villages. The rural sector is the significant contributor to the overall GDP of the nation, and consequently lack of growth in villages means a lack of expansion in India. Cooperative societies play a powerful role in this and share a prominent credit in the expansion of the rural sectors, which, along with the government and private sectors, contribute to the overall economy of India. Cooperatives serve more than 97% of Indian villages, some run by its members and some by the government. The needs of rural people are served by different forms of private and government organizations, including partnership firms, cooperatives, companies, and charitable trusts. The government each year spends lakhs to crores of rupees on rural development. Nevertheless, cooperatives working in rural areas are playing a substantial role in this. Gujurat's Dairy cooperative and Maharashtra's sugar cooperative prove their contribution. Cooperatives originated in the West during the middle of the last century, and these came to India. Formally cooperatives were introduced to India in 1904 when the Indian Cooperative Societies Act was promulgated. Moreover, rural indebtedness was the primary force behind initiating chit funds and cooperatives in India. Initially, these were to provide credits to the farmers in the form of credit societies, and gradually these started working in other fields such as banking, processing, and marketing. The meager farmers' funds were pooled in to run cooperatives, which was an attractive way to solve their financial problems. After the independent role of cooperative societies grew to encompass socio-economic development and eradication of poverty in rural India, it became an integral part of the five-year plan. With this, cooperative societies became a fundamental part of our economy. Non-credit societies came in 1912. The importance of cooperative was also highlighted in the Royal Commission on Agriculture in 1928. With the formation of the Reserve Bank of India (RBI) in 1935, developing more cooperative societies was important. The main aim of the Cooperative was to get the poor and indebted farmers out of poverty and out of the clutches of moneylenders. Within a short period, the role of cooperatives extended beyond agricultural credit.

It started covering activities such as production, farming, marketing, and processing. Cooperatives are now playing a very significant role in our country's socio-economic development, especially rural India. In 1951 there were 1,81,000 cooperatives of all kinds in India, and this number increased manifold within a short period. During 2007-08 there were 1,50,000 primary credit cooperatives and some 2,60,000 non-credit primary societies of all types. In India, there are four significant types of cooperatives; Primary agricultural credit or service societies, Agricultural non-credit societies, Agricultural cooperative marketing societies, and Cooperative farming societies.

As per the reports, the Cabinet approved a grant of over Rs. 2,516 crore for the computerization of around 63,000 Primary Agriculture Cooperative Societies (PACS). According to top officials, this is part of a gamut of measures the government intends to take to make PACS economically viable. The measure also include preparing as set of model bylaws for states to run and manage PACS. The model bylaws will enable PACS to offer a host of economic activities other than credit. This includes developing cold-storage facilities in villages, running PDS shops, and providing locker facilities for rural depositors. PACS would also enable them to work in the dairy, fisheries, irrigation, and biogas sectors, among others. Currently, fisheries, there are 63,000 PACS in the country. The Centre has a target to scale them up to 3 lakh by 2025. For computerization and development of software for centralized monitoring of financial transactions, around Rs. 4 lakh would be disbursed to each PACS. This will be shared among the Centre, States, and NABARD. "The model bylaws, which are being prepared in consultation with States, will ensure that PACS become viable economic entities and are transparent in their functioning," a senior official from the newly-created Ministry of Cooperation said. At present, PACS fall within the jurisdiction of State Governments. Though a crucial part of the rural ecosystem, PACS have been grappling with problems. Many of them have become defunct due to inappropriate financial practices. "The idea is ensuring that whenever a PACS becomes defunct, it is sent for liquidation. Further more a new PACS is created it is its place, which is transparent and viable.

The computerization of the 63,000 PACS, which will commence this fiscal year, will bring transparency to accounting. It would pave the way for them to diversify into other activities smoothly "The existing bylaws do not" allow PACS to diversify from their core business. The Union Cooperation Ministry is drafting a model bylaw to enable them to offer several services," the official said. PACS constitute the lowest tier of the country's three-tier short-term cooperative credit system, comprising 130 million farmers as members. They account for 41 percent (30 million farmers) of the KCC loans given by all entities in the country. Around 95 percent of these loans (29.5 million farmers) through PACS are too small and marginal farmers. The Government is working on a New Cooperation Policy, setting up a university, and developing a database of cooperatives. Meanwhile, reacting to the Cabinet decision, Cooperation Minister Shri Amit Shah said the move would improve their efficiency. It will enable them to become nodal centers for providing other services like crop insurance.

CONCLUSION

From this study, it is identified that the expansion and reach of cooperatives are highly impressive, but their way of working is not. Except for a few cooperative societies, most of these lack motivation. The government merely runs these without the motivation and enthusiasm of their members. Some of these even lack the required funds. Other factors that lead to the slow progress of these societies are – mismanagement, manipulation, local coverage, lack of awareness, and political interference. Nevertheless, this does not mean the downfall of the massive projects. Despite all this, cooperatives are helping the poor to become self-reliant. The scope of cooperative societies in rural India can improve further with women's participation. Cooperatives provide credit to the farmers, the most needed thing in farming. Apart from this, cooperatives help farmers by giving top-quality fertilizers, seeds, insecticides, pesticides, etc., at a reasonable price. Farmers also get the cooperatives marketing, warehousing facility, and transportation support. Services cooperative societies help the poor and marginal farmers with tractors, threshers, etc., on rent. Rural cooperative communities are now entering the real estate, power, insurance, healthcare, and communication sector; it these keep on working with an objective of development, then days are not far when the quality of rural life will be fare better than in urban India.

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ELEVATING COOPERATIVES : CONTOURS OF NEW COOPERATIVE POLICY

Introduction

The Indian cooperative movement has been a saga of unceasing policy endeavors though with finite outcomes, There is yet another attempt at policy (re) formulation with the Ministry of Cooperation (MoC) appointing a 47-member National Level Committee to draft a new cooperative policy. The Committee is man dated to explore diverse issues having a bearing on the progress of the cooperative movement and realizing the vision 'Sahakar se Samriddhi' (prosperity from cooperation) as adopted by the new MoC. Specifically, the Committee is supposed to examine the ways of 'strengthening cooperative movement in the country and deepening in the country and deepening its reach up to the grassroots; promoting cooperative-based economic development model; creating an appropriate policy, legal and institutional framework to help cooperatives realize their potential. The Committee no doubt is a board baood one drawing upon expertise from diverse regions and sections and is likely to come up with an elaborate policy framework to guide the cooperative movement.

There have been several laws, policy frameworks and cooperative development programs ever since 1904 which have been put in place, the National Cooperative Policy of 2002 and the 97th Constitutional Amendment (partly nullified) being the latest, to guide the cooperative movement. However, given the experience, there is a fair degree of skepticism as to how far another committee will be above to break fresh ground to uplift the cooperative movement which hasstruggled to come anywhere close to its full potential despite many impactful cooperative experiments across the country. Few other concerns include: What have been the achievements of the 2002 policy on cooperatives? What new vision should guide the promotion of the cooperative movement? Can the vision 'Sahkar se Samriddhi' and the goal of building a 'cooperative based economy' be really realized? What never and innovative policy instruments the Committee would be able to identify both to reverse the past constraints and to catalyze a new board-based cooperative movement? the article is an attempt to critically reflect on some of these questions, more so in the emerging context, based on a quick review of extant policy literature on the cooperatives in India.

What entails a successful policy?

Any policy to be successful should have a clear vision backed by an ideology and the conviction to guide the same. Such a policy must be fully informed of the socio-economic realities including the larger political economy having a bearing on its working. Besides being dynamic, the policy should be able to ensure a coordinated and collective action involving all stakeholders. Unless the policy is able integrate these dimensions, it is bound to face challenges in translating its goals on the ground.

Problems of the cooperatives more often emanate owing to the nature of the society itself. Issues like social inequalities or lack of democracy have a major bearing on the working of the cooperatives. Promoting or developing cooperatives, hence cannot be attempted merely in an instrumental way. The new Committee, coming as it does after more than a century of cooperative experience, though has the advantage of drawing from many useful lessons of the past as highlighted in both official and scholarly assessments but would certainly face enormous challenge in the task of reviving the cooperatives in the prevailing circumstances underpinned by neoliberalism. No doubt, many of the official endeavors in the past have led to uncovering objectively diverse challenges confronting the cooperatives (Exhibit 1). However, it is in translating their policy solutions into a reality where many such efforts have fallen short given that they have tried to work mainly within the prevailing policy context and the political economy.

Source - The Cooperator - Nov. 2022

Exhibit 1 : Policy and legal challenges of cooperatives (as per recent official assessments)

High-Powered Committee on Cooperatives (2009) : Lack of active and aware membership; little attention to issues of governance; lack of recognition of cooperatives as economic institutions; top-down design; poor board and management interface and accountability; lack of professionalization and accountability; lack of capital; weak linkages and competitiveness; low accessibility to financial services by members; sickness in the cooperative sector; and politicization of cooperatives and control/interference by the government.

National Policy on Cooperatives (2002): Legislative and policy constraints; resource constraints; infrastructure constraints; Institutional constraints; members awareness constraint; excessive government control and needless political interference.

Committee on Model Cooperative Act (1991): Compulsory amendment of bylaws; power of government to nominate directors on the committee; power of government to veto resolutions, power of registrar/state government to give directives; supersession/suspension of committee; restriction on the term/number of office by office bearers; compulsory amalgamation and division of societies.

Source: Respective reports.

Also, some of the policy attempts have tried to focus excessively on correcting the legal and organizational structures guiding the cooperative movement even as many cooperatives have succeeded within the same legal context. Only a limited effort has been made to address the fundamental challenges confronting the cooperatives both at the ideological and structural levels. Overall, not only the organizational challenges of cooperatives continue but their share in the overall economy has been dwindling rapidly more so since the onset of economic reforms (Shylendra, 2021).

Though globalization and liberalization have thrown up several newer challenges for the cooperatives, the following are some of the specific issues which continue to be relevant and are needed to be clarified for drafting a new policy (i) role of cooperation and cooperatives; (ii) role of state and market in the cooperative movement; (iii) cooperatives and the poor; (iv) structural issues of cooperatives; (v) governance and management of cooperatives; and (vi) nature of the cooperative law. Each of these are discussed in this article in the light of the past lessons and the ongoing policy discourse.

Role of Cooperation and Cooperatives

The formal cooperatives though are of recent origin but cooperation and collective action have been a part of human society since long. While individualistic orientations have gained strength with the deepening of capitalism, cooperation remains relevant as a normative value and as a practice. The cooperatives are higher-order organizations as they go beyond mere economic logic in their conception and working. The cooperative method has come to be adopted as a vehicle of societal governance and development across ideological spectrums. Cooperation and cooperatives hold potential at least in three complementary way: (a) cooperatives as (business) enterprises for meeting various social and economic needs; (b) cooperatives as part of planned economic development and resources allocation; and (c) cooperatives as an alternative system like 'cooperative socialism'. An assessment of the Indian experience reveals the adoption of these roles across different regimes in varying proportions. During the pre-Independence (1904-1947) and the post reforms (since 1991) periods, there is a prominent emphasis on cooperatives as enterprises. The entrepreneurial role gains accent especially in the context of growing capitalist development and with the greater role assigned for market forces. Though the compulsion of competition forces deepening of such a role, given their basic nature and constraints faced in balancing their values, the cooperatives can go only to a certain extent as enterprises either in a mixed economy or in a capitalist system. The role of cooperatives as instruments of planning has been adopted in socialist countries. The cooperatives became an integral part of resources allocation and for meeting objectives of the plan under India's initial five-year plans. In fact, during the First Five-Year Plan, even within a mixed-economy system, it was suggested that the success of the plan could be judged based on the extent of role played by the cooperatives in plan implementation. The top-down nature of state-led planning led to many deviations, and the cooperatives ended-up becoming mere tools of state policy and patronage. The third role is a more fundamental one where cooperatives and various forms of collectives emerge as self-managed systems, solely or prominently, to create an alternative society based on equality and collective ownership of resources. The aim is to reverse the negative tendencies of capitalism like private property, exploitative relations, and growing inequalities. Under such system, cooperatives are both the means and goal of development having scope to reach their full potential.

Unfortunately, the available macro policy frameworks, at national (NITI Aayog, 2018) or global level, do not envisage any significant role for cooperatives as part of their development strategy. If the new Committee would like to push the goal of creating a cooperative-based economy, as mooted by the MoC, the role of cooperatives must be significantly elevated both ideologically, and otherwise, least the policy goals and directions end up being rhetorical.

Role of State and Market in Promotion of Coops

A prominent role of the state can be seen in the promotion and development of the cooperatives in countries across the ideological spectrum. The state's spport for the cooperatives in India, called by Nehru even as an 'embrace of death', has assumed a highly paternalistic and a control-oriented form due to various compulsions. Contribution to share capital, loans and guarantees, registration and supervision, and direct involvement in governance and management of cooperatives have been some of the major ways through which the state has tried to get involved with the cooperatives. However, the cooperatives being autonomous and member-based instituions, the excessive role of state has only led to their 'officialization-politicization-burcaucratization' depriving them of their basic character. The state partnership, as suggested by the All-India Rural Credit Survey Committee (1954), apparently was intended to strengthen the cooperatives, but in the then prevailing political ecnomy became and instrument of state interference and patronage. In the present context of minimalist state, such a direct partnership looks anachronistic and is rightfully being revrsed. Given the several constraints of the cooperatives to mobilize required funds, the state support would still be needed though not in an impeding way, the mechanisms of which must be carefully calibrated so that the autonomy of the cooperatives are not compromised. Development-oriented and more independent agencies like National Dairy Development Board (NDDB) which promoted and supported dairy cooperatives under Operation Flood program may be created for channelizing any such needed assistance. State along with civil society could play a proactive role in the promotion of cooperatives especially for the poor and in challenging areas by avoiding top-down and target-based approaches. As suggested by many expert groups and cooperative practitioners, the supervision role of the registrar of cooperative societies which lends enormous power of control, could be delegated to federations and credible self-regulatory bodies. Alternatively, the registrar and the associated systems be professionalized and the supervisory role is played more professionally with the required empathy. The cooperatives can also supplement on own volition with credible self-regulatory measures.

Can pushing cooperatives aggressively towards market resolve the issue of state control? Cooperatives in the major capitalist countries though have also received various kinds of state support but have grown outside the umbrella of the state system. While such an approach may have enabled cooperatives to become more market oriented but has not helped to increase their width and depth to increase their width and depth to emerge as an alternative system. As per the Global Census on Cooperatives (Dave Grace & Associates, 2014), only in four capitalist countries did the cooperative economy contribute more than 10% of the GDP. Despite some prominent cooperatives interventions globally, cooperatives under capitalism could emerge only as minor players more so as mere appendages of the monopoly firms. Though markets may render cooperatives relatively more efficient but the creation of a cooperative-based economy would be elusive. Having no primary focus on generation of profits and with a more democratic form of decision-making, the cooperatives are not the preferred form of business organizations in any market-based economy.

In a mixed economy like India, fast tending towards capitalist form, pushing cooperatives towards market for their revitalization could only prove to be disastrous eventually. Like an excessive state, the marauding markets would rid them of their basic character. The experience of the self-reliant cooperative laws and the law on producer companies so for revcalo that a more spontaneous and a widespred growth of cooperatives may not happen merely with liberal market-oriented reforms. If the idea is to create a cooperative-based economy enabling a level playing field with preferential treatment for cooperatives including reserving certain sectors/activities would become necessary. The cooperatives must be empowered to capture markets and the value chains on behalf of the poor and small producers. Given that the cooperatives have emerged in the context of market failures, the major policy challenge would be to ensure that even with an increased market-orientation cooperatives retain their social character.

Cooperatives and the Poor

A major debate about the cooperatives relates to their relevance or otherwise for the poor. At a more fundamental level the rationale for cooperatives lies in enabling people of small means to come together to reap the benefits of scale economy by aggregating their produce or needs. The mainstream economists argue against forming cooperatives for small producers given their inherent limitations to overcome challenges of viability and elite capture. The populists and institutionalists however strongly advocate cooperatives focusing on the poor by way of workable design principles, proactive promotion, effective leadership, and capacity building. The long Indian experience clearly reveals that cooperatives in a deeply divided society tend to benefit better-off sections at the cost of the poor and marginalized. To overcome the problem, state has tried to intervene through many progresssive measures like enrolling poor by way of share capital support, fixing quota for small and marginal farmers in distribution of credit, and reserving positions for SC/ST and women on the elected boards. Such steps are an attempt to make cooperatives become inclusive and retain their social focus.

Currently, there is an emphasis globally on building a social and solidarity economy involving the poor and those in the informal sector. Collectives of various kinds are supposed to be at the core of the solidarity economy. Under National Rural Livelihood Mission (NRLM) in India, there is an attempt to promote SHGs and SHG-based collected to mobilize poor and women on a universal basis to encourage livelihood generation. Until poverty and social inequalities are a reality such special focus is clearly justified though there is an artificial segregation of the communities. Cooperatives must aim towards becoming universal in their respective domain and overcome problems of viability through appropriate structures, linkages, and policy support. Law must recognize innovations like SHGs/JLGs and enable their integration with formal institutions lest they face any constraints. The new policy must necessarily recognize the need for cooperatives to be inclusive of various disadvantaged sections and suggest suitable measures. Women's cooperatives have relatively performed well as compared to their counterpart. It may be even worth converting cooperatives wherever feasible into women cooperatives as is being attempted in the case of dairy cooperatives. Simultaneously, way of reducing social and economic inequalities in the larger society cannot be ignored.

Structural Dilemmas

Cooperatives have faced several structural constraints either owing to their inherent nature/- size or due to the top-down imposition of working structures of both. Some of the prominent challenges include issues like suitable area of operation, membership size, single or multipurpose units, levels of integration in case of federated cooperatives, and sectoral focus of the cooperatives.

A typical (rural) cooperative was supposed to be a localized unit conducive for building affinity and solidarity among members. Single village was considered ideal though such a norm militated against viability of operation given the diverse size of Indian villages. The persistent problem of viability had forced policy-makers to impose merger of primary units to create large-sized units creating cohesive working. Similarly, single versus multiple services had posed dilemmas of convenience and integrated working. Though conventional cooperatives were prominently single service focused like credit, milk, weaving, etc., here again the problem of viability had compelled creation of multipurpose cooperatives. Without sacrificing their core focus cooperatives should attempt widening their services.

Another contentious issue has been uniform prescription and imposition of three-tier structure in the case of many rural/agricultural cooperatives, not to mention the national level federations formed. Starting with credit, the three-tier structure was replicated across diverse services/commodities. Though formation of secondary cooperatives at various levels is an organic growth process but rigid and uniform imposition of three-tier structure ignoring spatial scope/dynamics had made many cooperative structures face issue like role conflict, added margins in price recovery/fixation, burden of weak layer, etc., leading to ultimately members facing many hassles and higher economic costs. Such imposition continues even now under interventions like NRLM where 3-tier structures are being uniformly prescribed for SHG-based organizations. While secondary cooperatives and federations, wherever relevant, have helped reap benefits of integrated structure like in the case of Anand pattern cooperatives, efforts are being made to restructure cooperatives in certain sectors. Some of these efforts also remain top-down creating added tensions in the extant system. If changing the pre-calibrated structure is necessary owing to overriding economic logic, such restructuring needs to be carried out in a bottom-up and participatory way. The cooperatives should simultaneously be helped to explore relevant managerial or technological solutions to over-come their structural barriers. Across the states, the cooperatives must cooperate among themselves in the interest of the movement.

Yet another structural issue which can be observed is the skewed spread of cooperatives across different sectors/regions in the economy. Since the beginning, the primary focus of the state has been on promoting rural cooperatives. though cooperatives have spread in many other sectors, the rural and agricultural cooperatives still dominate. Even within the rural sector, there is concentration in areas like credit, dairy, sugarcane, and fisheries. Urban cooperative banks, thrift societies, housing societies, and labour and industrial cooperatives are some of the major categories in the urban areas. However, the cooperatives in urban areas have only limited reach or depth. Dominance of private sectors, inadequate policy and promotional support, and lack of cooperative planning are some of the possible reasons for the skewed spread. Creation of a cooperative-based economy requires that cooperatives are spread across different sectors and regions. A planned effort and a proactive policy support including assigning priority for cooperatives in certain sectors/activities can help overcome such a skewed spread of the cooperatives.

Governance and Management

Effective governance and management are an essential requirement for the successful working of cooperatives. Apart form the general social backwardness of the membership and the electral leaders, factors like interference by government, supersession of boards, and irregular elections have contributed for the poor governance including compromising on their autonomy and democratic character. Inadequate cooperative education, internal strife owing to caste or political differences, and instances of irregularities further accentuated the governance challenge. Moreover, lack of professionalism at all levels despite the growing competitive environment has added to the cooperative weakness. Not all cooperatives have been able to induct the needed professionals and professionalism in their working inadequate measure.

Poor governance and management have resulted in poor provision of services and lower member participation leading to cooperatives losing their market share. The prevailing socio-economic milieu and poor image of the cooperatives have come in the way of improving their governance and professional abilities. The new policy must find ways as to how, given the relevance of cooperative revival, the eternal challenge of poor governance can be reversed. Through appropriate incentives and self-regulatory measures, cooperatives must be enabled to adopt good governance practices like holding regular elections and conducting timely auditing. At the same time, it must be taken note of that poor governance is not unique to cooperatives. Other forms of organizations, both in the public and private sector, are also affected by similar challenges. At the larger level the onus is on the society to address how best the benefits of professional/management education can be deployed (called 'rural management approach' by Verghese Kurien) for the benefit of such under-managed organizations, marking available relevant professionals on a pooled basis by cooperative federation and associations can be one possible way to overcome the lacunae. Diverse technical and managerial support can be provided until the weaker cooperatives themselves are able to induct such professionals. In the meanwhile, the cooperatives must make efforts to upgrade the skills and abilities of their local staff in terms of management and technology. Innovative and effective training methods must be developed by the cooperative training centres to build the abilities of office bearers and employees for better governance and management.

Nature of the Cooperative Law

Creating a clear and enabling legal framework has been one of the major challenges of the cooperative movement to ensure suitable recognition and sound regulation of the cooperatives. Though started with a single law, the movement is enmeshed in a web of diverse legal provisions coming in the way of ease-of-governance and ease-of-business for the cooperatives at various levels. The federal nature of the polity and the attempt to make the cooperatives market oriented in competitive environment has also led to multiple legal frameworks. The cooperatives and collectives are registered at least under four set of laws: Conventional Cooperative Laws, Companies' Act, Liberal Laws, and Societies/Trust Act. Differentiated policy treatments: tax norms, subsidy etc., across different forms of organizations also has not helped the matter. Deciding a suitable law for registration of cooperatives has been a challenge for many promoting agencies, with many even preferring charitable organization form to overcome the problem of interference. One way of resolving the challenge is to frame a comprehensive law at the state level which can accommodate the needs of diverse types of collective/cooperatives with the cooperatives given a choice about receiving the type of state support or regulation. The comprehensive cooperative law can be more flexible and progressive to enable growing and business-oriented cooperatives (unlike a smaller or a local cooperative) to assume the needed for more jurisdiction. Such a comprehensive law may give clear recognition to diverse types of collectives, formal or informal/social or commercial with a graded regulation as per the need of the organizational size of business. Even if diverse laws are retained, the policy must establish clear parity among different types of collectives by recognizing their purpose and member-based nature for dispensing various support measures. Dual control of state governments' and Central Government agencies could be exercised only for bigger or systemically important cooperatives.

As regards the adoption of model law to create uniformity of governance standards and to reduce the interference of government, the experience has been rather mixed. Not all states have adopted model law framed despite conditionalities imposed under cooperative support schemes. This had forced the Central Government to being in the 97th Constitutional Amendment Act which besides recognizing formation of cooperatives as a fundamental right had inserted uniform provisions to be adopted by the state governments for professional governance and management of the cooperatives. The failure to take states' concurrence led to the Supreme Court striking down these provisions creating a major impasse in the creation of uniform governance norms. Persuading the states is the most desirable option in accepting reforms for creating a more enabling framework under the current liberalized environment. It the Centre deems if fit that it must play a more proactive role in the cooperative sector, it may explore amending the Constitution by adding the cooperatives in the concurrent list through an open debate in the Parliament and by taking states on board.

Conclusion

The cooperatives may have failed in the past, but coopera tives no doubt are the institutions of the future. Given the growing social, economic and ecological crisis, the human society must necessarily learn the cooperative way of living for the good of all. The attempt to frame a new cooperative policy is timely to integrate cooperatives strongly into developmental policy and practice. While failures are common to all forms of organizations, cooperatives have faced enormous challenges to reach their potential with the past policies giving only at best mixed results. The political economy by way of socio-economic differences, divided polity, and lack of conviction in cooperation especially in the context of growing capitalist tendencies have all suppressed the growth of cooperatives.

Both in ideology and praxis, the role of cooperatives must be elevated towards building an alternative system. Preferential treatment is one of the ways to lift the cooperatives up. Suitable instruments of support must be designed without compromising on the autonomy and democratic character of the cooperatives. Only then a strong cooperative-based society/economy can be built.

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FEDERATION NEWS & EVENTS

1. Computerization of ARDBs

The Government of India, Ministry of Co-operation has approved the scheme for computerization of 1868 units in the network of ARDBs consisting of SCARDBs and their branches as well as PCARDBs and their branches in 13 states. The Government of India will bear 60% of the cost and the remaining 40% is expected to be borne by State Governments. NABARD will be the implementing agency of the computerization scheme.

2. Shri. K.V. Shaji appointed as Chairman NABARD.

The Government has appointed Shri. K.V. Shaji as Chairman, NABARD. Shri. Shaji has been DMD, NABARD for the last two and half years and was General Manager of Canara Bank and Chairman of Kerala Gramin Banks before joining NABARD. Shri. Dollar Kotecha, Chairman and Shri. K.K. Ravindran, MD, NAFCARD complemented Shri. Shaji in their meeting with him at NABARDs HO, Mumbai on 28th December, 2022.

3. State level training programme on Internal Reforms in LTCCS

The Federation organized the State level training programme on Internal Reforms in LTCCS during 8th-10th December, 2022 at NIRB, Bangalore, for middle level functionaries of SCARDBs and Secretaries of PCARDBs in Karnataka.

4. Interstate study visit to Kerala, SCARDB

The Federation organized an Interstate study visit for Senior functionaries of SCARDBs to Kerala from 14th-18th December, 2022. The study team interacted with Senior Executives of Kerala SCARDB at the Institute of Training and Management (ITM) Kochi and also visited PCARDBs in Kannyanur and Peerumedu as part of the programme. The study team included 21 Leaders as well as Senior Executives from Gujarat, Karnataka, Rajasthan and Punjab SCARDBs.

Appointmets/Elections

1. Shri C. Madhusudhana Rao, Dy. Registrar has assumed charge as Managing Director of the Pondicherry Cooperative Central Land Development Bank Ltd., Puducherry w.e.f. 1st December 2022.
2. Shri R. Sreedhar, B.E., K.C.S. has assumed charge as Managing Director of the Karnataka State Coop. Agri. & Rural Dev. Bank Ltd., Bangalore.
3. Shri Manasij Mukhopadhyay has assumed charge as Managing Director of the West Bengal State Coop. Agri. & Rural Dev, Bank Ltd., Kolkatta w.e.f. 6th January 2023.

Nafed invites bids for sale of chana from govt's surplus stocks

Saddled with 3 million tonne (mt) of stocks procured mostly in the last two years, the government has started to sell chana (gram) below the minimum support price (MSP) from the buffer held with the National Agricultural Cooperative Marketing Federation of India (Nafed).

Sources told that farmer cooperative Nafed has sold chana through open auction at the price ranging between ₹ 4,416-4,751/quintal in Rajasthan, Karnataka, Andhra Pradesh and Madhya Pradesh in the last few weeks to bulk buyers. The price realised through open auction by Nafed was against the MSP of ₹ 5,230/quintal and ₹ 5,100/quintal for the 2021-22 and 2022-23 seasons paid to farmers.

Currently, mandi prices of chana are ruling at ₹ 4,300-4,600/quintal and traders say that the government move to sell surplus pulses below MSP will put further pressure on chana prices. Chana price declined by 1.28% in August compared to a year ago. To dispose of surplus stock, on August 31, the Cabinet had approved the disposal of 1.5 mt of chana from the surplus buffer stock held with Nafed, at a discount of ₹ 8 per kg over the issue price, to states for supplying through various social sector schemes. Sources said that several states such as Karnataka, Gujarat, Himachal Pradesh and Tamil Nadu have envisaged buying pulses at the discounted prices from the government stock. The government's expenses are expected to be around ₹ 1,200 crore for implementation of this scheme. Prior to the beginning of the next chana harvest season in April 2023, officials said that the government aims to create storage facilities.

At present, against the government's buffer stock norm of 2.3 mt, Nafed has 3.7 mt of pulses. Of this, the chana stock is close to 3 mt. A portion of the stock is close to two years old. However, in the case of other varieties of pulses, because of lower procurement, the government's stocks are smaller — moong (0.56 mt), urad (0.08 mt), tur (0.12 mt) and masoor (0.07 mt) — at present. Due to a record chana production of 13.75 mt in the 2021-22 crop year (July-June), Nafed procured more than 2.5 mt of pulses in the 2022-23 (April-June) season under the price support scheme (PSS), aimed at providing MSP to farmers. Chana has a share of close to 50% in the country's production of 27.69 mt in the 2021-22 crop year.

Working on common KYC for financial transactions: FM

The government and regulators are working towards the implementation of a common KYC (know-your-customer) process for undertaking financial transactions across institutions, finance minister Nirmala Sitharaman said. This will cut paper work for both common men and businesses, and reduce their compliance burden. Sitharaman also stressed the need for "more global co-operation and probably less talk" on fighting climate change, in a veiled reference to the failure of the usually-vocal developed nations in meeting their financial commitments to help developing countries better tackle global warming.

The future of finance, the minister said, is going to be "VUCA" (volatile, uncertain, complex and ambiguous). In India, the future will be driven more and more by digitisation of banking and other related services, and there is a need to stay ready to prevent any "black swan" events. Commenting on the common KYC, Sitharaman said: "There is a central repository which takes care of central KYC. We are also working in such a way that once you have given your KYC, it can be applicable at various institutions at various times for various requirements that you may have. And you may not have to do it each time even if your businesses are slightly different." She was speaking at a Ficci event.

The issue of a common KYC for banking, insurance and capital markets was deliberated on at the meeting of the minister with various financial sector regulators last week. Such a system will cut reduce paper work for various services like opening bank or a demat account or making new investments, etc. Dwelling on climate change, the minister asserted that the some of the commitments made by Prime Minister Narendra Modi in Paris COP-21 have been fulfilled well ahead of the deadline. This has been done "by the sheer drive, political will, and push for renewable energy and so on – but with completely Indian money".

"We clearly are showing progress towards renewables, we are moving towards solar… But we need more global cooperation, probably less talk," she said. At the 15th Conference of the Parties (COP-15) of the UN Climate Change Conference in Copenhagen in 2009, developed countries had committed to a collective goal of mobilising $100 billion a year by 2020 for climate action in developing countries. This was to not just ensure that poor and developing nations adapt to climate change but also tackle global warming. Despite subsequent reiteration, this commitment has not been kept. According to an estimate by the Organisation for Economic Co-operation and Development, only $83.3 billion was mobilised for climate finance in 2020, well short of the initial $100-billion target.

At COP-26 in Scotland last year, India called for raising the annual climate finance funding to as much as $1 trillion on account of the new promises made. India now targets net zero emissions by 2070 and meeting half of its energy needs with renewable energy by 2030 among other pledges. "All of us will have to do something towards it. But, no transfer of technology (by developed countries) will happen, no monies will be pooled in to collectively help (poor and developing) countries. But yet, every one wants the ambition to be further higher and higher. It is just not going to be possible for many countries," she said.

Palm oil Alliance Formed by 5 south Asian country

Edible oil trade associations from five palm oil importing countries in South Asia–India, Pakistan, Sri Lanka, Bangladesh and Nepal, announced the setting up of Asian Palm Oil Alliance (APOA). The idea is to gain collecting bargaining power and make imports sustainable. "Through APOA, we aim at safeguarding the economic and business interests of the palm oil consuming countries and will work towards increasing the consumption of palm oil in member countries," Atul Chaturvedi, President, Solvent Extractors' Association of India (SEA) and first chairman of APOA, said. APOA held its first general body meeting on the side-lines of the Globoil Summit being held here.

He said that the industry associations of Asian palm oil importing countries, unlike their counterparts in Europe, are not involved in shaping the global discourse on sustainable palm oil in a collective way. Asian countries, in the last two decades, were instead forced to follow sustainability standards that don't reflect our market realities, Chaturvedi stated. According to the APOA statement, the alliance would work towards ensuring that palm oil is recognised as a high-quality, economical, and healthy vegetable oil and to change the negative image of palm oil. Chaturvedi said that membership of APOA would be further expanded to include companies or industry bodies associated with production or refining of palm oil across the continent. The next meeting of APOA is expected to be held in Indonesia early next year.

India's annual imports of edible oil is around 13-14 million tonne (MT). Around 8 MT of palm oil is imported from Indonesia and Malaysia, while other oils, such as soya and sunflower, come from Argentina, Brazil, Ukraine and Russia. Asia accounts for around 40% of the global palm oil consumption while Europe accounts for 12% of palm oil trade. Indonesia and Malaysia are the biggest palm oil exporters in the world. India is the largest importer of palm oil in Asia, accounting for 15% of global imports, followed by China (9%), Pakistan (4%) and Bangladesh (2%).

Govt. proposes to revamp National Informatics Centre

Nearly half a century since it came into existence, the government is now looking to revamp and restructure the National Informatics Centre (NIC) – its the technology arm – to help the organisation keep pace with the growing need for digital technologies in the country. The government has issued a Request for Proposal (RFP) for selection of a consultant for NIC's organisational restructuring.

The NIC comes under the Ministry of Electronics and Information Technology (MeitY), and it was established in 1976 with the objective to provide technology-driven solutions to the Central and State Governments. There is a need for thorough re-assessment of the NIC with respect to its structure, size, quality of personnel, human resource policies, roles & responsibilities and other tech & non-tech enablers that help the organisation performs effectively to deliver targeted outcomes," said the RFP document. The document has invited proposals from "qualified management consulting firms" to help develop a comprehensive restructuring plan and implementation roadmap.

while the GNPA ratio of commercial banks hit 7.3% of their advances, that of RRBs turned out to be higher at 9.4%, showed the RBI data. Since their inception in 1975, RRBs remained unprofitable for the first two decades. In 1994-95, the government started reforms which, coupled with capital infusion, helped them turn profitable. However, at the end of March 2005, about 42% of the RRBs still carried legacy losses. The government then initiated a consolidation programme in 2005-06. After three phases of amalgamation (the latest one was in 2018-19), the number of RRBs (who had sponsors) dropped from 196 in 2005 to 43 at the end of March 2021, while the number of standalone RRBs that have never undergone any amalgamation stood at nine.

Onion prices subdued, spurt unlikely in Oct-Dec on better storage output

Thanks to a rise in onion production and an improvement in its storage facilities at the farmers' level, prices of the staple vegetable, a political hot potato, are unlikely to see any big fluctuations this year. And if things shape up as planned by the policymakers, the seasonal spike in onion prices in various pockets of the country during October-November may become a thing of the past, according to official sources. Currently the benchmark onion price at Lasalgaon, Maharashtra is ₹1,220/quintal down 20% from a year ago, and way lower than the last three years' seasonal average of ₹ 2,354/quintal. Storage of rabi onion at the farm level has improved in the last couple of years while production has increased," Balasaheb Misal, former director, Manmard (Maharashtra) mandi board and an onion farmer told.

Misal said that three years back mandi prices rose to ₹ 3,000 a quintal in October which is currently ruling around ₹ 1,100-1,200 quintal across key producing states. He said that prices are expected to stabilise at the current level as the kharif harvest will enter the market by the end of October. Rabi onion harvested during April – June accounts for around 65% of the country's onion production and meets the consumer's demand till the kharif crop is harvested in October-November. Kharif harvested onions are not stored because of higher moisture content thus entering the market directly. The modal retail price of onion is currently around ₹ 20/kg which was prevailing at ₹ 30/kg a year back. In December 2019, retail onion prices touched ₹ 100 a kg in many cities, resulting in the government's ban on onion exports. India exported 1.4 million tonne (MT) of onion valued at ₹ 1,301 crore in 2021-22. Bangladesh and Malaysia had 46% and 12% share in total onion exports respectively in the last fiscal.

RBI to soon roll out test launch for digital rupee

The RBI believes a Central Bank Digital Currency (CBDC) could provide the public a risk-free virtual currency, giving them legitimate benefits without the risks of dealing in private virtual currencies. It may, therefore, fulfil demand for secured digital currency besides protecting the public from the abnormal level of volatility which some of these virtual digital assets experience, the concept note said.

It said safeguarding the trust of the common man in the Indian rupee vis-a-vis proliferation of crypto assets would be an important reason to introduce CBDC. Moreover, being a sovereign currency, CBDC holds unique advantages of central bank money such as trust, safety, liquidity, settlement finality and integrity. The key motivations, the RBI believes, for exploring the issuance of CBDC in India would include reduction in operational costs involved in physical cash management, fostering financial inclusion, bringing resilience, efficiency, and innovation in payments system, adding efficiency to the settlement system.

The use of offline features in CBDC would also be beneficial in remote locations and offer availability and resilience benefits when electrical power or mobile network is not available; the note said. As per RBI, CBDC can be demarcated into two broad types: general purpose (retail) (CBDC-R) and wholesale (CBDC-W). The CBDC-R is potentially available for use by all private sector, non-financial consumers and businesses. The CBDC-W could be used to improve the efficiency of inter-bank payments or securities settlement, as seen in Project Jasper (Canada) and Ubin (Singapore). CBDC has the potential to transform the settlement systems for financial transactions undertaken by banks in the G-Sec segment, inter-bank market and capital market more efficient and secure in terms of operational costs use of collateral and liquidity concept note on CBDC management. The government had in March notified amendments to the Reserve Bank of India Act, 1934, which enable running the pilot and subsequent issuance of CBDC. The government announced the launch of the Digital Rupee from FY23 in the Union Budget placed in Parliament on February 1.

Kharif paddy procurement gets off to a brisk start

Kharif paddy procurement by the Food Corporation of India (FCI) and state government agencies has got off to brisk start.,1.72 million tonnes (mt) of the cereal were purchased from farmers, 58% higher than a year ago.Paddy arrivals in mandis in Punjab and Haryana, major contributors to the central pool stocks, are picking up.

Punjab, the biggest contributors to central pool, agencies have purchased 0.43 mt of paddy till Saturday which is 17% less than the same period previous year. Officials with agricultural produce marketing committee (APMC) market yard, Karnal, Haryana's biggest grain mandi said that procurement would pick up pace in next two weeks as in some areas the harvesting has been delayed because of recent rains. However, in Haryana, agencies have procured 0.87 mt of grains under the Minimum Support Price (MSP) operation which was 80% more than a year ago period. "We were anticipating arrivals to pick by middle of this month, but most of the mandis are witnessing heavy arrivals of grain currently,"

Meanwhile, more than 0.4 mt of paddy is purchased from farmers in Tamil Nadu by the government agencies while the procurement operations have commenced in Uttar Pradesh and Uttarakhand. This year's rice procurement drive would be closely monitored given the anticipated decline in production in 2022-23 season because deficient monsoon rainfall in eastern regions is seen to adversely impact the purchases for the central pool stocks. The government is aiming to boost rice procurement because of a decline in stocks because of the free ration scheme being extended for a seventh time till end of this year.

Paddy to rice conversion ratio is 67%. After paddy is procured from the farmers by FCI and state agencies, it is handed over to millers for conversion into rice. Despite an estimated 6 mt of decline in rice production in 2022-23 crop year (July-June) from a record 130 mt in 2021-22 crop year, the government had set a marginally higher target of 51.8 mt of kharif rice procurement for 2022-23 season. Kharif rice procurement was 50.9 mt in 2021-22 season. Kharif procurement contributes around 86% of the total rice purchased from the farmers by FCI and state agencies under the MSP operation. Paddy arrivals in mandis in Punjab, Haryana, Uttar Pradesh and Tamil Nadu are during October-November period while arrivals of grain take place during December –January, in Andhra Pradesh, Telangana, Odisha, Chhattisgarh and other key producing states. In the 2021-22 procurement season, FCI have procured more than 59.2 mt of rice. In the previous year, rice procurement was a record 60.2 mt. Rice production had hit a record 130.29 mt in the 2021-22 crop year.

NCDEX urges FPOs to benefit from coffee futures

As deliveries from futures contract of robusta cherry AB coffee variety will restart from February next year, the National Commodity and Derivative Exchanges (NCDEX) has asked farmer producer organisations (FPOs) to use the platform in order to hedge price risks.

Kapil Dev, chief business officer, NCDEX, said "Thanks to price recovery via futures trade, farmers in south India via FPOs can even venture into exporting their commodities directly to foreign buyers,". Karnataka, Kerala and Tamil Nadu account for more than 95% of the country's coffee production. Stating that the farmers through futures trade would get prices for their crop in advance, Dev said 'the coffee growers in India have so far been solely dependent on the US-based exchange ICE for getting the price benchmark for their robusta coffee prices". Such dependence on global benchmark prices is not conducive for domestic growers given the dollar-rupee exchange rate fluctuations and other international factors, he said. We have received promising feedback from the stakeholders as coffee, being a commodity largely linked to the global supply chain, has shown volatility in prices in the past," Dev said. The leading commodity bourse has launched futures contracts from February-April, 2023 as harvesting for the new crop will commence from January next year. The bourse has set up delivery points at Kushal Nagar, Hassan, Chikmangalur in Karnataka and Kalpetta in Kerala. "This will help the value chain participants to gain knowledge about futures trade in the commodity and understand the processes, " the NCDEX official said. The commodity bourse had stopped futures trading in Robusta coffee in January 2007 because of lukewarm response from market participants. "With growers and exporters currently having access to real time global prices of coffee, futures trade would help all the stakeholders in hedging their risks

After relaunching the coffee contract on September 30, Arun Raste, MD & CEO, NCDEX said that it would enable growers to hedge their price risks, individually and collectively. With the annual production in the range of 0.34 – 0.35 million tonne (mt) of coffee, India accounts for around 3.5-4% of the global production of around 10 mt. Robusta and Arabica coffee varieties have a share of around 70% and 30% respectively in the domestic production.

Close to 65% of coffee production is exported. In 2021-22, India exported coffee worth of $ 1.02 billion which was 42% more than the previous fiscal. According to the coffee board, Karnataka has a share of 71%, followed by Kerala (21%) and Tamil Nadu (5%) in the coffee production. There is growth in coffee plantations in non-traditional areas such as Andhra Pradesh, Odisha and north-eastern states.

Ethanol holds tremendous potential for India: Toyota

Ethanol holds tremendous potential for India as an indigenous and clean energy source that can significantly reduce fossil fuel consumption, energy import bills and carbon emissions, said Toyota. Being agriculture based, higher use of ethanol as fuel would also increase farmer incomes and create new jobs, thereby boosting the rural economy besides increasing revenue for the government from surplus sugar and food grains, it said. Toyota introduced a pilot project on Flexi-Fuel Strong Hybrid Electric Vehicles (FFV-SHEV) in India.

Technology a tool for inclusion in India, says PM Modi

In India, technology is a tool for inclusion and not exclusion, said Prime Minister, Narendra Modi at the inaugural of the second United Nations World Geospatial Information Congress (UNWGIC), in Hyderabad on October 11, 2022.

"Geospatial technology has been driving inclusion and progress. Take our SWAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) scheme, we are using drone to map properties in villages. For the first time in decades, people in rural areas have clear evidence of ownership," he said speaking to delegates from several countries. India's steps at building infrastructure was on the backbone of geospatial technology. The South Asia satellite, said Mr Modi, was facilitating connection and communication in India's neighbourhood.

India was celebrating 75 years of freedom from colonial rule and also the freedom to innovate. India's geospatial sector had been opened up for its young bright minds. Data collected over 200 years had been made open and accessible to all. India gave a major boost to its drone sector as well opened its space sector to private entities and 5G technology, too, was taking off as well, he added. Mr Modi remarked that "Millions in the developing world needed diagnostics, medicines and vaccine yet, they were left to their own fate. There is a need for an institutional approach to help each other during a crisis.

Global organisations such as the United Nations can lead the way in taking resources to the last person".

Ahead of the Congress, Union Science Minister, Jitendra Singh, said that India's geospatial economy is expected to cross ₹63,100 crore by 2025 at a growth rate of 12.8%. He said, geospatial technology has become one of the key enablers in socio-economic development by enhancing productivity, ensuring sustainable infrastructure planning, effective administration, and aiding the farm sector. The conference will be attended by over 2000 delegates including at least 700 international delegates and participants from about 120 countries.

PM Modi launches 'One Nation, One Fertiliser' scheme

Prime Minister Narendra Modi launched the 'One Nation, One Fertiliser' scheme. The prime minister also released PM-KISAN funds worth ₹ 16,000 crore through Direct Benefit Transfer, as well as inaugurated the PM Kisan Samman Sammelan 2022 at the Indian Agricultural Research Institute. An e-magazine on fertilisers, called Indian Edge was launched by the prime minister, while 600 Pradan Mantri Sammridhi Kendra were inaugurated.

PM Modi said that with the "One Nation, One Fertiliser' scheme, the farmer will get rid of all kinds of confusion about the quality of the fertilisers and its availability. "Now the urea sold in the country will be of the same name, same brand and same quality and this brand is Bharat! Now urea will be available only under 'Bharat' brand name in the entire country,"

He further added that this scheme will result in reduction of the cost of fertilisers and increase their availability. Presently ,the farmers are confused and in illusion about fertiliser brands and are not getting the quality soil nutrients as retailers are pushing certain brands in hopes of higher commission and because companies run certain advertisements for particular products. The scheme will solve all such problems. Competition among companies that push their brands will get reduced with this single branding, which will ensure sufficient supply of fertilisers across the country.

24-member IRDAI panel to develop insurance

The Insurance Regulatory and Development Authority of India (IRDAI) has set up a 24-member committee to develop and suggest an affordable and comprehensive cover for the rural population. While the proposed cover will be a benefit based / parametric structure, called Bima Vistaar, the IRDAI has also asked the panel, which will be headed by Thomas M Devasia, Member (non-life) o IRDAI, to recommend a regulatory framework for the cover.

The insurance regulator has also asked the committee to develop and suggest constitution and operation of a preferably, women centric distribution channel to focus on reaching untapped/ rural areas – Bima Vahak – and recommend the regulatory framework. The committee will explore and recommend on how to bring about synergies in the working and operations of Bima Vahak, Bima Vistaar and the digital platform – Bima Sugam. According to IRDAI, in order to facilitate availability of an affordable, simple but comprehensive cover to the hither to untapped areas and rural population, it is necessary to understand the needs and requirements in those areas and formulate suitable risk cover and customized distribution channels who appreciate the market dynamics in such areas. "Field forces in remote areas need to build trust of the local population, be more patient and persuasive to be able to explain the nuances of the need for risk cover. In this context a women centric distribution model emerges as an apt alternative," IRDAI said.

IRDAI said latest developments in the technology like artificial intelligence (AI) and machine learning (ML) can be gainfully utilized by creating a digital platform to reach the last mile. The committee is being set up to suggest a feasible model which will take the industry to achieve the objective of bridging the protection gap in the untapped areas, leveraging on the digital transformation into which the nation is moving today, it said.

Farmers affected by excessive rains will be given compensation: Maharashtra CM Shinde

Maharashtra Chief Minister Eknath Shinde said he has given directions to expedite the process of assessment of crop losses due to excessive rains in parts of the state and assured that the affected farmers will be provided compensation. Speaking to reporters at the Nagpur airport ahead of his visit to Gadchiroli district in the Vidarbha region, Shinde said his government has taken "72 big decisions" in the interest of the people in last three months and he will respond to the opposition's criticism by showing the work done by his government.

He also said that the cabinet expansion will take place at an appropriate time. Asked about the status of payment of compensation to farmers affected due to excessive rains recently in parts of the state, Shinde said he has given directions to conduct the 'panchanama' (spot assessment) of the losses on a war-footing. "The affected farmers will get compensation, they will not be left out. The government stands firm with the farmers," he said. Shinde also said that the Samruddhi Expressway stretch from Nagpur to Shirdi is expected to be opened for the public next month. The ongoing Samruddhi Expressway project aims to link Vidarbha's largest city Nagpur to the country's financial capital Mumbai.

EPFO relaxes withdrawal norms

Retirement fund body EPFO decided to allow withdrawal of accumulations in Employees' Pension Scheme 1995 (EPS-95) for those subscribers who have only less than six months of service left. Currently, the Employees' Provident Fund Organisation (EPFO) subscribers who have less than six months of service left are allowed to withdraw the accumulations in their employees' provident fund account only.

The EPFO's apex decision making-body Central Board of Trustees (CBT), headed by Union Labour Minister Bhupender Yadav, at its 232nd meeting held on Monday recommended to the government to make certain amendments in the EPS-95 scheme, a labour ministry statement said.

Drought-tolerant Basmati rice variety notified for release

To reduce water usage in rice cultivation, a drought-tolerant Basmati rice variety developed by Indian Agricultural Research Institute (IARI) has been notified for the first time for large-scale release by the agriculture ministry. Recommended for cultivation in key Basmati rice growing regions of Haryana, Punjab, western Uttar Pradesh, Uttarakhand and Jammu and Kashmir, the new variety Pusa Basmati (PB)1882 can withstand deficient rainfall during the flowering stage of the grain.

According to S Gopala Krishnan, principal scientist, IARI, the new variety during two years of field trials had given an average yield of 4.6 tonne/hectare compared to 4.2 tonne/hectare reported for its parent variety PB 1. With IARI planning to distribute seeds for the new variety to farmers in the next year's kharif season, the export prospects of Basmati rice to the European Union (EU) is expected to get a boost as PB 1 variety has been traditionally shipped to these countries. "Rice grown through the transplanting method requires close to 3000 litres of water for producing one kg of rice, while the new variety sown through direct seeding method results in huge saving on water usage,"

Food inflation falls sharply in October

Retail food inflation declined to 7.01% in October, from 8.6% in September, mostly driven by decline in prices of edible oils, meat products, pulses and onions. Inflation in the "food and beverages" category also declined to 7.04% in October from 8.4% in September.

According to traders, the food prices could soften further with the onset of winter months which would give a boost to the harvesting of fruits and vegetables. However, a clutch of items like potato, tomato, wheat, rice, bananas and milk products saw sharp price increases in October. Inflation in potato and tomato rose 43.06% and 13.89%, respectively, in October; onion price inflation was down 20.5% on year. The country's potato output in the 2021-22 crop year (July-June) declined to 53.6 million tonne (MT) from a record 56.1 MT in 2020-21. Similarly, tomato output declined to 20.30 MT in 2021-22 from a record 21.18 MT in the previous year.

Potato prices are expected to cool down by December when new harvest enters the market, according to Budhiraja, a trader in Azadpur mandi (Delhi), one of the biggest markets for vegetables and fruits.Negative onion inflation last month was due to a bumper output of 31.12 MT in the 2021-22 crop year against 26.64 MT in 2020-21.

Inflation in cereals was 12.08% in October, up from 11.55% in September, compared with 2.78% for pulses and (-) 0.18% for eggs.

Wheat prices rose 17.6% in October 2022. Wheat output in the 2021-22 crop year (July-June), as per the agriculture ministry, has declined around 3% on year to 106.8 MT because of heat waves during the flowering stage of the crop in March. In May, India banned wheat exports for ensuring domestic supplies. Rice price also increased 10.2% in October while prices rose 9.2% in the previous month.India's rice output in the current kharif season for the 2022-23 crop year (July-June) is expected to decline by around 6% to 104.99 MT against 111.76 MT in 2021-22, according to the first advance estimate of foodgrain production released by the agriculture

Today's fertilizer shortage is tomorrow's food crisis: PM Modi at G-20

Prime Minister Narendra Modi cautioned the G-20 leaders which included US President Joe Biden, British Prime Minister Rishi Sunak and French President Emmanuel Macron that today's fertiliser shortage could become tomorrow's food crisis for which the world will not have a solution as he strongly pitched for maintaining a "stable" supply chain for both manure and food grains. In his address at the G-20 summit here, Modi also highlighted how India ensured food security for its 1.3 billion citizens during the Covid-19 pandemic while supplying food grains to many countries. "We should build mutual agreement to maintain the supply chain of both manure and food grains stable and assured. In India, for sustainable food security, we are promoting natural farming, and re-popularising nutritious and traditional food grains like millets,"

The prime minister was addressing a session on food and energy security at the G20 Summit. Various parts of the world are facing the challenge of food security triggered by the Russian invasion of Ukraine. Ukraine is a major producer of wheat and the halt in its exports of the staple food has triggered its shortage globally. "During the pandemic, India ensured food security of its 1.3 billion citizens. At the same time, food grains were also supplied to many countries in need,"

The prime minister said millets can also solve global malnutrition and hunger. "We all must celebrate the International Year of Millets with great enthusiasm next year," he said. Modi also said that India's energy-security is also important for global growth, as it is the world's fastest growing economy. "We must not promote any restrictions on the supply of energy and stability in the energy market should be ensured. India is committed to clean energy and environment," he said.

Ministry to seek fertiliser subsidy of ₹ 2.25 trn for FY24

The Union fertiliser ministry is likely to seek subsidy on soil nutrients of around ₹ 2.25 trillion for the next fiscal year, which would be roughly the same level as the expenses to be incurred to subsidise the retail prices of these farming inputs in 2022-23. An official said "The finance ministry has assured us of making adequate provisioning under the fertiliser subsidy budget,", adding that pre-budget consultations with the finance ministry and other stakeholders were still going on. Against the budget estimate (BE) of ₹ 1.05 trillion for 2022-23, the fertiliser subsidy is expected to be revised upward by more than 114% to ₹ 2.25 trillion this fiscal as elevated global prices of fertilisers and natural gas, the key feedstock, have inflated costs.

It would be the fourth year in a row that the annual Budget spending on fertiliser would be above ₹ 1 trillion mark, against a lower range of ₹ 70,000 – 80,000 crore in the past few years. The subsidy on farm nutrients stood at ₹ 1.6 trillion (revised estimate) last year. However according to ICRA, the subsidy bill for FY23 to be around ₹. 2.5 trillion against the budget estimates of ₹. 1.05 trillion as cost of urea remains elevated owing to high gas prices. The domestic production of urea is around 26 million tonne (mt) while 9 mt of soil nutrient is imported to meet the demand. In 2021-22, India imported nearly 9.1 mt of urea, valued at around ₹. 40,000 crore.

Nearly half of its di-ammonium phosphate (DAP) requirements are imported via (mainly from West Asia and Jordan) while the domestic Muriate of potash (MoP) demand is met solely through imports (from Belarus, Canada and Jordan, etc). According to industry sources, imported urea prices have risen by more than 136% to $900 a tonne in October 2022 from $380 a tonne a year ago. Similarly, prices of DAP and MoP have risen by 66% and 116% to $924 a tonne and $590 a tonne in October 2022, respectively, compared to the year-ago period.

Prime Minister Narendra Modi recently said the Central government has spent over ₹ 10 trillion over the past eight years to ensure that farmers in the nation are not burdened by the high global fertiliser costs. Fertiliser minister Mansukh Mandaviya had said that the government would not pass on the burden of rise in global prices to farmers. The retail prices of phosphatic and potassic (P&k) fertiliser, including DAP were 'decontrolled' in 2020 with the introduction of a 'fixed-subsidy' regime as part of NBS mechanism. However, the subsidy of DAP saw an increase to 60% of cost in FY22, from a little over 30% previously. In case of urea, farmer pay a fixed price ₹ 242 per bag (45 kg) against the cost of production of around ₹ 2650 per bag. The balance is provided by the government as a subsidy to fertiliser units.

Meanwhile, the fertiliser ministry on Friday said that there is more than adequate availability of fertilizers in the country to meet the needs of Rabi season. The government is sending fertilizers as per need to all states, and it is the responsibility of respective state governments to ensure availability within the states through proper intra-district and inter-district distribution, it stated.

Kerala sets up 89,000 MSMEs in Fy23

Kerala will soon meet the target of setting up 1,00,000 micro, small and medium enterprises (MSMEs) in the current fiscal, with 89,000 units registered under the special scheme launched earlier this year. According to an official with the directorate of industries and commerce, investment of more than ₹ 5,500 crore has already been committed by these enterprises which is expected to generate employment of 200,000 in the next couple of years. While launching the scheme in March, Chief Minister Pinarayi Vijayan had said the target was to create 300,000 – 500,000 jobs in the MSME sector. The state government is also observing 2023-24 as 'year of enterprises'.

Under the one family one enterprise scheme, loans with a maximum ceiling of ₹ 1 million are available to entrepreneurs with an effective interest rate of 4% per annum by the directorate of industries and commerce. "We provide an interest subvention of maximum of 6% per annum," an official said. The loans are provided through the state level bankers committee.

S. Harikishore, director of industries and commerce, said "The systems created as part of the campaign like help-desk in local bodies and other schemes have had a positive impact in enabling an ecosystem in the state which facilitates the opening, sustenance and growth of MSMEs,"

Govt is open to making pro-farmer changes in PMFBY in response to climate crisis, says Agriculture Ministry

The Government is open to making pro-farmer changes in the Pradhan Mantri Fasal Bima Yojana, PMFBY, in response to climate crisis and rapid technological advances. According to an official release, Secretary, Department of Agriculture and Farmers Welfare, Manoj Ahuja stated that major revamp measures have been taken in the scheme post-2016 to address new challenges. He highlighted that several new fundamental features were also added in 2018, such as increasing the crop loss intimation period for farmers from 48 hours to 72 hours.

The Secretary stressed that in the era of rapid innovations, digitization and technology are playing a significant role in scaling up the reach and operations of the scheme with precision agriculture. The Ministry said PMFBY is currently the largest crop insurance scheme in the world in terms of farmer enrollments, averaging 5.5 crore applications every year, and the third largest in terms of the premium received.

Purchases via GeM portal exceed ₹ 1 trillion so far in Fy23

Purchases of goods and services through the Government e-Marketplace (GeM) portal have exceeded ₹ 1 trillion so far this fiscal, setting a fresh record on greater adoption of the online marketplace by central government ministries, departments, states and public-sector enterprises. The public procurement through GeM stood at ₹ 1.07 trillion in the entire FY22. Before that, purchases through the portal had breached the ₹ 1-trillion mark in as many as four-and-a-half years.

GeM chief executive PK Singh said, "Our target for this fiscal was ₹ 1.5 trillion but going by the trend we may reach ₹ 1.80 trillion." Gujarat, Uttar Pradesh, Maharashtra and Madhya Pradesh were the leading states that have scaled up purchases through GeM. The GeM portal was launched in August 2016, as the Centre wanted to improve transparency in purchases of various goods and services by all the central government ministries, departments and public-sector firms and state governments, apart from providing a new-age platform for official procurement. While buyers are official entities, sellers – ranging from small business to large companies – are from both public and private sectors.

In July, the government also asked all its ministries and departments and central public-sector enterprises (CPSEs) to undertake all purchases through the GeM by the end of this fiscal. This directive has also contributed to the rise in procurement.

Bank credit grows nearly 17% for fortnight ended Nov 18, says RBI

Indian banking system's outstanding credit grew by 16.96 per cent for the fortnight ended November 18, the Reserve Bank said.

The bank credit grew to ₹ 133.29 lakh crore for the fortnight ended November 18 this year as against ₹ 113.96 lakh crore on November 19, 2021, the Reserve Bank of India (RBI) said. The deposit growth came at 9.30 per cent, with the overall base ₹ 177.15 lakh crore as on November 18 as against ₹162.06 lakh crore in the year-ago period, it said. Interestingly, amid a war for deposits in the system as banks jostle to raise the liabilities to fund the elevated credit growth, the overall deposits in the system declined marginally during the fortnight as against the ₹ 177.88 lakh crore as on November 4.In FY 2021-22, bank credit rose by 8.59 per cent and deposits by 8.94 per cent.

For single-window clearance, Govt may allow businesses to use PAN

The government is considering to allow businesses to use Permanent Account Number (PAN) instead of other data as a unique identifier for entering into national single window system to seek different clearances and approvals of the central and state departments.

At present there are over 13 different business IDs like EPFO, ESIC, GSTN, TIN, TAN and PAN, which are being used to apply for various government approvals.

Commerce and industry minister Piyush Goyal said that his ministry has already approached the department of revenue on the matter.

"We are moving towards using one of the existing databases as the entry point, which is already available with the government and most probably that will be the PAN number. So with the PAN, a lot of the basic data about the company, its directors, addresses, and a lot of common data is already available in the PAN database," Goyal told reporters here.

The national single window system (NSWS) is aimed at reducing duplicity of information submission to different ministries, reduce compliance burden, cut gestation period of projects, and promote ease of starting and doing business. NSWS enables the identification, applying and subsequent tracking of approvals for all integrated states and central departments. He said that use of PAN number will help auto-populate other application forms that will be received in the system and will help speed up the approval process and encourage more companies to apply on the system.

The system currently accepts applications for 248 government-to-business clearance and approvals from 26 central ministries and departments, including states. So far 19 states/Union Territories, including Andhra Pradesh, Bihar, Goa, Gujarat, Himachal Pradesh, Jammu & Kashmir, and Karnataka, and 27 central government departments are already onboarded the system, which was started in September last year and is under beta testing phase. The minister also informed that at present businesses are taking approvals for different policies including vehicle scrappage policy, ethanol policy, hallmarking of jewellery and Petroleum and Explosives Safety Organization (PESO) approvals. He further said, "We will be moving towards newer areas like all inspection approvals, country of origin approvals, export promotion council applications. At the next stage, these will come on the system," he said, adding that all applicants of the production linked incentive scheme are being encouraged to use the system.

NSWS also helps in reducing data duplication and filling the same data in various forms using the auto-population module, he added. He pointed out that NSWS has received nearly 76,000 applications/ requests so far and about 48,000 approvals had been granted.

Renewal of licences would also be brought under NSWS soon starting with five ministries like commerce and industry, consumer affairs, food and public distribution and textiles. The objectives of the review meeting was to ensure onboarding of investor-related clearances in order to meet timelines.

Banks want investments in FDs up to ₹ 5 lakh to be made tax free

Banks are seeking a level playing field on garnering funds as they believe they are placed at a disadvantage vis-a-vis mutual funds and insurers that offer tax breaks to customers. Ahead of the budget, banks have made representations to the finance ministry to make investments in fixed deposits of up to ₹5 lakh tax free as they want small-ticket deposits to become competitive with small savings plans and insurance products. The Indian Banks Association (IBA) made the representation on behalf of banks, which have lately seen deposit growth trail the pace of credit expansion. Banks are increasingly losing out again national savings schemes, mutual funds and insurance products that offer tax-free savings to small customers; hence we have made budget representations to the finance ministry to bring in provisions that make small value deposits more lucrative," said a banker who was part of the meeting. "IBA has submitted that interest on fixed deposits of up to ₹5 lakh be made tax free so that banks can become competitive against other savings products." The wedge between credit and deposit growth continued to widen and stood at 9 percentage points at the end of November. While credit expanded at 17%, "Banks are increasingly losing out against national savings deposits increased at 8.2%. The pace of deposit growth tumbled in November from 9.5% in October. Total banking deposits are at ₹173.7 lakh crore.

Credit to deposit ratio has been increasing over the past year, and touched 74.4, climbing more than 5 percentage points in the period. Despite increase in rates, bank deposits have continued to lose out to insurance schemes, which offer high tax-free returns, and to tax-saver mutual fund plans. Meanwhile, banks have also sought relief on tax paid from gains on one-time settlement schemes. "Currently, we have to pay tax on the entire loan amount; for example if we receive ₹70 on a ₹100 loan, the law stipulates tax be paid on the entire loan. IBA has requested the income tax rules be amended to consider haircuts on such loans," said another banker.

Rubber Was Kerala's Cash Cow Once, Now Plantations Stare At Grim Future:

High costs, falling prices have made the business unviable in recent years.In the 1970s, when Kottayam was still a sleepy town, it boasted the Planters Club. Hundreds of acres of paddy fields and coconut groves on the surrounding hillsides had been converted to rubber plantations and the resulting latex boom had spawned scores of crorepatis, seemingly overnight. Each rubber estate had the mandatory mansion and its share of the latest convertibles, but the rubber farmers needed a collective status symbol. Planters Club was the answer.

Less than 50 years later, planters are part of the club in name only. Planters Club these days is the haunt of migrants working in and around the town, and its decline mirrors the trajectory of Kerala's rubberstory. Stalled Engine Of Growth: Rubber cultivation was a crucial factor in the development of many Kerala districts, especially Kottayam, Pathanamthitta, Idukki and Ernakulam. Small towns sprouted in this region, new business ventures related to rubber started and there was prosperity all over. Even small planters thrived in the boom. Pius Scaria, a planter in Kanjirappally near Kottayam, says planters were held in awe "in the '70s, '80s and even the '90s". They were rolling in money: "They used to be the first to buy any luxury car that was launched". Nobody from a planter's family worked a job outside, "It was considered shameful." But things changed as the price of rubber fell steadily over the past few years. From Rs 270 in 2014, the average price of 1kg natural rubber had fallen to Rs 142. 5 by December 2022. It came down more than 20% in a year, from Rs 182. 8 in 2021. With prices falling, costs rising and new crop diseases arising amid climate change, the stakeholders are in real trouble. On top of that, the Centre's rumoured move to scrap the Rubber Act and the Rubber Board has them worried. These days, at least one person from most planter families would be a nurse working abroad, or a government employee or a blue-collar worker in the Middle East, Scaria says. Many farmers have sold parts of their plantations to send their children abroad. "In some cases the entire family has emigrated."Plantations 'Unviable'.

Babu Joseph, general secretary of National Consortium of Regional Federations of Rubber Producer Societies in India, says the Land Reforms Act that limited the land holding of farmers is making plantations unviable. A farmer can hold a maximum of 15 acres, so his two sons inherit only 7. 5 acres each. "Now the profit gets divided between two families and finances are hit. This is one of the reasons for rubber plantations becoming less profitable. " Then there's the paltry subsidy. While salaries have been going up, farmers still get a subsidy of Rs 25,000 per hectare for planting and replanting rubber. "This is hardly sufficient as one rubber sapling now costs Rs 100," Joseph says, adding that there's no replanting in 70% of Kerala plantations due to the low subsidy.

Aby Iype, another rubber farmer, says while they are tackling climate change and labour shortages, unrestricted imports of compound rubber have driven prices down. Some of the Rubber Board's schemes have also been scrapped and the Board's future looks doubtful, Joseph says. "Rubber was considered an essential raw material equal to steel and iron, which made Nehru start the Rubber Board. Now the farmers are afraid the Centre is planning to shut down the Board and repeal the Rubber Act.

Rumours about the Board started after the Union commerce ministry recently called a meeting to seek stakeholders' views on a Niti Aayog recommendation. "Niti Aayog had voiced an opinion that there is no need for (rubber)regulations and the promotion can be done by the state government or by the industry bodies," says K N Raghavan, executive director of Rubber Board, adding that the stakeholders demanded the Board and the Act should continue unchanged. The rubber sector is currently regulated by the Rubber Act, 1947, but the Centre has drafted the Rubber (promotion and development) Bill 2022 that could replace it. Falling rubber prices have already become a political issue in Kerala with the opposition demanding a minimum support price of Rs 250 per kg for natural rubber – something the incumbent LDF had promised in its election manifesto in 2021.

PRICES IN FREE FALL

	Natural rubber (per kg)		Latex (per kg)	
Month/Year	Domestic	International	Domestic	International
April 2021	166.65	162.71	122.96	114.53
Nov 21	182.79	144.18	132.74	110.32
Jan 2022	162.16	145.71	129.04	103.24
March 22	170.76	170.40	122.49	126.13
Aug 22	164.08	136.35	110.50	93.24
Nov 22	148.50	127.25	86.34	85.11
Dec 22	140.39	134.32	91.72	89.29

PSU banks give digital lending a push as part of EASE

Public sector banks are fast adapting to digital means as they have cleared digital lending of ₹ 83,091 crore in the financial year ending March 2022. As part of EASE 4.0 reforms, state-owned banks were asked to focus on digital lending, co-lending with non-banking firms, agriculture financing, and technological resilience for 24x7 banking.

The Enhanced Access and Service Excellence (EASE) program, driven by Indian Banks' Association (IBA), also stressed on data analytics, automation, and digitization. Launched in 2018, EASE sets a common reforms agenda for public-sector banks every year. The fourth edition of EASE was focussed on technology-enabled simplified and collaborative banking.

Regional rural banks too may get cover for education loans

The government could include regional rural banks or RRBs under the Credit Guarantee Fund Scheme for Education Loans or CGFSEL as it looks to further push education loans. "We are examining this... whether a separate structure is required or this can be incorporated within the existing architecture," said an official aware of the developments. Under CGFSEL, default in education loan is covered if the loan limit is ₹7.5 lakh without any collateral security and third-party guarantee. At present, the fund extends guarantee cover against default in education loans sanctioned by public, private and foreign banks.

This comes in the backdrop of the government taking a series of policy measures to further strengthen the regional lenders.

In a meeting on August 25, the government had reviewed the growth and disbursal status of education loans by state-run lenders. "Banks were asked to look at the delays in the sanctioning and disbursal process, and fast track the processes," said the above quoted official.

Public sector banks (PSBs) have achieved around 19% of the ₹20,450-crore education loan target for FY23 till June this year. "Incorporating RRBs under the credit guarantee fund will drive education loans," the above quoted official said. As per the latest report available, sanction amount under the guarantee cover stood at ₹19,175 crore in FY21. Banks have blamed the slow growth in education loans on rising non-performing assets in the category.

Govt Hikes Interest Rates On Some Small Savings Schemes

The government raised rates on some small savings schemes by up to 30 basis points (bps) in line with the hardening interest rate in the economy. With the revision, a three-year time deposit with post offices would earn 5.8% from the existing 5.5%, an increase of 30 basis points for the third quarter of the current financial year. Senior Citizen Saving's scheme will earn 20 basis points more to 7.6% from the existing rate of 7.4% during the October-December period, a finance ministry notification said.

With regard to Kisan Vikas Patra, the government has revised both tenure and interest rates. The Reserve Bank since May has raised the benchmark lending rate by 140 basis points, prompting banks to raise interest rates on deposits as well. Interest rates on small savings scheme were last revised during the first quarter of 2020-21. Rates first small savings schemes are notified every quarter. With the revision a three year time deposit with post offices would earn 5.8% as against 5.5%, an increase of 30 basis points for the third quarter of the current financial year. The senior citizen savings scheme will earn 20 basis points more at 7.6% against the existing rate of 7.4% during the October-December period according to a notification by the finance ministry. The government has revised both the tenure and rates of Kisan Vikas Patra (KVP) the new rate for KVP would be 7% and maturity period 123 months.

General PF rate retained at 7.1% for Oct-Dec. quarter

The government has retained the interest rate on General Provident Fund (GPF) savings at 7.1% for the October to December 2022 quarter, making it the 11th successive quarter of status quo in rates paid out on government employees' retirement savings. The Finance Ministry notified the 7.1% GPF rate, which also applies to other provident funds for government employees, including those serving in the Railways and the Armed Forces. Last week, minor hikes of 0.1 to 0.3 percentage points were announced on a few small savings schemes such as the Senior Citizens' Savings Scheme for the current quarter, but the return on the popular Public Provident Fund was left untouched at 7.1%. The GPF rate was last tweaked in the first quarter of 2020-21, when it was slashed from 7.9% to 7.1%.


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Startup for banana farmers launched

Kerala-based agri-business startup Greenikk has launched country's first full-stack supply chain which connects banana cultivators, traders and exporters on a single platform. The startup, co-founded by Fariq Naushad and Previn Jacob, would seamlessly connect banana farmers, dealers, wholesalers and B2B buyers of the country, according to a company statement.

As per the sources , "The platform will help farmers convert stems of the post-harvest banana plants into natural fibre and re-purpose the other leftovers as manure or poultry feed,". India is the world's biggest banana producer and this would give a boost to India's fruit exports.

Greenikk has built enablement centres (EC) in the major banana producing regions of Kerala, Tamil Nadu and Karnataka. These centres would provide the farmers with required supports such as finance, seeds, crop advisory, insurance coverage, agri inputs, including weather tips, and market connect, covering the entire gamut of production and marketing of the fruit. The company plans to set up such centres in Andhra Pradesh, Telangana and other states.

Parboiled rice exports take a hit on customs duty standoff

Almost 1,000 tonnes of parboiled rice - which is used to make idlis / dosas - are reportedly held up at the ports in Tamil Nadu since last month following the Central government order that levied 20% duty on raw rice exports and banned export of broken rice. "The Traditional Tamilnadu parboiled idly rice with full of white belly appearance is popular throughout the world," the Tamil Nadu Rice Mill Owners Association said in a tweet. "Due to the presence of chalky white grains (white belly) in rice (which is its normal appearance) customs officials at ports are not accepting it as parboiled rice," it added.

According to M. Sivanandan, secretary of the association, Tamil Nadu is the main producer of idli rice, which is parboiled, and is exported to countries such as Dubai, Japan, Canada, and Singapore. The rice looks white though it is parboiled. The officials are asking the exporters to pay 20% duty to export it, treating it as raw rice. With almost 1,000 tonnes held up, the mills are unable to make fresh paddy purchases.

Mills and exporters in Tamil Nadu ship 120 to 150 containers a month directly, apart from selling to exporters in other States. Except exports from Kerala, where idli rice is double parboiled, idli rice exports are affected in all other States, he said.

Red sanders growers in Telangana feel the blues

The very word Red sanders (yerra chandanam in Telugu), made more popular by the recent Allu Arjun blockbuster, Pushpa, traces the dubious manner in which smuggling of this precious tree species is carried out by mafia raj. But away from the gaze of Seshachalam forests in Andhra Pradesh, many farmers in the Telugu States, who have planted Red sanders without any common registry or association, are running from pillar to post to sell their genuinely grown trees, not because of lack of market, but enabling-policy. September deluge stalls kharif harvesting, damages crops. Excessive rains this month have stalled harvests of main kharif crops like maize, paddy and soyabean and affected their quality, which will likely reduce the returns for farmers, said traders and experts. "The impact of this untimely rain will not be good for the standing crop. Agriculture expert, Devinder Sharma said "the quality will go down and the colour will change, the marketing edge will be lost, it can also delay sowing for the next season, especially of wheat and potato.The sources revealed that Rajasthan's Kota and Jhalawar districts, known for their maize crop, have seen crop damage of 18-19%. The state's paddy crop has suffered a loss of 6%. For soyabean, the crop damage is 15%. In Madhya Pradesh, compromised quality would weigh on prices, said experts. "Since harvest of soyabeans is in progress in Madhya Pradesh, the quality will suffer hugely with oil content reducing and moisture content increasing," Whereas in Uttar Pradesh, a state which witnessed extremely deficient rains during June-September monsoons, has been getting heavy rains in October. There is waterlogging in fields, flattening standing paddy and potato plants. Haryana has issued orders for a special inspection as the standing paddy crop in hundreds of acres have been damaged last week. Other states are also expected to take similar steps.

Cheaper imports bring down soybean, mustard seed prices

A fall in import prices has pulled down mandi prices of edible oil seeds such as mustard and soybean, the Mustard Oil Producers Association (MOPA) said. It also urged the government to lift stockholding limits on edible oil and oil seeds immediately. These controls, the MOPA said, have hit the processing of oil seeds.

Krishna Kumar Agarwal, general secretary of MOPA said "Cheaper palm oil imports have impacted the mandi prices of soybean and mustard oil in the recent months," Stating that in the last four months, the prices of imported edible oil have fallen by 40-45%, MOPA has noted "as a result, the price of soybean seeds which was selling at around ₹9,500/quintal last year, is now selling at ₹4,500/quintal." Similarly, mustard seed prices are currently around ₹6,000/quintal against ₹8,500/quintal prevailed a year back. "Lower prices realized by farmers could discourage them to shift to oilseeds cultivation,"

As reported , the landed prices of palm oil (at Mumbai port), which accounts for a 60% share in the country's edible oil imports, have declined 36% to $930/tonne on October 7, 2022 against $1,453/tonne prevailed a year ago. On April 1, to curb the rise in prices, the government extended stock limits on edible oils and oilseeds till December 31, 2022. In October 2021, the government imposed stock-holding limits on edible oils and oilseeds till March 31, 2022. However, the quantities of stock limits of edible oils and oilseeds were left to the state and Union Territories to decide based on their respective consumption pattern. According to the stock holding limits, retailers can hold only up to 30 quintal of edible oils and 100 quintal of oilseeds while wholesalers can hold 500 quintal of edible oils and 2,000 quintal of oilseeds at any given time.

COOIT in its communication to the finance ministry recently had said "harvesting of kharif crops will start in the next few months and many commodities will start coming into the mandis and in the absence of futures markets a reference price isn't available which will make operating in the spot markets difficult." India is dependent on imported edible oils, with around 14 million tonne (MT) or two-thirds of the total estimated annual consumption of 22 MT met through imports. Around 8 mt of palm oil is imported from Indonesia and Malaysia, while other oils, such as soya and sunflower, come from Argentina, Brazil, Ukraine and Russia.

Pan-India roll-out of single-brand fertiliser policy by year-end

According to Arvind Chaudhary, Director General, Fertiliser Association of India (FAI), "the entire subsidy burden (on account of sale of fertilisers below cost) is born by the government. With the new policy, fertiliser sales will be freed from branding,"

Units will have to use up old packaging materials before shifting into uniform packaging. In August, the government had decided to implement 'one nation, one fertiliser' policy by introducing a single brand name for urea and other fertilisers, effective October 2, 2022. Fertilisers such as urea, di-amonimum phosphate (DAP), muriate of potassium (MOP) and nitrogen, phosphorus and potassium (NPK) being sold by companies, state trading entities and marketing companies will add the prefix of Bharat Bharat urea, Bharat DAP, Bharat MOP and Bharat NPK under the new policy.The name of manufacturers will be mentioned on the packs.

Sources said that Prime Minister Narendra Modi will formally launch 'one nation, one fertiliser' initiative soon. As reported by the ministry "A common logo indicating fertiliser subsidy scheme named Pradhanmantri Bhartiya Janurvarak Pariyojna will be used in all fertiliser bags," The government releases the fertiliser subsidy to manufacturers, which sell their produce to farmers through their retail chains. Since October 2016, the subsidies have been released to the farmers with the use of point of sale (PoS) devices installed at outlets. Since March 2018, beneficiaries have been identified through Aadhaar number, Kisan Credit Card and other documents. In the case of urea, farmers currently pay a fixed price of ₹242 per bag (45 kg) against the cost of production of around ₹3,000 per bag. The balance is provided by the government as a subsidy to fertiliser units.

The government announces nutrient-based subsidy rates for phosphatic and potassic fertilisers for kharif and rabi seasons annually. The government may revise the budget estimate (BE) for fertiliser subsidy in the current fiscal year by around 137% to ₹2.3 trillion, as elevated global prices of fertilisers and natural gas, the key feedstock, have inflated costs. This will be the largest ever outlay for fertiliser subsidy. The subsidy on farm nutrients stood at ₹1.4 trillion (revised estimate) last year. Chemicals and fertilisers minister Mansukh Mandaviya had recently stated that the government would not pass on the burden of rise in global prices to farmers. The government has been raising the subsidy on urea in tandem with the increase in costs as the retail prices of the nutrient are fixed.

Groundnut oil prices to remain firm due to drop in acreage

High groundnut oil prices are unlikely to go down during the 2022-23 season as kharif groundnut production is likely to dip by 0.85 million tonne to below 3 million tonne in the season due to a drastic fall in the acreage in Gujarat, the largest producer of groundnut in the country.

Apart from a drop in the acreage, unseasonal rain played spoilsport for the important oilseed crop, said Atul Chaturvedi, president of Solvent Extractors' Association of India (SEA). As per the recent survey of SEA, Gujarat is likely to clock nearly 3 million tonne of groundnut production for the current season compared to nearly 3.85 million tonne in 2021-22.

The impact of estimated lower production of groundnut is reflected in prices of groundnut oil which have touched ₹3,000 per 15-kg tin. The Saurashtra Oil Mills Association (SOMA), an apex body of Gujarat-based oil mills, has pegged estimated groundnut production even lower at below 2.9 million tonne in the crop year from July 2022 to June 2023.

Kishor Viradia, chairman of SOMA, said as compared to the past three years, Gujarat is witnessing the lowest sowing of groundnut at nearly 1.7 million hectare, compared with a peak of 2.1 million hectare during kharif 2020 season. In the 2021-22 season, groundnut sowing was in 1.93 million hectare.

Samir Shah, president of Gujarat State Edible Oils and Oil Seeds Association (GEOA), said that while fresh arrival of groundnut will start from November, there has been a huge spurt in domestic demand and exports for groundnut seeds which is not allowing oil mills to procure groundnut at affordable rate for crushing.

With almost 60% of India's total production, Gujarat is the biggest producer of groundnut in the country with around 4 million tonne (MT) production followed by Rajasthan, Tamilnadu, Andhra Pradesh and Karnataka.

Wheat sowing starts at brisk pace

Even as wheat stocks with the government are hovering around the buffer, sowing of the key rabi cereal has started on a brisk note, with a 54% year-on-year jump. Wheat has been sown in 54,000 hectares in this season for the 2022-23 crop year (July-June) so far, compared with 35,000 hectare a year ago, the agriculture ministry data showed. As on October 1, wheat stocks with the FCI and other government agencies were at 22.7 million tonne (mt), against a buffer of 20.5 mt and last year's level of 46.85 mt.

Currently, wheat sowing activities are mostly in Uttar Pradesh, Uttarakhand, Rajasthan and Jammu & Kashmir. However, farmers in three major producers of the grain — Punjab, Haryana and Madhya Pradesh are yet to commence wheat sowing as harvesting of paddy was delayed by a fortnight because of surplus rains received during end of September and early October.

These are, however, still early days to make an assessment of the rabi crop as sowing would continue through December. Meanwhile, the total area under all the winter crops was reported at 3.77 million hectare (mh) up 38% from the year-ago level. The five-year average rabi crop area is 63.3 mh. Other major rabi crops are mustard, gram (chana) and coarse cereals.

Farmers seeking to use higher soil moisture from surplus rains received earlier this month. Average area under wheat crop for the last few years is 30.4 mh. Officials said that wheat sowing is being keenly watched this season, as the output had declined by around 3% to 106.8 million tonne (mt) in 2021-22 crop year (July-June) because of heat-wave prior to harvesting in March.

In the rabi marketing season (April-June) for 2022-23, wheat procurement by the Food Corporation of India and state government agencies dropped by more than 56.6% to only 18.78 mt against 43.34 mt purchased from the farmers in the previous year. Pulse sown areas have been reported to be higher by 49% at 0.88 mh so far against 0.59 mh in the year-ago period. Areas under gram, which had a 50% in the country's pulses production was reported at 0.7 mh against 0.6 mh reported a year ago.

Areas under oilseeds such as mustard and groundnut have been reported 30% more than the previous year at 1.9.6 mh, compared to 1.5 mh reported in the same period last year. The major chunk of oilseeds sown is mustard, which had been sown in 1.9 mh compared to 1.4 mh covered during the same period last year. With the government announcing around 4% higher minimum support price (MSP) of mustard at ₹ 5,450 a quintal for the 2022-23 season, officials said that farmers are encouraged to grow more oilseeds so that the country's import dependence on edible oil could be reduced. Coarse cereals such as jowar and bajra were sown in 0.44 mh against 0.23 mh in the previous year while rice has been sown in 0.44 mh against 0.35 mh a year ago, according to agriculture ministry data. In September, the government had set a food grain production target of 328 mt for the 2022-23 crop year (July-June) which is 4% more than a record foodgrain output of 315.7 mt in the previous year.

Use of GM mustard key to cutting edible oil imports

India's production of edible oils which has been stagnating at around 10 to 11 million tonne (mt) since last five years could get a significant boost provided the government gives the nod for commercial release of the transgenic mustard variety recommended for environmental release by the country's bio-tech regulator Genetic Engineering Appraisal Committee (GEAC).

Unlike other edible oils like palm, soybean and sunflower which are imported by the country in large quantities, mustard oil is not imported but a rise in its domestic production will help address the trade deficit through increased consumption of this variety of oil. The average yield of mustard which has a share of around 40% in domestic edible oil output, has been around 1.5 tonne per hectare, and this compares poorly with other major producers like Canada and Australia.

Mustard is grown mostly under the rainfed conditions in Rajasthan, Madhya Pradesh and Uttar Pradesh, where yields fluctuate. In the 2021-22 rabi season, mustard was sown in around 9.1 million hectares (mh). Other main oil seeds – soyabean and groundnut – have shares of 24% and 7%, respectively, in domestic production. "The herbicide-tolerant variety of GM mustard (DMH 11) could be used for production of superior seed varieties which would increase production and reduce dependence on edible oil import," PK Rai, director, ICAR-Directorate of Rapseed and Mustard Research (DRMR), Bharatpur, Rajasthan, said.

India meets around 56% of its annual edible oil consumption via imports with annual imports being around 13-14 million tonne (mt). The country's imports palm oil from Indonesia and Malaysia while soybean and sunflower is imported from Ukraine, Argentina and other countries. India's edible oil demand has been in range of 24-25 mt in recent years.

The value of edible oil imports jumped from ₹ 0.62 trillion in 2018-19 to ₹ 1.5 trillion in 2021-22, even as volumes remained flat, as prices skyrocketed. Because of softening global prices since Indonesia's lifting of a temporary ban on palm oil exports, the import prices have softened. "With the introduction of GM mustard hybrid, the yield could increase by around 25% in the next couple of years and help the country in achieving domestic edible oil production of 17 mt as envisaged by 2025-26," KC Bansal, Secretary, National Academy of Agricultural Sciences, said.

India started commercial cultivation of BT cotton in 2002, which resulted in an impressive threefold increase in cotton yield within a decade. While the then Genetic Engineering Approval Committee had approved the first transgenic food crop Bt Brinjal in 2009 for wider environmental release, the decision was later stayed by the then environment minister Jairam Ramesh on grounds of 'insufficient scientific evidence about safety'. The issue has since been hanging fire.

The GM mustard variety DMH 11 is expected to help fight orobanche weed which hits yield of crop in 2.5 mh out of around 7 mh cultivated area and herbicides tolerant trait of variety could be inserted into existing varieties for increasing their yield. GEAC has recommended development of new parental lines and hybrid seed under supervision of Indian Council for Agricultural Research (ICAR) for transgenic mustard variety developed by the Centre for Genetic Manipulation of Crop Plant (CGMCP) of the Delhi University.

Sources said after environmental release of GM mustard would have to be approved by the government before being used for seed multiplication by DRMR. Given the opposition to the approval of the first transgenic food crop and sowing windows for mustard of mostly over by now, seed multiplications by DRMR would have to wait for the next season.

Meanwhile, the coalition for a GM-Free India, urged the government against approval of GM mustard citing lack of scientificity or responsible regulation. RSS-affiliate Swadeshi Jagran Manch said that the environment ministry would not give the final nod for GM mustard.

FCI to offload wheat to check prices

The Food Corporation of India (FCI) is likely to offer 2-3 million tonne (mt) of wheat under the Open Market Sale Scheme (OMSS) to bulk buyers to curb rising prices of the grains in the current agriculture marketing year (2022-23), despite the stocks being just marginally above the buffer. The FCI's open market sales stood at 7 MT in 2021-22 and 2.5 MT in 2020-21.

The corporation had earlier stopped sale of wheat in the open market from its stocks for the first time more than a decade in view of a sharp drop in procurement in 2022-23 Rabi marketing season and additional allocations of the grain under the Pradhan Mantri Garib Kalyan Anna Yojana.

A food ministry official told that as per latest assessment, the wheat stocks held with FCI by March 31, 2023 would be a comfortable11.3 mt against a buffer of 7.4 mt. and are considering a proposal to offer wheat to bulk buyers from our stocks. However, wheat will be offered to small flour millers across all the depots in smaller quantities while in the previous years, when the grain used to be offered to large buyers from depots in Punjab. Intervention at the regional levels by selling wheat stocks across FCI depots shall be followed.

The actual quantity of wheat offered to millers and the food industry would be decided soon. The FCI usually follows Minimum Support Price (MSP) and freight cost to the delivery points from Punjab as cost for OMSS. In 2021-22, FCI had sold around 7 mt of wheat under OMSS to flour millers and food companies. As on October 1, wheat stocks with the FCI and other government agencies were at 22.7 mt, against a buffer of 20.5 mt. A year back, wheat stocks were at 46.8 mt.

Wheat prices rose by 17.4% in September 2022 compared to previous year. The wheat output in the 2021-22 crop year (July-June), as per the agriculture ministry, has declined by around 3% on year to 106.8 mt because of heat waves during the flowering stage of the crop in March.

Due lower production and higher global demand, FCI's procurement in 2022-23 season fell by more than 56.6% to only 18.8 mt against 43.3 mt purchased from the farmers in the previous year. Due to lower wheat stocks, the rice component of the free ration scheme was enhanced by 80% effective May. The government placed curbs on exports of wheat in May, even as the global markets looked very remunerative to exporters.

According to the department of consumer affairs' price monitoring cell data, the modal retail price of wheat last week rose to ₹27/kg from ₹ 25/kg prevailed a month back. The mandi prices are currently ruling around ₹ 2,400-2,500/quintal against the MSP for the current season of 2015/quintal.

The wheat procurement for 2023-24 rabi marketing season would commence from April 1 and would continue till the end of June. It is expected to boost wheat stocks of FCI. The MSP for wheat has been hiked by more than 5% to ₹ 2125 per quintal for the next marketing season in comparison to current season.

Millet exports to get a leg up

The government has formulated a strategy to boost exports of nutri-cereals – millets and valued added products — to major markets like the USA, United Kingdom, Belgium, Netherlands, Japan, United Arab Emirates and Saudi Arabia. The Agricultural and Processed Food Products Development Authority (APEDA) in collaboration with Indian missions would organise series of events abroad to promote millet products through hyper markets, retailers and corporates.

The steps would coincide with the United Nations General Assembly resolution declaring the International Year of Millets (IYM), 2023. "We will tie-up big global retails chains such Lulu, Al Jazira, Carrefour for promoting exports of millet products over the next couple of years," M Angamuthu, Chairman, APEDA, told. Currently, millets are exported for fodder purposes only to a few countries. He further added that while a major chunk of the export basket of APEDA products includes rice, livestock, dairy, fruits and vegetables products, promoting millet exports has significant potential in the coming years. From an exports of $ 64 million in 2021-22, shipment of nutri-cereals could cross $ 100 million by 2023-24, as per official assessment.

The agri-export promotion body which functions under commerce ministry would focus on exports of value added products such as noodles, pasta, breakfast cereals mix, snacks, sweets etc. "Indian missions in the key markets could be working on branding of millet products through tie-ups with international chefs, identification of key retailers and facilitating tie up with key importers," according to a commerce ministry official.

A pre-launch event for IYM, 2023 would be organized here on December 5 which would showcase key stakeholders – farmer's producer's organisations, start-ups, exporters and manufacturers in the country's millet supply chains. Finance Minister Nirmala Sitharaman recently announced providing ` 25 crore under the NABARD's rural infrastructure development fund to University of Agricultural Science, Raichur, Karnataka, for establishment of incubation centre for processing and value addition for promotion of millets.

India's millet production including sorghum (jowar), pearl millet (bajra), finger millet (ragi) in the 2021-22 crop year (July-June) was 15.9 million tonne (mt). Rajasthan, Maharashtra, Karnataka, Gujarat and Madhya Pradesh have a share of more than 60% in the total millet production. According to FAO, global millets production was 30.4 mt in 2020.

India is one of the leading producers of millets in the world with an estimated share of 41% in the global production. Millets were notified as nutri-cereals by the government in April 2018 and these cereals were included under the POSHAN mission Abhiyan.

Currently over 500 startups are associated with developing the value chain while the Indian Institute on Millet Research, has incubated 250 Startups under the Rashtriya Krishi Vikas Yojana – remunerative approaches for agriculture and allied sectors rejuvenation (RKVY-RAFTAAR), a flagship scheme of agriculture ministry. These cereals are a rich source of protein, fiber, minerals, iron, and calcium and have a low glycemic index.

India's rice exports to fall by 1.5 mt to 19.5 mt: USDA

India's rice exports may decline to 19.5 mt in 2023 from a record 21 mt of shipment this year, the United States Department of Agriculture (USDA) has stated in its outlook. The USDA said the fall in exports is mainly because of an anticipated decline in India's rice production due to deficiency in monsoon rainfall in the key grain growing states in eastern India.

India's price quotes for 5% broken-kernel rice shipped bulk were $ 380/tonne for the week ending November 8, 2022 against Pakistan's $ 415/tonne and Argentina's $ 415/tonne. India banned broken rice exports, used as animal feed in September. Officials said that India would continue to be the largest exporter of the grain in the world next year as well despite a decline in shipment.

USDA also projected a 2 mt decline in production for China, world biggest producer of rice, to 147 mt, from a record of output for 2021/22. Pakistan's rice production is expected to decline by 2.5 mt to 6.6 mt because of flooding in the Indus river valley.

In September, the agriculture ministry in its first advance estimate for foodgrain production had stated that rice production in the current kharif season for the 2022-23 crop year (July-June) would decline by around 6 mt to 124 mt from a record 130 mt reported in the previous year. India has been the world's largest rice exporter in the last decade — export earnings stood at $ 8.8 billion in the 2020-21 financial year (April-June) and $ 9.6 billion in 2021-22. In the current fiscal (April-Sept), $ 5.4 billion worth of rice (11 mt) has been exported.

India accounts for around 40% of global rice trade and exports to more than 150 countries. Out of the 21 mt of rice shipment in 2021-22, India exported more than 17 mt of non-basmati rice and the rest of the volume was aromatic and long grain Basmati rice. In terms of volume, Bangladesh, China, Benin and Nepal are four major export destinations of rice.

In September a food ministry official had stated that there has been 'mind-boggling" increase of exports of broken rice which had caused domestic shortage and increased poultry and feed meal rates. Broken rice is largely meant for the non-human consumption and it is used as a feed in the poultry industry.

FCI's grain stocks fall to five-year low, Govt. says no threat to food security

Stocks of wheat and rice with the Food Corporation of India (FCI) and state agencies have plunged to a five-year low to 37.6 million tonne (MT) at the beginning of this month against 72.1 MT a year ago. The FCI had wheat stock of 21 MT on November 1, a six-year low, against the buffer requirement of 13.8 MT for the beginning of the next year. However, the current stock of 16.6 MT of rice is more than double the buffer requirement of 7.6 MT for January 2023. Food ministry officials said "We have sufficient stocks to meet requirements under various schemes such as the National Food Security Act and Pradhan Mantri Garib Kalyan Anna Yojana (free ration scheme)," an official told. Meanwhile, kharif paddy procurement stood at 24.2 MT, marginally higher than the year-ago level. Currently, paddy procurement is being carried out in Punjab, Chhattisgarh, Uttar Pradesh, Telangana, Haryana and Tamil Nadu.Over 1.35 million farmers have received ₹ 47,700 crore as minimum support price (MSP) since the commencement of procurement on October 1. The target is to procure 77 MT of paddy in the kharif season across key producing states. With the inclusion of rabi paddy, the government agencies are expected to purchase 90 MT of paddy during the 2022-23 season (October-September). Paddy to rice conversion ratio is 67%. After paddy is procured from the farmers by FCI and state agencies, it is handed over to millers for conversion into rice in the previous year, rice procurement was a record 60.2 MT. Rice production had hit a record 130.29 MT in the 2021-22 crop year.Meanwhile, sources said that FCI is likely to offer 2-3 MT of wheat under the Open Market Sale Scheme to bulk buyers to curb rising prices of the grains in the current marketing year (2022-23), despite the stocks hovering around the buffer. As per latest assessment, the wheat stocks held with FCI by March 31, 2023, would be around 11.3 MT against a buffer of 7.4 MT. Due to lower production and higher global demand, FCI's procurement in the 2022-23 season fell by more than 56.6% to only 18.8 MT against 43.3 MT purchased from the farmers in the previous year.

No action to control wheat prices yet says Food Secretary Sanjeev Chopra

Sanjeev Chopra, secretary, the Department of Food said, the government has ruled out any action to control wheat prices as it keeps a close watch on the price movement of the commodity. The price rise of the food grain is in tandem with the increase in the minimum support price (MSP) and general inflationary trends. He said "Rice prices are just flat. Wheat prices have gone up by 7 percent in retail after the imposition of wheat ban in May and if taken into account the increase in minimum support price, the price rise is 4-5%"

He further added that, no decision has yet been made on the sale of the grain under the open market sale scheme to cool down its prices. The stock position of wheat and rice were comfortable and more than the buffer requirements the government will have 11.3 mt of wheat on April 1, 2023 against the stock requirement of 7.5 mt.

Paddy procurement up 9%

As per the sources, the government's paddy procurement for the central pool rose over 9% to 306.06 lakh tonnes so far in the ongoing 2022-23 kharif marketing season, according to the food ministry data. Higher quantities of paddy were purchased from Punjab, Haryana, Chhattisgarh and Telangana.Normally, paddy procurement begins immediately after the withdrawal of the Southwest monsoon from October onwards. However in southern states, especially in Kerala and Tamil Nadu, it begins from September. The government aims to procure 775.72 lakh tonnes of paddy in the 2022-23 kharif marketing season (October-September). The actual procurement stood at record 759.32 lakh tonnes in the previous season.

Government lifts ban on exports of organic non-basmati rice

As per the report, the government lifted the ban on exports of organic non-basmati rice, including broken rice, a move which would help in promoting the outbound shipments of the commodity. The government had, in early September, banned the export of broken rice with an aim to increase domestic availability. This followed a 20% duty on the export of non-basmati rice aimed at shoring up domestic supplies after prices surged in retail markets. In a notification, the Directorate General of Foreign Trade said the export of organic non-basmati rice, including organic non-basmati broken rice, will now be governed by rules that prevailed before the September ban.

Rice exports stood at USD 5.5 billion during April-September 22. It was USD 9.7 billion in 2021-22, according to the commerce ministry data. All India Rice Exporters Association past President Vijay Setia said "India exports about 10,000-15000 tonnes of organic rice (basmati and non basmati) annually. The exports of organic basmati and non-basmati rice was growing rapidly in the last 4-5 years and the government has taken the right step to lift the ban,"

Food Corporation of India (FCI) MD Ashok K K Meena has said that the government is regularly monitoring the price scenario of essential commodities and taking corrective measures as required. There is negligible hike in the retail price of rice and prices are under control,"

Groundnut prices gain on lower crop fears

With groundnut seed processors and oil millers expecting lower kharif crop of 2.5 million tons in current season as against nearly 3.5 million tons in the last season, groundnut prices have soared as high as ₹ 2000 per 20 kg in some mandis in Gujarat. At Hapa mandi in Jamnagar district, farmers sold groundnut at record ₹ 2050 per 20 kg last week. Although this record-breaking price was for high quality groundnut, on an average groundnut is being sold at prices ranging from ₹ 1100 to ₹ 1850 per 20 kg in local mandis.

While the Minimum Support Price (MSP) for groundnut for the current year is ₹ 1170 per 20 kg, groundnut growers are getting much higher prices for their produce. This has resulted in almost total lack of procurement by nearly 160 groundnut procurement centers opened by the National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) in association with Gujarat State Co-operative Marketing Federation Ltd.

Sources in NAFED said "We have permission to buy up to 1 million tons of groundnut in Gujarat at MSP. Looking at the current situation only 39,539 farmers have registered themselves to sell their produce at these centers. Since they are getting much higher prices in the open market, naturally they are not coming to us. NAFED centers will remain open till January 26, 2023,."

Industry observers said groundnut is in great demand this season. Oil millers and groundnut seed processors have started buying the commodity in large quantities. Export demand for groundnuts has also increased. Besides, there are encouraging inquiries from Chinese buyers for groundnut oil, sources revealed. As per source, a large number of farmers in Gujarat have shifted from groundnut to cotton and the unseasonal rain in October too caused damage to groundnut crop which affected production.

As per a survey of Solvent Extractors Association of India (SEAI), Gujarat is likely to witness nearly 3 million tons of groundnut production. However, local traders, brokers and oil millers are expecting production of groundnut somewhere between 2.5 million tons to 2.8 million tons of produce. With around 60 % share in India's total groundnut production Gujarat is the biggest producer of groundnuts in India followed by Rajasthan, Tamil Nadu, Andhra Pradesh and Karnataka.

Fertiliser body sees subsidy for FY23 at ₹ 2.3-2.5 trillion

The government's fertiliser subsidy expenses are likely to be in the range of ₹2.3-2.5 trillion in this fiscal but may see a fall in 2023-24 because of recent moderation in global prices, the Fertiliser Association of India (FAI) said. According to KS Raju, president, FAI, due to sharp rise in global prices of fertiliser and increase in prices of natural gas, a key raw material in manufacturing of urea, the subsidies are seen higher in the current fiscal. He said "The farmers have been insulated from the spike in fertiliser prices,". While the government had estimated fertiliser subsidy to be `1.05 trillion at the beginning of 2022-23, subsequently the government had allocated ₹1 trillion under nutrient subsidy.The subsidy on farm nutrients stood at ₹1.6 trillion (revised estimate) last year. It would be the fourth year in a row that the annual Budget spending on fertiliser would be above ₹1 trillion mark this fiscal, against a lower range of ₹70,000-80,000 crore in the past few years.

Rating agencies — ICRA & Crisil — have pegged the government's fertiliser subsidy to cross ₹2.5 trillion in the current fiscal. FAI said that there have been unprecedented international price rises for fertilisers and fertiliser raw materials, including LNG during the past two years.

The urea units use pooled gas, which comprises domestic gas and imported liquefied natural gas, a policy which had been formulated since May, 2015 by the petroleum ministry. The pooled gas price in October 2022 was around $25 million metric BTU (mmbtu) and has jumped by almost two and half times in the last 18 months. In case of urea, farmers pay a fixed price ₹242 per bag (45 kg) against the cost of production of around ₹2,650 per bag. The balance is provided by the government as a subsidy to fertiliser units. Nearly half of its di-ammonium phosphate (DAP) requirements are imported via (mainly from West Asia and Jordan) while the domestic Muriate of potash (MoP) demand is met solely through imports (from Belarus, Canada and Jordan, etc).

According to FAO, imported urea prices have risen by more than 150% to $1,000 a tonne in December 2021 from $400 a tonne in April, 2021. In October, 2022, imported urea prices are at $600 a tonne. Global prices of DAP, which rose by 70% $ 945 a tonne in July 2022 from $ 555 a tonne in April, 2021, have since moderated. In October 2022, DAP prices were $ 722 a tonne.

Crop insurance may get ₹15500 cr

The Union Budget is likely to allocate around ₹ 15,500 crore for the implementation of Pradhan Mantri Fasal Bima Yojana (PMFBY) for next financial year same as the budget estimate for 2022-23, despite a spike in expenses. Sources said the anticipated expenses for the centre for implementation of PMFBY in current fiscal would be around ₹ 19,000 crore against the budget estimate of ₹15,500 crore, while there are around ₹ 6000 crore of 'unspent balance' in the corpus of the scheme from the previous year.

"With a similar level of allocation for 2023-24 like the current fiscal, it would be adequate for implementation of the crop insurance scheme," an official told. The premium to be paid by farmers under the crop insurance scheme is fixed at just 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops. The balance premium is equally shared among the Centre and states, which implies they bear most of the premium under the scheme. In the case of the north-eastern states, the premium is split between the Centre and states in a 9:1 ratio. PMFBY is currently being implemented in 21 states/union territories. Ten insurance companies both the public and private sectors, are implementing the crop insurance scheme.

In the last six years, ₹ 25,186 crore have been paid by farmers as the premium, wherein ₹ 1.26 trillion have been paid to the farmers against their claims as on October 31, 2022, according to an agriculture ministry statement last week. States such as Andhra Pradesh, Telangana, Bihar, Jharkhand, West Bengal and Gujarat had dropped out of the scheme because of the high costs. However, Andhra Pradesh re-joined the crop insurance scheme from kharif 2022. Officials said that talks are on with Telangana and Jharkhand, who are expected to re-join the scheme soon. Punjab, which has not adopted the crop scheme launched in 2016, is in discussion with the agriculture ministry to launch the scheme from kharif 2023 in the state. Meanwhile, the government would soon introduce restructured PMFBY for expanding the base of insurance coverage amongst farmers and ensure quick settlements of claims.

Banking on a new model

As per the news report, to thrive in the new digital environment, banks will need to rearticulate their value proposition, bearing in mind the power of simultaneously simplifying and upgrading the customer experience and creating value through data. Each bank should prioritise a retail business - or, depending on capital resources and competitive strengths, multiple businesses - and develop a digital platform that supports the full search-shop-manage value chain of the priority business. Each of the three business models - daily banking, navigating life events and building and protecting wealth - if executed successfully, could provide a much-needed boost in profitability for retail banks, with target cost-to-income rations between 40% and 50%. Cost-reduction levers would differ for each model but would include optimisation of branch networks and maximum automation of cu product penetration across the customer base, income levers include new revenue streams with ecosystem partners. The adoption of platform-based business models will unleash a kind of internal disruption, requiring banks to give up revenue in some areas as they position themselves for fast growth in the target business.

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Continue from to page no. 24

There have been instances across the country when credit societies have launched Ponzi schemes taking advantage of these loopholes. Such schemes mostly target small and medium holders with the lure of high returns. Fly-by-night operators get people to invest and, after a few instalments, wind up their operations.

The Government should be aware that even if it takes a stand that societies are 'stand-alone institutions', the public is of the strong view that the cooperative institution is an extended arm of the Government and whenever there is malfunctioning or mismanagement in a society, it complains to the Registrar (be it the State Registrar or the Central Registrar). The Registrar is not expected to evade his responsibility by issuing circulars/ instructions that the public deals with societies at 'owner's risk' because the societies are not really autonomous in view of various stringent provisions of the Act, unlike the Companies Act.

It is not only important to strengthen the provisions of the statute to overcome hurdles and hiccups; it is more imperative and imminent to augment the machinery to the societies. oversee and supervise the working of the societies, only then the purpose would be served and achieved. In the first instance, the manpower in the office of the Central Registrar should be enhanced and thereafter all States where the societies are in existence should have branch offices to ensure better governance of the societies.

Though the proposal to bring amendment to the MSCS Act, 2002 is a step in the right direction, instead of bringing such piecemeal amendments, the Government can think of an enbloc amendment to the Act. Since the enactment of the Act. in 2002, much water has flown under the bridge, especially to give full effect to the 97th CAA. For that the Government should take stock of the working of various national, state level and other societies and then a need-based enactment is to be brought into force. This is an urgent need and should be the top priority of the new Ministry. Serious and series of consultations should be undertaken with all the stakeholders before undertaking such task.

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Telangana State Co-operative Apex Bank Ltd.

(State Govt. Partnered Scheduled Bank)

Troop Bazaar, Hyderabad - 500 001, url:http://tscab.org. Phone : 040-2468 5650

Financial Performance of TSCAB

(₹ In Crores)

S.No	Particulars	31.03.2021	31.03.2022 (Unaudited)	Percentage Increase (YOY)
1	Share Capital in Rs. Crores	230.64	289.25	25.41
2	Reserves	556.53	625.33	12.36
3	Deposits	5466.41	6941.95	26.99
4	Borrowings	5413.42	6261.80	15.67
5	Business Turnover	13245.69	16276.71	22.88
6	Loans & Advances	7779.28	9334.76	20.00
7	Investments	1467.72	2058.78	41.95
8	Operating Profit (Profit Before Tax)	59.38	96.63	62.73
9	Gross NPAs %	0.17	0.14	(-)17.64
10	CRAR %	9.90	10.53	6.36
11	CD ratio	142.31	134.47	(-)5.51

"Your Prosperity is our Priority"