

COMMITTEE ON AGRICULTURE, ANIMAL HUSBANDRY, AND FOOD PROCESSING

Demands For Grants (2023-24) Of The Ministry Of Cooperation

FIFTY SIXTH REPORT

The Report gave an overview of the Ministry of Cooperation (MoC). Secondly, it dealt with the issues and challenges faced by the Cooperative sector in India. Finally, it analyzed the Demand for Grants of MoC for 2022-23 and 2023-24. The Report also provided observations and recommendations of the Committee.

INTRODUCTION

The Ministry of Cooperation (MoC) was created to provide a separate administrative, legal, and policy framework to strengthen the cooperative movement in the country.

The mandate of MoC is to provide:

- General Policy in the field of Cooperation and Coordination of co-operation activities in all Sectors;
- Realization of vision “from cooperation to prosperity”;
- Strengthening of cooperative movement in the country and deepening its reach up to the grassroots;
- Promotion of cooperative-based economic development model, including the spirit of responsibility among its Members to develop the country;
- National Cooperative Development Corporation;
- Incorporation, regulation and winding up of Co-operative societies with objects not confined to one State including administration of ‘the Multi-State Co-operative Societies Act, 2002;
- Training of personnel of Co-operative Departments and Co-operative Institutions (including education of members, office bearers and non-officials);
- Matters relating to National Co-operative Organization

National Council for Cooperative Training (NCCT) and National Cooperative Development Corporation (NCDC) are the two autonomous bodies of MoC. NCCT is responsible for the implementation of cooperative training and awareness schemes of the MoC.

NCDC is responsible for promoting and developing farmer cooperatives to boost production and build post-harvest facilities.

There are 65 regular staff working in the MoC against a sanctioned strength of 197 posts. The Staff Selection Commission has been requested to fill-up the vacant posts in MoC.

The MoC was responsible for implementing the “Central Sector Integrated Scheme on Agricultural Cooperation” (CSISAC). The CSISAC was implemented by the erstwhile Department of Agriculture, Cooperation & Farmers Welfare which ceased functioning w.e.f 2022-23. The MoC had, thereafter, proposed to replace CSISAC with four new schemes:

- **Digitization of “Primary Agricultural Credit Societies” (PACS)**
- **Education and Training**
- **Credit Guarantee Fund for Cooperatives**
- **Sahkar se Samriddhi Yojana (S-S)**

Current status of the above policies :

1. Computerization of PACS, a centrally sponsored scheme, was approved by the cabinet in June 2022 and was allotted a Budget Estimate (BE) of Rs. 968.24 Cr.
2. The proposed scheme of Cooperative training which primarily aims at capacity building and general awareness of cooperative societies is at an advanced stage of formulation.
3. The proposed scheme of Credit Guarantee Fund for Cooperatives has been withdrawn by MoC after the Department of Expenditure (DoE) stated there are other schemes which offer credit guarantee to cooperatives. Hence, MoC is not seeking any funding for this proposed scheme in BE for 2023-24.
4. MoC had circulated a concept note by the name of “Capital Infusion Strengthening of Cooperative Sugar Mills (CISCSM) and sought a grant of Rs. 5,000 Cr on 05.11.2022. The DoE had given an in-principle grant of Rs. 1,000 Cr to NCDC for one year. MoC wanted CISCSM to be a sub-component under the scheme of S-S. However, the same was rejected by DOE as S-S had not been appraised earlier. Thereafter, MoC has decided to formulate a new scheme under Sahkar se Samriddhi Yojana (S-S). The same couldn't materialize in the financial year of 2022-23 and MoC intimated that timely action will be taken to formulate a scheme under S-S.

MoC was allocated a BE of Rs. 900 Cr during the financial year of 2022-23. The budgetary support was later increased to Rs. 1624.74 at the Revised Estimate stage.

CHAPTER-II : ISSUES AND CHALLENGES IN THE COOPERATIVE SECTOR

Various issues and challenges faced by the Cooperative Sector in India:

Cooperation Policy: The policy is being prepared through extensive consultation with stakeholders. A two-day conference was organized in which Cooperation Secretaries/RCSs from all States/UTs discussed various aspects such as the **legal framework, ease of doing business, making cooperatives vibrant economic entities**, etc. A National level committee was constituted in 2022 consisting of various experts for formulating the New National Cooperation Policy (NCP).

Administration of Cooperative Societies: Two types of Cooperative Societies exist in India – one whose area of operations is limited to a State which is registered under the law passed by the State govt. and the other which serves the interests of members in more than one State which is registered under the law passed by the Parliament.

National Level Data Repository: MoC initiated the process of developing a “**National Cooperative Database**” that would have an **authentic and updated data repository of cooperatives working across the country**. This would aim to help relevant stakeholders in implementing better policies through the Database. The data fields of the database were finalized after extensive discussions with State/UT RCS, National Cooperative Federations, and other stakeholders. MoC decided to implement the database in a phased manner with Phase I being data collection of three sectors i.e. PACS, Dairy, and Fisheries. MoC also informed the Committee that Rs. 100 Cr. earmarked for NABARD for the development of the database will not be used for the preparation of State and District-wise data on Cooperative Societies.

Management of Multi-State Cooperative Societies (MCSC): The winding up proceedings against 77 MCSCs are currently underway out of the total of 1481 MCSCs across the country. Also, no liquidation cases of defunct MCSCs have been settled in the past 10 years.

Liquidation Process of Defunct MSCSs: The Committee had asked MoC about its plans for expediting the liquidation proceedings against defunct MCSCs. The Ministry responded by stating that CRCS is continuously monitoring the liquidation proceedings through regular meetings with the liquidators. CRCS also provides legal and financial assistance to the liquidators whenever they need it.

Functional Status of Cooperative Societies: Corrective measures are required to be taken to deal with the issues of variations in the cooperative movement across different States/UTs and control of membership of societies by a few members. The MoC, informed the “Right to Information Act” (RTI) applied only to MCSC and does not apply to State Cooperative Societies as the same comes under the domain of the State Govt’s as per the Constitution.

Multipurpose Cooperative Societies: The MoC, with the approval of the Minister of Home and Cooperation, has circulated Model Bylaws to all States/UTs for their adoption by PACS after making necessary modifications as per the State Law for Cooperative Societies. The bylaws will allow PACS to undertake more than 25 activities. The MoC informed that a plan has been prepared to incentivize PACS to become Multipurpose Cooperative Societies.

Insurance Scheme for MSCS: No insurance scheme has been proposed for MSCS to protect the interest of its members and MSCSs are free to launch any welfare scheme (including an insurance scheme) for their members.

Credit Needs for Cooperative Societies: NCDC provides financial assistance to cooperative societies for various activities and has disbursed Rs. 2,11,548.56 Cr from its inception till March 2022.. Various banking institutions (State Cooperative Banks, NABARD, etc.) provide short-term and long-term credit facilities to Cooperative Societies including PACS.

CHAPTER-III : ANALYSIS OF THE GRANTS OF THE MINISTRY OF COOPERATION

The Ministry of Cooperation was allocated Rs. 1150.38 Cr for 2023-24, lower than the proposed requirement of Rs. 1945.60 Cr. However, that would not adversely affect the schemes and programs, as additional funds would be provided during the RE stage after appraisal and approval by the Competent Financial Authority. The Computerization of PACS Scheme was allocated the proposed amount of Rs. 968.24 Cr. MoC informed the Committee that budget allocation for other schemes will be provided after their appraisal and subsequent approval.

Proposed Outlays for Schemes/Programmes in 2023-24 [Rs. in Cr]:

SR NO.	DESCRIPTION	BE (2022-23)	RE (2022-23)	BE (2023-24)
1.	Establishment Expenditure of the Centre	120.00	233.00	76.00
2.	Central Sector Schemes	106.00	719.96	55.01
3.	Other Central Sector Expenditure	50.00	47.78	51.12
4.	Centrally Sponsored Schemes	624.00	624.00	968.25

Physical Targets for 2023-24: During 2022-23, the MoC released funds for liquidating existing liabilities under CSISAC, without setting new targets. In 2022-23, the BE was Rs. 50,00 Cr, the RE was Rs. 664.96 Cr and AE was Rs. 232.09 Cr. The BE for 2023-24 is Rs. 0.01 Cr. The computerization proposal for 50,241 PACS has been received from 22 States and 4 UTs, with project setup and software development underway. **The budget support aims to bring all 50,241 PACS onto a single national software platform in 2023-24.** According to existing guidelines, separate budgetary sub-allocations under the SC/ST sub-plan and the sub-plan for the North Eastern [NE] States are required for each scheme of the MoC, unless exempted. However, NITI Aayog has granted a specific exemption for the scheme 'Computerization of PACS' based

on Cabinet approval. Therefore, no allocation is made under the SC/ST sub-plan or for the NE Region for this particular scheme.

Allocation for Establishment Expenditure: In 2022-23, MoC had a BE and RE of Rs. 120 Cr and Rs. 233 Cr, respectively, for Establishment Expenditure, which included Capital Outlay on Public Works. The initial BE allocation for Capital Outlay on Public Works was Rs. 11 Cr, but it was revised to Rs. 165 Cr at the RE stage to accommodate the purchase of new office space. As the purchase and payment for the office space will be completed in 2022-23, no further budgetary allocation has been made for Capital Outlay on Public Works in the 2023-24 budget. Regarding the lower utilization of funds in 2022-23, the Ministry explained that additional funds of Rs. 154 Cr for Capital Outlay were provided at the RE stage for the procurement of office space. The payment to NBCC is scheduled for March 2023, and it can be released after the approval of the 2nd batch of Supplementary by Parliament. Therefore, the expenditure position is expected to improve significantly after the payment is released.

Status of S-S: MoC allocated a budget of Rs. 274 Cr for the implementation of the S-S which remained unutilized. The Ministry circulated a Concept Note for the scheme, specifically for CISCMS, seeking a grant of Rs. 5,000 Cr. Although DoE agreed in principle to grant Rs. 1,000 Cr, they did not approve the proposal as a sub-component under the existing umbrella scheme. The Ministry will initiate further action to formulate a consolidated scheme for S-S in the upcoming financial year 2023-24, with a token provision of Rs. 1 lakh kept for this purpose. The Govt. has taken various initiatives [Computerization of PACS, Model bye laws for PACS, National Cooperative Database, etc.] for the realization of S-S.

Status of Computerization of PACS: Government of India approved the Computerization of PACS project. This project aims to digitize 63,000 functional PACS across the country. The total budget for the project is Rs. 2516 Cr. It involves bringing all the functional PACS onto a common software based on Enterprise Resource Planning (ERP) and linking them with NABARD through State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs). The computerization of PACS will bring several benefits, including increased operational efficiency, faster loan disbursements, reduced transaction costs, etc.

Proposals to computerize 50,241 PACS have been received from 22 states and 4 UTs, and additional proposals are expected from other states. The Committee noted that a RE of Rs. 350 Cr for 2022-23 and a BE of Rs. 968.24 Cr. for 2023-24 have been allocated for the Computerization of PACS. Out of this amount, Rs. 212.26 Cr has been approved, and as of 13.02.2023, Rs. 190.70 Cr has been released to 17 states. The project was approved by the Cabinet Committee on Economic Affairs [‘CCEA’] on 29.06.2022, and the guidelines were finalized and circulated to all states and UTs on 9.08.2022. MoC aims to computerize 63,000 PACS by 2024-25.

Integrated Scheme on Agriculture Cooperation: In the last few years (from 2018-19 to 2023-24), the total BE has been Rs. 1038.01 Cr, the total RE has been 167.264 Cr and the total AE has been Rs. 1229.17 Cr. for CSISAC. The scheme was approved by the CCEA for the period from 2017-18 to 2019-20 with a total outlay of Rs. 1902.636 Cr. However, until the BE for 2022-23, only Rs. 1287.68 Cr had been allocated under the scheme. Therefore, as per the approval of the DOE, the scheme was being implemented until 31.03.2023, to settle the committed liabilities of NCDC. Additionally, NCDC has introduced new schemes for cooperatives in various sectors aiming to expand financing for cooperative development activities.

Liquidation of Liabilities of NCDC: MoC has released Rs. 232.09 Cr to NCDC in 2022-23 for settling interest subvention under the CSISAC scheme. A total of Rs. 664.96 Cr has been allocated to liquidate earlier liabilities. NCDC has disbursed Rs. 271.11 Cr to cooperative societies, and an additional Rs. 432 Cr is available in the current year's budget, pending supplementary approval. MoC has incurred an additional expenditure of Rs. 614.96 Cr to liquidate committed liabilities, with Rs. 184.19 Cr withdrawn from the contingency fund.

New Central Sector Scheme: MoC is formulating a new scheme called CISCSM to be implemented through NCDC. The DOE has agreed in principle to allocate Rs. 1000 Cr for the scheme, and an EFC proposal has been circulated. A token provision of Rs. 1.00 Lakh has been requested for the CSISAC Scheme in the 2023-24 budget. The Ministry informed the Committee that “token provision in next year will be augmented through Supplementary Demand at RE stage after approval of the schemes has been obtained”.

Programme for Cooperative Training & Education: MoC had a RE of Rs.102.78 Cr in 2022-23 and BE for 2023-24 is Rs.106.12 Cr. A new scheme for cooperative training is being formulated, aiming to train 8.6 Cr members, employees, and board members of cooperatives through offline and online modes. The budgetary provision for cooperative training for 2023-24 is Rs.25 Cr. Vaikunthlal Mehta National Institute of Cooperative Management [VAMNICOM], a cooperative training institute, is planned to become an independent institution with its budgetary allocation. The Ministry has circulated a draft Cabinet note for the establishment of a National Cooperative University and is taking further actions to expedite the process.

Unspent Balance with Implementing Agencies: Central Sector Schemes had a total unspent balance of Rs. 402.99 Cr for 2021-22 and Rs. 232.10 Cr for 2022-23. Centrally sponsored schemes such as the Digitization of PACS had an unspent balance of Rs. 151.92 Cr for 2022-23. NCCT had an unspent balance of Rs. 35.80 Cr for 2021-22 and Rs. 29.25 Cr for 2022-23. VAMNICOM had an unspent balance of Rs. 8.25 Cr for 2022-23. MoC informed the Committee that under CSISAC Scheme had an unspent balance of Rs.68.87 Cr for 2021-22 and it had reduced to Rs.36.50Cr as of 20.02.2023.

Supplementary Demands for Grants by MoC: MoC informed that after accounting for the two supplemental grants in addition to the original grant, the total revenue and capital would be Rs. 1891.11 Cr and Rs. 165.02 Cr, respectively.

Fund Utilization by MoC in 2022-23: MoC had a separate budget from 2022-23 onwards. Central Sector Schemes would have a BE, RE & AE of Rs. 106 Cr., 719.96 Cr, and 232.1 Cr respectively for 2022-23. Centrally Sponsored Schemes would have a BE, RE & AE of Rs. 624 Cr, Rs. 624 Cr. and Rs. 151.92 respectively for 2022-23. MoC stated that the allocation to it at the RE stage will be expended on account of various reasons. It further stated that due to its inception in 2022 and the fact that its schemes were still being formulated, there was lesser utilization of funds during 2022–2023 than usual.

Utilization of Funds Allocated for North Eastern (NE) States: MoC intimated to the Committee that Rs. 31.33 Cr for implementation of programmes in NE States were surrendered as it didn't receive any proposal from these States. The total BE, RE, and AE was Rs. 5 Cr, Rs. 66.4960 Cr, and Rs. 4.170 Cr respectively for 2022-23. The Ministry stated that as per guidelines, mandatory allocations are required for specific categories, such as SC/ST Sub-Plan,

and General Budget Support for the NE States. However, an exemption has been granted by NITI Aayog for the scheme 'Computerization of PACS' regarding the mandatory allocation. This exemption applies to the current year and is not a permanent exemption. The exemption is based on the number of functional/viable PACS in the Northeast, which reduces the required budget allocation. The decision for the exemption was approved by CCEA.

Schemes by Other Ministries/Departments: MoC intimated the Committee about the different schemes implemented by various Ministries/Departments for the promotion of Cooperative Societies:

SR No	MINISTRY/DEPARTMENT	NAME OF SCHEME/PROGRAMME
1.	Ministry of Agriculture & Farmer Welfare	i. Agriculture Infrastructure Fund ii. Agricultural Marketing Infrastructure iii. Agriculture Mechanization iv. Integrated Development of Horticulture
2.	Ministry of Food Processing Industries	i. PM Formalization of Micro Food Processing Enterprises Scheme ii. Pradhan Mantri Kisan SAMPADA Yojana
3.	Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry & Dairying	i. National Programme for Dairy Development ii. Dairy Processing and Infrastructure Development Fund
4.	Department of Fisheries, Ministry of Fisheries, Animal Husbandry & Dairying	i. Pradhan Mantri Matsya Sampada Yojana ii. Fisheries and Aquaculture Infrastructure Development Fund

Other New Schemes/Programmes for Cooperatives in 2023-24:

Sr No.	PROPOSED SCHEME	MoC COMMENTS TO THE COMMITTEE ON THE SCHEMES
1.	Establishment of National Cooperative University	The University will ensure a stable supply of qualified professionals to meet the requirements of the Cooperative Sector.
2.	World's Largest Food Grain Storage Plan in Cooperative sector	The Plan has been created by MoC to address the shortage of supply of food grains. MoC will coordinate with all the Ministries concerned for extending the benefits of the scheme to the PACS to mobilize credit support to the PACS through DCCBs, StCBs, NCDC, and NABARD etc.
3.	Strengthening Cooperative Movement in the Country and Deepening its Reach up to the Grassroots	MoC has planned to establish 2 lakhs new multipurpose PACS/Dairy/fishery cooperatives, as the case may be, in the next five years, covering all Panchayats/villages in the country. MoC convened the meeting of Inter-Ministerial Committee (IMC) to set up Project Management Unit (PMU), comprising management and technical experts, at NCDC; and to coordinate with all Ministries concerned, State Governments/ UT Administrations, NABARD, NDDDB and NFDB for implementation of the project.
4.	Computerization of Agriculture and Rural Development Banks [ARDB]	The policy is currently under formulation.

OBSERVATIONS & RECOMMENDATIONS

Budgetary Allocation for 2023-24: MoC has been granted a budget of Rs.1150.38 Cr for 2023-24, against their requested amount of Rs.1945.60 Cr. They are currently implementing one Centrally Sponsored Scheme for Digitizing PACS. The allocated budget for the scheme is Rs.968.24 Cr, accounting for 84.16% of the Ministry's budget. MoC faced low fund utilization in the previous financial year due to delays in formulating new schemes. The MoC was expected to fully utilize its budget in 2023-24 and was urged to promptly formulate and gain government approval for planned schemes and programs for cooperatives.

Utilization of Funds During 2022-23: During 2022-23, MoC was allocated BE of Rs.900 Cr, which was revised to Rs.1624.74 Cr at the RE stage and later increased to Rs.2056.13 Cr in terms of Supplementary Grants. As of January 2023, only Rs.136.34 Cr had been spent. MoC attributed the slow expenditure to being newly established and formulating its schemes and programs. As of 24.02.2023, the expenditure increased to Rs.513.50 Cr (57% of the initial allocation). The MoC was urged to complete the necessary procedures for spending on all programs in 2022-23.

Expediting the Process of Formulation of New Schemes: MoC initiated the process of revamping CSISAC and **introduced new schemes related to Digitalization, Education & Training, Credit Guarantee for Cooperatives, and S-S. The Digitalization of PACS project has already begun, while the Training scheme and the establishment of a National Cooperative University are in progress.** However, approval for the proposed Credit Guarantee Fund for Cooperatives and `S-S is pending. The Ministry intends to formulate a consolidated scheme for S-S and a new scheme for strengthening CSMs. The Committee urged the Ministry to prioritize the processing of these proposals to obtain necessary approval and achieve desired results and requested updates on the progress.

New Cooperation Policy: MoC is in the process of formulating a new NCP to promote cooperative-based economic development, strengthening the cooperative movement, and extending its reach to grassroots levels. A National level Committee has been constituted to develop this policy. The policy must be finalized and adopted as soon as possible, as it is a cherished vision of the Ministry.

Development of Database for Cooperative Societies: The Cooperative Societies in the country fall under two categories: those under the control of the RCS of States/UTs, and Multi-State Cooperative Societies under the control of CRCS. MoC lacked comprehensive data on the number and categories of Cooperative Societies nationwide, as well as information on financial institutions providing credit to these societies. To address this, **the Ministry has initiated the development of a National Cooperative Database to consolidate information from various sources. NABARD is responsible for computerizing PACS and has started collecting data from PACS, Dairy, and Fisheries sectors.** Out of about 2.61 lakh Cooperative Societies in these sectors, data for about 2.58 lakh cooperatives has been collected. The Ministry must diligently pursue the Database project and was requested regular updates on its progress.

Management of MSCS: There were 1,481 registered MSCS in the country, with 83 of them, including 5 Cooperative Banks, undergoing liquidation. The liquidation process is time-consuming due to various reasons. Notably, no liquidation cases of defunct MSCSs have been resolved in the past decade. In light of this, **the MoC must to take necessary measures to safeguard the interests of MSCS members.** Furthermore, the Committee recommended the consideration of a **Capital/Credit Insurance Scheme for Cooperative Societies**, particularly for MSCS, to protect the financial interests of all stakeholders, especially depositors.

Functional Status of Cooperative Societies: The CRCS and RCS in States and Union territories are responsible for administering and regulating Cooperative Societies in the country. With over 8.54 lakh registered Cooperative Societies, including 95,000 PACS, the fairness and transparency in their functioning appeared to be lacking due to various factors. **To enhance transparency, the Ministry must examine the possibility of bringing Cooperative Societies under the ambit of RTI, similar to MSCS. The Ministry should** take appropriate measures to address the issues affecting State Cooperative Societies.

Multipurpose Cooperative Societies: The Ministry circulated Model bye-laws to all States/UTs for adoption by PACS by following the respective State Cooperative Acts. These bye-laws would enable PACS to engage in over 25 business activities. The States and UTs have initiated the process of facilitating PACS in adopting the model bye-laws. Additionally, a plan has been developed to **converge existing government schemes to incentivize PACS and promote them as viable business entities.**

Progress in Digitization of PACS: The Digitization project for approximately 63,000 PACS had been approved by the government. For 2022-23, budget allocation was Rs. 350 Cr, while for 2023-24, budget allocation of Rs. 968.24 Cr has been made. MoC \ planned to digitalize the PACS with a budget outlay of Rs. 2,516 Cr, with NABARD as the implementing agency. **Digitalization would facilitate a Common Accounting System and Management Information System, enabling PACS to conduct operations online and obtain refinance/loans from NABARD.** The Ministry received proposals for computerization from 24 States and 4 UTs, covering 54,749 PACS. MoC has aimed to cover 13,000 and 20,000 PACS in 2022-23 and 2023-24 respectively. Rs. 151.92 Cr had been utilized for the project in 2022-23, while BE of Rs. 968.24 Cr was made for 2023-24. The Ministry must take necessary steps to ensure timely digitization of all PACS.

Liquidation of Committed Liabilities of NCDC: The implementation of the CSISAC has been discontinued. However, as per the approval of the DOE, it is being implemented until 31.03.2023 to settle the committed liabilities of the NCDC. A cumulative amount of ₹664.96 Cr has been allocated at the RE stage against the BE of ₹50 Cr to address these liabilities. As of 10.02.2023, ₹232.09 Cr has already been released to the NCDC for settling interest subvention related to eligible and completed projects. The remaining budgetary provision will be utilized upon receipt of funds through cash supplementary within the financial year 2022-23. **The process of liquidating the committed liabilities of the NCDC must be expedited in addition to addressing any unspent balances with the NCDC.**

New Schemes of the Ministry: Several schemes and programs aimed at the development and growth of cooperative societies are implemented by other ministries of the government. MoC informed that the government plans to introduce new schemes and it intends to act as a coordinator with all relevant ministries for the implementation of these schemes. **The MoC should establish an effective coordination mechanism among different ministries to ensure the successful implementation of various welfare schemes for the promotion of cooperative societies in the country.**