

CHAPTER 8: CO-OPERATIVE SOCIETIES

The Karnataka Cooperative Societies Act 1959 is the first legislation in our State pertaining to the Co-operative societies and has come into being from 25-05-1960.

Karnataka is the first State to provide Agricultural loans through Co-operatives at concessional rate of interest. At present short-term agricultural loans up to Rs.5.00 lakh are provided at 0% and medium term and long term agricultural loans up to Rs.15.00 lakh are provided at 3% rate of interest, which is lowest in the country. The targeted lending for the current year for the co-operative societies is Rs.27000 crores. This will benefit more than 36 lakhs farmers in the state. Loans to Self-Help groups are disbursed through PACS/DCC Banks at 0% rate of interest in case of women SHGs and 4% rate of interest in case of men SHGs. Government of Karnataka through budgetary provision is providing interest –subsidy to these cooperative societies.

Since the implementation of the recommendation of Prof. Vaidyanathan Committee through Memorandum of Understanding (MOU) with Government of India, NABARD and State Government in March 2008, the role of the State Government in respect of Agricultural Credit Structure Institutions metamorphosised from the role of Regulator, Supervisor to the role of being a Friend, Philosopher and Guide. All statutes, circulars, orders which were coming in the way of day-to-day internal affairs of these Institutions have been revised. A new era of Co-operative Credit Structure through self-governance and independent decision making has come into being and it is hoped that the Co-operatives will become professionally efficient and financially viable in the years to come.

The primary objective of the Department of Co-operation is to ensure that genuine Co-operative societies are organized and managed on the basis of sound Co-operative principles for the promotion of economic interest and welfare of the people, and to render guidance assistance for development of Co-operative movement in the State. Other objectives are enforcement of the Government policy pertaining to Agricultural produce, Horticulture, Fisheries, Dairy and their marketing and processing and implementation of various schemes etc.,

Regulatory functions of the department are to organize and register various types of Co-operative societies on the basis of principles of Co-operation, formulating and registration of bye-laws and rules for the effective functioning of these societies to conduct General Body meetings and if required conduct Special General Body meetings, approve the resolutions made in these meetings within the frame work of Co-operative Acts and Rules etc.,

Further, the implementation of Karnataka Societies Registration Act 1960 was transferred from Revenue Department to Co-operation Department with effect from 01/06/2016, under this Act the department is vested with powers of registration of societies related to promotion of charity, education, fine arts, science and literature etc.,

Karnataka has a widespread network of about different categories of 45000 Co-operative societies serving various sectors of the State's economy particularly in the fields of Agriculture, Industry, Trade and Services. The sector also plays a very important role in the implementation of Socio-economic programmes. In the field of agriculture and allied services, Co-operative institutions shoulder the task of providing term loans, seeds, fertilisers

and insecticides to the farming community and marketing agricultural produce to consumers. Market intervention of Government for agricultural crops is carried predominantly through Co-operative societies. In addition presence of Co-operatives creates an environment of fair pricing of inputs and outputs of the rural and semi urban markets. The collection, procurement and distribution of milk and milk products from about 17,766 Milk Producers Co-operative Societies in the State deserve special mention.

The State has a very strong and stable network of Apex Co-operative financial institutions extending developmental and promotional services to the population in general and the farming community in particular. The State Co-operative Apex Bank, the KSCARD Bank and 21 DCC Banks play a pivotal role in extending finance for agricultural production. There are 6,040 Primary Agricultural Credit Co-operative Societies (PACs) at village level and 178 Primary Cooperative Agricultural and Rural Development Banks (PCARD Banks) at taluk level.

1) Review of Budget 2023-24

Financial Progress in the Budget 2023-24

(Rs. in crore)

Item	Outlay (BE)	Anticipated Expenditure (RE)
Co-operative Societies	1606.89	1435.53

Outcome for the Year 2024-25

Outcome Indicators	Unit	Target 2023-24	Actual Achievement 2023-24	Target Proposed 2024-25
Short Term Loan	Rs. in crore	23000	22040.81	25000.00
	No. of beneficiaries	3440000	2860442	3510000
Medium Term Loan	Rs. in crore	1100.00	913.96	1600.00
	No. of beneficiaries	45000	26379	70000
Long Term Loan	Rs.in crore	456.83	337.30	400.00
	No. of beneficiaries	22848	19739	20000

2) Budget for the year 2024-25

An amount of Rs.1857.33 crore is provided for Registrar of Co-operative Societies. Out of which an amount of Rs.1852.28 crore and Rs.5.05 crore is provided under State Sector and District Sector respectively.

A. STATE SECTOR SCHEMES

a) Centrally Sponsored Schemes

1) Computerization of PACS-2425-00-107-2-74 and State Share-2425-00-107-2-75 (SDG-2)

An amount of Rs.44.00 crore is provided for this scheme, under centrally sponsored scheme, it has been intended to computerize Primary Agricultural Cooperative Societies (PACS) to give farmers and rural customers better services. Central and the State share of this scheme is Rs.26.00 crore and Rs.18.00 crore respectively.

b) Externally Aided Projects

There are no schemes.

c) Other Important State Sector Schemes

1) Registrar of Co-Operative Societies- 2425-00-001-0-01 (SDG-8)

An amount of Rs.96.33 crore is provided for this scheme for salaries and other expenses of the officers and staff in the department.

2) Interest Subsidy for Crop Loan, Pledge Loan and Self-Help Groups and KCC-2425-00-107-2-41 (SDG-5 and 1)

An amount of Rs.1575.83 crore is provided, out of which Rs.1408.14 crore ,Rs.117.38 crore and Rs.50.31 crore earmarked for subsidies, SCP and TSP respectively for the below schemes.

i) Interest Subsidy to avail Crop loans

The State Government has implemented the scheme of providing agricultural loans through Co-operative credit institutions such as PACs, DCC Banks and PCARD Banks w.e.f 01-04-2004 at 6%. Now it has been further reduced to zero percent rate of interest. The Novelty of the scheme is to provide short term agricultural loans to the farmers up to Rs. 5.00 lakhs at the rate of 0% interest rate and upto Rs.2.00 lakhs as a working capital loan for animal husbandry and Fish farming through Cooperative Credit institutions thereby, reducing the interest burden on these loans. Also a loan amount upto Rs.15.00 lakh will be provided at 3% rate of interest for schemes of growing crops under Medium-term and long-term agricultural and agriculture-related loans. Interest Subsidy for Co-operative Societies is being paid by the Government.

Year	Allocated Amount (Rs. in crore)	Target beneficiaries (No. of farmers)	Achievement (No. of farmers)
2023-24	1178.22	3265936	3037946
2024-25	1451.03	3205204	-

ii) Interest subvention for loans to self help groups

The scheme aims at the upliftment of Socially and financially weaker sections of the society, by providing women SHG's a loan upto Rs.5.00 lakhs at a zero percent interest rate through DCC Banks and Male SHG's loan upto 5.00 lakhs at an interest rate of 4% and loans ranging

from Rs.5 lakh to Rs.10 lakhs for self-employment are being disbursed at an interest rate of 4%. On behalf of these SHG's, the government provides interest subsidy to the cooperatives.

Year	Allocated Amount (Rs. in crore)	Target beneficiaries (No. of SHGs)	Achievement (No. of SHGs)
2023-24	99.00	76716	61525
2024-25	124.80	76718	-

iii) Interest Subsidy for Pledge loans

Primary Agricultural Credit Societies (PACS) and TAPCMS of the State store the agricultural produce produced by the farmer in their godowns and they distribute a mortgage loan to an extent of 60% of the market price at an interest rate of 11%. Interest subsidy of 4% for a maximum period of six months will be provided by the State Government on these loans.

3) Establishment of Marketing Infrastructure to LAMPS Federation-2425-00-108-0-39 (SDG - 8)

Under this scheme, financial assistance is being given to Karnataka State Cooperative LAMPS Federation and member LAMPS societies for providing marketing infrastructure and undertaking various new activities.

An amount of Rs.1.00 crore has been provided under TSP in the budget 2024-25. This scheme of Establishment of Marketing Infrastructure to LAMPS Federation.

4) Enrolment of BPL, SC, ST, BC, Minority, Women and Physically challenged as members of all types of Co-operatives-2425-00-108-0-58 (SDG-5, 1 and 10)

The main objective of the scheme is to enrol people belonging to BPL, SC, ST, backward class Minority, Women and Physically challenged as members of all types of co-operative societies by providing value of one share or Rs.500/- whichever is less.

The enrolled members will be able to get the facilities made available by the respective co-operative societies which will uplift them socially and financially.

An amount of Rs.1.00 crore is provided for this scheme, out of which Rs.0.30 crore and Rs.0.06 crore is provided under SCP and TSP respectively.

This Scheme of Enrollment of SC, ST, Backward class, Minorities, Women, Physically challenged and BPL persons as members of all types of Cooperative societies.

Year	Allocated Amount (Rs. in crore)	Target beneficiaries (No. of members)	Achievement (No. of members)
2023-24	3.87	45151	48617
2024-25	1.00	17500	-

5) Co-operative Election Commission-2425-00-004-0-03 (SDG-8)

An amount of Rs.3.85 crore has been provided for this scheme. An independent Co-operative Election authority has been established and Govt. is providing financial assistance to meet

salary of officers' and staff, the administrative expenses and other expenses of the said Authority.

6) Karnataka State Co-operative Spinning Mills Federation Ltd-2425-00-108-0-52 (SDG-2)

An amount of Rs.0.09 crore is provided for meeting the administrative expenditure of the Karnataka State Co-operative Spinning Mills federation Ltd.

7) Unspent SCSP-TSP amount as per the SCSP-TSP Act-2013 -2425-00-001-0-03 (SDG-10 and 8)

An amount of Rs.0.02 crore is provided for this scheme and the amount is earmarked for SCSP. As for the permission sought from the state scheduled castes/ scheduled tribes development councils meeting to utilise this allocation for the scheme of enrolling of SCSP as members in various co-operative societies.

8) Yashaswini-2425-00-108-0-57 (SDG-5 and 3)

An amount of Rs.50.00 crore is provided for this scheme, out of which Rs.8.57 crore and Rs.3.47 crore is provided under SCP and TSP respectively. The objective of the scheme is to provide medical facilities to rural farmers who are the members of Co-operative societies.

For the year 2022-23, the target has been set to enroll 30 lakh members, against the target, Rs.48.24 lakh members have been registered and the achievement has exceeded target. In this row, treatment was started in the network hospitals from 01-01-2023 and till 31-03-2024, 66,000 beneficiaries have received treatment worth Rs.108 crores in Yashasvini Network Hospitals across the State.

The government has continued the scheme for the year 2023-24 and has set a target of enrolling 50 lakh members. Member Registration Process Started from 01-01-2024, about 41 lakh members have been registered so far. Provision has been made for availing treatment facility from 01-04-2024. For the year 2023-24, the government has released a grant of Rs.3128.00 lakhs for Yeshasvini Yojana.

B. DISTRICT SECTOR SCHEMES

An amount of Rs.5.05 crore is provided under District sector for the following schemes.

1. Assistance to various Co-operative Societies / NCDC Scheme 2425-00-196-1-01 (2425-00-101-0-28) (SDG-8) – Rs.1.11 crore
2. Share Capital assistance to various categories of Co-operative Societies 2425-00-196-1-01 (4425-00-101-0-26) (SDG-8) – Rs.1.38 crore
3. Share Capital to other Co-operatives 2425-00-196-1-01 (4425-00-101-0-29) (SDG -8) – Rs.0.40 crore
4. SCP Subsidy on loans sanctioned by PCARDB for Asset creation 2425-00-197-1-01 (2425-00-101-0-61) (SDG-5 and 10) – Rs.1.88 crore
5. Investment in women Co-operatives 2425-00-197-1-01 (4425-00-101-0-62) (SDG-5) – Rs.0.28 crore

C. FLOW TO SUSTAINABLE DEVELOPMENT GOAL IN 2024-25**(Rs. in crore)**

Name of the Goal	No. of H/ACs Covered	2024-25 (BE)
SDG 1	2	788.25
SDG 2	3	44.09
SDG 3	1	25.00
SDG 5	5	814.47
SDG 8	8	184.24
SDG 10	3	1.28
Grand Total		1857.33

D. PROPOSED PROGRAMMES AND OUTLAY FOR SPECIAL DEVELOPMENT PROGRAMME (ASPIRATIONAL TALUKA DEVELOPMENT PROGRAMMES)/ SCP / TSP / WCP AND CHILD CENTRIC PROGRAMMES (CCP) IN THE BUDGET 2024-25.**a) Aspirational Taluka Development Programmes**

There are no schemes.

b) Special Component Plan (SCP)

An amount of Rs.128.16 crore has been provided for SCP.

c) Tribal Sub Plan (TSP)

An amount of Rs.54.84 crore has been provided for TSP.

d) Women Component Plan (WCP)

An amount of Rs.488.92 crore is provided under Category B schemes (30-99 % of allocation is for women beneficiaries) and Rs.2.16 crore is provided under Category-A Schemes (100% flow to women beneficiaries)

e) Child Centric Schemes (Programmes and Non-Programmes)

An amount of Rs.16.97 crore has been provided for child centric schemes.

ABSTRACT

Budget for the year 2024-25	(Rs. in crore)
Total Budget	1857.33
State Sector	1852.28
District Sector	5.05
Out of which	
CSS – Central Share	26.00
CSS – State Share	18.00
SCP	128.16
TSP	54.84
Aspirational Taluka Development Programmes (SDP)	-
WCP	491.08
Child Centric Schemes	16.97