

Special Thrust on Cooperatives

In recent years, there has been a special thrust on co-operatives in West Bengal. As a result, activities and the performance of the cooperative sector have seen a quantum jump. State government investment through the cooperatives under the Co-operation Department has increased manifold. From a mere Rs. 24.35 crore in 2007-08, it increased to Rs. 70.38 crore in 2009-2010 and for the current year, 2010-2011, plan outlay is Rs. 120 crore.

New Law for Cooperatives

By consolidating various provisions of law, new cooperative law—The West Bengal Cooperative Societies Act, 2006 has finally come into force. Based on the model cooperative act, the new law provides a solid foundation and right type of legislative framework for democratic functioning of cooperatives in the state.

The new law gives legal status to self-help groups, introduces concept of service cooperative societies, enables cooperative societies to have subsidiary organization, allow partnerships with other cooperative societies, extends tenure of boards of cooperative societies to five years, introduces concept of half-yearly general meeting, restricts the role of the government in functioning of the societies, makes provision for mandatory membership of women, SC, ST and other weaker section on the boards of society, stipulates a calendar for holding meetings, including election of boards for societies.

A separate chapter on cooperative credit societies was inserted by amendment of the new act in 2010, so that the new cooperative law in the state is in conformity with the legislative framework provided for cooperative credit societies by the Vaidyanathan Committee. The new Act, the Amended Act and the new

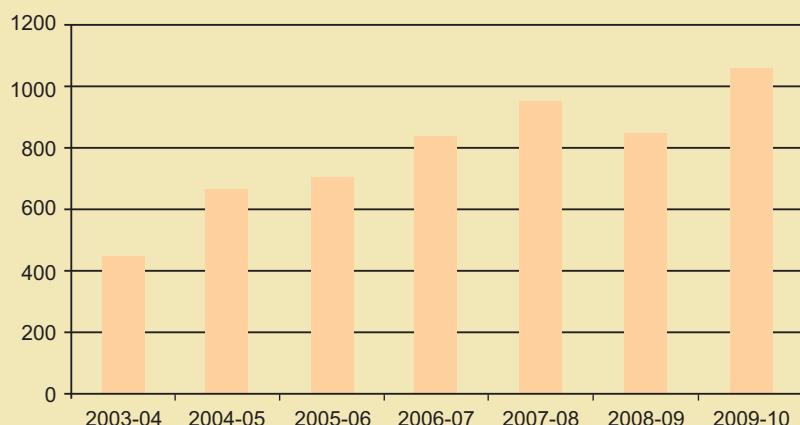
Cooperative Rules have been brought into force from 18 January 2011. These are available for download from the department website (<http://coopwb.org/>)

Cooperative Banking and Credit Sector

Performance of the cooperatives in the banking and credit sector has been noteworthy with a significant growth in short-term, long-term credit and the urban credit sectors.

The West Bengal State Cooperative Bank with its three Regional Offices and the seventeen District Central Cooperative Banks extend credit facilities for various farm and non-farm activities with focus on small and marginal farmers, most significant being subsidized crop loans.

Crop Loan Disbursement (in Rs. Core)



Amount of crop loans disbursed by the cooperative banks has steadily increased over the years. In 2009-10, an amount of Rs. 1056 crore (an increase of 26% over the previous year) was disbursed as short term loan and this is expected to further increase to Rs. 1500 crore this year. Share of the cooperative

credit sector in crop loan stood at 36 percent; almost double that of the Regional Rural Banks and only slightly less than that of all commercial banks taken together.

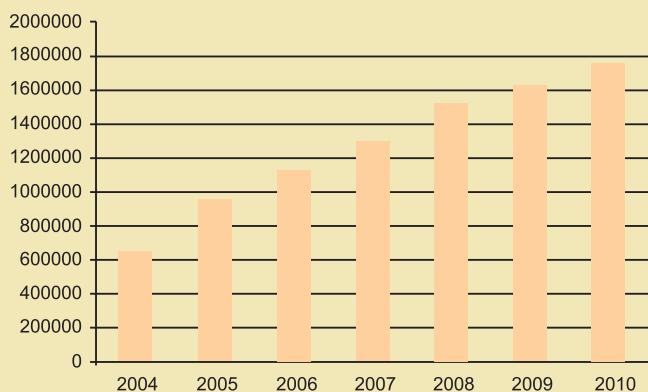
Deposit mobilized by the short-term sector has also shown significant improvement and stood at Rs. 11,424 crore on 31 March 2010.

New Crop Loan Rules

New Crop Loan Rules by making comprehensive revision in the existing rules have been brought into force. Revised rules incorporate ten percent loan provision for livelihood purposes in the scale of finance and revision of accounting system of repayment with a view to stop the generation of further imbalance at PACS level. For simplification of loan processing, valuation of land for mortgage has been assessed at Rs. 1 lakh/acre for the entire State. Total loan limit has been enhanced from Rs. 1 lakh to Rs. 1.5 lakh. Provision for Joint Liability Group Financing has also been included in the Rules.

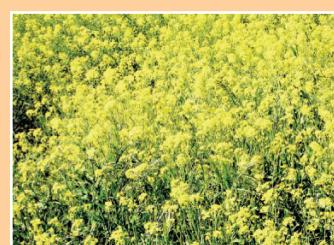
There is greater focus on issue of Kisan Credit Cards (KCC) that make credit delivery convenient and reduce the interest burden on the farmers. Number of KCCs have steadily increased over the years and by November 2010, 18.26 lakh farmers were issued these cards.

Number of KCC (as on 31 March)



Self help Groups play a crucial role in lending activities. These groups have a total membership at 13.29 lakh and 66% of them are borrowing members. This has created employment generation for 9.40 lakh members through group and individual activities.

With approval of new Crop Loan Rules by the State Government, it has been possible to form 3117 Joint Liability Groups from amongst the small and marginal farmers including the oral lease-holders thereby extending the credit base. Further



885 Farmers' Club have been formed by different PACS with progressive farmer members to promote new and better farming practices. These efforts have helped to improve the recovery position that rose from 56.16% in 2007-08 to 78.75% in 2009-10. In the drive for Financial Inclusion, 25 lac persons have been brought under the network of STCCS for providing financial services like credit deposit, insurance and remittance facilities. "Swarojgar Credit Card" has been introduced to finance Self

Employment initiative in rural area.

The State Government is committed to improve the financial health of the cooperative credit sector and provides it with policy and legislative support for better governance. Towards this end, the State Government has whole-heartedly supported implementation of the revival package for the short-term cooperative credit structure—a joint initiative with the Government of India.

For this, the State Government has released its entire share even though the Government of India has released 75% of its share. A total number of 4500 Primary Agricultural Cooperative Societies (PACS) and 15 District Central Cooperative Credit Societies will be benefited by this revival package through recapitalization assistance. For the remaining about 700 PACS, the state Government is considering support from its end, in particular for strengthening and computerization with recapitalization.

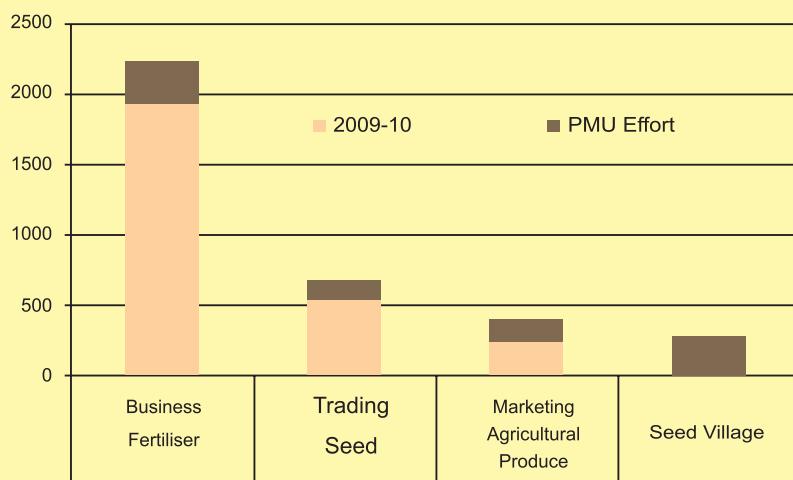
Besides, the State Government has contributed Rs. 381 lakh towards Risk Fund and Rs. 77 lakh as State Share for strengthening the capital base of the Short Term Sector. Weak PACS have been provided financial assistance, under a new scheme Strengthening of PACS, amounting to Rs. 385.94 lakh to 350 PACS towards hiring of godown, working capital for carrying out business and incentive for the staff for 3 years, within which such societies must identify suitable land for construction of their permanent office-cum-godown.

Business Diversification by PACS

Apart from lending and deposit mobilization, PACS carry out multifarious activities. During the year 2009-10, the overall volume of business by the PACS was Rs. 323 crore for agricultural

inputs and Rs. 56 crore for retail trade and marketing. With a view to support PACS to diversify their business by better coordination amongst the PACS themselves and with the other co-operatives at higher tiers as well as NABARD and line departments, a Project Monitoring Unit was set up the State Government. An amount of Rs. 200 lakh was made available to this Unit from RKVY during 2009-10. PMU is initially working on four specific activities for business diversification, namely - fertiliser business, seed trading, agricultural produce marketing and seed village. With the interventions of the PMU, 298 PACS has been roped in for fertiliser business, 113 for seed trading business and 135 PACS for agricultural produce marketing business. The number of PACS

PMU Effort in Business Diversification by PACS



in fertiliser business, seed trading, agricultural produce marketing now stands at 2223, 665 and 385 respectively. In addition, PMU has helped PACS to set up 277 seed villages as a new initiative.

Long-Term Cooperative Credit Sector

The State Government is similarly committed to provide support for revival of the long-term cooperative credit structure. There has been considerable increase in lending by the long-term cooperative sector as well from Rs. 149.3 crore in 2008-09 to Rs. 209 crore in 2009-10. In the Long-Term credit sector, recovery has also improved from 45% in 2007-08 to 60% in 2009-10.

The State Government supports the Long-term cooperative credit sector by providing State Share to the cooperative entities and Risk Fund. The contribution for these purposes was Rs. 1 crore and Rs. 5.11 crore during 2009-10. The State Government also provides guarantee at no cost for refinance from NABARD.

Urban Credit Sector

The State Government has, on its own, initiated the process to revive the Urban Cooperative Banks and provided recapitalization assistance of Rs. 52.24 crore to eight weak banks and institutional support to all the urban cooperative banks. The mobilised Deposits and Investment of the Urban Coop. Banks was Rs. 2733.49 Crore and Rs. 1460.65 crore respectively as on 31.03.2010.



Marketing and Processing Sector

A massive drive has been taken up for creation and better utilization of infrastructure for processing and marketing of agriculture produce. Towards this end, funding available through Rural Infrastructure Development Fund (RIDF) is being utilized to create necessary infrastructure. In the year 2009-10, for the first time, an amount of Rs. 29.62 crore was sanctioned for construction of 64 godowns with one lakh MT capacity. All these godowns are currently under construction. During 2010-11, 16 more godowns (30600 MT capacity), five cold storages (38000 MT), four rice mills (28800 MT per annum), 20 seed processing units, one tomato processing unit and one mango ripening chamber are proposed. In addition, renovation and upgradation of eight cold storages and two rice mills is also proposed. Overall projects worth Rs. 84.6 crore are proposed during the current



year. These efforts would significantly increase storage and processing capacity in the state.

In addition, the state Government has supported construction of three cold storages in Malda, Birbhum and Nadia districts and

3 mini cold storages in Nadia, Bankura and North 24-Parganas districts. Thirty-nine godowns with 100 M.T. capacity each have been sanctioned from the state plan and two new farmers service centres in North 24 Paraganas district are coming up. A defunct cold storage in North 24 Paraganas district is also being revived.

BENFED as an apex marketing federation plays an important role in marketing, processing and storage. Performance of BENFED has improved considerably over the past few years with business turnover increasing from Rs. 410 crore in the year 2007-08 to over Rs. 700 crore in the year 2009-2010 with simultaneous steady increase in profitability. Fertilizer business has grown from 4.67 lakh MT in the year 2007-2008 to 6.89 lakh MT in the year 2009-2010. In order to prevent distress sale, Benfed played an important role in paddy procurement operations under the minimum support price scheme. Thirteen unutilized BENFED godowns with capacity of 32600 MT have been repaired and renovated through the state government financial support. In order to improve efficiency, web-based accounting package has been implemented in all 18 branches and the head office and new pay scales have been given to BENFED employees.

Consumers' Sector

There are about 1500 primary Consumers' societies, 29 Wholesale Consumers' Cooperative societies and CONFED - the Apex Body, functioning under this sector. The state Government has released Rs. 78.97 Lakh under this sector during 2009-10.

Intergrated Cooperative Development Projects (ICDP)

During the year, four Intergrated Cooperative Development

Projects (ICDP) at Purulia, Malda, North 24-Paraganas and South 24-Paraganas, have been successfully completed. In these Projects, there has been an investment of Rs. 30 crore. A part from creation of crucial infrastructure, the projects have helped in giving a fresh impetus to developmental activities through cooperatives in these districts. During the current year, three new Projects at Uttar Dinajpur, Paschim Medinipur and Burdwan have been launched. Ways and Means advance has been sanctioned and process of formation of Project Implementation Team is underway. Two new ICD Projects for Howrah and Bankura, currently under evaluation by National Cooperative Development Corporation (NCDC), are likely to be sanctioned during the year.

Rashtriya Krishi Vikas Yojana (RKVY)

An investment of Rs 42.16 crore has been made through cooperatives under this Department under the Rashtriya Krishi Vikas Yojana (RKVY) in the past three years to create crucial infrastructure for the agriculture sector. This includes construction of 260 godowns (100 MT each) and renovation of another 185 existing godowns, construction of training hall, working sheds and retail outlet for 148 Self-Help Groups, construction of seven multi-purpose cold storages (75 MT each).

In addition, several minor irrigation projects, model nurseries, agriculture business centres and soil testing laboratories, agriculture equipment hubs, food processing units, seed firm and vermi-composting units are being taken up. Considering good progress, additional proposals for Rs. 20 crore for the cooperatives are likely to be considered under RKVY during the year.

Samabay Bhavan

Most of the district and range offices of the Cooperation and

Cooperative Audit Directorates are currently located in rented premises. Similarly, State Cooperative Union, Benfed and other cooperative agencies also do not have proper office accommodation in the districts. This results in problems of coordination. With a view to ensure delivery of prompt services in a more coordinated manner to all cooperative societies, it has been decided to construct Samabay Bhavans in all district and range headquarters to accommodate all offices under the Cooperation Department in one premises.

Suitable land for the purpose has been identified at nine locations, namely—Asansol for Burdwan-III Range, Burdwan for Burdwan-I Range, Medinipur for Paschim Medinipur Range, Purulia, Bankura, Malda, Nadia, Uttar Dinajpur and Dakshin Dinajpur Ranges at respective district headquarters. Administrative approvals have also been issued in five cases, namely- Asansol (Burdwan-III Range), Burdwan (Burdwan-I Range), Medinipur (Paschim Medinipur Range), Bankura, and Malda and work is likely to be taken up soon there. In Remaining four cases, detailed plan and estimates are under preparation and steps are being taken for formal transfer of land to this Department. The Department is pursuing with district authorities to identify suitable land in other places. An outlay of Rs. 2.5 Crore has been provided during 2010-11 for this purpose.

Computerization

Computerization has been taken up in an organized manner in the cooperative sector to improve efficiency and coordination through better communication. Computers with internet facilities have been provided to officials in the Department, Directorates of Co-operation and Cooperative Audit, all Cooperative Range and Cooperative Audit Range Offices. Computer facilities are being

provided to Cooperative Inspectors in all block offices in six Ranges to begin with and will be extended to all ranges in due course. With the financial assistance of NABARD, computer facilities are being provided to all PACS in the State.



Further the State Government has provided support to the State Cooperative Bank and all Central Cooperative Banks for implementation of core banking solution and to the State Agriculture & Rural Development Banks for computerization.

The State Government has also provided support for establishing six computer centres for training through the State Cooperative Union. Unique Society Index Numbers have been assigned to all cooperatives for better monitoring and coordination. Several other data bases including one for godowns in the cooperative sectors have been created.

Cooperative Education and Training

There has been special focus on cooperative education and training and promotion of cooperative culture in the State. This is being led by the West Bengal State Cooperative Union.

The State Government has provided financial support for renovation of the cooperative training centres at Jalpaiguri, Kalimpong and Uttarpara. In addition, a new cooperative training centre is coming up at Bolpur.