

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 968
ANSWERED ON 04/12/2024

National Cooperative Policy

968 SHRI MALLIKARJUN KHARGE:

Will the Minister of COOPERATION be pleased to state:

- (a) whether Government plans to address concerns about potential over-centralisation under the proposed National Cooperative Policy, particularly regarding the autonomy of State cooperatives and their democratic functioning;
- (b) the specific measures taken to ensure that smaller, rural cooperatives, which often lack resources and infrastructure, receive adequate support;
- (c) the details of the proposed umbrella organisation, its structure, the manner in which it will streamline cooperative financing without undermining the Self-Governance; and
- (d) the steps taken to balance the Centre's role in regulating Multi-State Cooperative Societies while respecting the constitutional authority of States over local cooperatives?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

- (a) The Ministry of Cooperation, since its formation in July 2021, has been functioning with the spirit of Cooperative Federalism and within its mandated constitutional jurisdiction as defined in the Union List, without any encroachment on the autonomy of state cooperatives and their democratic functioning. Therefore, the question of over-centralization does not arise.
- (b) In order to strengthen rural cooperatives in India, measures have been taken by Ministry and the list of measures/initiatives taken are attached as **Annexure-I**.
- (c) RBI vide letter dated 8th February, 2024 has issued Certificate of Registration to National Urban Co-operative Finance and Development Corporation (NUCFDC), an umbrella organization (UO), to undertake activities as Type II non-deposit taking Non-Banking Financial Companies (NBFC). The UO has been established to enhance the operational and financial resilience for Urban Cooperative Banks (UCBs)

The UO aims to provide a structured framework to enhance the functioning of UCBs while preserving their self-governance. To this end, it has initiated the work of development of a unified technology platform. The aim of this initiative is to facilitate Urban Cooperative Banks (UCBs) in migrating to a common unified technology platform which will empower them to offer services at par with National-level scheduled banks, enhancing efficiency,

scalability, and customer experience. The UO will also act as a support system for UCBs, offering guidance on regulatory compliance, risk management and best practices. It will also streamline cooperative financing by facilitating access to capital, promoting financial stability and encouraging efficient resource allocation, all while respecting the governance rights of each cooperative. This system will help UCBs thrive within a regulated, yet flexible environment.

(d) The cooperative societies functioning in only one State/UT are governed by the laws of the respective State/UT Government, and the cooperative societies functioning in more than one State are governed by the central law, namely, 'the Multi-State Co-operative Societies (MSCS) Act 2002 (Act 39 of 2002)', which only regulates the functioning of MSCSs and in no way infringes on the constitutional authority of States over local cooperatives.

1. Computerization of PACS - In order to empower the Primary Agricultural Credit Societies (PACS) through computerization, Government of India is implementing the Project for Computerization of functional PACS with a total financial outlay of ₹2,516 Crore, which entails bringing all the functional PACS onto an ERP (Enterprise Resource Planning) based Common National Software, linking them with National Bank for Agriculture and Rural Development (NABARD) through State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs). The ERP (Enterprise Resource Planning) based Common National Software brings about efficiency in PACS performance through Common Accounting System (CAS) and Management Information System (MIS).

2. Model Bye-Laws for PACS making them multipurpose, multidimensional and transparent entities: Government, in consultation with all the stakeholders, including States/ UTs, National Level Federations, State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs), etc., has prepared and circulated Model Byelaws for PACS to all the States/ UTs, which enable PACS to undertake more than 25 business activities, improve governance, transparency and accountability in their operations. Provisions have also been made to make the membership of PACS more inclusive and broad-based, giving adequate representation to women and Scheduled Castes/Schedules Tribes.

3. Establishing New Multipurpose PACS/ Dairy/ Fishery Cooperatives in uncovered Panchayats: The plan for establishing new multipurpose PACS or primary dairy/ fisheries cooperatives covering all the Panchayats/ villages in the next five years, with support of National Bank for Agriculture and Rural Development (NABARD), National Dairy Development Board (NDDB), National Fisheries Development Board (NFDB), National Cooperative Development Corporation (NCDC) and other National level Federations has been approved by the Government.

4. World's Largest Decentralized Grain Storage Plan in Cooperative sector: Government has approved a plan to create warehouses, custom hiring centers, primary processing units and other agri infrastructure for grain storage at PACS level, through convergence of various Government of India schemes, including Agriculture Infrastructure Fund (AIF), Agricultural Marketing Infrastructure (AMI), Sub-Mission on Agricultural Mechanization (SMAM), Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME), etc. This aims at reducing wastage of food grains and transportation costs, enable farmers to realize better prices for their produce and meet various agricultural needs at the PACS level itself.

5. PACS as Common Service Centers (CSCs) for better access to e-services: An MoU has been signed between Ministry of Cooperation, MeitY, NABARD and CSC e-Governance Services India Limited for providing more than 300 e-services such as

banking, insurance, Aadhar enrolment/ updation, health services, PAN card and IRCTC/ Bus/ Air ticket, etc. through PACS.

6. PACS given priority for Retail Petrol/ Diesel outlets: Government has allowed PACS to be included in the Combined Category 2 (CC2) for allotment of retail petrol/ diesel outlets.

7. PACS given permission to convert bulk consumer petrol pumps into retail outlets: Based on the discussions with the Ministry of Petroleum and Natural Gas, guidelines have been issued to convert the existing bulk consumer licensee PACS into retail outlets for increasing the profit of PACS and generate employment opportunities in rural areas.

8. PACS eligible for LPG Distributorship for diversifying its activities: Government has now allowed PACS to apply for LPG Distributorships. This gives PACS an option to increase their economic activities and create new employment opportunities in rural areas.

9. PACS as PM Bharatiya Jan Aushadhi Kendra for improving access to generic medicines at rural level: Government is promoting PACS to operate Pradhan Mantri Bharatiya Janaushadhi Kendras which aims at providing additional income source to them and ease the access to generic medicines for rural citizens.

10. PACS as Pradhan Mantri Kisan Samriddhi Kendras (PMKSK): Government is promoting PACS to operate PMKSK for ensuring easy accessibility of fertilizer & related services to farmers in the country.

11. Micro-ATMs to Bank Mitra Cooperative Societies for providing doorstep financial services: Dairy and Fisheries cooperative societies can be made Bank Mitras of DCCBs and StCBs. To ensure their ease of doing business, transparency and financial inclusion, Micro-ATMs are also being given to these Bank Mitra Cooperative Societies with support from NABARD to provide 'Door-step Financial Services'. SoP for nationwide implementation has also been launched.

12. Convergence of PM-KUSUM at PACS level: Farmers associated with PACS can adopt solar agricultural water pumps and install photovoltaic modules in their farms.

13. PACS to carry out O&M of rural piped water supply schemes (PWS): In order to utilize the deep reach of PACS in rural areas, on the initiative of the Ministry of Cooperation, Ministry of Jal Shakti has made PACS as eligible agencies to carry out the Operations & Maintenance (O&M) of PWS in rural areas.