

ABOUT THE DEPARTMENT

Note, important issues/schemes and achievements

Cooperatives hold a significant place in view of the potential to address the problem of unemployment through undertaking gainful commercial activities. Cooperative Movement in the State has received due attention of the successive Govts. In view of its potential as an effective agency for socio economic transformation of the Society, the Cooperative Institutions have been termed as the institutions of **Economic emancipation**, while Panchayats as the institutions for political **independence**. In the State, Cooperative have seen a glorious period when these institutions were handling PDS items and had monopoly over the fertilizer business.

Despite the peculiar topography of the State, difficult terrain and hostile climatic conditions, the Cooperative Movement has played a Yeoman's role in the service of their members in particular, and the people in general. J&K is one of the front-runner States to enact the liberalized piece of Legislation on Cooperatives based on the recommendations of Choudhary Bhram Prakash Committee. The legislation known as J&K Self Reliant Cooperatives Act of 1999, conceives of **Self Reliant , Democratic and Vibrant Cooperative Movement** in the State. The State Govt. has initiated pragmatic steps to revive the Cooperative Movement, besides diversifying the business portfolio of the Cooperative Institutions.

2. Role of Govt. in nurturing Cooperative Movement

Cooperative Movement in India is being termed as an appendage of Govt. It is rightly being said that the Movement has started at the initiative of the Govt. in India. Law on Cooperatives has preceded the actual formation of the Cooperatives. In the post independence era, the successive Govts. have helped the Cooperative Institutions legally, morally and financially. Under the legal help, each State Govt. has its own Cooperative Societies Act. The registration renders the Cooperative Society concerned the status of a legal entity. Under the moral help, the Govt. has been entrusting the distribution of various commodities and Agricultural Inputs to the Cooperatives Institutions, while under the financial help the Govt. has directly contributed to the Share Capital of the Cooperative Institutions, besides, providing financial support in the form of loans, subsidies and different types of assistances. The financial help from the Govt. has helped the Cooperative Institutions to carve a niche and create fixed assets in the form of land and buildings, etc. It may be in place to mention that the State Govt. has contributed to the Share Capital of different Cooperative Institutions all over the State.

3. Registration of Cooperatives/Societies

An association of individuals who intend or undertake gainful commercial activities, is registered as a Cooperative Society/Cooperative and the job of RCS begins with the registration of Cooperative Societies

(under 1989 Act) and Cooperatives (under Self Reliant Act 1999), followed by supervision and audit of the already registered Cooperative Societies. Keeping in view the underlying concept and principles, Cooperative system of economy is considered as one of the leading systems of economy. Cooperatives have the potential to tackle the problem of unemployment; and to exploit this factor, awareness camps are held with the objective of organizing educated unemployed youth to form Cooperatives and upon registration, these youth undertake business activities to earn their livelihood in a graceful manner and under an organized sector. In addition to the registration of fresh Cooperatives/Societies, role of the Department is to supervise and monitor the working of Cooperative institutions and facilitate their working as a friend, philosopher and guide. In order to achieve its objectives, the Department has initiated pragmatic steps to woo the educated youth under the Cooperative Sector and has exhorted them to form Cooperatives.

In tandem with the National pattern, there is a three tier structure of Cooperative Societies in the State. At the village/block level, there are Primary level Societies having membership of individuals. At the District level, there are Marketing Societies having the Primary Societies as members. At the apex level, there are Apex Societies conducting business through the Marketing Societies and Primary Societies.

4. Legal Framework

In J&K, there are two Cooperative Acts viz. Cooperative Societies Act 1989 and the J&K Self Reliant Cooperatives Act 1999, concurrently governing the registration and working of Cooperative institutions registered under the respective Act. To make an explicit explanation, Cooperatives are registered under the provisions of the Act of 1999 and as the name implies, the Cooperatives are self reliant business entities which are so far without a commitment from the Govt. for any financial support and assistance, except upon signing of MoU. The Act of 1999 bars fresh registration under any other Act except those under Poultry, Dairy and Hatchery disciplines, which has been allowed vide an amendment in Section 3 of the J&K Self Reliant Cooperatives Act of 1999. Unlike the Self Reliant Cooperatives, Cooperative Societies registered under the Act of 1998 have been provided Share Capital contribution by the Govt. besides providing other forms of assistance in case of availability of funds.

5. Major schemes of National Coop. Development Corporation (NCDC) n. Delhi

The State had gone into default with the NCDC for about 14 years from 5/3/1989 to 31/3/2002. The State owed an amount of Rs. 1924.975 lac to the NCDC on account of loan raised on Govt. guarantee by various Cooperative Societies and the same had went into default.

On the request of the State Govt. in 2003, NCDC agreed for One Time Settlement, involving waiver of overdue interest of Rs. 1194.32 lacs. The Payment of balance of Rs. 730.655 lac was mutually agreed to be made in 7 equal instalments of approx. Rs. 104.00 Lac, which has been already remitted to the NCDC, thereby making the State eligible for further financing of schemes/ projects.

Major Projects/Schemes of NCDC under implementation in the State are as under:-

- a. Development of Commercial Poultry under Cooperative Sector
- b. Integrated Cooperative Development Projects (ICDP)

6. Development of Commercial Poultry under Cooperative Sector

In the year 2003 the State Govt. decided to develop commercial poultry in the State under Cooperative Sector with the active financial support from National Cooperative Development Corporation (NCDC) N, Delhi. As a sequel to this, vide Cabinet Decision No. 85/7 dated 30/5/2005 followed by Govt. Order No. 14-Coop of 2005 dated 13/06/2005, implementation of the NCDC scheme for funding of Poultry Cooperative Societies was approved. Registrar Cooperative Societies was accordingly nominated as Nodal Officer for the purpose with the mandate to tie up with NCDC for arranging financial support.

As a sequel to the decision of the State Government to develop commercial poultry under Cooperative sector, mass awareness was held for registration of Poultry Cooperatives/Societies all over the State. To facilitate the working of Poultry Societies, the State Govt. has tied up with the NCDC for arranging funding for the Poultry Cooperative Societies.

Funding pattern in Poultry Scheme

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|---|----------------------------------|
| 1. Beneficiary Cooperative's contribution | :5% of Capital Cost |
| 2. Loan from NCDC to State Govt. | :70% |
| 3. Subsidy from NCDC to Cooperative | :25% |
| 4. Loan from State Govt. to Cooperative | :50% |
| 5. Share Capital Contribution by State Govt.: | 20% |
| 6. Rate of Interest | :as applicable from time to time |
| 7. Period of repayment | :8 years |

In pursuit, Poultry Projects duly vetted for techno economic feasibility by the Animal Husbandry Deptt., are recommended by the State Government to the NCDC. In the first phase, 28 Poultry Cooperative Societies have been completely funded while 4 are partly funded.

During 2012, 48 more Poultry Projects at a block cost of Rs.1929.16 lac and having rearing capacity of 2.40 lac poultry birds per cycle, have been sanctioned by the NCDC, out of which Rs. 916.26 Lac have been received. Field functionaries have been sensitized for completion of legal documents like Mortgage Deed etc. so that these Projects are launched. So far, legal documentation has been completed

by 15 Societies and first instalment released in their favour. Cases of 5 Projects are in pipeline. The scheme has provided employment to a large number of youth in the State besides becoming inspiration for others.

7. Integrated Cooperative Development Projects (ICDP)

The State Government in its resolve to strengthen the Cooperative Movement, has started the implementation of Integrated Cooperative Development Projects (ICDP) funded by NCDC. The aim and purpose of the Projects is holistic development of the Cooperative Movement in the State/District. In this connection, financial assistance under different heads for the Cooperative Marketing Societies/ Pric. Agriculture Coop. Societies/ Consumer Stores/Vegetable Cooperatives and Dairy Cooperative Societies, is being provided. Broad objectives of ICD Projects are as under:-

1. Strengthen existing PACS and other Coops.
2. Development of PACS and other Coops as multi-purpose entities.
3. Reorient and improve the existing Coop. structure to suit local conditions
4. Modernization and up-gradation of Mgt. of the Coops.
5. Ensure vertical and horizontal linkages among various coops.
6. Economic & Social Development in the District through Coops.

Under the scheme, two Districts viz. Anantnag and Kathua have been taken up in the first phase. An aggregate amount of Rs. 1936.660 Lac the total Project cost for both the Projects. Both the Projects are on extension. Under the ICDP Anantnag, an amount of Rs. 364.73 lac have been disbursed in favour of 72 Cooperative Societies as a mixture of loan, share capital and subsidy through General Manager, ICDP Anantnag.

Similarly, an amount of Rs. 88.89 lac has been disbursed in favour of 41 Cooperative Societies as a mixture of loan, share capital and subsidy through General Manager ICDP Kathua.

Once the two projects are completed, the Projects of erstwhile Districts of Baramulla and Doda shall be taken up under the scheme with the prior sanction of the NCDC.

8. Rashtriya Krishi Vikas Yojna (RKVY)

RKVY is a centrally sponsored scheme with focus on development and strengthening of Agriculture and its allied sectors. During the financial year 2009-10 an amount of Rs. 55.00 Lac has been released in favour of 62 Cooperative Societies as Working Capital for augmenting their business for timely availability of agricultural inputs to the farmers. Similarly, during the year 2010-11 and 2011-12 an outlay of Rs. 225.60 Lacs have been provided for construction of two Godowns of 1000 MTs capacity each at Sopore in Baramulla District and Assar in Doda District. The entire amount has been released and construction of both

Godowns have been completed.

During the year 2013-14, construction of one Kissan Ghar at Wahipora Tangmarg Distt, Baramulla and Thanda Pani, Sunderbani Distt. Rajouri, have been sanctioned with an estimated cost of Rs. 10.00 Lac each. The required amount has been received and the same has been placed at the disposal of the Registrar Cooperative Societies.

9. Women Credit Cooperatives

Two Women Credit Cooperatives , one each at Srinagar and Jammu, have been registered as a Thrift and Credit Cooperatives. Both the Cooperatives are promoted by women and have only women as their members. Jammu Women Credit Cooperative has made remarkable working and is operating through 33 branches and has the membership of about 13000 women. Both the Cooperatives are visualized to graduate into full-fledged Women Cooperative Bank after attaining the Entry Point Norms, set by the Reserve Bank of India for granting Banking license

10. Milk Cooperatives

The erstwhile Milk Federations have been liquidated and the role of Umbrella Organization has been entrusted to Jammu and Kashmir Milk Producers Cooperative Ltd; which is an apex level self reliant dairy cooperative. The JKMPCL is directly purchasing milk from its affiliate members/Cooperatives comprising of Primary Milk Cooperatives. About 20000 litres of Milk per day are processed and supplied under the brand name "SNOWCAP" by both the Milk Plants at Satwari Jammu and Cheshmashahi Srinagar, which has become a household name in the State.

As a landmark achievement, the Jammu and Kashmir Milk Producers Cooperative Ltd. has been selected for implementation of the CSS namely "Strengthening Infrastructure for Quality and Clean Milk Production". The scheme is being implemented in three years with the total approved cost of about Rs. 3.76 Crore. The scheme aims at development of infrastructure of Milk Societies in the Districts of Baramulla, Pulwama, Anantnag, Budgam, Srinagar (Kashmir) and Jammu, Kathua, Udhampur and Samba (Jammu).

11. Fertilizer distribution and Consumer items

Cooperative Institutions are still considered as a reliable source of farm inputs. The role of Cooperative Institutions in the distribution of fertilizers all over the State has increased considerably to 85% of the total consumption. Besides, Cooperatives are considered as a reliable source of institutional purchases. During the year 2012-13, Cooperative institutions have conducted fertilizer business of about Rs. 11168.03 Lac and consumer business of about Rs. 7152.93 lac. In the current year upto ending 12/2014 the consumer and fertilizer business conducted by the

Cooperative Institutions has been Rs. 5340.43 lac and Rs. 7160.71 lac respectively.

12. Cooperative Banks

In J&K, there are 9 Cooperative Banks, namely, J&K State Cooperative Bank, Anantnag Central Cooperative Bank, Baramulla Central Cooperative Bank, Jammu Central Cooperative Bank, Urban Cooperative Bank Anantnag, Kashmir Mercantile Cooperative Bank Sopore, Citizens Cooperative Bank Jammu, Devika Urban Cooperative Bank Udhampur and J&K State Cooperative Agriculture and Rural Development Bank (J&K SCARDB). The State Cooperative Bank and the three Central Cooperative Banks advance short term agriculture loans while the Urban Banks finance non-farm sector. J&K SCARDB advances long term loans in agriculture sector. Cooperative Banks are operating through 250 branches and 18 extension counters. The Cooperative Bank in agriculture sector has distributed 65,906 Kissan Credit Cards amounting to Rs. 10,9,38.02 Lac upto 31-03-2013.

13. Revival of Short Term Cooperative Credit Structure (Vaidyanathan Committee Recommendations)

Like any other sector, Cooperative credit institutions also suffered a set back during the turbulent times of over two decades. The working of these institutions came to a stand still and possibilities were explored for revival of the same and bailing out the defunct Cooperative Credit Structure. Accordingly, Govt. of India constituted a Task Force headed by Prof. A. Vaidyanathan for making recommendations for revival of Short Term Credit Structure. The State Government also decided to avail the benefits under the package and accordingly, signed an MoU on 7/4/2008 with the Govt. of India/ NABARD for implementation of the Revival Package as recommended by the Task Force. After the conduct of Special Audit by NABARD through Master Trainers and Departmental Auditors 110 PACS have been found to be conforming to the eligibility criteria laid down under the revival package. As a part of implementation, Rs. 191.52 Lac has been released in favour of the District Central Cooperative Banks for onward credit to the accounts of the eligible PACS. In addition to the State Share to PACS, an amount of Rs. 72.86 lac as State Share has already been released in favour of Baramulla Central Cooperative Bank Ltd.

Since the package was visualized to wipe out the losses incurred by the Coop. Banks and PACS, the matter of extension/revival of the scheme has been taken up by the State Government from time to time with the Gol/NABARD so that the scheme is fully implemented in the State. Pertinent to mention, the period of implementation of the package has expired during 2011 and Central (Gol) share in respect of PACS and banks, as worked out by Special Audit conducted by NABARD, is pending.

The package under Vaidyanathan Committee is a silver lining to bail out the Cooperative Credit Institutions, particularly the District Central Cooperative banks which have been served a Notice by the Reserve Bank of India for not complying to various statutory ratios.

2. Role of Govt. in nurturing Cooperative Movement

Cooperative Movement in India is being nurtured as an offshoot of Govt. It is a well known fact that Govt. has been playing a leading role in the movement. The Govt. has been providing financial assistance to the Cooperatives in the form of grants and subsidies. The Govt. has also been providing technical assistance to the Cooperatives. The Govt. has been providing training to the Cooperatives. The Govt. has been providing insurance to the Cooperatives. The Govt. has been providing credit to the Cooperatives. The Govt. has been providing all these facilities to the Cooperatives. The Govt. has been playing a leading role in the movement. The Govt. has been providing financial assistance to the Cooperatives in the form of grants and subsidies. The Govt. has also been providing technical assistance to the Cooperatives. The Govt. has been providing training to the Cooperatives. The Govt. has been providing insurance to the Cooperatives. The Govt. has been providing credit to the Cooperatives. The Govt. has been providing all these facilities to the Cooperatives.

2.1. Registration of Cooperative Societies

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