



“Prosperity through Cooperation”

Major initiatives of Ministry of Cooperation

(6th July 2021 - 14th June 2023)

(A) Economic strengthening of Primary Co-operative Societies

1. Model Bye-Laws for making PACS Multipurpose

The Model Bye-laws for PACS were prepared by Ministry of Cooperation after consultation with all States/UTs, National Federations and other stakeholders and were circulated on 05 January 2023. This will increase the sources of income of PACS/LAMPS and create new employment opportunities in more than 25 new sectors like dairy, fisheries, storage, etc. So far, they have been adopted by 23 States/Union Territories and the work of adoption in other States is in progress.

2. Strengthening of PACS through Computerization

Total 63,000 functional PACS/LAMPS are being linked with NABARD through a single National Software Network. So far, proposals for computerization of a total of 58,383 PACS have been received from 24 States and 4 Union Territories. For this, a total of Rs 437.17 crore has been released by the Central government to the States for hardware purchase, digitization and setting up support systems. National Integrated Software has been prepared by NABARD. Computerization will start after the procurement of hardware and finalization of System Integrator by the States. This initiative will enhance efficiency and transparency in PACS.

3. Establishment of Multipurpose PACS/Dairy/Fisheries Cooperative Societies (2 lakh new societies) in every Panchayat/Village

This scheme, approved by the Cabinet on February 15, 2023, has a target of setting up 2 lakh new Multi-purpose PACS/Dairy/Fisheries Cooperative Societies in the Panchayats/Villages not covered so far, in the next 5 years. Under this, various schemes of the Government of India will be converged at the level of primary Cooperative Societies. Inter-Ministerial Committee, National Level Coordination Committee, State Level Cooperative Development Committees and District Level Cooperative Development Committees have been formed for the implementation of this scheme. Meetings are being held by the Ministry with all the States. Action plan related to the establishment of new Societies has been prepared by NABARD, NDDDB and NFDB and work has already started on this plan.

4. World's largest Decentralized Grain Storage Program in Cooperative sector to ensure food security

Under this scheme, approved by the Cabinet on May 31, 2023, different types of agricultural infrastructure such as godowns, custom hiring centers, processing units, fair price shops, etc. will be created by convergence of various schemes of the Government of India at the PACS level. This scheme will ensure country's food security, reduce wastage of food grains, result in better price for farmers for their

produce and meet various agricultural needs at the PACS level itself. The implementation of this scheme is being started through a Pilot project with the cooperation of the States, and will be coordinated by the Inter-Ministerial Committee, National Level Coordination Committee, State Level Cooperative Development Committee and District Level Cooperative Development Committee.

5. PACS as Common Service Centers (CSCs) for better access to e-Services

MoU has been signed on 02.02.2023 between Ministry of Cooperation, Ministry of Electronics and Information Technology, NABARD and CSC e-Governance Services India Limited for providing CSC services through PACS, after which more than 300 e-services provided by CSC will now be provided by PACS also. Till date more than 15,000 PACS have been onboarded as CSC and the work on onboarding of other PACS is also in progress. The onboarded PACS are also being provided training by CSC-SPV and NABARD.

6. Formation of new Farmer Producer Organizations (FPOs) by PACS

Under the FPO scheme, it has been decided to allot 1100 additional FPOs to the National Cooperative Development Corporation (NCDC) in cooperative sector. Now, PACS will be able to do other economic activities related to agriculture as FPOs. This initiative will also be helpful in providing the members of the cooperative societies with the necessary market linkage to get fair and remunerative prices for their produce.

7. Eligibility of PACS for LPG Distributorship

Petroleum Ministry is amending rules to make PACS eligible for LPG distributorship, after which PACS will also be able to distribute LPG. This will give PACS an option to increase their economic activities and create new employment opportunities in rural areas.

8. Permission to convert Bulk Consumer Petrol Pump operated by PACS into retail outlet

The Ministry of Petroleum and Natural Gas has agreed to convert existing bulk consumer licensee PACS into retail outlets. PACS will also be given priority for

new petrol pump dealership. These provisions will increase the profit of PACS and create new employment opportunities in rural areas.

9. PACS as Jan Aushadhi Kendra for access to generic medicines at Rural level

In a meeting held on June 06, 2023 under the chairmanship of the Hon'ble Home and Cooperation Minister with the Hon'ble Minister of Chemicals and Fertilizers, it was decided to open 1,000 Jan Aushadhi Kendras by August, 2023 and 2,000 Jan Aushadhi Kendras by December, 2023 at identified PACS. With this initiative, cheaper generic medicines will be available to the common people at the Village/Block level and PACS will get additional employment opportunities. Interested PACS are to be identified and encouraged by the State Government to apply online.

10. PACS as Fertilizer Distribution Centre

In a meeting held on June 06, 2023 under the chairmanship of the Hon'ble Minister of Home Affairs and Cooperation with the Hon'ble Minister of Chemicals, decision has been taken to make functional PACS eligible to act as fertilizer retailers, Pradhan Mantri Kisan Samridhhi Kendras (PMKSK) and drone entrepreneurs for spraying fertilizers and pesticides. These drones can also be used for property survey. This step will ensure availability of fertilizers to the farmers at the PACS level and will create new business opportunities in PACS.

11. Convergence of PM-KUSUM Scheme at PACS Level

The structure and reach of PACS, which have direct linkage with 13 Crore farmer members, can be leveraged to set up decentralized solar power plants at the Panchayat level. With this, farmers connected to PACS can replace Agricultural Diesel Pumps with Solar Agricultural Water Pumps and ensure their energy security by installing Photovoltaic Modules on the periphery of their land, thereby extending the reach of the scheme up to the last mile. Further, PACS and its member farmers will get alternative sources of income. A concept note has been prepared by the Ministry of Cooperation and sent to MNRE on this subject and a

meeting of the Secretary (Cooperation) with the Hon'ble Minister of New and Renewable Energy has been held on this proposal.

(B) Relief in Income Tax Law for Co-operative Societies

12. Reduction in surcharge on Income Tax for Cooperative Societies

The surcharge on Income Tax for Cooperative Societies with income from Rs 1 Crore to Rs 10 Crore has been reduced from 12% to 7% at par with Companies. This will reduce the burden of Income Tax on Cooperative Societies and more capital will be available with the societies to work for the benefit of the members.

13. Reduction in Minimum Alternate Tax (MAT) on Cooperative Societies

The Minimum Alternate Tax rate for Cooperative Societies has been reduced from 18.5% to 15%. With this provision, now there is parity between Cooperative Societies and Companies in this regard. This will strengthen cooperative societies and Cooperative Sector will expand.

14. Increase in limit of Cash Deposits and Cash Loans by PACS and PCARDBs

The limit for Cash Deposits and Cash Loans by PACS and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) has been increased from Rs 20,000 to Rs 2 lakh per member. This provision will facilitate their activities, increase their business and benefit the members of societies.

15. Tax cut for New manufacturing Cooperative Societies

New manufacturing cooperative societies commencing manufacturing operations by March 31, 2024, will be taxed at a flat rate of 15% as against the existing tax rate of up to 30% with surcharge. With this provision, now there is parity between Cooperative Societies and companies in this regard. This will encourage the formation of new cooperative societies in the manufacturing sector.

16. Increase in the limit of Tax Deducted at Source (TDS) in Cash Withdrawal

Through the Union Budget 2023-24, the cash withdrawal limit of cooperative societies without deduction of tax at source has been increased from Rs.1 crore to Rs.3 crore per year. This provision will save Tax Deducted at Source (TDS) for cooperative societies, which they will be able to use to work for the benefit of their members.

17. Relief in cash transactions under section 269ST of the Income Tax Act

Co-operative societies earlier treated the 'Contract' with their distributors as 'one event' and in all the transactions with that distributor in the entire year, if the cash receipt was more than two lakh rupees, it was considered taxable and income tax penalty was imposed on it. The Income Tax Department has issued a circular making it clear that now the 'Contract' made by cooperative societies with their distributors will not be considered as 'an event'. With this clarification, each cash transaction of more than 2 lakhs done by the cooperative societies with their distributor will be considered separately, so that they will not be charged with income tax penalty. With this, State and District milk unions will now be able to pay in cash to member milk producers by receiving payment in cash from their distributors during Bank holidays.

(C) Redressal of difficulties faced by Co-operative Banks

18. Urban Co-operative Banks (UCBs) will now be able to open new branches to expand their business.

19. UCBs will also be able to make one-time settlement of outstanding loans, like Commercial Banks.

20. Additional time limit has been given to achieve the Priority Sector Lending (PSL) targets given to UCBs.

21. A Nodal Officer has been designated in RBI for regular interaction with UCBs.

22. RBI has permitted UCBs to provide door-step banking services to their customers.

23. RBI has more than doubled the individual housing loan limit for Rural and Urban Co-operative Banks.
24. Rural Co-operative Banks will now be able to lend to commercial real estate - residential housing sector, thereby diversifying their business.
25. Co-operative Banks have been included as Member Lending Institutions [MLIs] of CGTMSE. With this, now the member Co-operative Banks will be able to take advantage of risk coverage up to 85 percent on the loans given. Along with this, the cooperative sector enterprises will also now be able to get collateral free loans up to Rs 5 crore from Co-operative Banks.
26. License fee for onboarding Co-operative Banks to the modern 'Aadhaar Enabled Payment System' (AePS) has been reduced by linking it to the number of transactions. Apart from this, cooperative financial institutions will also be able to get the facility free of cost for the first three months of the pre-production phase. With this, farmers will now be able to get the facility of banking at their home with their fingerprints.

(D) Revival of Cooperative Sugar Mills

27. Relief from Income Tax to Cooperative Sugar Mills

Cooperative Sugar Mills will not have to pay additional income tax on payment of higher sugarcane prices to farmers up to the fair and remunerative price or the State advised price. With this provision, Cooperative Sugar Mills will now be able to give higher price of sugarcane to their members and they will get income tax deduction on this higher expenditure.

28. Resolving decades old pending issues related to income tax of Cooperative Sugar Mills

Provision has been made through the Union Budget 2023-24 that the payments made by Cooperative Sugar Mills to sugarcane farmers before the assessment year 2016-17 will be allowed to be claimed as expenditure. By this, they will be able to

get relief of about 10,000 crore rupees, thus resolving the income tax issues pending for decades.

29. Rs 10,000 crore loan scheme through NCDC for strengthening of Cooperative Sugar Mills

Ministry of Cooperation has launched a new scheme named 'Grant-in-aid to NCDC for Strengthening of Cooperative Sugar Mills' under which Government of India would give grant of Rs.1,000 crore to NCDC during Financial Year 2022-23 and 2023-24. NCDC will use this grant to provide loans up to Rs 10,000 crore to Cooperative Sugar Mills, which they will be able to use for setting up ethanol plants or for setting up cogeneration plants or for working capital or for all three purposes.

30. Preference in purchase of ethanol to Cooperative Sugar Mills and establishment of Cogen Power Plants

Cooperative Sugar Mills will be put at par with private companies for ethanol procurement by the Ministry of Petroleum under the Ethanol Blending Programme (EBP). There are also plans to set up Cogeneration Power Plants from sugarcane bagasse. With these steps, the business of Cooperative Sugar Mills will expand and in result their profits will also increase.

(E) Three new Multi-State Societies at the National Level

31. New National Level Multi-State Cooperative Society for Exports

Under the Multi-State Cooperative Societies Act, 2002, a new National Cooperative Exports Limited has been set up as an Umbrella organization to promote exports from the cooperative sector. Cooperative societies from Primary to National level including District, State, National level federations and Multi-State Cooperative Societies can become its members. Through this Society, the Export of farmers' products will be facilitated and the farmers will get better price for their products.

32. New National Level Multi-State Cooperative Society for Certified Seeds

Under the Multi-State Cooperative Societies Act, 2002, a new Bhartiya Beej Sahakari Samiti Limited has been set up as an Umbrella organization for cultivation, production and distribution of improved seeds under a single brand name. Cooperative Societies (Primary, District, State level) of States/Union Territories can become its members. This Society will increase availability of improved seeds to the farmers, boost productivity of crops and enhance the income of the farmers.

33. New National Level Multi-State Cooperative Society for Organic Farming

The National Cooperative Organics Limited has been established under the Multi-State Cooperative Societies Act, 2002 as an Umbrella organization which will work for production, distribution and marketing of certified and authentic organic products. Primary to National level cooperative societies including District, State, National level federations, Multi-State Cooperative Societies, and Farmer Producer Organizations (FPOs) can become its members. This will increase production of organic products and increase the profit of the farmers.

(F) Education and Training in the Cooperative Sector

34. Establishment of the World's Largest Cooperative University

It is being planned to establish National Cooperative University for Cooperative education, training, consultancy, research and development. This University will ensure a sustainable, adequate and quality supply of trained manpower and work for capacity building of the existing personnel. This University will be first of its kind, a specialized University in cooperative sector.

35. New Scheme of Cooperative Education and Training

This scheme is needed to make cooperative societies a strong economic institution, broaden and strengthen the cooperative movement, build capacity of faculty of VAMNICOM, NCCT and JCTC, promote quality research and studies on important areas of Cooperative Societies, etc. In this regard, initial stakeholder

consultations are being held and formulation of scheme is targeted in the next three months.

36. Promotion of training and awareness through NCCT

The National Council for Cooperative Training (NCCT), an autonomous society under the Ministry of Cooperation, organizes cooperative education and training programs for personnel, members and board members of Cooperative Societies across the country, including personnel from Cooperative Departments of States/UTs. It conducts these programs through its 20 constituent training institutes spread across the country, out of which VAMNICOM (Vaikunth Mehta National Institute of Cooperative Management) is a National level institute. In addition, there are 14 State level and five Regional level institutes. NCCT conducted 3287 training programs in the year 2022-23 against the target of 1740 training programs for cooperative participants, workers and professionals across the country. In addition, during this period, the Council provided training to about 2,01,507 participants, which is five times more than the scheduled 43,500 participants. Vocational Development Plans (based on existing DPRs) in local languages for Cooperative Societies are being prepared through NCCT.

(G) New National Cooperation Policy and New National Cooperative Database

37. Formulation of New National Cooperation Policy

A Multidisciplinary and National level committee consisting of 49 members comprising experts and stakeholders from different States and across the Country has been constituted under the leadership of former Union Minister Shri Suresh Prabhu to formulate a new Cooperation Policy to realize the concept of 'Prosperity through Cooperation'. So far, 9 meetings of the Expert Committee have been held, during which detailed discussions were held with the stakeholders and the new National Cooperation Policy is expected to be ready soon.

38. New National Cooperative Database

The work on developing a comprehensive, authentic and updated National Cooperative Database is being done in a phased manner by the Ministry of Cooperation with the assistance of State Governments. Under the First Phase, mapping of about 2.64 lakh societies of PACS, dairy and fisheries has been completed on February 28, 2023. In the Second Phase, mapping of National Cooperative Societies and Federations has been done. Under the Third Phase, about 5.8 lakh Cooperative Societies of all other sectors are being included in the database, which has been targeted to be completed by June, 2023.

(H) Inclusion of Cooperative Societies as 'Buyer' on GeM Portal

39. The Union Cabinet has approved Cooperative Societies to be registered as 'Buyer' on Government e-Marketplace (GeM) on 1st June, 2022. Cooperative Societies will now be able to buy from around 60 lakh authentic sellers/service providers available across the country on the single platform of GeM. So far more than 550 Cooperative Societies have been onboarded as buyers on the GeM portal. Further, Cooperative Societies are also being motivated to register as sellers on GeM.

(I) Expansion of National Cooperative Development Corporation (NCDC)

40. New schemes for Cooperative Societies have been started by NCDC in various sectors such as 'Swahayamshakti Sahakar' for self-help groups; 'Dirghavadhi Krishak Sahakar' for long term agricultural credit; 'Dairy Sahakar' for dairy and 'Nandini Sahakar' for women's cooperative institutions etc. In the financial year 2022-23, NCDC disbursed financial assistance of Rs.41,025 crore (provisional) which is almost 20% higher than the disbursement of Rs.34,221 crore in 2021-22. To enhance the flow of much needed funds to the cooperative sector, NCDC has envisaged increasing loan disbursements to about Rs 3 lakh crore per year over the next five years by increasing its efficiency and geographical spread. All States and State Cooperative Societies can avail loan schemes of NCDC.

(J) Strengthening of Central Registrar's Office

41. Computerization of Central Registrar's Office

The office of the Central Registrar is responsible for administering the Multi State Co-operative Societies (MSCS) Act, 2002. The office of the Central Registrar is being computerized to create a digital ecosystem for Multi-State Cooperative Societies. The software will assist in processing applications and service requests in a time bound manner through electronic work flow at the Central Registrar's Office. It will have provisions for OTP based user registration, verification check for compliance with MSCS Act and Rules, hearing through VC, issue of registration certificate and other communication, electronically. This computerization project will help significantly in registering new MSCS and will also promote their ease of doing business.

42. The Multi-State Co-operative Societies (Amendment) Bill, 2022

The Multi-State Co-operative Societies (Amendment) Bill, 2022 aims to amend Multi-State Co-operative Societies Act, 2002 to incorporate the provisions of the 97th Constitutional Amendment and to strengthen governance, increase transparency, increase accountability, improve election process, etc in Multi-State Cooperative Societies. This Bill was introduced in the Lok Sabha on December 7, 2022, and was referred to a Joint Parliamentary Committee of both the Houses on December 20, 2022. Notice of consideration and passing of the Bill, as reported by the Joint Committee has been given in the Lok Sabha on 22.03.2023. The Bill is to be introduced for consideration and passing in the upcoming session of the Parliament.

(K) Other Initiatives

43. Computerization of Agriculture and Rural Development Banks (ARDBs)

To strengthen the Long-term Cooperative Credit structure, the Ministry of Cooperation is taking up the project of computerization of Agriculture and Rural Development Banks (ARDBs). It will have various components such as hardware procurement, comprehensive Enterprise Resource Planning (ERP) solutions,

digitization, providing training and support, and maintenance of software, etc. 25 percent of the expenditure incurred in this scheme will be borne by the ARDBs and the remaining 75 percent by the Central and State governments. Computerization will provide various benefits to ARDBs, such as increased efficiency, faster loan disbursement, reduced transaction costs, increased transparency and lower imbalances of payments, etc.

44. Refund to Investors of Sahara Group of Societies

On the petition of the Ministry of Cooperation, the Hon'ble Supreme Court vide order dated 29.03.2023, directed to transfer Rs 5000 crore from Sahara-SEBI refund account to the Central Registrar of Multi-State Co-operative Societies for disbursement of valid dues of the depositors of 4 Cooperative Societies of Sahara Group (Sahara Credit Cooperative Ltd., Saharayan Universal Multipurpose Society Ltd., Hamara India Credit Cooperative Society Ltd. and Stars Multipurpose Cooperative Society Ltd.). Stockholding Documents Management Services Ltd. (SDMSL)'s has been engaged to develop a transparent digital system (portal) under the supervision and monitoring of Justice Shri R. Subhash Reddy (Retd.) and Advocate Shri Gaurav Agrawal, amicus curiae, for disbursement by the Central Registrar in compliance with the order of the Hon'ble Supreme Court. Four Officers on Special Duty (OSDs) have also been appointed by the Central Registrar for each of the above committees to supervise the refund process. Through the portal, payment will be made to the concerned Bank account of the bona fide depositors in a transparent manner after proper identification and submission of proof of their deposits and claims. The Central Registrar's Office is shortly going to issue a press release to inform the investors of these societies to apply for refund through the portal.

45. Scheme for computerization of office of Registrar of Cooperative Societies in States/Union Territories

To increase ease of doing business for Cooperative Societies and create a digital ecosystem for transparent paperless regulation in all States/Union Territories, a

scheme for computerization of State Registrar Offices is being prepared by the Ministry of Cooperation. The software developed under this scheme will be based on the Cooperative Act of the respective State/UT. The Ministry is in dialogue with the Registrars of all the States/UTs to formulate this scheme and soon it will be proposed as a Centrally Sponsored Scheme.
