

COOPERATIVE SUMMIT FOR DEVELOPMENT OF COOPERATIVES IN NORTH-EAST

Indian Cooperative Sector with over 5 lakh cooperatives having membership of 236 million is one of the largest cooperative structures in the world. Cooperatives in the country today have significant contribution in many spheres of economic activities. Cooperatives contribute as much as 50 per cent of the total production of sugar, own 64 per cent rural storage capacity, account for 53 per cent of agro-credit disbursement, 35 per cent fertiliser distribution etc. However, there are many challenges that face the cooperative sector, particularly in the seven sister states of the North-Eastern region alongwith Sikkim. National Cooperative Development Corporation (NCDC) has abiding commitment to the rapid economic and meaningful social development of the North-Eastern region through cooperativisation. In this context, NCDC alongwith Union Ministry of Agriculture; took a major initiative to organise a Cooperative Summit on May 16, 2005 at Shillong to strengthen the development of cooperatives in North Eastern Region. The important objective of the Summit was to disseminate information about NCDC Schemes and its role in strengthening the cooperative movement in the North-East.

Smt. Radha Singh, Secretary (Agri. & Coopn.) Government of India gave the keynote address at the Summit; which was inaugurated by Dr. Donkumar Roy, Hon'ble Deputy Chief Minister, Meghalaya. State Ministers and top level officials from various departments of North East Region and representatives of national level organisations among others participated in the event. Presented here are the highlights of the Summit with excerpts from the keynote address of the Secretary and Speech of MD, NCDC.

Keynote Address of Secretary (A&C) : Excerpts

Cooperation is a potent tool for bringing about development at the grassroots level, enabling even the poor and marginalised segments of the economy to participate in the process of translating the latent potential into an actuality. The theme of the Summit focussing as it does on development of the Region through Cooperatives is particularly appropriate, keeping in view the thrust of the planning process of the country on the need to bring about parity in regional development.

In a democratic nation, development has to be equitably spread. Growth

cannot be at the cost of equity and in this context, the development of the North Eastern Region at par with other developed States needs to be ensured. The States of the North East because of their location, backwardness sparse

population and high concentration of tribals already enjoy Special Category Status resulting in favourable financial dispensation with regard to Central Assistance for State Plan activities as compared to other States. The

Government of India has also made it mandatory for all Ministries of Central Govt. to earmark/allocate 10 per cent of their budget for the North-Eastern States. Despite this, there are several bottlenecks which impede the process of development and we need to focus on these and identify possible remedies.

The economy of the region is mainly rural and agrarian based. Agriculture and allied activities continue to be the mainstay of about 90 per cent of the region's

Dr. Donkumar Roy, Dy. Chief Minister, Meghalaya, lighting the lamp to inaugurate the Summit



*Based on the Keynote address of Smt. Radha Singh, Secy. Union Ministry of Agriculture



Smt. Radha Singh, Secy. (Agri. & Coopn.) Govt. of India, welcoming Dr. Donkumar Roy, Dy. C.M., Meghalaya

population. Specific problems related to agriculture are un-economic size of holdings, low yield due to absence of effective extension network, low consumption of inputs such as fertilizers, lack of skills and inadequate market opportunity. The Cooperative approach can surely be one way of collective action to overcome these constraints.

So far, however, the Cooperative Movement in the region has largely remained a Government sponsored one with low level of people's participation and leadership. Various development programmes including programmes for Cooperative credit and banking initiated by the Government and different financing agencies as well as voluntary organisation have not delivered as expected largely due to the absence of active and enlightened participation of the people of the region. The 8 State Cooperative Banks in the Region are primarily a two tier Cooperative Credit Structure with PACS and LAMPS, affiliated to them. Only about 30 per cent of the PACS are considered to be viable societies. When 70 per cent of our ultimate credit channels are blocked for various reasons, there is little doubt that the apex level organisations have a very restricted operational area.

The base level societies in the region today have low membership, poor

member participation, low business level, inadequate resource base, high level of overdues, lack of cooperative leadership and declining diversification of activities. While in some States they are concentrating only on PDS activities, many of the societies do not

undertake any kind of business other than a very low level of Seasonal Agricultural Operations. This has resulted in unviable PACS.

State-wise perspective plans for funding by NCDC in next five years in North East, aggregate to over Rs. 167 crores. The share of various states is; Sikkim Rs. 43 cr., Assam 27.85 cr., Meghalaya Rs. 15.8 cr., Mizoram Rs. 10.5 cr., Nagaland Rs. 19.6 cr., Tripura Rs. 18 cr., Manipur Rs. 16.55 cr. and Arunachal Pradesh Rs. 15.7 cr. respectively.

Vaidyanathan Committee on Revival of Cooperative Credit institution; preparation of model balance sheet proforma for PACS & D C C B s . designing of accounting system, common software and hardware plan, designing of training modules and manuals etc. Costs of these are met by GOI grant. The PACS should take full advantage of these facilities

so that their operational efficiency will improve.

Programme for Revival of Cooperatives

The State Cooperative Banks with the help and assistance of the Department of Cooperation in each State must draw up a blue print for a pilot programme to revive and strengthen the grassroot level societies and clear the credit blockade. These societies should be motivated to provide their members and diversified services and help to prepare business plans, keeping in view micro level demands and potential. The Integrated Cooperative Development Project assisted by NCDC is one such area based development approach which aims at developing diversified business to make PACS healthy. Many districts in the North East region have been covered by ICDP and efforts should be made to cover all the remaining districts.

Prominent among the other constraints that the cooperatives are facing, is the near total absence of a viable marketing network. The State Agricultural Cooperative Marketing Federations in these States have not been functioning satisfactorily. This is also true in the case of the marketing

A bouquet by Sh. Shreerajan, Secy. (Coopn.) Meghalaya; to Sh. Dinesh Rai, MD, NCDC



COOPERATIVE SUMMIT 2005 FOR NORTH EASTERN STATES

Discussions for Development of Cooperatives
May 16, 2005, Shillong
Organized By

National Cooperative Development Corporation
Ministry of Agriculture, Government of India



Keynote address by Smt. Radha Singh, Secretary (Agri. & Coopn.). On dias are Dr. Donkumar Roy, Dy. Chief Minister, Sh. Paul Lyngdoh, Coopn. Minister and Sh. G.P. Wahlang, APC, Meghalaya (rt.) and Sh. Dinesh Rai, MD, NCDC (lt.)

committee to deliberate upon and devise appropriate strategies will. I am sure, speed up the process of healthy cooperative growth in the States.

The North Eastern Region of India has a unique ecology and tremendous bio diversity. There is immense scope for development in the horticulture sector. However, despite favourable natural conditions horticulture practices are largely limited to backyard farm activities, characterised by lack of technical know how, low productivity, improper post harvest management and poor marketing. In order to

organisations of allied sectors like handlooms & handicraft. An example of success, however, is the Assam Apex Weavers and Artisans Cooperative Federations (ARTFED) which has over Rs. 60 crores turnover and good profitability. If ARTFED can be successful, why not other similar State Federations? There is need for immediate rehabilitation of State Level Marketing Federations, State & District Cooperative Banks so that Primary Cooperative become active and smooth and timely flow of inputs like fertilisers and credit to the farmers is ensured.

To ensure concessional funding to the cooperatives of the North East, all the States in the North Eastern Region have been categorised as cooperatively least developed States for the purpose of financial assistance from NCDC. Under the restructured Central Sector Scheme of Ministry of Agriculture for Assistance through NCDC, these States are eligible for liberal financial assistance including subsidy of 25 per cent for most of the activities assisted by NCDC. The NCDC has also set up a Committee of the North East representative on its General Council, to focus upon the problems of the North East and to suggest viable plans of action. The constitution of such a

Rs 167-cr NCDC Aid for Cooperative in N-E

Indian Cooperative sector with over 5 lakh cooperatives having membership of 236 million is one of the largest cooperative structures in the world. The cooperatives in the country today have significant contribution in many spheres of economic activities which contribute as much 50 per cent of agro credit disbursement, 35 per cent fertiliser distribution etc. The Common Minimum Programme of the UPA Govt. has also emphasised the need for strengthening cooperatives, since the cooperative system is the only potent instrument by which members can come together to do things even with little or no resources which they cannot do individually.

However, there are many challenges that face the cooperative sector, particularly in the North-Eastern states. National Cooperative Development Corporation (NCDC) has abiding commitment to the rapid economic and meaningful social development of the North-Eastern region through cooperativisation. In this context, NCDC took a major initiative to organise a cooperative summit to strengthen the development of cooperative in North-Eastern region. The important objective of the summit was to disseminate information about NCDC Schemes and its role in promoting these through cooperatives.

Dr. Donkumar Roy, Deputy Chief Minister, Meghalaya inaugurated the summit held at Shillong this week. Smt. Radha Singh, Secretary (Agri. & Coopn.) Govt of India gave the keynote address. Minister of Cooperation, Meghalaya, State Chief Secretary, top officials of various departments and other organisations of the North East attended the high level summit. At the national level representatives of NAFED, NCARDB Fedn. NCCF also participated in the event. Speaking at the Summit Sh. Dinesh Rai, M.D. NCDC, reiterated that NCDC's efforts are to ensure that the cooperative development in this region is soon at par with other states. He informed the special category status accorded to all the seven states of the North Eastern region and Sikkim, by the NCDC for financing various cooperative projects. The whole region categorised as least developed states, thus attracts a subsidy ranging from 25 to 33.3 per cent.

Sh. Rai made a particular mention of the State-wise perspective plans for funding by NCDC in next five years in North-East, aggregating to over Rs. 167 crores.

(Excerpts : National Herald; New Delhi, May 22, 2005)

improve the livelihood opportunities, the Government of India has launched a Technology Mission for Integrated Development of Horticulture. The Mission is based on an 'end to end approach' taking into account the entire gamut of horticulture development in a holistic manner. The programmes under the Technology Mission have been evolved in consultation with the primary stakeholders and including the State Govts. and NGOs. It is hoped that the four Mini Missions under the Technology Mission would help improve horticulture opportunities in an integrated manner.

News Areas

There are several untapped and virgin areas, which can be taken up for development by the cooperatives here. New areas like cultivation and processing of aromatic plants, lemongrass, vetiver, rose celery, cinnamon could be explored. Technologies developed by CFTRI for improved huller systems for rice milling, liquid fruit squashes & syrups, ready to serve fruit beverages, etc. may be adopted. Innovative techniques have been developed and are available with CFTRI for meat processing, cattle & poultry feed and egg preservation, etc. which also should be availed of. The development of handicrafts like brass metal, bell metal, dokra craft, miscellaneous crafts like pottery, bamboo craft and minor forest produce needs to be explored. The States should take advantage of Bamboo Mission to improve bamboo production and its utilisation in product diversification.

Farmers and others in the region need to be encouraged to undertake other economic activities such as dairying, horticulture, floriculture, modernisation of handloom and handicraft, food processing etc. The Cooperative Banks and training establishments in the sector must involve themselves in this process not only to finance such projects but also to provide the required technological inputs as well as provide other know how. NCDC has scheme to fund all these activities, providing financial assistance upto 95 percent of the project cost.



Sh. Badrul Hassan, CD, NCDC, Guwahati alongwith top level officials from Meghalaya

I urge upon all the States to take full advantage of these schemes.

There is scope to improve production and productivity of three major varieties of silk namely, Eri, Muga, and Mulberry. In Assam although the area under sericulture has nearly doubled during the last decade, the production has remained the same, thereby indicating reduction in productivity by nearly half. What is worrying is that even in mulberry sericulture, which is a domesticated silk, the productivity has reduced drastically in Assam largely due to poor agriculture and sericulture practices. This is an important industry for the rural employment in the region largely employing women. Sericulture could also be used as a tool to wean away the tribal groups engaged in Shifting (Jhum)

cultivation and relocating them into stable agricultural practices. Similarly, Arunachal Pradesh has more than 525 species of orchids and there is a tremendous potential for their cultivation, tissue culture, development of hybrids and exports. Average shelf life of an orchid is 15-20 days which makes it ideal for marketing even to distant markets. Mizoram meets 80 per cent of its egg requirements through imports over large distances. It also faces a chronic shortage of chicken & pork. The entire cattlefeed

requirement is met through imports. Cooperatives can take up the challenge of fulfilling these requirements.

It is essential to improve the participation of women in managing the affairs of the grassroot level societies in addition to their membership of

cooperatives. Promotion of Self Help Groups is being undertaken and exclusively all women Self Help Groups are also being promoted. Some State Cooperative Banks in the region also have taken initiative to form self help groups among the members of the grassroot level societies depending on their homogeneity. There is need for building up linkages of these SHGs with grassroot level cooperative societies.

Speech of Sh. Dinesh Rai, MD, NCDC : Excerpts

Nature has endowed this entire region bountifully and in many respects incomparably. The North-East is an astonishing confluence of diverse ethnic, linguistic, religious and cultural

Minister Moots Comprehensive Masterplans for States

Cooperation Minister Sh. Paul Lyngdoh stressed on the need for a comprehensive masterplan for each state indicating institutional strengthening and investment with a focussed action plan of financial support for next 10 years which takes into account the angularities, history and prospects of the state. Sh. Lyngdoh was speaking at the inaugural function



Sh.Dinesh Rai, welcoming Sh.Paul Lyngdoh, Cooperation Minister, Meghalaya

of the Cooperation Summit 2005 for North Eastern States organised by National Cooperative Development Corporation (NCDC) at Shillong May, 16, 2005.

He further suggested that the NCDC take the lead in working out the masterplan as it has both the reach and expertise in this matter while urging the Cooperation Department and the Registrars of each state, must closely work with the NCDC in this endeavour.

Visualizing the master plan, Lyngdoh said that plan must also specifically include proposals on capacity building, linkages with national federations. In addition to aspects of investment, credit and reform.

The Minister said that the cooperative movement in the country has seen many ups and downs over the decades despite various limitations, remarkable success has been achieved in many rural areas of the country as well by selected societies in the North East.

Stating that idea of cooperation has spread, Lyngdoh said that self-help groups are active in large numbers and pointing that these could will be tomorrow's cooperatives and "we need to support this process through appropriately designed interventions."

He further said that concurrently, a significant number

of successful societies are functioning in urban areas, particularly thrift, group housing and consumer societies.

Informing that others are exploring new avenues in areas such as tourism and even ICT, Sh. Lyngdoh said that it is a positive development and suggested that the NCDC should seriously consider formulating schemes for such societies. The

Minister said that the NCDC has covered the entire state under the Integrated Cooperative Development Project and this programme has yielded promising results especially in Jaintia Hills and in addition to their ongoing project, "we have this year taken up the two remaining districts of the state."

Inaugurating the summit, Deputy Chief Minister in charge finance Dr. Donkumar Roy said that an area of concern is the ability of the system as a whole to deliver credit for it is an essential input for scale of operations of economic activity to increase. However, in the North East, this has been considerably weak and has shown tardiness, he pointed.

Dr. Roy said that in the state, the CD ratio of commercial banks continues to be an abysmal 16-17 per cent while the cooperative banks in the state have done somewhat better with a CD ration over 30 per cent.

Stating that the strength of cooperation lies in its ability to help the rural poor, the deputy CM said that the state has taken a reform of cooperative structure in the state through amendments in the cooperative laws and expect that these changes will benefit the people.

(Excerpts : Meghalaya Guardian; Shillong, May 17, 2005)

communities. Even a cursory look at the diversity reveals a strong underlying national unity and cooperative spirit. It is on the basis of this spirit and strength that we should devise proper strategies to remove the weaknesses in the region's economic development. The Indian Cooperative sector, which encompasses more than five lakh cooperatives with membership of 236 million, spanning the length and breadth of the country, happens to be one of the largest cooperative structures in the world and has a face in every sphere of economic activity. Cooperatives contribute as much as 50 per cent of the total production of sugar, own 64 per cent rural storage capacity, account for 53 per cent of agro-credit disbursement, 35 per cent fertiliser distribution etc., 34 per cent of wheat procurement, 25 per cent for fertiliser production and 11 per cent of milk procurement in the country.

However, there are many challenges that face the cooperative sector, NCDC has deep abiding commitment to the rapid economic and meaningful social development of the North-Eastern region through cooperativisation. Our efforts is to ensure that cooperative development in this region is soon at par, if not ahead, of other States of the country.

In the recent past, NCDC has enlarged its scope of activities to cover areas, which do not fall in the domain of Cooperation Department alone. It has spilled into various departments as diverse as horticulture, fisheries, poultry, small-scale cottage & village industries, handicraft/rural crafts etc. A coordinated approach amongst various departments, I am sure will go a long way in promotion and development of cooperatives in these sectors.

NCDC was established under an Act of Parliament in 1962 with a country-wide mandate for planning and

promoting programmes for processing, marketing, storage, export and import of agricultural produce and certain notified commodities through cooperatives. The Corporation's ambit of operations was widened in 1974 to include foodstuffs, products of fishery, poultry, dairy besides handloom and sericulture. The Act was again amended in 2002 to bring within its scope livestock, industrial goods, handicrafts, village and rural-crafts and development of notified services.

NCDC's operations thus encompass a broad spectrum of post harvest activities that are designed to enhance the income of the farmer besides various other employment oriented income generating activities that are intended to benefit the employment youth, artisans, women and economically weaker sections of the community.

New Initiatives

NCDC has taken several initiatives to help the cooperatives like:

- NCDC has reduced the rate of interest under its various schemes times and its terms lending rate of 8.5 per cent is one of the lowest in the country for a term of 8 years.
- All seven States of the North-Eastern region and Sikkim have been categorised as Least Developed States. Under the restructured Central Sector Scheme a higher component of subsidy ranging between 25 per cent to 33 1/3 per cent would be available for all cooperative development programmes funded by NCDC.
- In order to reduce the interest burden of state governments, NCDC has introduced a debt swap scheme under which NCDC can swap existing outstanding loan carrying higher rate of interest to the current rate of interest.
- Taking into consideration the investment potential of each State of the NE Region, NCDC has prepared

perspective investment plans for each state aggregating to Rs. 167 crores approximately.

- To address the problem of unemployment among educated youth, artisans and women, NCDC has launched several employment oriented income generating schemes namely : handicrafts, small scale cottage & village industries, cane & bamboo based craft/rural crafts, industrial products, livestock etc. illustrative list of industries/activities that can be covered under the scheme has been placed in the agenda notes.
- To give boost to the pace of Industrial development in the NE Region, NCDC has launched several development of Industrial estates. NCDC can dovetail with "Integrated Infrastructural Development (IID) Schemes of Ministry of Agro and Rural Industries, Govt. of India, where central grant @80 per cent of project cost with a cap of Rs. 4.00 crores is available. Balance amount could be provided by NCDC as terms loan.
- Man can live without meat, but cannot live without Bamboo. This is a very popular saying in China. In the North East too, bamboo is so intricately woven into the culture of the region that each household invariably has a bamboo grove in their compound. Lakhs of people are in one way or the other dependent on bamboo for their livelihood. Realising the importance of Bamboo for the economic development of the North East region, NCDC has introduced a scheme for the development of bamboo cooperatives engaged in production, processing & marketing of various kinds of value added bamboo products, handicrafts, rural crafts, furniture etc. State Govts. and Cooperatives of the region may take advantage of the schemes.