



**ABSTRACT**

Cooperation – Grant of subsidy to Scheduled Caste / Scheduled Tribe members of Primary Agricultural Cooperative Credit Societies to contribute additional share capital for enhancing their borrowing power – Sanctioned - Orders Issued.

Cooperation, Food and Consumer Protection (CN1) Department.

G.O.(2D) No.75

Dated: 23.08.2012.

Aavani 7, Thiruvalluvar Aandu 2043

Read:

1. G.O.(Ms) No.111, Cooperation, Food and Consumer Protection Department, dated 12.12.2011.
2. From the Registrar of Co-operative Societies, Chennai – 10 Letter No.8304 / 2012, ACS1, dated 30.1.2012

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**ORDER:**

In the G.O. first read above, orders have been issued sanctioning a sum of Rs.20/- lakh (Rupees twenty lakh only) as interest free loan to 8000 Scheduled Caste / Scheduled Tribes members of Primary Agricultural Cooperative Credit Societies at the rate of Rs.250/- per member to contribute the required share capital to the Primary Agricultural Cooperative Banks during the year 2011-2012.

2. In the letter second read above, the Registrar of Cooperative Societies has stated that the Primary Agricultural Cooperative Credit Societies functioning in the State are playing a vital role in providing crop loans to the farming community, especially to the small and marginal farmers belonging to Scheduled Caste / Scheduled Tribe members. The short term loans are disbursed for agricultural purposes, repayable in maximum of 15 months depending on the crop cultivated. Crop loans upto Rs.1/- lakh are provided against personal surety. The farmers can avail of crop loans above Rs.1/- lakh by providing adequate security by way of mortgage of property. Crop loans are also disbursed on the pledge of jewels. With a view to keeping the cost of agricultural credit at minimum and encourage farmers to take up agricultural operations, Government have been fully reimbursing the interest loss suffered by the cooperative banks and societies. Accordingly, the crop loans are being sanctioned at 7% instead of 9% and an interest subvention of 2% is being given to them for total crop loan disbursed from their own resources. Similarly, Government have ordered that no interest shall be charged from the members who are prompt in repaying the crop loans and the entire interest loss at 7% is being given by the Government to the Cooperatives on actual basis.

The Government have been making Budget provisions for Scheduled Caste / Scheduled Tribe members and Non- Scheduled Caste / Scheduled Tribe members for the above purposes and both the schemes are operated under single head of account. While providing crop loans to the farmers the Primary Agricultural Cooperative Credit Societies are giving thrust to provide not less than 20% of the crop loans to the farmers belonging to Scheduled Caste / Scheduled Tribe.

He has stated that out of Rs.40/- crore, only a sum of Rs.8.54 crore have been utilized so far and probable expenditure upto 31.3.2012 are detailed below:-

**a. Interest subvention at 2% for disbursement of crop loans at 7%**

Though a target of Rs.600 crore has been fixed for disbursement of crop loans to the Scheduled Caste / Scheduled Tribe members, the achievement is expected to reach Rs.400 crore and the interest subsidy at 2% for this Rs.400 crore works out to Rs.8/- crore.

**b. Interest subvention at 7% for the timely repayment of crop loans**

The number of beneficiaries who are prompt in repayment of crop loans and interest concessions given to them are furnished below:-

Year	No.of SC/ST farmers benefited	Amount of interest incentive provided (Rs. in crore)
2009-10	4923	0.33
2010-11	30989	4.00
2011-12 (Upto 22.1.2012)	34703	4.21

Total crop loans disbursed to SC/ST members during 2010-11	Rs.362.98 crore
Present recovery rate as on 31.3.2011	85%
Expected recovery at 85% for Rs.362.98 crore from the SC/ST members	Rs.308.53 crore
7% incentive for the above amount	Rs.21.60 crore approximately

Hence, the probable expenditure under the above head is expected to be Rs.29.60 crore or Rs.30 crore approximately leaving a balance of Rs.10 crore.

3. With a view to utilizing the balance amount of Rs.10/- crore for the benefit of the Scheduled Caste / Scheduled Tribe farmers, the Registrar of Co-operative Societies has submitted proposals to Government for consideration and appropriate orders. As per the existing norms, availing of crop loans from a Primary Agricultural Cooperative Credit Societies is linked to the share capital to be invested by the members with the Primary Agricultural Cooperative Credit Societies at the following rates:-

Small and marginal farmers	5% of the loan amount
Other farmers	10% of the loan amount

At present, share capital assistance is being provided at Rs.250 per Scheduled Caste / Scheduled Tribe members as interest free loan under Part-I scheme. During 2007-08 to 2011-12, 40000 Scheduled Caste / Scheduled Tribe members have been assisted with the share capital assistance of Rs.100/- lakh. With this amount of Rs.250/-, a small farmer belonging to Scheduled Caste / Scheduled Tribe can avail crop loans only upto Rs.5000/- which hardly fulfills his credit requirement in view of

the increased costs involved. Hence, in order to increase the flow of credit to the farmers belonging to Scheduled Caste / Scheduled Tribe members, it is necessary to assist Scheduled Caste / Scheduled Tribe members by subscribing for more share capital in Primary Agricultural Cooperative Credit Societies on their behalf. In order to increase the share capital of the Scheduled Caste / Scheduled Tribe members, it is suggested that these 40,000 members may be provided with a share capital assistance of Rs.2500/- per member by way of subsidy to be invested on their share capital in the respective Primary Agricultural Cooperative Credit Societies and this will enable the Scheduled Caste / Scheduled Tribe farmers to avail more crop loans from the Primary Agricultural Cooperative Credit Societies. This share capital assistance to 40000 members at the rate of Rs.2500/- per member works out to Rs.10 crore. Besides, they can also avail other investment credit from the Primary Agricultural Cooperative Credit Societies for undertaking subsidiary occupations allied to agriculture. The Registrar of Cooperative Societies has suggested that this assistance may be released as share capital of the Scheduled Caste / Scheduled Tribe members subject to the following conditions:-

- a). Share capital assistance will be given to Scheduled Caste / Scheduled Tribe members as subsidy.
- b). The amount will be released only to the Primary Agricultural Cooperative Credit Societies and this will be retained as members share capital.
- c). The amount will be retained as share capital as long as the Scheduled Caste / Scheduled Tribe member continues to be the member of the Primary Agricultural Cooperative Credit Societies.
- d). Under no circumstances, the amount will be refunded to the member. Once he/she ceases to be the member, the amount of SC assistance shall be taken to the reserves of the Primary Agricultural Cooperative Credit Societies.
- e). The amount may be released only as subsidy to be invested as share capital in the respective Primary Agricultural Cooperative Credit Societies.

**Benefits of the scheme:-**

1. It will enable Scheduled Caste / Scheduled Tribe members to avail higher loan amount in view of enhanced share holding.
2. It will enable the Primary Agricultural Cooperative Credit Societies to increase its share capital base.
3. Increased share capital base of the Primary Agricultural Cooperative Credit Societies will enable them to avail more cash credit from the District Central Cooperative Banks.

The Registrar of Cooperative Societies has requested the Government that the expenditure may be ordered to be debited to the concerned head of account in DPC 2425 00 789 JA 0942. The Registrar of Cooperative Societies has also requested that the Government may sanction Rs.10/- crore towards share capital assistance to 40,000 Scheduled Caste / Scheduled Tribe members at the rate of Rs.2500/- so as to increase their borrowing power and thereby ensuring flow of credit to them.

4. The Government after careful consideration accept the proposal of the Registrar of Cooperative Societies above and sanction a sum of Rs.10/- crore towards share capital assistance to 40,000 Scheduled Caste / Scheduled Tribe members of Primary Agricultural Cooperative Credit Societies at the rate of Rs.2500/- so as to increase their borrowing power and thereby ensuring the flow of credit to them.

5. The expenditure sanctioned in para 4 above shall be debited to the following Head of Account :-

"2425 00 Cooperation - 789 Special Component Plan for Scheduled Castes - SCHEMES IN THE TWELFTH FIVE YEAR PLAN - II State Plan - JA Interest subsidy to Cooperative Institutions for crop loans to farmers Under Special Component Plan - 09 Grants - in - Aid - 04 Grants for Debt servicing" (DPC 2425 00 789 JA 0942).

6. The Circle Deputy Registrars of Co-operative Societies are authorized to draw and disburse the amount to the District Central Cooperative Banks so as to pass on the amount to the Primary Agricultural Cooperative Credit Societies concerned which will credit the amount to the share capital account of the members concerned.

7. This order issues with the concurrence of Finance Department vide its U.O. No.43055/Finance (CF&CP dept), dated 30.7.2012.

(By order of the Governor)

M.P. NIRMALA  
SECRETARY TO GOVERNMENT

To  
The Registrar of Cooperative Societies, Chennai -10.  
The Special Officer, Tamil Nadu State Apex Cooperative Bank, Chennai-1.  
The Accountant General (A&E), Chennai -18.  
The Accountant General (Audit), Chennai-18.  
The Accountant General (Audit), Chennai -35./6.  
The Pay and Accounts Officer (East), Chennai - 5.  
The Pay and Accounts Officer (South), Chennai - 35.  
All the Joint Registrar of Cooperative Societies,  
Through the Office of the Registrar of Cooperative Societies, Chennai-10  
The Director of Adi Dravidar and Tribal Welfare, Chennai -5.  
The Director of Data Centre, Chennai -25.

Copy to:  
The Finance Department, Chennai -9.  
The Finance (B.G.II/BG.II/CF&CP) Department, Chennai -9.  
The Adi Dravidar and Tribal Welfare Department, Chennai -9.  
The Cooperation, Food and Consumer Protection (CG&CB) Department, Chennai -9.  
Stock File / Spare Copies.

FORWARDED BY ORDER //

A. Danya Permal  
SECTION OFFICER