

## STATUS PAPER ON SHORT TERM COOPERATIVE CREDIT STRUCTURE IN ODISHA

The Short Term Cooperative Credit Structure (STCCS) in Odisha comprises of 2708 PACS (including 212 LAMPS and 6 FSS) at the grassroots level, 17 District Central Cooperative Banks (with 322 Branches) at the middle tier and Odisha State Cooperative Bank (with 14 Branches) at the apex level. From out of about 55 lakh agricultural families, 55.45 lakh families have been enrolled as members of the PACS taking the coverage to 100.79%. The details are as under.

### 1. Progress in coverage of members:

(No. in lakhs)

Year	No. of Agril. families)	No. of members enrolled	% of coverage of membership to total no. of Agril. families	No. of indebted members
2010-11	54.01	49.19	89.53	20.35
2011-12	55.01	50.95	92.64	23.46
2012-13	55.01	52.40	95.26	25.06
2013-14	55.01	53.69	97.60	28.77
2014-15	55.01	54.66	99.36	30.36
2015-16	55.01	55.34	100.60	32.01
2016-17	55.01	55.45	100.79	31.47
2017-18	55.01	55.18	100.30	30.77

### 2. Important financial indicators of OSCB and DCCBs during past 5 years.

#### © OSCB

(Rs. in crore)

Sl.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Share capital	259.62	344.73	376.16	435.44	507.13
2	Reserve Fund	351.83	373.94	437.91	466.87	491.38
3	Own Fund	611.45	718.67	814.07	901.31	998.51
4	Deposits	5992.13	6529.29	6675.79	7527.99	8220.13
5	Borrowings	4177.44	4867.53	4756.39	7603.86	6541.11
6	Working Fund	10894.94	12793.87	12955.29	16574.00	16318.52
7	Loans outstanding	5907.55	7279.12	7991.98	8833.82	10022.43
8	Investment	4816.48	4776.94	4205.40	6836.34	5549.37
9	Per employee business	48.18	60.04	67.14	76.42	94.88
10	Net profit	14.05	15.61	16.66	17.69	
11	Dividend	1.24	1.10	0.96	Not declared	

#### © CCBs

(Rs. In crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1. Own fund	858.61	1018.47	1137.11	1331.78	1601.99
2. Deposits	5623.67	6472.33	7204.98	7898.13	9135.19
3. Loans & Advances	6043.49	7426.35	8319.13	9840.01	10620.63
4. Working Capital	11542.83	13874.67	15887.93	17482.67	19729.49
5. Cost of Management(COM)	119.57	130.80	148.67	156.24	181.67
6. % of COM to WC	1.04	0.94	0.94	0.89	0.92
7. CCBs earning operating profit	16	17	17	17	17
8. Profit/Loss	-1.46/40.45	73.71	31.36	55.60	73.83
9. Accumulated Losses	219.32	157.36	143.51	118.84	69.99

### 3. Dispensation of crop loans:

In Odisha, around 79% of the population depend on agriculture and allied activities for their livelihood, but the average landholding size is 1.25 HC. Most of the farmers are small and marginal sharecroppers and oral lessees and they require farm credit for their seasonal agricultural operations. The short term cooperative credit structure has been providing the major chunk of crop loan over the years as detailed under:

**Market share in crop loan financing by cooperative banks versus commercial banks:**

(Rs. In Crore)

Year	Target as per annual credit plan			Achievement			Market share	
	Coop. Banks	Commercial Banks/ RRBs	Total	Coop. Banks	Commercial Banks	Total	Coop. Banks	Commercial Banks
1998-99	265.26	132.15	397.41	319.19	133.98	453.17	71%	29%
1999-00	373.96	150.85	524.81	426.24	168.54	594.78	72%	28%
2000-01	492.78	167.77	660.55	438.36	189.85	628.21	70%	30%
2001-02	550.55	189.89	740.44	537.23	240.92	778.15	69%	31%
2002-03	688.77	213.19	909.96	615.54	283.47	899.01	68%	32%
2003-04	718.15	255.41	973.56	742.49	331.66	1074.15	69%	31%
2004-05	903.51	467.49	1371.00	959.67	539.98	1499.65	64%	36%
2005-06	1283.36	570.84	1854.20	1394.53	728.93	2123.46	66%	34%
2006-07	1545.82	790.15	2335.97	1559.16	939.42	2498.58	62%	38%
2007-08	1622.91	1048.39	2671.30	1501.74	875.02	2376.76	63%	37%
2008-09	1873.41	1350.78	3224.19	1489.46	1267.33	2756.79	54%	46%
2009-10	2269.33	1912.83	4182.16	2682.17	1432.83	4115.00	65%	35%
2010-11	3315.42	2837.69	6152.51	3396.39	1877.52	5273.91	64%	36%
2011-12	4465.71	4235.12	8700.63	4415.89	2270.31	6686.20	66%	34%
2012-13	5258.05	4566.75	9824.80	5426.49	3175.67	8602.16	63%	37%
2013-14	6337.33	5384.97	11722.30	7096.64	3103.86	10200.50	70%	30%
2014-15	8000.00	8315.12	16615.12	8343.60	4540.89	12884.49	65%	35%
2015-16	10000.00	9922.92	19922.92	9572.22	6520.90	16093.12	59%	41%
2016-17	11000.00	10587.05	21587.05	10204.81	5330.44	15535.25	66%	34%
2017-18	12000.00	9966.32	21966.32	11005.80*	4373.79	15379.59	72%	28%

\* Data in respect of Commercial Banks are available as on 31.12.2017.

The season-wise disbursement of crop loans by the PACS with effect from 1998-99 is given below for the appreciation of the pivotal role played by the structure.

**3.2. Season wise credit delivery/short term (seasonal agricultural operation) [ST(SAO)]**

(Rs. In crores) (Farmers in lakhs)

Year	Khariff			Rabi			Total			Growth rate
	Target	Achievement		Target	Achievement		Target	Achievement		
		No. of Members	Amt.		No. of Members	Amt.		No. of Members	Amt.	
1998-99	230.00	4.20	206.44	125.00	1.95	112.75	355.00	6.15	319.19	
1999-00	305.30	3.97	262.51	283.00	2.79	163.73	588.50	6.76	426.24	36%
2000-01	352.00	4.63	310.87	200.00	1.77	127.49	552.00	6.40	438.36	3%
2001-02	400.00	4.58	313.24	220.00	2.87	223.99	620.00	7.45	537.23	23%
2002-03	350.00	5.16	429.66	290.00	2.14	185.88	640.00	7.30	615.54	15%
2003-04	450.00	5.12	426.36	252.00	3.60	316.13	702.00	8.72	742.49	21%
2004-05	500.00	6.24	568.49	425.00	3.88	391.18	925.00	10.12	959.67	29%
2005-06	750.00	7.51	764.35	600.00	5.53	630.18	1350.00	13.04	1394.53	44%
2006-07	850.00	7.30	837.47	650.00	5.74	721.70	1500.00	13.04	1559.16	12%
2007-08	1050.00	7.21	899.24	750.00	4.44	602.50	1800.00	11.65	1501.74	-
2008-09	1200.00	4.65	546.41	1454.00	7.04	943.05	2000.00	11.69	1489.46	-
2009-10	1500.00	10.11	1407.82	1152.00	8.21	1274.35	2500.00	18.32	2682.17	80%
2010-11	1600.00	11.25	1811.08	1400.00	9.10	1585.31	3000.00	20.35	3396.39	27%
2011-12	2300.00	13.07	2381.37	1700.00	10.39	2034.52	4000.00	23.46	4415.89	30%
2012-13	3000.00	13.65	2902.75	2000.00	11.40	2523.74	5000.00	25.05	5426.49	23%
2013-14	3500.00	15.26	3624.29	3500.00	13.52	3472.35	7000.00	28.77	7096.64	31%
2014-15	4200.00	16.21	4386.82	3800.00	14.15	3956.78	8000.00	30.36	8343.60	18%
2015-16	5500.00	17.35	5077.41	4500.00	14.66	4494.81	10000.00	32.01	9572.22	16%
2016-17	6000.00	16.49	5303.83	5000.00	14.98	4900.98	11000.00	31.48	10204.81	7%
2017-18	7000.00	15.87	5642.61	5000.00	14.90	5363.19	12000.00	30.77	11005.80	8%

#### 4. Implementation of Kisan Credit Card scheme:

Kisan Credit Card (KCC) Scheme is being implemented in the State through its affiliated DCCBs and the PACS since 1998-99. The scheme aimed at providing instant credit to the farmers through the Branches of the DCCBs to ensure timely and adequate credit on the basis of their land holdings, cropping pattern and scale of finance. Under the scheme, once the credit limits for farmers are prepared and sanctioned, crop / area wise, the same remains valid for 3 years unless modified by the Farmer. The farmer members are supplied with Pass Book and cheque Books to avail instant credit from 322 nos. of Branches of DCCBs and repay the same as per their convenience.

Today Kisan Credit Card has become the panacea for the evils of the rural credit delivery system in the State. The farmers are sufficiently empowered to make use of assured and instant credit available to them at the time of their need. Dispensation of credit through Kisan Credit Cards has enabled the Coop. Banks to disburse production credit of Rs.10204.81 crores during 2016-17, as against Rs.202 crores only disbursed during the year 1997-98. The per capita crop loan has gone up to Rs.32,420.59 during the year as against Rs.3694/- in 1997-98. The farmer members feel elated and assured of timely and adequate credit with KCC in their hands. Odisha has assumed fourth position in the country in issue of KCC, only next to Andhra Pradesh, Maharashtra and Rajasthan. As on 31.03.2017, the DCCBs / PACS have issued 44,99,636 cards as against 16,08,183 cards issued by Commercial Banks and Regional Rural Banks.

#### 5. Disbursement of schematic loans:

The short term cooperative credit structure is not lagging behind in financing investment credit for acquisition of capital assets by the farmer members to increase agriculture production and productivity by adopting modern technology. The DCCBs and PACS with the assistance of OSCB\* have been financing activities like plantation and horticulture, sericulture, pisciculture, farm mechanisation, small road transport operators, small business, small scale industries, etc. both under farm and non farm sector. The financing for the purpose during last 10 years is given as follows:

#### 6.1. Schematic finance during last ten years

(Rs. In crore)

Year	Finance under Farm Sector			Finance under Non-farm Sector			Total		
	Target	Achievement		Target	Achievement		Target	Achievement	
		No.	Amt.		No.	Amt.		No.	Amt.
2003-04	50.00	2566	11.15	25.00	13306	34.02	75.00	15872	45.17
2004-05	50.00	5661	16.94	50.00	24225	32.48	100.00	29886	49.41
2005-06	95.00	8672	27.36	50.00	15679	37.17	145.00	24351	64.54
2006-07	128.00	10766	39.38	100.00	19030	39.93	228.00	29796	79.30
2007-08	130.00	17123	56.44	120.00	19421	47.16	250.00	36544	103.60
2008-09	240.00	23133	84.43	120.00	20169	74.33	360.00	43302	158.76
2009-10	300.00	21517	104.17	100.00	25089	95.98	400.00	46606	200.15
2010-11	300.00	27542	151.34	150.00	22181	109.27	450.00	49723	261.11
2011-12	300.00	21677	114.78	200.00	17621	121.00	500.00	39298	235.78
2012-13	600.00	14738	93.07	200.00	11269	75.20	800.00	26007	168.27
2013-14	600.00	15872	101.25	200.00	9662	61.79	800.00	25534	163.04
2014-15	600.00	14946	108.23	200.00	8382	61.70	800.00	23328	169.93
2015-16	1000.00	22759	143.71	200.00	11741	102.52	1200.00	34500	246.23
2016-17	1000.00	13640	112.18	200.00	8550	84.21	1200.00	22190	196.39
2017-18 (As on 31.01.18)	1000.00	10845	96.05	200.00	6852	70.30	1200.00	17697	166.35

## 7. Mobilisation of resources and strategy to minimize resource cost:

Although the short term cooperative credit structure in Odisha is dispensing more than 59% of the crop loan disbursed in the State, the market share in total deposit resources mobilised in the State is only 3.60%. When the credit deposit ratio of Commercial Banks was 48.28% as on 31.03.2017, the same was 122.47% in case of OSCB and DCCBs together. The picture clearly tells that whereas the entire deposits mobilized by the OSCB and DCCBs are deployed inside the State, other banks deploy only a part of their resources. Although the Chief Secretary has advised all govt. departments and PSUs to deploy their surplus resources with OSCB / DCCBs, the response has not been encouraging. The comparative picture is as follows.

### 7.1. Market share of Cooperative Banks / Commercial Banks in Deposit Mobilisation.

(Rs.in Crores)

Year	Commercial Banks	Coop. Bank	Total Deposit	Share of Coop. Banks	Share of Commercial Banks.
2003-04	23359.86	1761.25	25121.11	7.01%	92.99%
2004-05	27372.64	1863.49	29226.13	6.38%	93.62%
2005-06	31966.97	1955.75	33922.72	5.76%	94.22%
2006-07	41037.16	2126.80	43163.96	4.09%	95.10%
2007-08	52272.25	2422.06	54694.31	4.40%	95.60%
2008-09	67766.26	2949.50	70715.76	4.17%	95.83%
2009-10	74495.75	3652.62	78148.37	4.67%	95.33%
2010-11	102176.87	4148.32	106325.19	3.90%	96.10%
2011-12	124826.37	4683.99	129510.36	3.62%	96.38%
2012-13	140877.38	5587.77	146465.15	3.82%	96.18%
2013-14	162948.44	6693.72	169642.16	3.95%	96.05%
2014-15	189056.89	7148.29	196205.18	3.64%	96.36%
2015-16	210851.15	7897.50	218748.65	3.61%	96.39%
2016-17	243935.89	9121.08	253056.97	3.60%	96.40%
2017-18	253413.55 (As on 30.09.17)	9588.93 (As on 31.01.18)	263002.48	3.65%	96.35%

### 7.2. CD Ratio (As on 31.12.17) :

	CD Ratio	CD ratio under rural sector
Commercial Banks	66.94%	57.18%
OSCB/ CCBs	122.47%	130.65%
<b>Total State</b>	<b>50.97%</b>	<b>62.29%</b>

### 7.3. Deposit position of PACS, DCCBs and OSCB

(Rs. in Crores)

Year	PACS		CCB		OSCB	
	Total Deposit	% of growth during the yr.	Total Deposit	% of growth during the yr.	Total Deposit	% of growth during the yr.
2003-04	446.82	3	1761.25	12	1026.01	16
2004-05	494.85	11	1853.48	5	1078.32	5
2005-06	516.33	4	1955.75	6	1213.16	12
2006-07	557.07	8	2126.80	9	1295.86	7
2007-08	614.65	10	2422.06	14	1566.27	21
2008-09	733.02	19	2949.52	22	2310.22	47
2009-10	922.71	26	3652.62	24	3385.00	47
2010-11	1027.13	11	4148.32	13	3427.60	1.24
2011-12	1266.25	23	4683.99	13	3954.28	15
2012-13	1512.09	19	5587.77	19	5131.88	30
2013-14	1751.93	16	6556.32	17	5992.37	17
2014-15	1818.93	4	7148.29	9	6529.29	9
2015-16	1865.40	3	7897.50	10	6675.79	2
2016-17	2253.77	21	9121.08	15	7527.99	13
2017-18	2291.11	2	9588.93	5	8220.13	9
(As on 31.01.18)						

**8. Share of Coop. and Other Banks in Priority Sector under Annual Credit Plan finalized by SLBC :**

(Rs. in crore)

Purpose of loan	Disbursement during 2016-17 (with % out of total finance)			Target for financing during 2017-18 (with % out of total target)		
	Coop. Banks	Commercial Banks/ RRBs/ Others	Total	Coop. Banks	Commercial Banks/ RRBs/ Others	Total
1	2	3	4	5	6	7
1. Total Agril. loan including allied sector (Amount/ %)	11101.85 (As on 31.01.18)	6899.60 (As on 31.12.17)	18001.45	13425.37 (38%)	22102.86 (62%)	35528.23 (100%)
2. Out of above crop loan (Amount/ %)	11005.80	4373.79	15379.59	12217.48 (48%)	13546.66 (52%)	25764.14 (100%)
3. Non-Farm Sector and other priority sector (Amount/ %)	70.30 (As on 31.01.18)	22636.08 (As on 31.12.17)	22706.38	856.60 (2%)	35035.03 (98%)	35891.62 (100%)
<b>Total (1+3)</b>	<b>10401.20</b>	<b>29111.05</b>	<b>39512.25</b>	<b>12736.25</b>	<b>47263.75</b>	<b>60000.00</b>

**9. Introduction of innovative schemes:**

The Kalinga Kissan Gold Card (KKGCC) scheme, an innovative and unique scheme was implemented by the Odisha State Cooperative Bank aiming at recognising the regular recovery habits of farmer members of affiliated PACS of DCCBs and to reward them with a package of facilities to create a conducive recovery climate in the State and to ensure use of advanced technology and agricultural practices by the farmer members to increase agriculture production and productivity in the State. The farmer members of PACS having a default free status of at least two years are eligible under the scheme and the following package of facilities are admissible.

**9.1. Financial benefits:**

- (i) Free accident insurance of Rs.25,000/-.
- (ii) Consumption loan up to an amount equivalent to the SAO limit sanctioned subject to a maximum of Rs.5,000/- at interest rate at par with SAO loan.
- (iii) Eligible for an annual lottery to be conducted among the cardholders at the State level. Three prizes @ Rs.1,00,000/-, Rs.60,000/- and Rs.40,000/- shall be distributed to the first, second and third lucky winners.
- (iv) Share linkage in respect of all loans availed by KKGCC holders will be 5% instead of 10% as applicable to all other borrowers. Similarly, the share linkage of loans availed by the PACS from the Central Cooperative Banks in respect of KKGCC holders shall be 3% instead of 5%.
- (v) Educational loans for the children of KKGCC holders who want to pursue higher education.
- (vi) The cardholders shall be free to purchase fertilizers and pesticides from any retail outlet of their choice.
- (vii) Schematic loans shall be available on a priority basis as per the existing eligibility norms.

**9.2. Non-financial benefits:**

- (i) Free membership of "KALINGA KISSAN GOLD CARD CLUB" at District level. Selected cardholders shall be taken on a study tour once in a year to see advanced agricultural practices in the farms of the Odisha University of Agriculture and Technology/Central Rice Research Institute. The facilities available to KKGCC Clubs have been dovetailed with those of the VV Clubs of NABARD to form Kalinga Kissan Volunteer Vahini Clubs in select districts.

- (ii) Participation of select cardholders in the annual State level Krushak Samabesh at Bhubaneswar.
- (iii) Special recognition in the Annual General Body meeting of the PACS.
- (iv) Participation in the District level KKGC holders meet during the All India Cooperative Week celebrations.
- (v) Display of the names of the top 20 KKGC holders with the longest period of non default status, on the wall of the society office to facilitate social recognition.

Such other facilities as may be decided by the Management of OSCB from time to time in consultation with the Government in Cooperation Department. So far, the bank has facilitated issue of 1,16,817 cards in the State as on 31.03.15. The scheme has started yielding desired results in improving the recovery position and creating a loyal clientele base for the structure.

## **10. Introduction of new technology:**

### **10.1. Core Banking Solution :**

The Bank has computerized accounts of its branches and head-office since 1998 using one Total Branch Automation Software (COBOL Btrieve Based) named 'Bank-Plus' (Procured from M/S Supertech Solutions Limited, Pune), one Back-Office Accounting software (ORACLE-Power-Builder Based) named 'COINS' (Procured from M/S CMC Limited). In 1999 the Bank has procured one ORACLE-VB based TBA from M/S CMC Limited which was running in all the Branches of DCCBs with a name 'SAMAVAYA'. The 'Bank-Plus' software was upgraded to 'eBank' in 2009 which was running in VB-ORACLE platform. Since 1999 the Bank has introduced Stand-alone ATMS in its Main Branch and till date there are all total 12 Number of ATMs across the state. To provide Any-Branch-Banking Facilities to the customers, in 2003 the Bank has connected its branches through leased-line. To provide better funds transfer facility on 2009 the Bank introduced RTGS by constructing its own RTGS Cell and NEFT transaction through YES Bank. On 27.12.2012 the Bank executed agreement with M/S VSoft Technologies Pvt. Limited and M/S BSNL for implementation of CBS across the branches of OSCB and DCCBs. Accordingly the Bank has constructed a Data-Centre in the Premises of the Bank and Disaster Recovery Centre at BSNL Data Centre, Faridabad. As on date M/s. VSoft has implemented CBS in all the Head Office and Branches of OSCB and DCCBs.

The integrated CBS project is set to come to NPCI platform for connecting its ATMs to the network for providing access to its customers to all the outlets of Commercial Banks. Besides, 20 Mobile ATMs are being provided in the tribal Blocks of the State to provide doorstep banking service in the area. The Kisan Credit Cards are also being converted as RuPay Debit Cards, which will be linked to the NPCI platform enabling the farmer members of PACS to draw funds from the ATM and PoS of all the Member Banks of NPCI.

### **10.2. Computerization of PACS**

The PACS of the State are being computerized as a part of the extension of the existing CBS to ensure complete integration of all the three tiers of STCCS. The PACS will be connected to the Data Centre of OSCB so that the real time data with regard to the transactions of PACS can be available at the State Level for policy intervention.

## **11. Financing of Self Help Groups:**

In order to provide access to the poorest of the poor members of the PACS to the institutional credit, the OSCB has started taking initiatives from the year 2000-01 for organisation and linking of Self Help Groups by the PACS and DCCB branches. Detailed guidelines for the purpose was issued by the bank and seminars and workshops were organised to sensitise the DCCB personnel for the purpose.

For facilitating early disposal of loan applications to provide credit support to the groups, the Branch Managers of DCCBs have been delegated powers to sanction loans up to Rs.25,000/- without prior approval of the loan committee of the DCCBs. Keeping in view the sustainability of the groups, monitoring, follow up and constant interaction with the group members are being done regularly to motivate them to continue the group activities.

The initiatives of OSCB have started yielding desired results. Within 10 years of implementation of the scheme, 80651 groups with membership of 1209765 have been organised and steps are afoot to link all of them with the DCCBs for credit support. By 31.03.2017, 69529 groups have been provided with credit support of Rs.407.26 crores. The Agricultural Cooperative Staff Training Institute of the bank is regularly conducting training programmes on Self Help Groups for the DCCB officials to keep them motivated to pursue the objective. 63923 JLGs of oral lessees / tenant farmers have been organised for dispensing credit for seasonal agricultural operations. 65528 numbers of such groups have been credit linked and an amount of Rs.377.07 crores have been advanced to them.

11.1 The Odisha State Cooperative Bank has adopted the following sound practices of corporate governance.

- i. Timely audit of accounts has been ensured.
- ii. The bank has been paying uninterrupted dividend to the shareholders.
- iii. Common coding of accounting heads has been introduced in the State to integrate the accounting practices of the OSCB and all affiliated DCCBs. This has facilitated the computerisation process in the Central Cooperative Banks.
- iv. Organisation of annual customer meets to understand their changed perception and to reorient the policies and procedures of the bank. Such meets are also being organised at the level of the DCCBs as well as the PACS.
- v. A transparent transfer policy have been formulated and adopted in the bank. Transfers are now being effected on the basis of the policy without any other consideration.
- vi. Each branch of the OSCB, DCCBs as well as the PACS is being visited by a supervisory officer every month to inspect the functioning and also impart guidance.
- vii. Loans Manual for the Bank has been prepared by NABCON- the consultancy arm of NABARD.
- viii. Systems Audit of the Bank has been conducted by M/s Haribhakti & Co., Mumbai.
- ix. A comprehensive HRD policy is being evolved for the Bank by the National Institute of Bank Management, Pune.

11.2. The Bank is implementing the provisions of "Right to Information Act" in letter and spirit, without of course compromising with the ethics to maintain secrecy of customers accounts.

## **12. Progress of implementation of Vaidyanathan Committee Recommendations – Revitalisation of STCCS**

The Government of India had set up a Task Force under the Chairmanship of Prof. A. Vaidyanathan in August 2004 to suggest an action plan for reviving Rural Cooperative Credit Institutions including legal measures necessary for facilitating the process. The Task Force submitted its report on 04.02.2005 recommending a package for recapitalisation of the Cooperative Credit Structure (CCS) units along with institutional, legal and regulatory reforms. The report was accepted for implementation by the

Government of India and in-principle approval was announced by the Hon'ble Union Finance Minister in his budget speech for the year 2005-06.

Basing on the Task Force recommendations, the Central Government worked out a financial package, which provides for (i) special financial assistance to wipe out the accumulated losses for the Cooperative Credit institutions and strengthen their capital base, (ii) institutional restructuring and reform to ensure that these Societies can function as democratic institutions and (iii) changes in the legal framework to empower the Reserve Bank of India to enforce prudential financial management. As regards the institutional legal and regulatory reforms, the necessary changes have been effected by amendment of Odisha Cooperative Societies Act. The Government of Odisha has accepted the Revival Package for implementation and signed a Memorandum of Understand on 16.11.2006 with Government of India and NABARD to implement the recommendations of the Vaidyanathan Committee. NABARD has been designated as the Implementing Agency for the Revival Package.

For guiding and monitoring the implementation of the Revival Package, a National level Implementing and Monitoring Committee (NIMC) has been set up by the Government of India. At the State Level also for overall supervision and monitoring of the implementation of the Revival Package, a State Level Implementing and Monitoring Committee (SLIC) has been constituted under the Chairmanship of the Development Commissioner including the Secretaries of the Finance and Cooperation Department, the Chief General Manager, NABARD, The Registrar, Cooperative Societies, Odisha and Managing Director OSCB as members. The SLIC also includes a Chartered Accountant as members.

Similar committee in each District has been constituted with the Collector of the District as the Chairman and the DRCS, the NABARD representative and Secretary, DCCBs as members. NABARD, being the implementing agency, has given detailed guidelines and prescribed elaborate format / schedules circulated to the State Government for assessing the accumulated losses of the Primacy Agriculture Cooperative Societies under each District Central Cooperative Banks through the process of a Special Audit to be conducted at each Primary Society Level, verified and vetted at the DCCB level and again test checked by Chartered Accountant who is the member of the DLIC. Similar exercise was also done for the District Central Cooperative Banks. As per the Vaidyanathan Committee Recommendations, the PACS were classified as Category 'A', 'B' and 'C' Societies on the basis of the following criteria.

**Category 'A' – Recovery of 50% and above as on 31.03.2004**

**Category 'B' – Recovery of 30% and above but less than 50% as on 31.03.2004**

**Category 'C' – Below 30% recovery.**

As per the assessment by the Special Audit, an amount of Rs.772,20,12,299.00 was assessed as recapitalisation assistance for the PACS, the details of which are as follows:

Share	Category 'A'	Category 'B'	Category 'C'	Total
Government of India (83.59%)	280,01,17,542.00	276,16,30,210.00	88,61,45,632.00	644,78,93,384.00
Government of Odisha (9.26%)	36,83,93,263.00	28,37,19,599.00	6,34,52,659.00	71,55,65,521.00
PACS (7.14%)	21,07,72,114.00	26,32,55,849.00	8,45,25,431.00	55,85,53,394.00
<b>Total</b>	<b>337,92,82,919.00</b>	<b>330,86,05,658.00</b>	<b>103,41,23,722.00</b>	<b>772,20,12,299.00</b>

From out of the above-assessed amount, the Government of India and the State Government have released their share of Rs.59369.70 lakhs and Rs.6744.15 lakhs respectively on behalf of 1404 'A' category societies and 1124 'B' & 'C' category societies, and the same has already been adjusted as per the guidelines communicated by NABARD.



In respect of DCCBs, an amount of Rs.1,90,87,17,128.00 has been identified for recapitalisation assistance. The State Government has already released its share amounting to Rs.1355.78 lakhs.

As per the revival package, the 'B' class Societies which achieved incremental improvement in recovery by 10% in the year 30.06.06 over and above the recovery position of 30.06.04 are eligible for one-third of the financial assistance assessed and the balance two-third assistance will be provided as and when they reach benchmark recovery level of 50% during the implementation period. Based on the above norm, 7 'B' class societies which had received one-third recapitalisation assistance earlier are now eligible for the balance two-third assistance since they have achieved recovery level of 50% as on 30.06.08. The balance two-third amount comes to Rs.1,21,29,427.00 of which the shares of Government of India, State Government and PACS share in respect of these 7 Societies are Rs.99,08,532.00, Rs.9,83,978.00 and Rs.12,26,917.00 respectively.

Further, 895 out of 982 'B' class and 229 out of 339 'C' class identified PACS received full recapitalisation assistance on the basis of their reaching benchmark 50% recovery level as on 30.06.06. The balance 87 'B' class and 110 'C' class Societies were found ineligible for direct recapitalisation assistance as these Societies did not achieve benchmark recovery level of 50% as on 30.06.06/ 07. However, through the process of indirect recapitalisation, the dues of these Societies needs to be settled at the level of DCCBs.

As per guidelines, recapitalisation to a DCCB in respect of ineligible PACS is required to be restricted to amount of recapitalisation to a DCCB in respect of ineligible PACS is required to be restricted to amount of recapitalisation assistance assessed under the Special Audit, if the overdues of PACS to the DCCB as on 31.03.04 is more than the recapitalisation assistance assessed and to the overdues as on 31.03.04, if the overdues are less than the recapitalisation assistance assessed. Accordingly, the amount worked out payable to the DCCBs comes to Rs.52,02,28,379.00 (Government of India share Rs.48,08,26,713.00 and State Government share Rs.3,94,01,666.00). The State Government, however, had already released its share of Rs.404.79 lakhs.

Further, to assist the DLIMC, Government of Odisha in Cooperation Department has also constituted Sub-Committee, which will meet every month to monitor the issues approved by the DLIMC and discharge the responsibilities approved by the Government.

#### **12.1. Capacity Building Programme:**

All the Secretaries and Assistant Secretaries of PACS have been trained to handle the business of the PACS after recapitalisation. The training programme for the Presidents and Board of Directors of PACS are being conducted and 3666 office bearers of PACS/ LAMPS have completed the training in 161 programmes.

#### **12.2. Introduction of Common Accounting System and Computerisation of PACS:**

NABARD has communicated detailed guidelines for introduction of Common Accounting System in the State with effect from 01.04.2008. The State Government has instructed Odisha State Cooperative Bank to print the Registers and Ledgers for the purpose and supply to all the PACS for recording the transactions in the new system, and the registers and ledgers have been supplied to PACS through respective DCCBs.

#### **13. Dispensation of crop loans at the directed interest rate of 5% - Interest subvention:**

**13.1.** In pursuance of the decision of the Union Government and the State Government, the Short Term Cooperative Credit Structure (STCCS) has been advancing crop loans to the ultimate borrowers at 7% interest per annum from the year 2006-07 irrespective of the cost of resources and below the Prime Lending Rate (PLR) of the OSCB / DCCBs basing on Government of India assurance to provide 2% interest subvention. As per State Government direction, crop loans have been disbursed by STCCS in the State at 5% interest from Rabi

2008-09 onwards. Besides, Government of India have provided interest rebate @1% to the farmers, those have repaid their crop loan timely availed during 2008-09, 2% interest rebate for timely repayment of loan availed during 2009-10 and 3% from 2011-12. The Government have been provided interest subvention to PACS, CCBs and SCB with interest margin @2.25%, 1.25% and 0.5% respectively. The State Government has revised Interest Subvention Policy on crop loans advanced by the STCCS effective from 2012-13. In the approved policy, the following modalities for release of interest subvention on crop loans was approved.

- (i) On NABARD refinance component : The State Government provides total subvention of 3.75% (i.e. 1.75% + 2%) per annum to the STCCS at flat rate.
- (ii) On own resources of Cooperative Banks : the State Government provides total subvention of 5.5% (i.e. 3.5% + 2%) per annum to the STCCS at flat rate.

**13.2.** For financing crop loans, NABARD has been assuring for providing refinance only to the extent of 55% of the Grassroots Level Credit (GLC) disbursements by PACS affiliated to eligible DCCBs subject to compliance of Non Overdue Cover (NODC) and other stipulations at DCCB level. The Union Government provide interest incentive @ 3% from 2011-12 in place of 2% during 2009-10 to those farmers, who repaid their dues on or before the due dates.

**13.3.** The minimum margin requirement of all the three tiers of the STCCS for financing crop loans has been accepted by the State Government and the NABARD as 4.00% **which includes 0.50% at SCB, 1.25% at CCB and 2.25% at PACS level. It is relevant to mention here that in case of Public Sector Banks, operating in single tier, the interest spread remained between 2.3% to 3% during 2007-08.**

#### **14. Paddy Procurement :**

In pursuance of Food and Procurement Policy issued by Government of Odisha for Khariff Marketing Season (KMS 2012-13), the Odisha State Civil Supplies Corporation Ltd. Have procured paddy from farmers through the PACS at the Purchase Centres to be operated by selected PACS. Individual DCCBs have acted as Nodal Agencies of the Corporation for procurement of Fair Average Quality (FAQ)/ Under Relaxed Specification (URS) through PACS as Commission Agent of OSCSC Ltd. in the concerned District. Since 2009-10, PACS have been playing a crucial role in implementation of paddy procurement operation. The number of PACS and the quantity of paddy procured by PACS have increased steadily in last four years. During 2012-13, 2313 PACS out of 2709 PACS were involved in paddy procurement operation in KMS 2012-13 and procured Rs.48.86 lakh MT of paddy, which constitutes 96% of the total procurement of the OSCSC and 89% of the total procurement of the State.