

## CHAPTER-XV

### CO-OPERATION

The Cooperative Movement begins dates back to the year 1904 when the first Cooperative Act was promulgated. After independence cooperative has been earmarked as state subject. The main task of the Co-operation Sector is to facilitate the formation and working of Co-operative Societies in the State for the purpose of promoting self-help and mutual aid among agriculturalists, artisans and other persons with common economic needs so as to bring about a higher standard of living, better business, better method of production and equitable distribution. . Since the economy of Assam is predominantly rural in character, an extensive network of sound and viable co-operatives can help tremendously in giving shape to the socio-economic structure of Rural Assam in particular and in achieving the much needed economic growth and social transformation as well. In Assam, the co-operative sector failed to achieve its desired objective due to its limited impact and existence of uneconomic and dormant cooperatives as well.

The Cooperative Department of Assam has given special thrust in certain areas at present for revival of the cooperative structure in the State so as to attain the objective of upliftment of the economic conditions of the poor people of the society by providing low cost credit to the farmers and employment generation programmes. To achieve the goal the State Cooperation Department has taken various schematic programmes during the 11<sup>TH</sup> Five-Year Plan-

- Revival of short term and long term Cooperative credit structure in the State.
- Rejuvenation of Consumer Cooperatives.
- Involving women in the economic activities.
- Providing housing facilities to economically backward classes.
- Revival of potentially viable Cooperative enterprises and closure of sick units.
- Enlargement of farming activities through Dairy, Fishery, Agricultural farming and other allied activities.
- Strengthening of Cooperative movement through spread of Cooperative Education, Training and leadership development.

#### Credit Flow to various Cooperative Societies

As per policy of Government of Assam, Cooperative Agriculture Credit is to flow through Commercial Banks, Rural Banks and Assam Cooperative Apex Bank to the Primary Agricultural Cooperative Societies (PACS). For the purpose, the PACS were ceded to Commercial Banks, Regional Rural Banks (RRBs) and Apex Bank by the Government. At present 318 nos. PACS are ceded to various Commercial Banks & RRBs and 585 nos. PACS are ceded to Assam Cooperative Apex Bank Ltd. In view of revival of Short Term Cooperative Credit Structure in the state an amount of ` 20.00 Crore (approx) has been paid to Apex Bank towards liquidation of overdue loans of PACS and making them eligible for fresh finance to farmers. The agricultural credit issued to the farmers by the Apex Bank during the period 2006-07 to 2008-09 is placed in the table 15.1.

**TABLE-15.1**  
**ISSUE OF AGRICULTURAL CREDIT BY APEX BANK**

Year	Rupees in lakh
2006-07	701.66
2007-08	1557.04
2008-09	2981.16

*Source: Draft Annual Plan, Assam 2010-11*

## Revival of various cooperative societies

The Cooperation Department has taken various schematic programmes for revival of various sick cooperatives in the State during the last three years by allocating fund to those cooperatives.

### Multipurpose Rural Co-operatives (Strengthening of Primary Agricultural Credit Co-operatives) G.P.S.S.:

There are 709 nos. of Gaon Panchayat level Samabai Samitees (GPSS) in the State that deals in Agricultural produces, distribution of essential commodities etc. Financial assistance of ` 15.00 lakh was provided to 90 nos. of G. P. S. S. in the year 2008-09. An amount of ` 5.00 lakh has been provided as financial assistance to 8 nos. of G. P. S. S. in the year 2009-10.

### Credit Co-operatives- Revival of ASCARD Bank

There are three types of Cooperative Bank in the State viz.:1) ASCARD Bank, 2) Apex Bank and 3) Urban cooperative Banks with their branches spread all over the State. ASCARD Bank is the only pioneer organisation to provide long-term credit in the cooperative sector in the State. The State Govt. has taken several steps to revive the bank by implementing the revival package formulated by the Govt. of India. The State Govt. has provided ` 10.00 lakh and ` 135.00 lakh to the ASCARD Bank during the year 2007-08 and 2008-09 respectively. During the year 2009-10, an amount of ` 1022.38 lakh has been provided to the Bank out of which ` 822.38 lakh has been released for payment of back wages as per Supreme Court's direction and ` 200.0 lakh has been proposed for revival.

### Processing Co-operatives

A large number of processing units have been set up in the State under Co-operative Sector comprising of Rice and Oil Mill, Mustard Oil Mill, Spinning Mill, Jute Mill etc. The Assam Polyster Cooperative Society Ltd. (APOL), a downstream spinning industry, is one of the prestigious organisations under the Cooperative sector in the state. This organisation remained non-functional for sometime. To revive the organisation, the state Govt. has provided an amount of ` 15.00 lakh and ` 110.00 lakh to APOL during the year 2007-08 and 2008-09 respectively. An amount of ` 60.00 lakh was also provided to APOL During the year 2009-10. Similarly; financial assistance has been provided to two another Spinning Mills of Assam Viz., the Swahid Kushal Konwar Sutakal Samabai Samitee Ltd located at Golaghat District and Assam co-operative Spinning Mill, located at Boitamati under Bongaigaon District by the Govt. of Assam.

### Consumer Co-operatives

There are 36 Urban Wholesale Consumer Stores with 474 affiliated Primary Consumer Stores and 640 Tea Garden Consumer Stores in the state. During the financial year 2008-09 an amount of Rs.40.00 lakh was released @Rs.1.00 lakh each to 40 nos. of Cooperative Consumers Societies. It is proposed to provide financial assistance to six nos. of such Consumer Cooperative Societies during the year 2009-10.

### Co-operative Sugar Mill

Out of two Co-operative Sugar Mills in Assam, only Nagaon Co-operative Sugar Mill was functioning prior to 2003-04. Due to financial constraint and other various reasons, it had to stop its production for last couple of years. To revive the Sugar Mill, the State Govt. provided ` 39.98 lakh and ` 10.00 lakh during the years 2007-08 and 2008-09 respectively. Another amount of ` 5.00 lakh has also been provided to the Nagaon Cooperative Sugar Mill in the year 2009-10.

## Housing Co-operative

There are more than 381 numbers of Primary Housing Co-operatives with one Apex Level Society, HOUSEFED, Assam is rendering service to its members. This Federation has also provided housing facilities to the Govt. departments and loan for dwelling houses to the low and middle-income people in the urban and rural areas. During the year 2008-09 an amount of ` 210.00 lakh was provided to HOUSEFED for providing houses to the poor members of housing cooperatives including TSP and SCSP areas. Another amount of ` 304.40 lakh has been provided to the Society during the year 2009-10.

## Revival of Dairy Co-operatives

There are three Regional Level Milk Co-operative Union, viz.(1) the West Assam Milk Producers Cooperative Union Ltd. (WAMUL); (2) the East Assam Milk Producers Cooperative Union Ltd. (EAMUL) and (3) the Central Assam Milk Producers Cooperative Union Ltd. (CAMUL) and 320 Primary Milk Unions in the State. The State Govt. has decided to revive the WAMUL by handing over its management to NDDDB. During the year 2007-08, the State Govt. to WAMUL has released an amount of ` 164.00 for refurbishment of its liquid milk plant and the cattle feed plant and payment of liabilities like employees' salaries and other dues. During the year 2008-09 an amount of ` 54.00 lakh and during the year 2009-10 ` 40.00 lakh have been released to the WAMUL for the purpose of liquidation of past losses under revival scheme of Govt. of India assistance to cooperatives.

Similarly, the State Govt. has also taken steps for revival of the EAMUL and released financial assistance of ` 70.00 lakh provided to the EAMUL in the year 2008-09. An amount of ` 50.00 lakh has also been provided during the year 2009-10 to EAMUL.

## Women Cooperatives

There is 2486 Gaon Panchayat Level Women Multipurpose Women Cooperatives in Assam. During the year 2007-08, 240 numbers of such cooperative societies were provided financial assistance @ ` 50,000.00 each under the Assam Bikash Yojana. During the year 2008-09, financial assistance of Rs.100.00 lakh was given to 200 nos. of Women Cooperative Societies @ ` 50, 000/- each. In the year 2009-10, financial assistance of ` 130.00 lakh to 229 nos. of such cooperative societies for taking up women oriented schemes suitable for their local situation.

## Other Cooperatives

In addition to the above mentioned Co-operative Societies, there is large number of functional Co-operative like Poultry, Piggery, Duckery, Pisciculture, Cane and Bamboo Industries, Brick Industries, Transport and Communication, Rickshaw puller, Bee-keeping, Blacksmith, Carpentry etc in the State and these are mostly confined to economically weaker section of the Society. In the year 2008-09, an amount of ` 16.00 lakh was given to 32 nos. of such type of Societies. In this financial year i.e.2009-10, it is proposed to provide assistance of ` 20.00 lakh to Fishfed and ` 10.00 lakh to Assam Bell Metal Utensil Manufacturing Co-operative Society and ` 10.00 lakh to 12 nos. of other types of Cooperative Societies.

## Performance of State Level Cooperative Societies

The performance of some of the State Level Credit and Non-Credit co-operative institutions elaborated below:

### A. Assam State Co-Operative Apex Bank Limited

The Assam State Co-operative Apex Bank Limited is a pioneer Co-operative institution in channelizing credit

for agricultural operation to boost up the development process of the rural economy as well as financing other urban business and industrial activities through co-operative channel in the State. The bank, which has been functioning since 1948, has 68 branches in the State at present. The bank has failed to provide desired service to the rural sector through its adopted PACS due to its ill health. The Government of Assam has decided to implement the Government of India's Scheme of revival of Short Term Co-operative Credit Structure including the Assam State Cooperative Apex Bank Limited. Accordingly, a Memorandum of Understanding (MOU) was signed between the Government of Assam, NABARD and representative of Government of India.

As per available information, the membership of the bank has increased from 59 thousand in 2005-06 to 76 thousand in 2009-10. The share capital has increased to ` 7.80 crore in 2009-10 from ` 7.20 crore in 2008-09. The working capital is also increased to ` 1225.06 crore in 2009-10 from ` 846.78 crore in 2008-09.

The performance of the Assam State Co-operative Apex Bank during the last five years may be evident from the table below.

**TABLE-15.2**  
**THE PERFORMANCE OF ASSAM STATE CO-OPERATIVE APEX BANK LTD**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09	2009-10
Bank Branches	No	68	68	68	68	68
Members	'000 No	59	64	68	72	76
Paid up Share Capital	Rs. crore	5.94	6.32	6.69	7.20	7.80
Reserve	-do-	23.19	22.55	22.76	23.54	23.82
Deposits	-do-	552.38	587.21	641.67	823.57	118.88
Working Capital	-do-	812.20	586.68	643.93	846.78	1225.06
Borrowing outstanding	-do-	2.62	1.85	1.26	2.13	Nil
Investments	-do-	211.92	251.02	284.97	230.85	781.12
Loans Advances	-do-	146.44	163.13	142.44	186.21	150.23
Loan Outstanding	-do-	283.62	266.93	288.94	311.75	322.82
Loan Overdue	-do-	142.57	-	95.16	24.39	101.22
Profit (+) / Loss(-)	-do-	+5.18	+2.78	-11.85	-1.40	+6.44

*Source: Register of Cooperative Societies, Assam*

### **B. Assam Cooperative Agricultural and Rural Development Bank Limited (ASCARD):**

The Assam Cooperative Agricultural and Rural Development Bank, which was formerly known as Assam Coop. Central Land Mortgage Bank Ltd was established in the year 1955. The functioning of the bank was hampered due to ill financial health for several years. The Government of Assam has decided to revive the bank by correcting all deficiencies and to implement the revival package rules formulated by the Government of India for revival of the Rural Cooperative Credit Structure [Long Term] based on Report of the Task force headed by Prof. A. Vaidyanathan.

As on 31st March 2010, the bank has 28 branches throughout Assam with more than 37 thousand members. The paid up share capital of the bank has decreased to ` 641.67 lakh in 2009-10 from ` 647.28 lakh in 2008-09. The working capital, on the other hand, increased to ` 4993.18 lakh in 2009-10 from ` 4913.83 lakh in 2008-09. The deposit also decreased to ` 37.81 lakh in 2009-10 from ` 48.67 lakh in 2008-09. Although the bank after two years suspension [i.e., 2006-08] resumed its loaning business and issued loan of ` 11.53 lakh

during the year 2008-09, the amount of loans & advances decreased to ` 7.65 lakh in the year 2009-10. The loan outstanding with the bank recorded continuous fall from ` 1196.77 lakh in 2005-06 to ` 965.42 lakh in 2009-10.

The data containing important indicators of bank performance are presented in the Table below.

**TABLE-15.3**  
**PERFORMANCE OF ASSAM STATE COOPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK (ASCARD)**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09	2009-10
Bank branches	No	33	33	32	30	28
Membership	No	34286	34286	34340	34390	37372
Paid up Share Capital	Rs. Lakh	660.40	656.18	652.53	647.28	641.67
Working Capital	-do-	2711.57	2605.92	4596.12	4913.83	4993.18
Deposits	-do-	59.95	97.45	72.02	48.67	37.81
Loans and Advances	-do-	26.09	Nil	Nil	11.53	7.65
Loan Outstanding	-do-	1196.77	1192.57	1124.23	1028.44	965.42

Source: Registrar of Cooperative Societies, Assam

### C. Urban Cooperative Banks

The State has a presence of 13 Urban Cooperative Banks (UCBs) as on March 2009. Out of the 13 UCBs, only 9 banks are functioning with 15 branches. Till recent past, multiplicity of command, absence of clear-cut demarcation between the functions of State Government and RBI, led to operational difficulties in implementing regulatory and supervisory measures pertaining to UCBs. To sort out the difficulty, an MOU between RBI and Government of Assam was signed in connection with regulatory control of RBI over UCBs during the year 2008 so that functioning of such banks can be improved and confidence of depositors can be restored.

As per available report, total membership of the functioning UCBs were 23 thousand in 2008-09 as against 37 thousand in 2005-06. The paid up share capital of UCBs has been increased from ` 3.93 crore in 2005-06 to ` 6.72 crore in 2008-09. The working capital of the banks, on the other hand, decreased to ` 253.83 crore from ` 289.46 crore in the previous year. The loans and advances increased from ` 94.49 crore in 2007-08 to ` 101.00 crore in 2008-09.

**TABLE-15.4**  
**STATISTICS RELATED TO PERFORMANCE OF URBAN COOPERATIVE BANKS**

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Bank Branches	No	21	15	15	15
Membership	'000' No	37	24	25	23
Paid up Capital	Rs.Crore	3.93	3.40	3.76	6.72
Working Capital	-do-	244.82	240.80	289.46	253.83
Deposits	-do-	197.80	202.56	231.28	280.50
Loans/Advances	-do-	299.36	155.67	94.49	101.00
Loan Outstanding	-do-	111.40	112.03	130.29	98.50
Loan Overdue	-do-	16.44	6.40	6.58	7.25

Source: Registrar of Cooperative Societies, Assam

#### D. State Level Non-Credit Co-Operative Societies

There are a few State Level Non-Credit Co-operative Societies functioning in the State. The performance of these societies is presented in the Table below.

**TABLE-15.5**

**STATISTICS RELATED TO STATE LEVEL NON-CREDIT CO-OPERATIVE SOCIETIES IN ASSAM**

Name of Societies	Year	No. of Societies	No. of Members	[Rupees in Lakh]		
				Paid up Capital	Working Capital	Value of Sales
Assam Co-operative Jute Mill Ltd.	2008-09	1	8263	1207.80	1207.06	2085.08
	2009-10	1	8262	1309.27	1143.44	2660.29
FISHFED	2008-09	1	217	218.35	180.66	16.78
	2009-10	1	241	253.35	369.81	16.27
HOUSEFED	2008-09	1	417 Member Societies	1337.10	7364.00	186 Houses
	2009-10	1	418 Member Societies	1560.13	8167.00	237 Houses
Eastern Agro Processing & Tea Warehousing Co-op. Society Ltd.	2008-09	1	493	95.12	1267.05	1799.07
	2009-10	1	493	97.08	1455.21	1474.45
Assam Polyester Co-operative Society Ltd	2008-09	1	12759	1608.07	1176.02	990.01
	2009-10	1	13129	1608.07	1152.32	1149.68

Source: Registrar of Cooperative Societies, Assam