

Chapter - 2

Structure and Functioning of ICDP in Theni District

2.1 Introduction

Cooperatives as an institution in India are more than a century old. With more than lakh grass-root level cooperatives, their presence is formidable. The India Cooperatives Act 1904 was formulated under the British political dispersion. The socio-economic scenario prevailing at those times and subsequent economic and political events had a bearing on their evolution. The growth of cooperatives was modest till independence, which got a filip after independence. The very outlook towards cooperatives underwent a significant change after independence and especially, during the second five-year plan. The conditions created by the Second World War, the emphasis on intensive and rapid rural development in the post-war reconstruction programmes of State Governments and the channeling of state aid through cooperative institutions contributed to their steady quantitative expansion after Independence.

However, it has been repeatedly pointed out by different Committees that government patronage has done more harm than good, by inducing indulgence on part of the members. Instead of feeling responsible for the success of their cooperative and behaving diligently, members perceive government involvement as some sort of guarantee against bankruptcy (*Biswa Swarup: 2006, p-19*). But at the same time, it has been found that Government patronage and support makes the cooperatives as multi-purpose entities. The outcome is that members of cooperatives could be able to harvest more advantages from their own cooperatives. The NCDC is an autonomous body promoted by Government of India. NCDC has always been emphasizing the need for developing primary cooperatives as multi-purpose entities to provide a package of services to rural community. In this context, ICDP aims at overall development of a district through cooperative efforts both in functional and sectoral areas (*Rao V.M: 2008: pp.21-22*). In this background this chapter

analyses Theni district profile, cooperative network of the district and the structure and functioning of ICDP in Theni District.

2.2 Theni District – A Profile

India is an agricultural based economy. More than 70 per cent of the population still depends on agriculture for their livelihood. The cooperatives serve as the life-blood of the Indian economy and the mechanism for any developmental programmes. Theni District is also predominantly an agrarian economy and out of the total geographical area of 3242.30 Sq.Km 35 per cent is net cultivated area. This District was carved out of the composite Madurai District in the year 1997. The District is classified as South Zone – VI (Southern Plateau and Hill Region) under Zone X among the 15 agro-climatic zones in the country and bounded on the north by Dindigul District, east by Madurai District, South by Virudhunagar District and west by Kerala State. It has 5 taluks, 5 Municipalities, 23 Town Panchayats, 113 Revenue Villages and has the credit of being the leading vegetables and fruits producing district in the State. The tissue culture banana is cultivated in 1800 ha in the District. Another unique phenomenon is production of mango in off-season and this fetches a maximum price for the producers when compared to normal harvesting season. Other crops grown are paddy, cereals, millets, oilseeds, pulses, groundnut, sugarcane, cotton, coconut, grapes, cashew, amla, sapota, tamarind, guava, and coffee. Bodinayakanur is said to be the cardamom hub of the country. The Government has identified this District for developing it into Agri Export Zone.

The district has a geographical area of 3242.30 sq.kms and a population of 10.94 lakh. One third of the geographical area is covered by forests, while another one-third is the net sown area. Agricultural labourers and cultivators constitute more than 50 percentage of the workforce in the district. The agricultural produce of the district finds ready market in the nearby cities as also the neighbouring State of Kerala. The district also has some ancient temples and places of scenic beauty, making it an interesting tourist destination. Theni district is 450Kms. South of Chennai, the State Head

Quarters. The district is well connected by roads with major cities of the State and other neighbouring States. The district also has well laid-out roads, connecting major towns within the district. The district can be broadly classified into (i) Hilly regions represented by the Cardamom Hills of Western Ghats, (ii) Andipatti Hills and other Hills, (iii) Valley region of Cumbum and upper Vaigai and (iv) Other plains.

Theni enjoys salubrious climate. Its maximum temperature is 38.5° C and the minimum is 26.3° C. The climate is conducive for agriculture. Agriculture is the primary occupation of Theni district and 46 percentage of its population lives in rural areas. Wide fluctuation in rainfall and availability of canal water results in variations in area covered under major crops grown in the district. Small and marginal farmers account for more than eighty eight percent of the land holdings, while their share in terms of area is about 53 percentage of the land use pattern, 38 percentage of the geographical area in the district is under cultivation. The proportion of irrigated area to net sown area works out to 47 percentage and cropping intensity works out to 108 per cent in the district (*Canara Bank: 2007-08, pp-34-37*). In Theni district also cooperative network plays a dominant role in protecting the interest of the small farmers, marginal farmers and the weaker sections.

2.3 Cooperative Outreach in Theni District

The Office of Joint Registrar of Cooperative Societies was established in Theni District on 28.5.97 with two Circle Deputy Registrar Offices (Periyakulam and Uthamapalayam) and One Deputy Registrar (Public Distribution System). The composite Madurai District Central Cooperative Bank is still acting as the District Central Cooperative Bank with 10 Branches and hence there is no separate District Central Cooperative Bank for Theni District.

Further, there are eighty one Primary Agricultural Cooperative Credit Societies (of which eighty are functional), four Primary Cooperative Agricultural and Rural Development Banks, two Cooperative Urban Credit Societies, twenty two Employees Credit Societies, eleven Primary Cooperative

Consumer Stores, sixty Students Cooperative Stores, two cooperative marketing societies and District Cooperative Union functioning in this District.

Apart from this, eleven Handloom and Power Loom Societies, five hundred six Milk Producers Societies, seven Housing Societies, twenty Sheep Breeding Societies, seven Fisheries Societies, and six Industrial Cooperatives are also functioning under the administrative control of respective Functional Registrar of Cooperative Societies. One Institute of Cooperative Management has also been functioning since 16.9.2002 at Aundipatti.

2.4 Integrated Cooperative Development Project

The scheme of integrated Cooperative Development Project (ICDP) was introduced in the Seventh Five Year Plan for promotion of various economic activities through cooperatives in the sphere of agriculture and allied sectors like Fishery, Poultry, Dairy, Handloom and Rural industries etc. in the selected districts. This scheme of the corporation has an integrated area based approach taking into account the local needs and resources. The scheme aims at development of cooperatives in agriculture and allied sectors, transforming cooperatives as multi-purpose entities and promoting horizontal and vertical functional linkages so as to enable the cooperatives to cater to the overall needs of rural community.

On the recommendation of the State Governments, districts are selected for coverage under the ICDP Scheme. A detailed project report is then prepared by a multi-disciplinary group of the State Government or by an outside consultancy organization identified for the purpose. Subsequently, on-the spot-appraisal is carried out by a team of NCDC officers. Assistance to cooperatives is provided for

- 1) Development of infrastructural facilities,
- 2) Margin money to enable them to raise requisite working capital and
- 3) Manpower development and motivation of personnel in cooperatives.

A project Implementation Agency (PIA), generally the concerned District Central Cooperative Bank (DCCB), is identified for each district for

implementing the project. The PIA is assisted by a Project Implementation Team (PIT) created especially for implementing the project, the duration of which is normally five years. Project activities are monitored by a cell, specially created for the purpose at the State level especially in the office of the Register of cooperative society.

Under ICD Projects, emphasis is on infrastructure development by village level cooperatives, e.g. establishment of modern office and banking facilities, setting up of consumer shop, construction of scientific storage, godowns and manpower development etc.

2.5 Objectives of ICDP

ICDP lays emphasis on the area development in agriculture and allied activities and on the promotion of household business and enterprise, with special focus on helping the weaker sections in selected districts, through cooperatives. Specially, the Project aims at ‘overall development of economic activities’ in agriculture, agro-allied and agri-based industries, cottage and household enterprises, notified services, micro financing and cooperative banking in the selected district, of course, through cooperatives. This core objective is achieved by:

- 1) Strengthening the existing PACS, PCMS and other functional cooperatives as dairy, fishery, handloom, horticulture, forest produce etc., in the selected district,
- 2) Reviewing and revamping the existing cooperative infrastructure, as also creating new cooperatives/ member oriented self help groups so as to meet the economic needs of the members,
- 3) Developing primary agriculture credit societies as multipurpose institutions to cater to the various needs of the farming community,
- 4) Strengthening backward and forward linkages between primary, district and State level cooperative institutions, ensuring integrated services for increased productivity, employment and income; and

- 5) By promoting new generation functional cooperatives in farm, non-farm and service sectors for increased economic activities, through cooperative effort.

The broad strategy followed for the achievement of the objectives of the Project can be deliberated as follows:

- 1) Creation of infrastructural facilities both in farm and non-farm sectors to facilitate diversified business activities,
- 2) Strengthening the financial base, by providing share capital and margin money assistance for activities such as marketing of agriculture and other produce, supply of consumer articles etc,
- 3) Promoting and linking Self Help Group (SHG) to activate dormant members, increase the coverage and facilities credit and economic activities as needed by members genuinely,
- 4) Training of cooperative personnel, members of board of management and other members to improve their skills and capacity and create necessary awareness,
- 5) Motivation through study visits, training and incentives for better performance,
- 6) Implementation through a specially created cell and project implementation team to fulfill the desired objectives with due focus and emphasis, and
- 7) Foster vertical, backward and forward linkages to sustain and enhance the member interest and business prospects of the society.

2.6 Pattern of Funding

The funding to the concerned State Government is in the form of 70 percent loan component and 30 percent (maximum) subsidy. The subsidy is provided as central sector assistance and it is 100 percent grant for the Special Category States and 50 percent for other States. In the latter case, the balance 50 percent is to be borne by the concerned States. Subsidy is provided for preparation of project report, manpower development and training, managerial

assistance for Project Implementation Team (PIT), incentives for increasing business and project monitoring.

The process of economic development in the country brought to light certain regional disparities and imbalances in some parts due to inherent factors like topography, agro-climatic conditions and poor infrastructure. During formulation of the Fifth five-year plan, the limitations of this approach came into force and as a consequence, the concept of cooperatively under-developed States evolved to ensure balanced regional development. The categorization of States for funding by NCDC was reviewed by the Planning Commission in November, 2004. Accordingly, Andhra Pradesh, Uttar Pradesh, Madhya Pradesh and Goa were also placed under the category of cooperatively under-developed states. Similarly Jharkhand, Bihar and Jammu & Kashmir were classified as cooperatively least developed States, in addition to the existing States. Now ten states and two Union Territories have been categorized as cooperatively under-developed and 11 States as least-developed (*GoI: 2012-13*) (*Map 2.1*).

The pattern of funding followed for different categories of States for Implementing ICDP is given in Table 2.1. It shows, that compared to cooperatively developed States, the cooperatively least developed States and the cooperatively underdeveloped States received more support from NCDC. However, it is to be noted that the amount expended for the manpower development is cent per cent subsidy for all categories of the States.

2.7 Dovetailing of Subsidy

NCDC promotes dovetailing of subsidy assistance, wherever available from other schemes of Central/ State Governments with a view to reduce the interest burden of State Governments and to extend maximum benefit to cooperative societies. Back-ended subsidy for construction and renovation of rural godowns is available under 'Gramin Bhandaran Yojana' of the Government of India and is dovetailed in ICD Projects sanctioned by NCDC on the following pattern:

Map – 2.1
Categorization of States

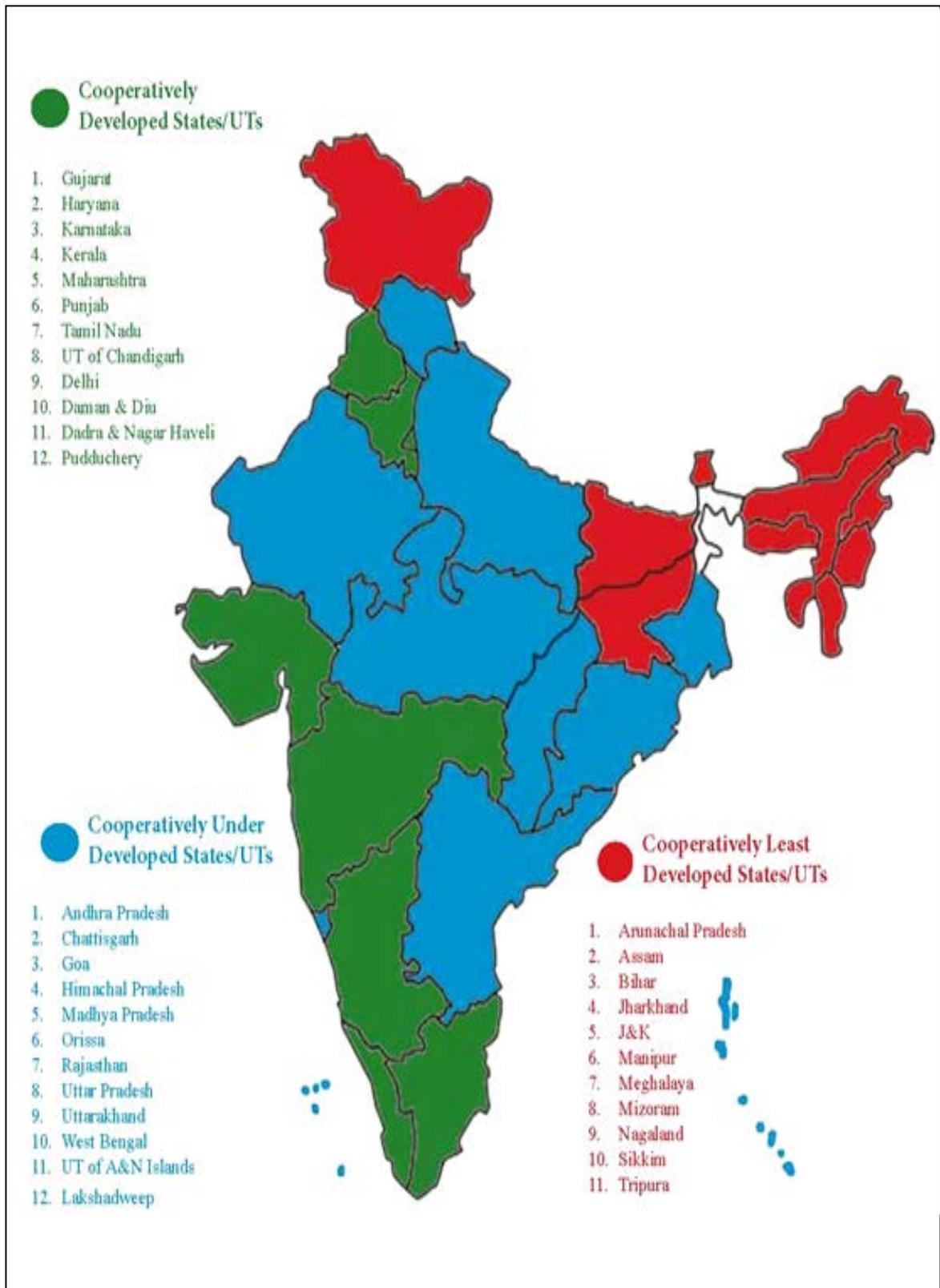


Table – 2.1
Pattern of funding under ICDP

(A) For Cooperatively Developed States								
S. No	Activity	From NCDC to State Govt.			From State Govt. to Cooperatives			
		Loan	Sub.	Total	Loan	S/ Cap.	Sub.	Total
i)	Civil Works, Plant & Machinery, Infrastructural facilities	100%	-	100%	50%	50%	-	100%
ii)	Margin Money to Societies/ Share Capital to DCCBs / PIAs	100%	-	100%	-	100%	-	100%
iii)	Manpower Development & Training and Incentives	-	50%	50%	-	-	100%	100%
iv)	Managerial Assistance to PIA and Monitoring Cell etc.	-	50%	50%	-	-	100%	100%
b. For Cooperatively Under-developed States								
i)	Civil Works, Plant & Machinery, Infrastructural facilities	80%	20%	100%	50%	30%	20%	100%
ii)	Margin Money to societies	80%	20%	100%	50%	30%	20%	100%
iii)	Share Capital to DCCBs/ PIAs	100%	-	100%	-	100%	-	100%
iv)	Manpower Development & Training and Incentives	-	50%	50%	-	-	100%	100%
v)	Managerial Assistance to PIA and Monitoring Cell etc.	-	50%	50%	-	-	100%	100%
C. For Cooperatively Least-developed States								
i)	Civil Works, Plant & Machinery, Infrastructural facilities	75%	25%	100%	50%	25%	25%	100%
ii)	Margin Money to societies	75%	25%	100%	50%	25%	25%	100%
iii)	Share Capital to DCCBs/ PIAs	100%	-	100%	-	50%	50%	100%
iv)	Manpower Development & Training and Incentives	-	50%	50%	-	-	100%	100%
v)	Managerial Assistance to PIA and Monitoring Cell etc.	-	50%	50%	-	-	100%	100%

- Note:*
- 1) All the North-Eastern States including Sikkim and Hilly States of H.P., J & K and Uttarakhand are treated as 'Special Category States' for the purpose of subsidy assistance for Manpower Development & Training and Incentive / Managerial assistance to PIA and Monitoring Cell. NCDC provides 100 per cent outlay under these 'Heads' as subsidy assistance to the Projects in the States.
 - 2) PIAs/ DCCBs are not entitled for subsidy assistance on any item irrespective of the category of their State except for computerization.
 - 3) Total subsidy component under any project shall, however, not exceed 30 per cent of the total project cost.

- 1) All godowns of 50 MT and above (25 MT in Hilly areas) constructed or renovated with sanction after 1.4.2001;
- 2) Such godowns must be located outside municipal limits;
- 3) Subsidy is available for godown of 50 tonnes to 10000 tonnes capacity (godowns of 25 tonnes capacity in hilly areas)
- 4) The capacity of godowns shall be calculated @ 0.4 ton per cubic meter:
 - a) 25 per cent of the capital cost of the godown project subject to a maximum ceiling on subsidy of Rs.37.50 lakh;
 - b) 33.33 per cent of the capital cost of the godown project in N.E. States, Hilly areas and societies belonging to SC/ ST categories subject to a maximum ceiling on subsidy of Rs.50.00 lakh;
 - c) 25 per cent of the cost for renovation of godowns;
 - d) Project Cost = Appraised by NCDC or Actual cost or Rs.2000/- per ton of storage capacity (for godowns upto 1000 MT capacity), Rs.1500/- per ton (for godowns exceeding 1000 ton capacity upto 10,000 tons), Rs.500/- per ton for renovation, whichever is lower.
- 5) Godowns must have been completed within 15 months of the sanction of assistance, extendable by 6 months in case of abnormal delay.
- 6) Cooperatively developed States can avail the benefit of this subsidy as ICD Projects in these States are not entitled for ICDP subsidy on the pattern applicable to cooperatively under-developed and least-developed States;
- 7) Loan assistance sanctioned by NCDC for construction / renovation of rural godowns is converted into subsidy provided State Government also convert its loan/ share capital assistance to societies for this purpose into subsidy;

For godowns in respect of which loans are sanctioned on or after 26.06.2008 upto 31.03.2012, following modifications will be applicable:

- 1) No maximum ceiling on subsidy in the case of rural godowns assisted by NCDC;
- 2) All rural godowns claiming subsidy under the scheme in future, should be confirming to the technical specifications relating to the implementation of the Negotiable Warehouse Receipt System (NWRS). A written undertaking shall be required for rural godowns of 1000 tons and more capacity.
- 3) Capital cost of the godown for the purpose of subsidy under the scheme shall be calculated as follows:
 - a) For godowns upto 1000 tons capacity – cost as appraised by the financing institution or actual cost or Rs.2500/- per ton of storage capacity, whichever is lower;
 - b) For godowns exceeding 1000 tons capacity – cost as appraised by the financing institution or actual cost or Rs. 1875/- per ton of storage capacity, whichever is lower;
 - c) For renovation of godowns by cooperatives with assistance from NCDC – cost as appraised by NCDC or actual cost or Rs.625/- per ton of storage capacity, whichever is lower.

Similarly, subsidy is made available for the projects for development / strengthening of Agricultural Marketing Infrastructure, grading and standardization under Government of India Scheme on the following pattern:

- 1) Subsidy @ 25 per cent of the Project Cost with a ceiling on investment upto Rs.50.00 lakh;
- 2) Subsidy @ 33.33 per cent of the project cost in North Eastern Region, Hilly areas and societies of SC/ ST categories subject to the investment cost upto Rs. 60.00 lakh;
- 3) Scheme is applicable to the States / UTs where the APMC Act has been amended e.g. Madhya Pradesh, Tamil Nadu, Kerala, Manipur, Andhra Pradesh, Punjab, Himachal Pradesh, Nagaland, Sikkim,

Rajasthan, A & N Island, Daman & Diu and Dadar & Nagar Haveli etc.

2.8 Project Monitoring Committee

A multi-disciplinary expert group prepares a Detailed Project Report (DPR) taking into account local resource endowment and potential for development through the existing cooperatives set-up. The State Government, while sending the proposal for the selection of district, also identifies the Project Implementing Agency (PIA) to be associated with the preparation of the project report in time and for monitoring the implementation of the project. Keeping in view the felt need to have coordination among various agencies / departments at the district and State level, District Level Coordination Committee (DLCC) and State Level Coordination (SLCC) are constituted (*Ravichandran. K: 2011, pp-2-11*).

The PIT is constituted to prepare micro plan for the cooperatives for providing financial assistance and monitoring the utilization of funds. It is the executive wing of the project. As an integral part of the project, assistance is also provided for creation of a Project Monitoring Cell (PMC) at the Office of the Registrar of Cooperatives Societies (RCS) to coordinate and monitor the progress of various ICDPs in the State.

The monitoring at NCDC level is done through regular feedback from the projects in the prescribed monitoring Proforma and by review of senior officers of NCDC. The composition and functions of various committees and team are described belowunder.

2.9 State Level Coordination Committee (SLCC)

The state Level coordination Committee is headed by Secretary (Cooperation) and will have as its members all the concerned Departmental heads in the State, including RCS, to ensure inter-departmental coordination for smooth implementation of ICDP. The SLCC would have Director (ICDP), New Delhi and concerned Regional Director, NCDC, as its members. The SLCC would meet once in a quarter to review the progress of implementation of all ICDP_s in the State and ensure their smooth implementation. The Chief

Executives (MD/GM) of PIAs/PITs are required to report to and attend reviews by SLCC.

2.10 Project Monitoring Cell (PMC)

PMC is constituted, preferably at the office of the Registrar of Cooperative Societies, for monitoring effectively the purposeful implementation of all ICDPs in a state. The function of the PMC will include the followings.

- 1) To suggest to State Government regarding identification of districts for implementation of ICDP.
- 2) To assist State Government for appointment of consultants for preparation of DPR and making subsequent follow-up for the sanction of the project.
- 3) To make arrangement for nomination of personnel for pre project functions and constitution of PIT.
- 4) To ensure adequate provisions in the State Budget as per the year-wise outlay of the sanctioned project and timely release of funds to the PIT / PIA.
- 5) To monitor the project by reviewing the physical progress of the project and suggest measures for effective and timely implementation of the projects.
- 6) To ensure the timely submission of periodical reports by the PIT to RCS, NCDC and others.
- 7) To convene the SLCC meeting regularly to ensure continuous review of policies and procedures, inter- departmental coordination and resolving of procedural problems / problems in implementation of the projects.
- 8) To ensure timely audit of accounts of the projects, with a review to rectify the errors/ short-comings in the accounts and funds management of the project.
- 9) To arrange for regular seminars / conferences / training programmes for the PIT personnel for the effective implementation of the project.

- 10) To analyze the impact of the project prior to finalization of accounts and arrange to post the Project Completion Report (PCR) with the final accounts to NCDC for final settlements between NCDC and State Government.
- 11) To arrange for Documents of the impact of the project, and
- 12) To furnish half – yearly report to NCDC indicating the status of expenditure and details of monitoring activities undertaken by the Monitoring Cell.

2.11 District Level Coordination Committee

District Level Coordination Committee will be headed by the District Collector for ensuring inter-departmental coordination for smooth implementation of ICDP in the District. All the concerned departmental heads of the district including Chief Executive of PIA and General Manager / PIT will be members of the DLCC. The DLCC will meet every quarter to review the progress of implementation and ensure removal of the bottlenecks, if any, in implementation. The normal composition of the committee is given in table 2.2.

Table 2.2
Members of DLCC

S. No	Members	
1	District Collector	Chairman
2	Joint Registrar / General Manger, ICDP	Member / Convener
3	Joint Registrar / Special Officer, District Central Cooperative Bank	Member
4	Regional Joint Registrar of Cooperative Society	Member
5	Representative of NCDC, Chennai	Member
6	Assistant Director of Handloom and Textiles	Member
7	Assistant Director of Fisheries	Member
8	Deputy Registrar in charge of agro engineering Cooperatives, in the O/o. Commissioner of Agriculture, Chennai	Member
9	Deputy Registrar (Dairying)	Member
10	Representative of Tamil Nadu Cooperative Union	Member
11	Representative of Social Welfare Department	Member

Source: Compiled from the records maintained in the Office of the ICDP

The functions of DLCC are described here below:

- 1) The DLCC will apprise the Consultant of the local organization the problems confronting the cooperative sector and ensure that the DPR takes into account these problems and suggest remedies.
- 2) The District Collector shall organize at least two meetings of the DLCC for preparation of DPR. The first meeting should be organized immediately after the appointment of the Consultant and the second after the survey of the societies completed. Thus the active participation of the District Administration will be there to involve the concerned cooperative agencies in the preparation of the report.
- 3) The DLCC will also ensure that the Consultant and the team are provided with all assistance for the collection of data from the concerned agencies and counterpart teams from the concerned departments and the financing bank to enable them to collect data.
- 4) The draft DPR shall be discussed in a meeting of DLCC. Modifications, as suggested and needed will be carried out and the draft DPR will be sent to the SLCC, duly approved by the DLCC.
- 5) The DLCC shall have to monitor the implementation of ICDP in the district and to review the progress of the project periodically, after the sanction of the implementation of ICDP.

The committee may meet every quarter, review the progress, suggest alternative sub-projects in lieu of dropped ones and recommend deviation in the sectoral implementation and financial outlay to the Government. The concerned Departments / Agencies shall meet any expenditure, on TA/DA etc., of the members of the committee. There will be no financial burden on the ICDP on this count. The tenure of the DLCC so formed will be up to the validity period of the project as prescribed by the NCDC.

2.12 Project Implementing Agency (PIA)

The District Central Cooperative Banks (DCCB) of the concerned district or any other suitable organization, if there is no DCCB, serves as PIA.

During pre- project period, the PIA shall nominate and appoint a Manager (Project) who would closely be associated in the preparation of the DPR. The cost towards the salaries and other expenditure of the post of Manager (Project) may be included as pre –project expenses in the head “Managerial Assistance and Incentives” of the Project. The PIA for ICDP functions under the Chairmanship of Special Officer, DCCB.

2.13 Project Implementing Agency Committee (PIAC)

The composition of the Project Implementing Agency Committee is normally as given in table 2.3. It is to be noted that the Members shall not send representatives. As membership is ex- officio, Officer concerned alone is competent to attend the PIAC meeting. The PIAC is to decide on the sub projects and the assistance to be rendered. The power of sanction of all sub projects under ICDP shall vest with the PIAC.

The committee shall meet as and when necessary or at least once in a month. The expenditure, if any on travelling allowance, daily allowance etc. of the members of the committee shall be met by the concerned Departments/ Agencies to which they belong / represent.

Table 2.3
Members of PIAC

S. No	Members	
1	The Joint Registrar / Special Officer, District Central Cooperative Bank	Chairman
2	Joint Registrar / General Manger, ICDP	Member / Convener
3	Regional Joint Registrar of Cooperative Society	Member
4	Representative of NCDC, Regional Directorate Chennai	Member
5	Assistant Director of Handloom and Textiles	Member
6	Assistant Director of Fisheries	Member
7	Deputy Registrar in charge of agro engineering Cooperatives, in the O/o. Commissioner of Agriculture, Chennai	Member
8	Deputy Registrar (Dairying)	Member
9	Representative of Tamil Nadu Cooperative Union	Member
10	Representative of Social Welfare Department	Member

Source: As in table 2.1

The PIA is directly responsible for overall implementation of the project through PIT which include besides selection and appointment of PIT personnel, identification of sub projects, sanctioning of sub project, sanctioning of working capital, preparation of BDP, and training of personnel, member education programme, disbursement of incentives, assisting the State Government in the recovery of over dues and also monitoring the project. The functions and role of PIA/PIT are inter-dependent and inclusive. PIT, therefore, is not a distinctive and separate entity, rather it is an inclusive part of PIA for execution of the project.

2.14 The Project Implementing Team (PIT)

The PIT would be headed by a General Manager who shall hold over all responsibility of the implementation of the project, and coordinate the activities on Manpower Development, Training and intensive Management.

The following staff will assist him:

- 1) Manager(Credit, Banking)
- 2) Development Officers
- 3) In addition, other staff as stipulated in the G.O.

Sub-Committee, constituted as per the Order of the Government of Tamilnadu in G.O.Ms.No.18, Cooperation, Food and Consumer Protection Department dated 21.01.94, shall fill the posts by selection from amongst the applicants from various State Government Departments, Cooperative Institution, NCDC and public sector undertaking. The posts will be filled up by direct recruitment, in case of non-availability of a suitable candidate. Relaxation of age upto 5 years could be considered in exceptional cases.

The existing educational qualification, pay scale, experience etc., of the State Government will be applicable in respect of all other posts covered under the project. During the project period, no key personnel should be transferred.

The PIT's responsibility will cover all phases of project implementation right from the project commissioning to implementation, monitoring and evaluation. It will assist the individual societies to enter into contracts with

multiple agencies for developing infrastructure. PIT will have to be a body with core competencies, possessing a high degree of coordinated efforts and involvement in commercial and technical aspects of the ICDP. The functions of PIT among others include the followings.

- 1) Assisting the societies for the preparation of BDP, modify where necessary, appraise it with PIA and DLCC.
- 2) Execution of schemes and programmes in accordance with the targets and achievements fixed for each year of the project.
- 3) Making arrangements for the infrastructural facilities of the societies.
- 4) Ensuring backward and forward linkages
- 5) Integration with District and Apex level cooperative institutions.
- 6) Ensuring the timely flow of funds for the execution of sub projects.
- 7) Making arrangements for manpower development, training and incentive distribution.
- 8) Sending periodical reports on the implementation of ICDP to Monitoring Cell.

2.15 ICDP in Theni District

Tamil Nadu is one of the States, which has been successfully implementing ICDP. The State Government has successfully completed implementation of ICDP Projects in 17 Districts. (The newly formed Villupuram, Tirupur, Krishnagiri, and Ariyalur district are covered under these projects) The projects are at the stage of completion in 4 districts and are in operation in another 7 districts.

The Government of Tamil Nadu has ordered the implementation of ICDP in Theni District, with financial assistance from NCDC as per G.O.No.408 / Cooperation, Food and Consumer Protection (CG2) Department dated 9.12.2003.

The Detailed Project Report for the implementation of ICDP in Theni District was prepared by the Natesan Institute of Cooperative Management, Chennai and approved in the District Level Coordination Committee (DLCC)

Meeting held on 16.12.2003 and the same was approved by the State Level Coordination Committee (SLCC) Meeting held on 30.1.04. On 9.4.04, Managing Director, NCDC, New Delhi visited Theni and held discussions with District Collector regarding the implementation of ICDP. The Government of Tamil Nadu sanctioned the implementation of ICDP in this District through G.O. Ms.No.100 Cooperation, Food and Consumer Production Department dated 20.06.2005 with financial assistance from NCDC.

2.16 Implementation of the Project in Theni District

The project was initiated in Theni District in the forenoon of 22.08.2005 in compliance with Government Order and with the Registrar of Cooperative Societies' proceedings R.C.109146/2005/P.A.2 dated 11.08.2005. The Madurai District Central Cooperative Bank (MDCCB Ltd) is the Project Implementing Agency (PIA). The Implementation of the Project was vested with a team known as Project Implementing Team (PIT). PIT is accountable to PIA. To ensure that various types of cooperatives benefit from ICDP, the Government of Tamilnadu constituted a Committee known as Project Implementing Agency Committee (PIAC) vide G.O.Ms.No.100 Cooperation Food and Consumer Protection (CGII) Department dated 20.06.2005. The Joint Registrar / Special Officer of MDCC Bank is the Chairman of the Committee and Joint Registrar / General Manager of PIT of ICDP is the Member / Convener of PIAC. Besides Chairman and Convener, the following officers are the members of the Committee.

- 1) Regional Joint Registrar of Cooperative Societies, Theni Region.
- 2) Representative of NCDC, Regional Directorate, Chennai.
- 3) Assistant Director of Handloom & Textiles, Theni
- 4) Assistant Director of Fisheries, Theni
- 5) Deputy Registrar in-charge of Agro-engineering Cooperatives, in the Office of the Commissioner of Agriculture, Chennai
- 6) Representative of Tamil Nadu Cooperative Union, Chennai.
- 7) Deputy Registrar (Dairying), Theni.
- 8) Representative of Social Welfare Department.

2.17 Project Implementation Team (PIT)

The list of Joint Registrars who served as General Managers of the PIT are given in table 2.4.

Table 2.4
List of General Managers

S. No	General Manager	Period of Service
1	Dr.N. Vilvasekaran, Joint Registrar of Cooperative Societies - Full Additional Charge	22.8.2005 (FN) to 8.2.2006 (FN)
2	Thiru. B. Pandiyan, Joint Registrar of Cooperative Societies - Full Charge	8.2.2006 (FN) to 29.1.2009 (AN)
3	Thiru. M. Murugan, Joint Registrar of Cooperative Societies -Full Additional Charge	29.1.2009 (AN) to 2.3.2009 (FN)
4	Thiru. S. Gurumoorthy, Joint Registrar of Cooperative Societies - Full Additional Charge	2.3.2009 (FN) to 2.6.2010 (FN)
5	Thiru. K. Manoharan, Joint Registrar of Cooperative Societies - Full Charge	2.6.2010 (FN) to 30.6.2010 (AN)
6	Thiru S. Gurumoorthy, Joint Registrar of Cooperative Societies - Full Additional Charge	30.6.2010 (AN) to 31.3.2011(AN)

Source: As in table 2.1

The power of sanction of various sub-projects is vested with PIAC. PIA is allowed, with the approval of DLCC, to undertake intra-sectoral and inter-sectoral reallocation / diversion of funds upto 10 per cent of the total project outlay for any activity / sector without any escalation in unit cost approved under the project with intimation to NCDC. However, this will not cover the outlays for PIT, training and incentives. Diversion of funds more than 10 per cent of the project outlay and maximum up to 20 per cent is examined and approved by SLCC. The details of such deviation are discussed subsequently. The other members of the PIT, Theni included two development Officers, one Manager, one Driver and one Peon. Though there was fund allocation for five

Development Officers, PIT Theni appointed only two Development Officers. Hence, the PIT could be able to meet the entire salary cost of all employees employed in the PIT. As such, all the projects were implemented in conformity with Government and NCDC orders/ guidelines. The date on which the PIAC meetings were convened is given in table 2.5.

To ensure inter-departmental coordination, the Government of Tamil Nadu constituted a Committee known as District Level Coordination Committee (DLCC) under the Chairmanship of the District Collector (vide G.O.Ms.No.408 Cooperation, Food and Consumer Protection (CGII) Dept. dated 09.12.2003). The Committee met on 19.2.2009 and 7.7.2009 and reviewed the progress achieved in the project. All the members of Project Implementing Agency Committee were members in DLCC with District Collector at its head. The Project Monitoring Cell (PMC) functioning in the office of the Registrar of Cooperative Societies, Chennai monitored the implementation of the project.

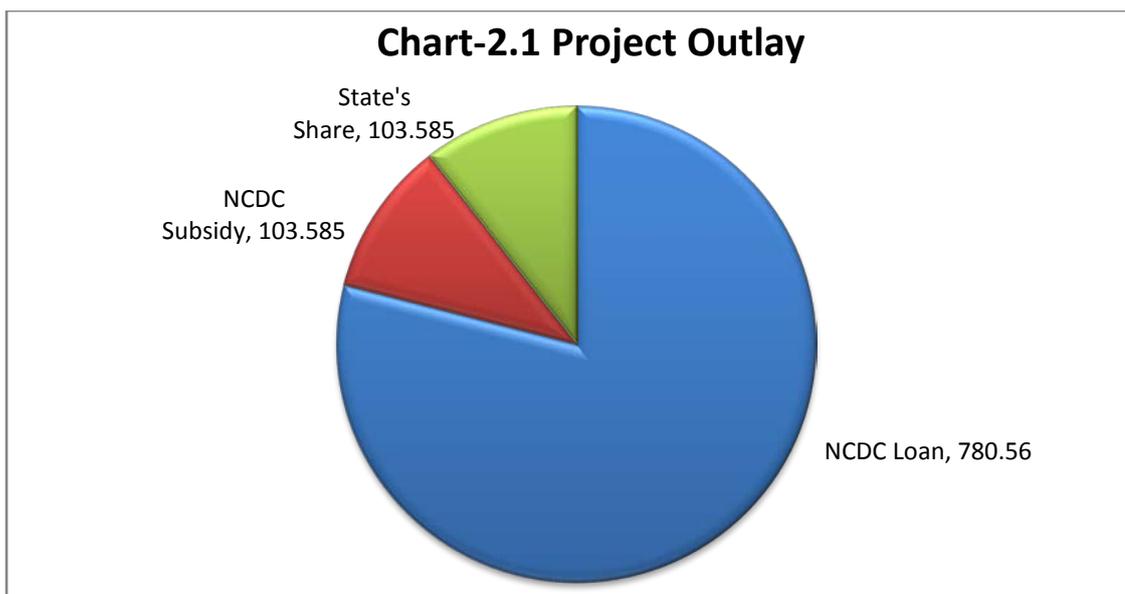
Table 2.5
Date of PIAC held

1st Meeting	13.10.2005
2 nd Meeting	18.03.2006
3 rd Meeting	22.11.2006
4 th Meeting	20.04.2007
5 th Meeting	29.11.2007
6 th Meeting	26.06.2008
7 th Meeting	19.02.2009
8 th Meeting	07.07.2009
9 th Meeting	10.03.2010
10 th Meeting	17.09.2010
11 th Meeting	14.02.2011
12 th Meeting	30.03.2011

Source: As in table 2.1

2.18 Financial Outlay

As per the Detailed Project Report prepared by the Consultant, the total outlay required for the implementation of the ICDP was Rs. 1284.95 lakhs. After repeated analysis, NCDC has approved the implementation of ICDP in Theni District by MDCC Bank at a total project cost of Rs. 987.73 lakhs (*Chart 2.1 and Table 2.6*).



NCDC has sanctioned Rs.884.145 lakhs comprising a Loan component of Rs. 780.560 lakhs and a Subsidy component of Rs.103.585 lakhs. The balance of Rs. 103.585 lakhs as Subsidy is to be borne by the Government of Tamil Nadu as State of Tamil Nadu has been categorized as cooperatively developed State by NCDC. The sectoral outlay as recommended by the DPR, approved by NCDC and the actual amount expended is given table 2.6.

2.19 Deviation Proposals

The implementation of ICDP is proceeded by the DPR, which has to be prepared with inter-disciplinary aspects. However, due to the changes in the environments, there needs certain deviation in the approved outlays for the implementation of ICDP. PIT may identify these deviations during the initial years of the project or during the project period. The NCDC circular: 4-2 /86-ICDP/dt. 20.01.2010 stated that:

- 1) PIA is allowed with the approval of DLCC to undertake intra-sectoral and inter-sectoral reallocation/ diversion of funds up to 10 percentage of the total project outlay for any activity/ sector without any escalation in unit cost approved under the project with intimation to NCDC HO. However, this will not cover outlays for PIT, training and incentive.

Table 2.6
Project Outlay

(Rs. in Lakhs)

S. No	Sector	Outlay recommended by the DPR	Outlay approved by the NCDC	Actual Amount spent
1	Primary Agricultural Cooperative Societies	557.32	446.03	477.445
2	Cooperative Marketing Societies	127.19	61.65	68.814
3	Primary Cooperative Agricultural & Rural Development Banks	25.51	5.10	2.638
4	Primary Consumer Cooperative Stores	48.49	32.40	40.360
5	Students Cooperative Stores	6.00	6.00	Nil
6	Weaker Section Cooperatives	15.50	15.50	15.50
7	Primary Milk Producers Cooperative Societies	21.05	21.60	12.800
8	Sheep Breeding Cooperative Societies	6.58	2.50	2.500
9	Industrial Cooperative Societies	29.15	15.65	15.650
10	Handloom Cooperative Societies	81.50	48.00	48.000
11	Fisheries Cooperative Societies	4.59	5.09	Nil
12	District Central Cooperative Bank	214.05	121.04	96.851
13	Manpower, Training, PIT Cost, etc.	148.02	207.17	193.866
	Total	1284.95	987.73	974.424

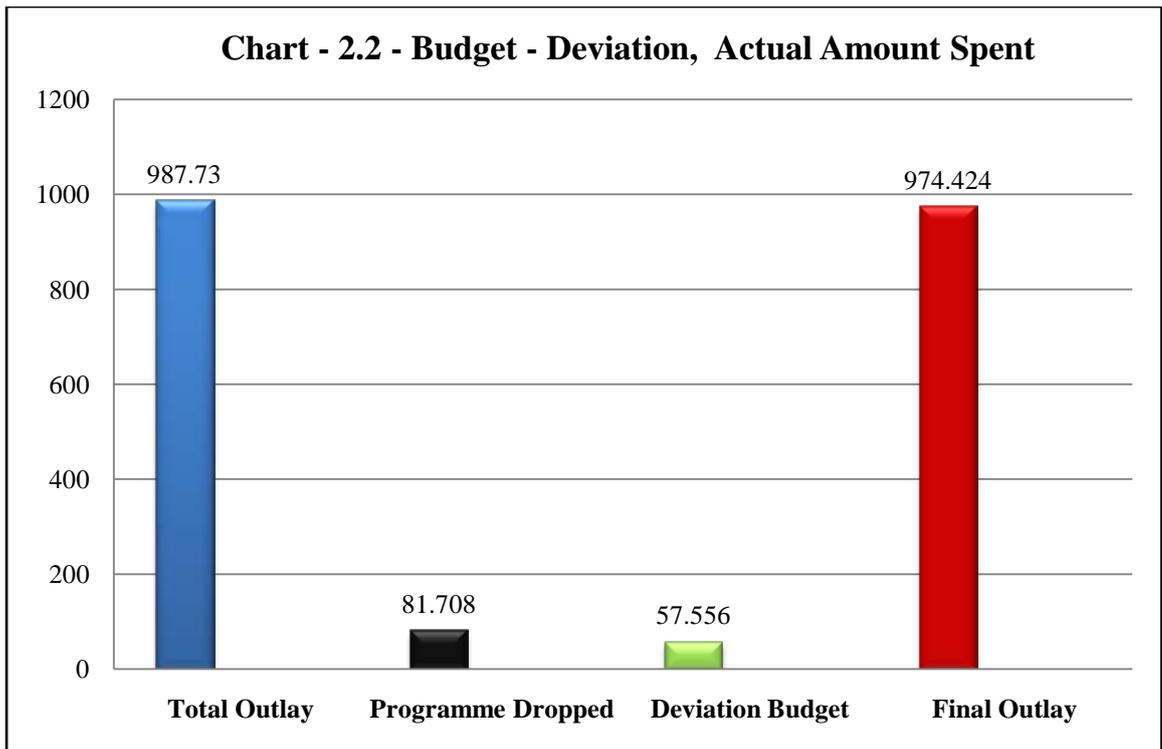
Source: As in table 2.1

- 2) Diversion of funds more than 10 percentage of the project outlay and maximum upto 20 percentage of the project outlay, including escalation in the unit cost may be examined and approved by a committee constituted at the State level under the Chairmanship of RCS, having GM-PIT as convener as representative of State Govt., PIA and concerned Regional Director of NCDC. Proposal received should have recommendations of DLCC and all such decisions should be informed along with justification to NCDC H.O.
- 3) However, while diverting the funds, it shall be ensured that all changes are need based, no sector suffers undue shortage of funds on

account of diversion, construction activity including DCCB building is minimum and unnecessary diversion for margin money shall be avoided. It may be ensured that changes effected are within overall project cost and any increase in total project cost due to such changes shall have to be met by the State Government/ PIA/ beneficiary societies out of their own resources.

- 4) Diversion amount shall not exceed 20 percentage of project outlay in any case throughout the project period.
- 5) There should not be any diversion during first two years of the project.
- 6) Outlay for PIT, manpower development and training and incentives, etc., shall not be changed without prior approval of NCDC.
- 7) Diversion for any new activity/ item has to be approved at the level of NCDC Head Office after receipt of S/Govt.'s recommendations; and
- 8) For smooth and speedy implementation of the projects, State Governments are further advised as under.

It was found in this study that PIT, ICDP Theni accepted deviation proposals from societies in different sectors and on the basis of need, such proposals were accepted and funds were released to carry out the new projects. It was found that projects worth of Rs. 81.708 lakhs was dropped from the approved budget. In that place, additional projects included and deviation approved was for Rs. 57.556 lakhs (*Chart 2.2 and Table 2.7*). The sectors benefiting out of this deviation were PACS, PCMS, PCARDBS and Industrial Cooperative Societies. Out of the total deviation budget of Rs.57.556 lakhs, more than 86 percent went to PACS sectors, as they are the foundation on which the entire cooperative edifice is built in the country.



2.20 Project Period and Rate of Interest

The operative period of ICDP, Theni was five years from 2005-2006 to 2009-2010. i.e., validity of sanction of the project was up to 31.03.2010 by which date the project should be completed. However, the Government had extended the time for the completion of the project till 31st March 2011.

The list of Government Orders issued is given in table 2.8 and Annexure -2. The accounts of the project are audited every year with an interim audit during the year 2008-09. The accounts for the year 2010-11 were completed and the Department of Cooperative Audit was requested for undertaking the audit.

During the project period, cooperative societies in this district have been financially assisted to equip themselves with adequate infrastructure, which includes construction of New Godown, Office Building, Compound Wall and repairing of existing structures, purchase of modern office equipments, trucks and other facilities, essential for their business development. Through Member Education Programmes, members of cooperatives have been motivated to restore and reinforce their association with their own cooperatives.

Table 2.7
Sector - Wise Deviation Proposals Approved

(Rs. in Lakhs)

S. No	Sector	Total outlay for five years mentioned in G.O		Programme Dropped		Additional Programme included due to Deviation approved		Total Programme approved		Funds released During the month		Funds Released up to the Month		Balance	
		Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin
1.	PACS	350	446.03	0	10.519	20	49.762	348	477.445	0	0.300	348	477.445	0	0.001
2.	PCMS	9	61.65	0	32.036	3	3.320	13	68.923	0	0	13	68.814	0	0.108
3.	PCARDBS	5	5.10	2	1.309	1	0.074	6	2.764	0	0	6	2.638	0	0.126
4.	PCS	6	32.40	0	14.304	0	0	8	40.360	0	0	8	40.360	0	0
5.	Students Store	20	6.00	0	1.490	0	0	0	0	0	0	0	0	0	0
6.	Weaker Sec. Coops	0	15.50	0	0	0	0	0	15.500	0	0	0	15.500	0	0
7.	Milk Coops	261	21.600	0	8.800	0	0	255	12.800	0	0	255	12.800	0	0
8.	Sheep Breed Coops	2	2.50	0	0	0	0	1	2.50	0	0	1	2.500	0	0
9.	Industrial Societies	3	15.650	2	4.400	1	4.400	0	15.650	0	0	0	15.650	0	6.400
10.	Handloom Coops	9	48.00	0	0	0	0	9	48.00	0	0	9	48.000	0	0
11.	Fisheries Coops	217	5.09	217	5.090	0	0	0	0	0	0	0	0	0	0
12.	MDCC Bank	76	121.04	0	3.760	0	0	49	96.618	0	0	49	96.851	0	0.590
13.	Man Power Development and Training	0	207.17	0	0	0	0	0	207.17	0	9.271	0	193.866	0	13.304
Total		958	987.730	221	81.708	25	57.556	689	987.730	0	9.271	689	974.424	0	13.304

Source: As in table 2.1

Table 2.8
Project Period

Project Periods		Government Order
Year	Date	
Ist Year	22.8.2005 to 31.3.2006	G.O.Ms.No.100, Cooperation, Food and Consumer Protection Department, Date: 20.06.2005.
IInd Year	01.4.2006 to 31.2.2007	Second Year sanctioned G.O.Ms.No.46, Cooperation, Food and Consumer Protection (CG2) Department, Dated: 16.02.07.
IIIrd Year	01.4.2007 to 31.2.2008	Third Year sanctioned G.O.Ms.No.3 Cooperation, Food and Consumer Protection (CG2) Department, Dated: 10.01.2008.
IVth Year	01.4.2008 to 31.2.2009	Fourth Year Sanction G.O.Ms.No.21 Cooperation, Food and Consumer Protection Department. Dated: 06.03.2009.
V Year	01.4.2009 to 31.2.2010	G.O.Ms.No. 25 Cooperation, Food and Consumer Protection (CG2) Department Dated: 05.03.2010.
VI Year - Extension Period	01.4.2010 to 31.3.2011	Government Letter 21695/CG2/2010-3/ dt.8.12.2010 NCDC 3-21(13)2004- ICDP/dt30.11.2010

Source: Annexure – 2

The employees have been given training and field exposure on various contemporary issues so as to improve their skill, knowledge and attitude that are essential for serving the members and customers. Employees were also financially motivated by giving incentives based on their annual business performance.

The loan amount provided by ICDP was repayable in eight years. There was be no moratorium on loan for providing margin money/ share capital. On remaining loan, there was a moratorium of 3 years on repayment of principal. The rate of interest payable by the beneficiary societies was the same as

charged by the NCDC. The rate of interest charged by NCDC during the project period is given in table 2.9.

Table 2.9
Rate of Interest

Date	Before the due date	Within 3 months from due date	After 3 months of due date
	Effective Rate of Interest	Normal Rate of Interest (+ 1%)	Penal Rate of Interest (+2.5)
13.10.2005 to 04.03.2007	8.5 %	9.5%	11 %
05.03.2007 to 24.02.2008	9 %	10%	11.5 %
25.02.2008 to 05.10.2010	10.25%	11.25%	12.75 %
06.10.2010 to 31.03.2011	11.50%	12.50%	14 %

Source: As in table 2.1

2.21 Conclusion

The implicit assumption was that ICDP interventions had created impact on the functioning of cooperatives. The analysis made on the impact of ICDP in Theni district was done, based on the data / information provided by the concerned cooperative institutions. Every effort has been made wherever necessary to ascertain the accuracy of the data / information provided. The preliminary results of the survey were finalized with the concerned Deputy Registrar, Regional Joint Registrar of Cooperative Societies and Functional Registrars. It has been seen that many of the cooperatives were financially weak before the implementation of the project. As the primary focus of ICDP was to strengthen primary cooperatives by providing financial assistance for their infrastructure development, margin money and manpower development, every effort has been made both in conventional and innovative ways for implementing the project successfully by the PIT and PIA. All these efforts

have contributed for the business development of cooperative societies covered under this project in this district.

As a result, majority of them had become financially viable entities. However, during this project period, the Cooperation Department, Government of Tamilnadu introduced several programmes / schemes for strengthening the cooperatives in Tamilnadu. All these programmes / schemes had been implemented in Theni district also. They had also contributed for the business development of cooperative societies. They are listed hereunder.

- Revival of dormant PACS, which were issued with liquidation notices (2005-06)
- Waiver of agricultural loans by State Government (2006-07)
- Special Cash Credit scheme to rejuvenate financially weak PACS at concessional interest rate of 5 per cent (2007-08)
- Redeployment of surplus staff
- Refund of unpaid deposits by PACS by providing them interest free loan from Deposit Guarantee Fund during (2007-08)
- Group approach in agricultural lending through formation of JLGs from (2008-09)
- Implementation of revival package for short term cooperative credit structure during (2008-09)
- Waiver of agricultural loans by Central Government (2009-10)
- Interest subvention for prompt repayment of crop loan from 2006-07 and total interest subvention from 2009-10
- Transforming PACS in to multi functional organizations (2010-11)

The New Economic Policy (NEP) has thrown the world to competitive patterns and it is assumed that NEP may give a jolt to cooperative sector for survival. (*Sukhdev Singh and Maninder Kaur & Gill S.S (2001), pp-244*)

The cooperatives may need to have an enabling environment in which a member feels comfortable to transact i.e. borrow and deposit his funds,

purchase of implements, pesticides, fertilizers, marketing agricultural produce, etc. The members must be assured of goods, services, safety, liquidity and return on the funds. This requires ability of the cooperatives to transform them into strong and vibrant organizations. In short, the growth of cooperatives is dependent on how quickly and efficiently they diversify their business activities. Hence, in the face of growing competition in the rural market, there is a need for adopting a focussed yet flexible and holistic approach by cooperatives. Currently the policy of the Government is that the strengthening of the Cooperative Societies is considered necessary for the economic prosperity of the people. This enabling environment is *sin-quo-non* for cooperative development. The ICDP in Theni provided such enabling environment by assisting cooperatives financially, which facilitated the cooperatives to become viable and strong units.

2.22 References

- 1) Biswa Swarup (2006), Performance of Primary Cooperatives in India: An Empirical Analysis, *MPRA Munich Personal RePEc Archive*, MPRA Paper No.21890, Posted 7.April 2010, p-19.
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- 5) Ravichandran. K (2011), *Hand Book on ICDP*, pp-2-11.
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