

Union Budget 2022-23: A Stepping Stone for Cooperatives : Special Reference to Linking / Dovetailing Approach of ICDP Project in the New Perspective

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Abstract

The new Ministry of Cooperation was created in July, 2021 to strengthen the cooperative movement in the country. By support of the first allocated budget it is being proposed to strengthen cooperatives by bringing transparency, modernization and creating competitiveness. In order to achieve this, the Ministry has been in the process to formulate a new National Cooperation Policy. Joint efforts of Central and State Government may lead to the development of effective policies and schemes and also their smooth implementation eventually lead to the goal of “Prosperity through cooperatives”.

Keywords : *Transparency, Modernization, Cooperatives.*

1. Introduction

The new Ministry of Cooperation was created in July, 2021 to strengthen the cooperative movement in the country. The new ministry with its roadmap has already started functioning. In the process of strategy formulation and implementation, by support of its current status, it has National Cooperative Development Corporation (NCDC), which is a statutory corporation and National Council for Cooperative Training (NCCT), a registered society falls under the administrative control of the Ministry. In the budget 2022, the government has proposed an allocation of Rs.900 crore for the Cooperation Ministry. By support of the first allocated budget it is being proposed to strengthen cooperatives by bringing transparency, modernization and creating competitiveness. In order to achieve this, the Ministry has been in the process to formulate a new National Cooperation Policy. For this, it has started consultation with various ministries / departments of Central Governments, State governments, Cooperative Federations, NABARD and other major cooperative institutions of the country. Since cooperative is a state's subject henceforth, the Central government intends to work in tandem with the states and accordingly, a wide and diversified range of consultations has been initiated on various issues related

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to the cooperatives. These joint efforts of Central and State Government may lead to the development of effective policies and schemes and also their smooth implementation eventually lead to the goal of “Prosperity through cooperatives”.

2. Budget 2022: Announcement Relief and Progress for Cooperatives

In order to provide a level playing field between the cooperative societies and companies, the government proposes to reduce the Alternate Minimum Tax (AMT) rate for Cooperative Societies to 15 % from current 18.5 % and surcharge at reduced rate from 12% to 7% at present for those having total income of more than Rs.1 crore and upto Rs. 10 crore. Besides, relief to cooperative societies, government has allocated Rs.900 crore to the newly created Ministry of cooperation for 2022-23 out of this, Rs. 624 crore has been earmarked for two centrally sponsored schemes “Digitalization of Primary Agriculture Cooperatives Societies (Rs. 350 Crore), and “Prosperity through Cooperatives” (Rs. 274 crore)”.

3. Budget 2022-23 : Implications on Cooperatives

1. Rationalization in tax and surcharge would help and enhance the income of cooperative societies and its members who are mostly from rural and farming communities.
2. Union Budget 2022-23 is inevitably going to boost the dairying and livestock sector with host of measures to make it sustainable. Dairy cooperatives are being recognized as huge success in the country through its AMUL Pattern I & II system and management of this sector. As we know, dairy is the single largest agri-commodity in India. It contributes five percent to the national economy and employs 80 million dairy farmers directly. It is a major source of empowerment in the rural India. Considering the growth of 9-11 per cent in 2021-22 of dairy industry and grass-root level rural infrastructural development, dairy cooperatives will be hugely impacted by the changing approach of newly created ministry of cooperation.
3. Rs. 624 crore has been earmarked for two centrally sponsored schemes “Digitalization of Primary Agriculture Cooperatives Societies (Rs. 350 Crore), and “Prosperity through Cooperatives” (Rs.274 crore)”. Considering the outreach of cooperatives in almost all the villages and families in the rural India, above amount of expenditure will enhance the face value of PACs and this budget has the proposal for chemical

free natural farming to be promoted throughout the country. 'Kisan Drones' for crop assessment, digitalization of land records, spraying of insecticides and nutrients.

4. In the budget Rs 2.37 lakh crore will be paid to the 1 to 63 crore farmers for procurement of wheat and paddy in 5 km wide corridors along river Ganga.

4. Integrated Cooperative Development Project: Linking/ Dovetailing Approach

In the new Ministry of Cooperation, Govt. of India has planned new name and approach for Integrated Cooperative Development Project (ICDP) sponsored by National Cooperative Development Corporation (NCDC) in the districts across the country now shall emerge as strong tool for achieving all sorts of conceptual and implementation boosting and strengthening of the cooperative movement in revolutionizing form.

The scheme, 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 of respective states in the country. This scheme has an 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.

5. Coverage and Activities under the Project

Detailed profiling is being done of the selected district/project area covering the demographic, sociological, economic, financial, infrastructural and cooperative structure. The profile emphasizes on activities such as agriculture, allied, rural industries, labour services and banking sectors with specific reference to the role of cooperatives in these areas. The present study is the existing development programme of different agencies and possible linking / dovetailing to the proposed activities in the Cooperative Sector. Keeping in view the needs and resources of the districts, a development plan to be implemented for a period of five years. The plan will be in the following broad sectors:

- 1) Agriculture
- 2) Allied (Horticulture, Dairy, Fishery, Animal Husbandry, Handlooms & Sericulture etc.)
- 3) Rural and Cottage Industries
- 4) Services including Labour Cooperatives
- 5) Banking

For above each sector the development plan shall include a detailed study of present status of cooperatives including following aspects:

- 1) Organizational structure
- 2) Role and functions
- 3) Financial health
- 4) Business achievements
- 5) Working results
- 6) Strengths and weaknesses
- 7) Infrastructure already available
- 8) Systems and procedures
- 9) Problems being faced
- 10) Backward and forward linkages among primary societies, district level and State level

Based on above dimensional evaluation, strategy formulation with future potential road-map of Sectoral Development Plan for Implantation categorically divided into 5 sub-sectors as under:

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|-----------------------------|----------------------------|
| A) Productions Planning | B) Business Planning |
| C) Infrastructural Planning | D) Human Resource Planning |
| E) Financial Planning | |

Emphasis is given on infrastructure development at PACs level such as establishment of modern office & banking facilities, setting up of consumer shop, construction of scientific storage, godowns; facilities for food processing for value addition; marketing of agricultural and horticultural produce etc. Keeping in view gravity of objectives to achieve an the important component of manpower development and training this scheme provides subsidy for member education & training and managerial assistance for project implementation and monitoring

and preparation of sub project reports and documentation etc. to ensure every stone unturned in the process of five years implementation period.

6. Funding Pattern :

The ICDP is funded by the NCDC through the State Government. As per the funding pattern of the Scheme, Loan and Subsidy are provided to the State Government for project implementation. The loan is meant for creation of infrastructure facilities, such as construction/ renovation of new godowns a banking counter, transport vehicles, small processing units etc and strengthening the working capital base by providing share capital and margin money assistance for augmenting business. Also, subsidy is provided for project implementation, project preparation, manpower development, monitoring and incentives etc.

100% financial assistance through state government classified as 50% of the project cost as loan, 20% as subsidy and balance 30% as share capital to the PIA for various activities at the level of the Cooperative Societies. The entire PIT cost which includes the administrative expenses of PIT personnel and other contingent expenditure in connection with monitoring and supervising of implementation of the project at the Bank / District / State Level, training and manpower development, etc. is provided as subsidy. The total subsidy component, however, should not exceed 30% of the total project cost. Thus, under the Scheme, assistance to cooperatives is provided for development of infrastructural facilities; margin money to enable them to raise requisite working capital and PIT cost which includes capacity building and training of the personnel and members of Cooperatives.

7. Planning Vs. Implementation – Reality Check

1. ICD Project since its inception always has been considered as the flagship scheme of the NCDC in the form of integrated approach in the selected districts but planned documentation in the form of approved DPR always suffers during implementation due to total control of the State Govt. as guarantor of loan and financial assistance.
2. Project planning in the DPR address both credit and non-credit sectors for strengthening but only at the district level PACs and DCCBs with few other activities of non-credit sectors like Fisheries, Handloom, Dairies Rural Artisans / Industries get attention and implementation.
3. Integrated approach of strengthening due to lukewarm attitude of other departments where the power of Cooperative Registrar vested by

Cooperative Act of the State, ignored by them to take it seriously within cooperative concept and registration.

4. If the DPR financial outlay of Rs.25 crore has been allocated for both Credit and Non-Credit Sectors, Rs.15-20 crore will be only utilized for PACS planning and implementation and rest of the amount mostly remain unutilized.
5. Overall, best practices to be followed through ICD Project with at least conversion of 2 societies as model societies during implementation it is also achieved half-heartedly. In fact, plugging the gap in the planning and execution desperately required as outcome of conceptually fantastic documentation of ICD Project envisioned by the NCDC, New Delhi under the umbrella of Cooperative Movement.

8. Envisioning New Perspective for ICD Project

- ☞ Area specific integration and strengthening of all kinds of cooperatively conceptualized activities need to have constructive commitment both from the Centre and State Govt. by and large impact of the project should and must match in planning of DPR and its implementation as well feed and control.
- ☞ District Industry Centre (DIC) has a very negative approach towards the activities of rural artisans and cottage / small industries run under cooperative fold due to its somehow unsuccessful results in general. In the new framing of ICD Project an effort to have One District One Product (ODOP) through this project implementation now it should be One District One Cooperative Project (ODOCP) as startups in the cooperative activities with future goal of scaling it to new heights.
- ☞ Approach to focus seriously with full commitment to the activities of fisheries, poultry, rural health cooperative, transport cooperative, rural e-commerce cooperative, service sectors, multi-purpose diversification of societies etc. as the project theory wants to ensure identification of local resource-based innovation and incubation as cooperative enterprise.
- ☞ Amount for the sub-projects is a special feature of the ICD Project during its implementation but a very small amount allocated for DPR preparation as well financing in the area, it needs now reasonable amount to start any startups through ICD Project.

- ☞ In perfection, horizontal and vertical integration as far as possible of all sectors of the project would be linked necessarily for dovetailing approach of this ICD Project.

Conclusion :

As mentioned above, composite approach of the project strengthening the framed activities in the fixed time-line in the selected district can be considered the best way out for ease of living and ease of doing business for the members of the movement. It is high time for the new Ministry of Cooperation to revamp and reform approach of planning and implementation to establish the best result and outcome as practices for future course of action in building faith of cooperation as people's movement driven by collective force of decision making on the true line of democracy and benefits directly reach to the members.

