



## CO-OPERATIVE INDUSTRY IN INDIA

**Dr. Ashok Maruti Korade**

*Associate Professor,*

*Smt. S. K. Gandhi College, Kada, Tal. Ashti, Dist. Beed*

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### Introduction:

What are cooperative sector industries? Find the answer to this question and access a vast question bank that is customized for students. Answer: Industries in the cooperative sector are run and controlled by a small group. The members generally are the ones who produce raw materials. Some examples of these industries include handloom, food processing, and dairy products. These industries are operated and owned by the suppliers or producers of raw materials, employees or both.

The Types of Cooperatives are:

- Producer Cooperatives.
- Worker Cooperatives.
- Consumer Cooperatives.
- Retail or Purchasing Cooperatives.
- Social Cooperatives.

### List of Cooperatives in India:

Some of the most popular and important cooperatives in India are listed below.

1. Amul

2. Kerala Co-operative Milk Marketing Federation
3. Karnataka Milk Federation (KMF)
4. Indian Farmers Fertiliser Cooperative Limited
5. Indian Coffee House
6. Horticultural Producers' Cooperative Marketing and Processing Society

### Cooperative Societies - Types in India:

Cooperative societies expanded from the farming sector to other sectors in India. Different types of Cooperative societies are given below.

1. Farming Cooperative Society
2. Producer Cooperative Society
3. Marketing Cooperative Society
4. Consumer Cooperative Societies
5. Housing Cooperative Societies

Cooperation in its literal sense means working together. However, in a technical sense, the term means working together for some economic pursuit, but based on certain basic principles and values. These essentially

include idea of self help, mutual aid and defense of the poor against exploitation.

### **Sugar Co-Operative Industry:**

Under the Sugar Scheme, NCDC has been promoting establishment and development of sugar factories in the co-operative sector so as to help them in achieving the primary objective of ensuring remunerative prices to the farmers for sugarcane.

### **Activities Assisted:**

Assistance is provided for the following activities under various schemes of Sugar:

- Investment loan assistance to the State Governments to supplement their resources for equity participation in new co-operative sugar mills.
- Term loan assistance for setting up of new mill and to the existing co-operative sugar mills for modernization/expansion of capacity.
- Term loan assistance for establishment of sugar by-product units.
- Margin Money assistance to the existing co-operative sugar mills.
- Short/medium term loan towards working capital requirements of coop. Sugar mills.

### **Eligible Cooperative Societies:**

Under the Sugar scheme, financial assistance is provided to

Nation National / State / District / Regional / Primary level Cooperative Sugar Federations / Societies. Eligibility criteria for availing of assistance by sugar cooperatives are as under:

### **Eligibility Criteria for Assisting New Mills:**

- Term loans tied up
- Placed orders for plant and machinery
- Adequate sugarcane potential
- Techno-economic feasibility

### **Eligibility Criteria for assisting Modernisation-cum-expansion**

#### **Projects:**

- Adequate cane potential
- Techno-economic feasibility
- Capable of raising own share of project cost

### **Eligibility Criteria for Assisting Sugar By Product Units:**

- Techno-economic feasibility
- Capable of raising own share of project cost

### **Mode of Funding:**

Financial assistance is provided through the State Government or directly to the eligible cooperatives on certain prescribed terms and conditions. NCDC provides financial assistance in the form of loan (both Term Loan and Investment Loan). Under the Working Capital Scheme, the assistance can also be extended through the State Apex Coop. Banks providing working capital

assistance to the sugar mill(s) directly/through DCCB.

#### **Quantum of Assistance and Pattern of Assistance:**

Quantum of assistance may be up to 90%-95% through State Government & 65-75% of project cost directly to the society. In case of business promotion viz. margin money/working capital /strengthening of share capital quantum of assistance can be upto 100% of the requirement.

#### **Yuva Sahakar Cooperative Enterprise Support and Innovation Scheme:**

To encourage newly formed cooperatives take advantage of innovative ventures, especially by societies with new/innovative idea, NCDC has introduced a new scheme titled, "Yuva Sahakar-Cooperative Enterprise Support and Innovation Scheme" linked to a Cooperative Startup and Innovation Fund created by NCDC. Please Click for details of the Scheme.

#### **Conclusion:**

Cooperatives operating for minimum three years & broadly fulfilling following criteria are eligible:

- Net worth should be positive.
- There should be no erosion in share capital.
- Should be in a position to provide 1.25 to 1.5 times security.

- Financial /operational performance of the cooperative should be at satisfactory level of NCDC.

#### **Impact of NCDC's assistance in the sector:**

- The role played by NCDC in promoting and financing cooperative sugar mills has given a real boost to sugar industry. Consequently, the share of cooperatives in the national production of sugar has risen from 15.54 lakh ton since 1973-74 to 98.56 lakh metric tons (upto crushing season 2020-21).
- Increase in number of installed sugar mills from 102 in 1973-74 to 283 as on 31.03.2021.
- Improvement in the socio-economic standards of farmers.
- Cooperative sugar mills are acting as NUCLEI for area development.
- Value addition and remunerative price to sugarcane growers.

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