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**Revival of Short Term Cooperative Credit Structure in Tamil Nadu
(Efforts of TNSC Bank on the implementation of the scheme)**

Rural Cooperative Banking and Credit Institutions play an important role in meeting the growing credit needs of rural India. The volume of credit flow from these institutions to rural sector, no doubt, has increased. However the financial health of these institutions has been deteriorating rapidly.

The Government of India which is committed to reviving and revitalizing the rural cooperative Credit Structure and attributes high priority and urgency to it felt it necessary to commission a fresh review. Accordingly the Union Government constituted a Task Force under the chairmanship of Prof. A. Vaidyanathan, in August 2004, to formulate a practical and implementable plan of action to rejuvenate the rural cooperative credit structure.

The task force submitted its report to the Union Government on 4.2.2005. The Government after due consideration accepted the recommendations in principle and placed the same before National Development Council meeting held on 27.6.2005. The Task force report and its recommendations were discussed in detail at a special meeting of the State Chief Ministers on 9.2.2005. It was agreed that a draft statement of the consensus emerging from the deliberations be prepared and discussed with the Finance and Cooperation Ministers of selected State Governments. This meeting was held on 29.9.2005 where the consensus was further crystallized into a Statement of Consensus. Based on this statement of consensus, the revival package spelling out the financial, legal, and institutional measures for restructuring of the CCS have been prepared.

Objective:

The revival package is aimed at reviving the short-term co-operative credit structure (STCCS) and makes it a well managed and vibrant medium to serve the credit needs of rural India especially the Small and Medium farmers. It seeks to :

- Provide financial assistance to bring the system to an acceptable level of health
- Introduce legal and institutional reforms necessary for their democratic, self reliant and efficient functioning
- To take measures to improve the quality of management.

- It is to be emphasized that all three components are equally important and should be treated and implemented as an integrated package.

Leadership role of TNSC Bank:

As a leader of Short Term Cooperative Credit in Tamil Nadu, the Tamil Nadu State Apex Cooperative Bank has been playing a predominant role in the implementation of the revival package. The TNSC Bank has formed a separate section namely "SCORE CELL (Short-term Co-operative Revival Cell)" for the purpose of guiding and monitoring the progress of the implementation in Primary Agricultural Co-operative Credit Societies (PACS) and District Central Co-operative Banks (DCCBs) and also for coordinating with the implementing agencies viz., NABARD and office of the Registrar of Cooperative Societies in the State.

Status in Tamil Nadu:

- ❖ Memorandum of Understanding signed on 3.1.2008
- ❖ State Level Implementing and Monitoring Committee and District Level Implementing and Monitoring Committee were constituted on 28.2.2008.
- ❖ The Ordinance was promulgated to amend the Tamil Nadu Co-operative Societies Act 1983, on 20.10.08.
- ❖ The same was published in the Gazette on 21.10.2008 (Tamil Nadu Ordinance 8 of 2008)
- ❖ Further the Act was passed on 14.11.2008 in the Legislative Assembly and received the assent of the Governor on 30.11.2008 as Act No.62 of 2008.
- ❖ Seven SLIC meetings were held so far.
- ❖ Special Audit completed for 4337 PACS
- ❖ Government of Tamil Nadu had released Rs.207.51 Crores towards their share on 9.2.2009.
- ❖ NABARD released Rs.777.09 Crores towards the Govt. of India Share on 27.4.2009.
- ❖ TNSC Bank had credited the amount of assistance received from GoI and GoTN to DCCBs as per the recommendations of the VI SLIC on 27.4.2009.

- ❖ Printing and supply of Registers and Formats were completed in all DCCBs under Common Accounting System and Management Information System.
- ❖ Preparation of Common Software for DCCBs is under process.
- ❖ Orders were placed for software development for PACS
- ❖ 6 Master trainers were trained by BIRD Lucknow for capacity building to PACS from 20.7.2008 to 8.8.2008
- ❖ ACSTI, sponsored by TNSC Bank, Natesan Institute of Co-operative Management, Chennai, Institute of Co-operative Management, Madurai have been selected as Nodal Agencies for conducting capacity building training programme to PACS.
- ❖ Training programmes were conducted to District Level Master Trainers, and also conducting training programmes to PACS employees.
- ❖ In the VII meeting of SLIC held on 15.7.2009, claim towards financial assistance in respect of 559 PACS 'C1' category PACS has been approved and sanctioned. Govt. of India will have to release a sum of Rs.231.24 crores as its share.
