



राष्ट्रीय सहकारी विकास निगम

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सहकारिताओं की सहायता में सदैव तत्पर!

General Management for FPO Cooperatives

Under Central Sector Scheme "Formation and Promotion of 10000 FPOs"
Ministry of Agriculture and Farmers' Welfare, Govt. of India



Organised by

**LAXMANRAO INAMDAR NATIONAL ACADEMY FOR COOPERATIVE
RESEARCH AND DEVELOPMENT**

Plot No. 89, Sector-18, Institutional Area, Gurugram, Haryana



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CHAPTER-01: UNDERSTANDING THE CONCEPT AND DIMENSIONS OF COOPERATIVE BUSINESS ENTERPRISE

Cooperative Society/ FPO cooperative is a form of organization which is registered and regulated according to the provisions of the State Cooperative Societies Act and Rules. This is different from other form of business organizations like private proprietorship, partnership, joint stock company, corporation and public undertaking. The nature and features of cooperative enterprise/ FPO cooperative are unique and distinct. It blends both the cooperative character and business enterprise principles, hence can be termed as a cooperative business enterprise.

The New Cooperative Identity

Cooperative character provides an independent identity to cooperative organization which emanates from the statements on definitions, values and principles approved by International Cooperative Alliance Congress held in Manchester in September, 1995. All countries of the world where cooperative form of organization is in operation have to ensure that these values and principles are being adhered to by cooperatives. Government of India and State Governments in right earnest and trust of cooperators and international agencies, always make attempts to amend cooperative laws to allow for developing sound cooperatives.

The statement of new cooperative identity containing definition, cooperative values and cooperative principles are described hereunder:

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperative are based on the value of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Cooperative Principles

1st Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, political or religious discrimination.



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2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and Women serving as elected representatives are accountable to the membership. In primary cooperatives/ FPO Cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of the assets is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves part of which at least would be indivisible: benefiting members in proportion to their transactions with the cooperative: and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public- particularly young people and opinion leaders- about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structure.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Business Dimensions and Principles

A cooperative can fulfill its members' economic, social and cultural needs and aspirations if it is managed as a jointly owned democratically controlled business enterprise. It is the business or economic activity which generates income. Sustained efforts to increase income of members will ensure their economic development, at the first step, followed by social and cultural development. Thus, cooperative can



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genuinely serve the cause of members on long term basis if it operates as business institution geared to deal with competition and succeed. To operate as a business enterprise, it must follow the following principles and practices.

Entrepreneurship: Promoters and elected/nominated representatives of cooperative have to be entrepreneurs in true sense. Cooperative entrepreneur is one who organizes people and resources, identify feasible economic activity, take risk, motivate and lead production, marketing and other services to reap the benefits for cooperative in interest of members.

Business Planning: A plan developed on local area resources, potential and needs of different type of members ensuring viable business activities is the key. It is a prudent blue print for future business development in short or mid term and ensures optimal utilization of resources.

Investment: Members of cooperatives are its owners. As owners, they have to find opportunities for investment in such economic activities which yield monetary and non-monetary economic benefits for its members particularly and non-members in general. It will in a way satisfy the diversified needs and interests of various group of members.

Capital Mix: Owner's capital may not be sufficient for undertaking economic activity. Hence, cooperative may borrow capital. Even members may not be able to arrange minimum share capital to avail borrowings, hence they have to seek government participation in share capital. What will be capital mix has to be decided by considering various options as they have serious implications on decision making and management of cooperatives.

Integration of Production and Marketing: The services offered by society for increasing production of members has to be integrated with suitable efforts for marketing to complete the business cycle. Isolated efforts in respect of production or marketing will not create desired results to increase the members' income.

Managerial and Operational Efficiency: Cooperatives need to provide goods and services to their members at slightly less than market price but at the same time earn surplus. This calls for high efficiency in its operations. Business results may be achieved with minimum cost as far as practicable. Cost reduction is also a way to enhance income. Trained and competent manpower, use of technology and management may be more efficient in running the business operations.

Organization Structure: Cooperative society must function following suitable organization structure. Creation of suitable structure implies identification of work / tasks, grouping them, departmentation, creating authority-responsibility relationships, delegation, span of control and also rules and workshops process.

Size or Scale of Operation: Each of the profitable operation in a cooperative society has its minimum size or scale of operation. Hence, before going for any activity-production or marketing or any services, scale of



operation must be ascertained. Further, minimum to higher size of business may be considered depending on the capacity of cooperative in terms of resources, managerial and technical know-how.

Diversification of Business to minimize risk: Cooperative society should gradually try to diversify its business to have larger activity mix to serve varied needs of all type of members. Besides it will enable cooperative to minimize risks and uncertainties by compensating loss in one activity with surplus in another activity.

Competent and Motivated Management: The paid manager and staff of cooperative should be motivated, dynamic and competent, able to plan and implement business activities, operate and use the system and infrastructure to help achieve its goal as an enterprise. The BoDs also must be oriented to professionally lead and direct the functioning of cooperative.

A cooperative must function by integrating cooperative institutional and business dimensions to facilitate accomplishing its objectives and contribute significantly in socio-economic development of its members.

Institutional Dimensions

Business Dimensions

- | | |
|-------------------------------------|--|
| - Coop Values | -Entrepreneurship |
| - Open and Voluntary Membership | -Investment |
| - Democratic Member Control | -Capital Mix |
| - Member Economic Participation | -Integration of Production & Marketing |
| - Autonomy and Independence | -Efficiency |
| - Education, Training & Information | -Organization Structure |
| - Concern for Community | -Size of Operation Scale. |

|-----|

|

Members' Empowerment & Participation in Business,
Finance, Management, Govt. Development Programmes

|

Members' Economic, Social and Cultural Development.



There are several reasons why primary level cooperatives, particularly multi cooperatives/ FPO Cooperatives fail to deliver the goods and accomplish their objectives. Some of the major reasons are:

- Lack of professional management-for so sophisticated an enterprise, a multi cooperative needs well qualified, trained personnel.
- Lack of integrated services-most multi cooperatives have confined their activities to organisation of crop loaning services, and without a package offer of integrated services, a farmer has little to thank his cooperative for.
- Cooperative legislation-in India, cooperation is a state subject and each state has its own cooperative laws, which may at times be restrictive to harness growth potential.
- Lack of democratic control by members-conduct of elections as per law is the responsibility of government, and not that of the cooperatives
- Over dependence on external funds-even shares in cooperatives are subscribed to by governments and financing banks. With little at stake, a member can hardly be expected to be committed.
- Lack of members' participation-A large number of members join but never participate, fail to take up responsibility and use their cooperatives.
- Low cost management-It takes the shape or effect of most expensive item for a cooperative
- Errors in financial policy-such as over extension of credit, too
- Management errors such as inadequate inventory, poor location and facilitates, efficient management etc.
- Little capital, lack of financial soundness etc.

A primary cooperative society/ FPO Cooperative, to be successful, must inbuilt and integrate the following elements / factors into their functioning:

1. Users only as members

Members are owners and patrons. Therefore, only patrons, that is, users should be encouraged to be members. User members active participation facilitate growth in business volumes.

2. Entire equity from members

Equity defines the owners of an enterprise, who after all shall make decisions. Since equity contribution by external agencies such as financing agencies, governments, etc., may affect in decision-making, such contribution should be considered after due thought. A cooperative must aim to mobilize entire equity from members.



3. High Members' Centrality

A cooperative formed by members to serve their interest must be member-driven, member-controlled and member-responsive organisation. A cooperative must reorient itself to function as a true democratic organisation.

4. High equity-debt ratio

The equity-debt ratio represents the quantum of risk that members are willing to take in their enterprise and their faith in and commitment to their organization. The financial stakes of members must be significant if they are to take the management of their own organization seriously.

5. Member-centric integrated services

All goods and services organized by a cooperative should keep members' needs in view and accordingly, the business activities be planned, implemented and diversified. Attempt to provide integrated and multiple services to members as included in byelaws. A cooperative must position aggressively for changes in members needs and markets.

6. Elect deserving members on Board

Where the ownership is wide-spread and large, management accountability can be at risk. Boards of Directors must consist of deserving individuals, elected by the owner members from amongst themselves. Boards consisting of government or financing agency or federation nominees may not feel accountable to the owners.

7. Professional management

Cooperatives must be professionally managed by competent, trained and qualified staff, so that the cooperative prospers as a business enterprise under supervision and control of democratically elected board of directors.

8. Employees accountable to cooperative

If employees are to work for attaining the objectives of an organization, they must be fully accountable to the organization, and their future must be linked with the future of the organization. Government officials and other deputationists from financing agencies may not serve as employees of cooperatives, and all those who do work for a cooperative must be fully accountable to the cooperative.



9. Adopt New Technology and Best Practices

Choose, assess and employ appropriate and advance technologies; and adopt best practices for business to be able to compete and succeed.

10. Good Governance and Leadership:

Cooperatives are open, ethical, caring and socially aware democratic business institutions. These must follow the basic tenets of good governance and should be led for business success, members and employees interest and community at large.

11. Establish strong forward and backward linkages

A cooperative must forge forward integration in order to gain competitive advantage in market-place and backward linkages to develop the production capacities and efficiencies.

12. Cooperative Education and Training

In order to enhance members' participation and empowerment and to imbibe professionalism in society's functioning, it is imperative that cooperative education and training in relevant areas are organized at regular intervals for all categories of cooperative personnel so as to upgrade their awareness, skills and competencies as essential for cooperative success.



CHAPTER 2: GOVERNANCE AND MANAGEMENT IN COOPERATIVES

- Governance is defined as “The systems and processes concerned with ensuring the overall direction, supervision and accountability of an organisation.” (Chris Cornforth Governance Overview, Governance and Participation project, Co-operatives UK, 2004).
- Cooperative governance is the act of steering cooperatives toward economic, social, and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability.
- Cooperative governance is about striking a fine balance between the process of making the decisions and the process of implementing the decisions.
- Co-operative experts agree that good governance is at the heart of a successful cooperative.

Characteristics of Good Cooperative Governance

1. Participatory

- Participation of members is a key cornerstone of good governance
- Participation could be either direct or representative (intermediate) through officers or committee members

2. Follows The Rule Of Law

- Good governance requires fair legal frameworks that are enforced impartially.
- Good governance also requires full protection of rights.

3. Transparent

- Making and enforcing decisions in a manner that follows rules and regulations
- Making information freely available and directly accessible
- Providing sufficient and easily understandable information

4. Responsive

- Good governance requires that cooperatives and processes try to serve all stakeholders within a reasonable timeframe

5. Consensus Oriented

- Reconciliation of the different interests to reach a broad consensus on what is the best interest of the whole organization and how this can be achieved

6. Equitable And Inclusive

- Ensuring that all members of the cooperative feel that they have a stake in it and do not feel excluded from the mainstream
- All groups, particularly the most vulnerable, have the opportunities to improve or maintain their well being



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7. Effective And Efficient

- Processes and institutions produce result that meets the needs of society while making the best use of resources at their disposal
- Sustainable use of natural resources and the protection of the environment

8. Accountable

- Officers are responsible to the stakeholders and to the regulator and the public
- Cannot be enforced without TRANSPARENCY and RULE OF LAW

Role & Function of Management Bodies of Cooperatives

- Management functions in a Cooperative Society vest in various management bodies: General Body, board of Directors, Chairman and Manager. Manager, in turn, is assisted by various employees depending on the size of cooperative.
- The management bodies discharge their managerial powers and functions in accordance with the provisions of bylaws and the State Cooperative Societies Act and Rules.
- Examination of these powers and functions of management bodies reveals that they are more of mechanical or routine nature and lack development orientation. Hence, it is necessary to examine present role and functions of various management bodies and their effect on the growth and stability of cooperative.
- If these role and functions do not have much effect on development of the cooperative, we may visualize some new and progressive managerial role and functions for them. This has become very important in view of the project approach of development, changing economic scenario and the need for professionalisation of cooperative management.

Present Role and Functions of Management Bodies:

1. General Body in the General Meeting:

- a) Approval of the next year's plan and programmes
- b) To elect directors of the board of management
- c) To consider and approve annual reports and financial statements of cooperative society
- d) To consider audit report
- e) To decide maximum borrowing power
- f) To distribute net surplus
- g) To consider budget
- h) Any other matters



2. Board of Management:

- a) To grant loan, to obtain deposits and loans
- b) To admit member, allotment of share, and permit transfer of share
- c) To submit annual report, provisions for bad and doubtful loans and recommend distribution of net surplus
- d) To acquire land, building etc. on free hold or lease hold for business
- e) To appoint manager and other employees, remove, suspend and other related matters
- f) To maintain safe custody of cash and other valuable documents
- g) To get building, stocks and other assets insured
- h) To provide storage facilities/construction of godowns for business
- i) To buy shares of other cooperatives and sent representatives
- j) To arrange marketing, processing activities, transportation etc.
- k) Any other matters assigned by General Body.

3. Chairman/President:

- a) To preside over the meetings of the general body and Board of Directors.
- b) To discharge all powers and functions of the Board of Directors under emergency condition

4. Manager/Managing Director:

Under the overall control of the President and the Board, he/she shall discharge following duties:

- a) Day to day management of the affairs of society-authorized and general duties.
- b) To operate accounts, certify and sign accounts.
- c) Maintenance of books registers and accounts as per the order of RCS and Govt.
- d) To convene general body meeting, Board meeting or other meetings and maintain meeting books properly.
- e) To discharge such duties/responsibilities delegated to him.

Critical Appreciation

The power and functions/rights and duties of different management bodies enumerated above are important for running the affairs of cooperative. But they lack professional touch, managerial contents and developmental orientation. Hence they need fresh look and redefinition. An effort in this direction has been made for deliberation and adoption.



Modern Role and Functions

General body and board of Directors are top management bodies alongwith Chairman. Chairman occupies very crucial position in cooperative and can play vital role for its development. Next to him is Manager/Managing Director of Cooperatives who in fact is the chief executive of cooperative and can play major role in managing and developing cooperative. The former represents cooperative democratic management system and the later is paid employee-owner and manager.

Role of Manager

The manager in an organisation is invested with formal authority and status, giving rise to roles: "With authority comes status; the status leads to various interpersonal relationships, which influence access to information; and information enables the manager to make decisions and strategies." Manager is expected to play below specified roles:

Both more or less, have to perform the following role/functions which may be said as modern professional management role and functions:

1. Interpersonal

- a) Figure head - As head he has to perform many legal & social duties.
- b) Leader - Motivating and directing members and employees.
- c) Liaison - Maintaining outside contacts who provide favour and Information

2. Informational

- a) Monitor - Receive internal & external information
- b) Disseminator - Transmit information to members/employees received from outside.
- c) Spokesperson - Transmit information to outsiders on organisation plans, programmes etc.

3. Decisional

- a) Entrepreneur - Searching opportunities and initiates projects to bring about change
- b) Disturbance - Corrective action in case of unexpected problems/ disturbances / trouble shooting
- c) Resource Allocator - Making/approving decisions
- d) Negotiator - Responsible for major contacts/negotiations

4. Managerial

- a) General direction and control
- b) Policy formulation
- c) Planning Coop. Business and future development.
- d) Organize resources, facilities and budgeting
- e) Monitoring, control and evaluation



- f) Framing/amending bylaws.
- g) Developing and maintaining good relationships
- h) Building and maintaining good image

The Role of Board of Management

Let us ask the following questions and try to find their answers

1. Is the Board proactive or reactive?
2. Is it a learning board?
3. Has it recently carried out a review of its functions, compositions and operations?
4. Do the Directors understand what is expected of them in the board room and outside?
5. Do they work well together as a team?

The Role of the Board

1. Determined a distinctive purpose for the cooperative, a rationale for its continued existence and articulate and share a compelling vision.
2. Establish achievable and measurable objectives derived from the vision and formulate a strategy for their achievement.
3. Ensure the cooperative has adequate finance people, organization, supporting technology and management and business processes to implement the agreed strategy.
4. Appoint a management team and establish the framework of policies and values within which management operates.
5. Agree and review plans and monitor performance against agreed targets taking corrective action where appropriate.
6. Safeguard the physical, financial and intellectual assets of the cooperative and ensure ethical conduct.
7. Report performance to various stake holders in the cooperative particularly to those with ownership right and a legal entitlement to certain information.

Duties of Members:

The member shall owe the following broad duties to a co-operative society, namely:

- (a) To abide by the provisions of the Act, the rules, bye-laws and other lawful decisions taken by the General body, committee, other committees and the Registrar;
- (b) To make share capital contribution, other fees and payment to the co-operative society in accordance with the provisions of the Act, rules and bye-laws;
- (c) To extend full co-operation and support to other members and the co-operative society, thereby, contributing to the overall development of co-operative;



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- (d) To perform or extend the minimum economic commitment and business support to the co-operative as prescribed under the Act, rules and bye-laws;
- (e) To undertake jointly and severally the responsibility to bear liability on debts, risks, losses and damage caused to co-operative society within the limit of members share capital contribution as provided in the bye-laws of the co-operative society; and
- (f) To compensate for damages caused to the co-operative society, if any, in accordance with the provisions of the Act, rules and bye-laws



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CHAPTER 3: ROLE OF NCDC AND ITS SCHEMES IN DEVELOPMENT OF COOPERATIVES

About NCDC:

The National Cooperative Development Corporation (NCDC) was established by an Act of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture & Farmers Welfare.

Functions:

Planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilisers, insecticides, agricultural machinery, lac, soap, kerosene oil, textile, rubber etc., supply of consumer goods and collection, processing, marketing, storage and export of minor forest produce through cooperatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc.

NCDC Act has been further amended which will broad base the area of operation of the Corporation to assist different types of cooperatives and to expand its financial base. NCDC will now be able to finance projects in the rural industrial cooperative sectors and for certain notified services in rural areas like water conservation, irrigation and micro irrigation, agri-insurance, agro-credit, rural sanitation, animal health, etc.

Loans and grants are advanced to State Governments for financing primary and secondary level cooperative societies and direct to the national level and other societies having objects extending beyond one State. Now, the Corporation can also go in for direct funding of projects under its various schemes of assistance on fulfillment of stipulated conditions.

Purposes for which assistance is provided :

- ❖ Margin money to raise working capital finance (100% loan)
- ❖ Strengthening of share capital base of societies (100% loan)
- ❖ Working capital to regional/state level marketing federations (100% loan)
- ❖ Term loan for creation of infrastructural facilities like godowns, cold storages, equipment financing, purchase of transport vehicles, boats and other tangible assets
- ❖ Term and investment loan for establishment of new, modernisation/expansion/rehabilitation/diversification of agro-processing industries.
- ❖ Subsidy for preparation of project reports/feasibility studies etc.

Activities Funded by NCDC

a) Marketing

- ✚ Margin Money assistance to Marketing Federations
- ✚ Strengthening share capital base of primary / district marketing societies
- ✚ Marketing (Fruit & Vegetable)\
- ✚ Working Capital Finance



b) Processing

- ✚ Setting up of new Sugar factories (Investment Loan) / Modernisation and Expansion/ Diversification of existing Sugar Factories (Investment loan + term loan)
- ✚ Margin Money assistance to cooperative Spinning Mills / State Cooperative Cotton Federations / Share Capital participation in New Spinning Mills / Modernisation/ Expansion of Spinning Mills / Modernisation of Existing and Establishment of Modern Ginning & Pressing Units / Rehabilitation of Sick Spinning Mills / Cotton Development Programmes
- ✚ Other Processing Units: Food Grains / Oilseeds / Plantation Crops / Cotton Ginning and Pressing / Fruit & Vegetable / Maize Starch / Particle Board, etc.
- ✚ Power Loom Cooperatives covering pre and post loom facilities

c) Cooperative Storage

- ✚ Construction of godowns (Normal)
- ✚ Upgradation/renovation of existing godowns
- ✚ Construction of Cold Storages / Upgradation/ Rehabilitation of Cold storages

d) Distribution of essential articles through cooperatives

- ✚ Distribution of Consumer articles in rural/ urban/ semi urban areas.

e) Industrial Cooperatives

- ✚ All types of Industrial Cooperatives, Cottage & Village Industries, Handicrafts/rural crafts etc.

f) Service Cooperatives

- ✚ Agriculture Credit
- ✚ Agriculture Insurance
- ✚ Labour Cooperatives
- ✚ Water Conservation works/services
- ✚ Irrigation, micro irrigation in rural areas
- ✚ Animal care/health disease prevention
- ✚ Rural sanitation/ Drainage/ Sewage system through Cooperatives

g) Agricultural Services

- ✚ Cooperative Farmers' Service Centres
- ✚ Agro Service Centres for Custom hiring
- ✚ Establishment of Agricultural inputs manufacturing and allied units.
- ✚ Irrigation/ Water harvesting programmes.



h) District Plan Schemes

- ✚ Integrated Cooperative Development Projects in selected districts (ICDP)

i) Cooperatives for Weaker Sections

- ✚ Fisheries
- ✚ Dairy
- ✚ Poultry
- ✚ Tribal
- ✚ Handloom
- ✚ Coir & Sericulture

j) Assistance for Computerisation

k) Promotional and Developmental Programmes

- ✚ Technical & Promotional Cells
- ✚ Consultancy for studies/project reports, management studies, market survey & evaluation of programmes, etc.
- ✚ Training and Education

l) Consultancy Services

The “**NCDC Consultancy Services Division**” (NCS) was set up in January 2004 to provide expertise developed by NCDC over the years. NCDC continues to provide Consultancy Services for the benefit of various type of cooperatives, other financial institutions, departments and organizations of various Ministries. Consultancy is offered on a very nominal fee and NCDC also considers financing of such projects as per its normal terms and conditions. NCDC’s consultancy is purpose oriented, efficient, time bound, cost effective and client friendly to help organizations in expansion/diversification of their activities, value-addition, human resource development etc., thereby enabling them to become of self sustaining. NCDC provides consultancy in the following areas:

- ✚ Project formulation and feasibility studies
- ✚ Appraisal of projects
- ✚ Monitoring of projects
- ✚ Investment potential surveys
- ✚ Financing arrangement and loan syndication
- ✚ Domestic marketing and import/export of agriculture produce
- ✚ Performance rating of cooperative societies
- ✚ Training and exposure visits



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New Schemes

- ✚ Financial assistance to Cooperatives for Tourism, Hospitality, Transport, Electricity (New/Non-Conventional) and Rural Housing programmes – Guidelines
- ✚ Financial assistance to Cooperatives for Hospital, Healthcare and Education – Guidelines
- ✚ Corporate Social Responsibility Programme of NCDC – Guidelines

- ✚ Scheme for Strengthening Monitoring and Evaluation Functions of the Corporation by utilising Professional Expertise of Retired Officers
- ✚ Scheme for extending NCDC's Short Term Loan to Agricultural Credit Cooperatives towards Working Capital

SAHAKAR 22 : An NCDC Mission 2022 for New India

- ✓ Cooperatives: A Formidable Force with Farmers
- ✓ India has 01 MILLION COOPERATIVES with 300 MILLION MEMBERS, mostly FARMERS
- ✓ NCDC reaches the FARMERS DIRECTLY
- ✓ NCDC has extended financial assistance to DIVERSE RANGE of COOPS:
- ✓ Credit and Non-Credit Coops.
- ✓ Small (supplying inputs like fertilizers) to Very Large (Dairy/ Sugar / Textiles)
- ✓ Small Coop Banks to Large Coop Banks- UCBs, DCCBs, STCBs
- ✓ Small fish pond based activity to Large Export Oriented Prawn Processing units
- ✓ Small Consumer Stores to Large Retail Chains / Malls
- ✓ Small Health Centres to Large Hospitals
- ✓ NCDC is almost a ZERO NPA statutory organization ONLY for COOPS
- ✓ NCDC aims at cost reduction of inputs through their purchase by Coops in wholesale and output value enhancement through scaled up sales
- ✓ NCDC advances more than Rs.20,000 crore to Coops annually
- ✓ Comprehensive value addition focused through infrastructure, processing and competitive credit to farmer members of cooperatives.
- ✓ NCDC has assisted Coops in about 400 Districts and has offices in 18 States.
- ✓ NCDC works with States / UTs closely.
- ✓ NCDC brings in respite from rigid formal credit institutions and exploitation of money-lenders and traders.



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To achieve the Mission of New India by 2022 in Cooperatives, through Doubling the Farmers Income, NCDC would launch a new Mission Mode activity, SAHKAR 22

SAHKAR 22 would include

- ❖ FOCUS 222- Converge NCDC assistance for Cooperatives in 222 Districts
- ❖ PACS HUB- Transform PACS and other Coops as APNA KISAN Resource Centre
- ❖ AENEC- ACT East and North East Coops
- ❖ CEMiC- Centres of Excellence to Market through Coops
- ❖ SAHAKAR PRAGYA: Laxmanrao Inamdar National Academy for Cooperative Research & Development as Capacity Development base for SAHKAR 22

Procedure To Avail Financial Assistance from NCDC

Procedure of Sanction / Disbursal of Assistance

NCDC assistance is not individual beneficiary oriented but is meant for institutional development of Cooperatives. NCDC supplements the efforts of State Government. The State Governments recommend the proposal of individual society / project to NCDC in the prescribed schematic format. The Society may

also avail direct funding of projects under various schemes of assistance on fulfillment of stipulated conditions. The proposals are examined in the concerned functional division and if need be on the spot field appraisal is undertaken. Thereafter, formal sanction of funds is conveyed to the State Govt. / Society. The release of funds depends on progress of implementation and is on reimbursement basis. The period of repayment of loan ranges from 3 to 8 years. The rate of interest varies from time to time.

Common Application Form

The Application Form is available at NCDC website <http://claf.ncdc.in/claf/>.



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Bringing Producer Organisations (POs), Farmers Producer Organisations (FPOs) and Self Help Groups (SHGs) into cooperative fold

In recent past various forms of collectives have been organised by primary producers like farmers, milk producers, fishermen, weavers, rural artisans, craftsmen and the general public in rural areas for improving their production and access to credit for taking up income generating activities. These are working parallel to the registered cooperatives broadly on the cooperative principles.

PO is a generic name for the organisation of producers of any produce, be it agril., non-farm products, artisans etc. In case produce is a non-farm item for example handloom or handcraft than the POs is of a non-farmers while if the members are farmers when it is called FPO. These are basically constituted to provide the benefit of economies of scale and cut the long chain of intermediaries to provide better return and also to enhance bargaining power. POs are registered under Indian Companies Act.

Self-Help Groups (SHGs) are voluntary associations of people to attain a collective goal. People who are homogenous with respect to social background, heritage, caste or traditional occupations come together for a common cause to raise and manage resources for the benefit of the group members. Few important characteristics of SHGs are:-

- Voluntary and small organizations, mostly of members, homogenous in terms of caste/occupation/farm size/sex or income
- Posses an economic objective, frequently alongwith other social objectives.
- Members have equal status and elect their own leadership in democratic manner.
- Functioning is participatory in character.
- Work on the basic concept of savings first and credit later
- These are not adhoc associations but have rules and regulations, bye-laws or constitution which may be in writing.
- Some of the SHGs are formal, registered organizations while the other are unregistered and informal associations.



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SHGs are largely functioning as savings and credit group ensuring local and easy accessibility of loan to members to undertake economic activities. SHGs work on their own initially but later in order to meet the higher demands of funds by the members operate under SHG-Bank Linkage Programme with PACS/DCCBs, RRBs or commercial banks.

POs, FPOs and SHGs, however, face various constraints when they have to grow and increase their reach and volume of business to provide better returns to the farmers by engaging in marketing and value addition activities. The cooperatives being a tried and tested model are highly patronised by the governments. Various kinds of schemes and programmes are available from the central and state governments for cooperative development. The machinery to guide, monitor, supervise and advice the cooperatives is in place and easily accessible. POs, FPOs and SHGs have limited access to funds while cooperatives can easily mobilise funds from the RFIs like DCCBs and other institutions like NCDC. The SHGs may not be registered and do not have legal status therefore find still difficult to mobilise funds. SHGs currently are only working as small credit groups and need to have a legal status like cooperatives to upscale and become an enterprise to serve their members better. The govt. / NGO support is also available only to few selected members in SHGs. Many of SHGs also fail due to interference from outside mostly political and also less of professionalism. It is also seen that SHGs when become large, sometimes become unmanageable. A large number of SHGs have saturated as credit group and needs to look beyond savings and credit services to provide end to end solution for sustainable livelihood in rural areas. There is an urgent need for the various kind of collectives to expand by adopting right kind of business, improvement of the skills, providing marketing linkages etc. which would be carried out effectively and efficiently if these register themselves as cooperatives in view of inherent advantages and available patronage from governments. As registered cooperatives, all type of collectives can have access to financial assistance (including subsidy) for business promotion and creating infrastructure and facilities besides professional guidance, training and promotional benefits from institution like NCDC.



CHAPTER 4: OBJECTIVES, FUNCTIONS OF PRIMARY COOPERATIVES/ FPO COOPERATIVES AND GOOD MANAGEMENT PRACTICE FOR SERVICES/ BUSINESSES

Objectives of Primary Level Cooperatives/ FPO Cooperatives:

The principal objective of the primary level cooperative/ FPO Cooperative is to promote the interests of all its members to attain their social and economic betterment through self-help and mutual aid in accordance with the cooperative principles. Other objectives are as below,

- Increase awareness about cooperatives and their contributions to socio-economic development among members.
- To develop self-reliance, cooperation and self respect among members.
- Promote the formation and growth of co-operatives among individuals and institutions to address common economic needs and for socio-economic empowerment.
- Establish the values of self-help, self-responsibility, democracy, equality, equity and solidarity among individuals.
- Develop ethical values of honesty, openness, social responsibility and caring for others.
- Establish appropriate policies, laws and regulation conducive to co-operative formation and growth of members.
- To practice fair and transparent business activities.
- To deliver the quality goods and services to the end customers.
- To facilitate rural development by providing opportunities for self employment at village level, preventing migration to urban areas, introducing cash economy and opportunity for a sustained income.
- To educate members of the cooperative so that they can understand benefits of being associated with cooperative and contribute for the development of the cooperative.

Broad Services And Activities To Be Undertaken By FPOs

The FPOs may provide and undertake following relevant major services and activities for their development as may be necessary:-

- (i) Supply quality production inputs like seed, fertilizer, pesticides and such other inputs at reasonably lower wholesale rates.
- (ii) Make available need based production and post-production machinery and equipment like cultivator, tiller, sprinkler set, combine harvester and such other machinery and equipment on custom hiring basis for members to reduce the per unit production cost.
- (iii) Make available value addition like cleaning, assaying, sorting, grading, packing and also farm level processing facilities at user charge basis on reasonably cheaper rate. Storage and transportation facilities may also be made available.
- (iv) Undertake higher income generating activities like seed production, bee keeping, mushroom



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cultivation etc.

- (v) Undertake aggregation of smaller lots of farmer-members' produce; add value to make them more marketable.
- (vi) Facilitate market information about the produce for judicious decision in production and marketing.
- (vii) Facilitate logistics services such as storage, transportation, loading/un-loading etc. on shared cost basis.
- (viii) Market the aggregated produce with better negotiation strength to the buyers and in the marketing channels offering better and remunerative prices.

Cooperative Management

The concept of Cooperative Management signifies the application of Management principles over the Cooperatives which are guided by the Principles of Cooperation. According to **Watzlawick**; Cooperatives in view of their possessing dual characteristics of business and social entity, their management can be understood as a complex decision-making process within the three levels of management pyramid which aims of achieving a proper balance of success of cooperative enterprise as a business unit as well as social institution. **Peter Davis**, the British co-operator, who was associated with ICA's third principle's commission, came out with a concrete definition on cooperative management. Accordingly to him, "Cooperative Management is conducted by men and women responsible for stewardship of the Cooperative community; values and assets. They provide leadership and policy development options for the Cooperative association based on professional training and Cooperative vocation and service. Cooperative management is that part of the Cooperative community professionally engaged to support the whole membership in the achievement of the Cooperative purpose." In the spirit of this definition one can derive the following meaning of Cooperative Management:

1. Cooperative Management is a complex decision-making process.
2. It balances cooperatives as business units as well as social institutions.
3. Cooperative Management efficiently and effectively utilize the resources of a cooperative to serve the needs of its members.
4. Cooperative Management is a part of the cooperative community engaged to achieve the Cooperative purpose.
5. The supreme objective of cooperative management is to serve its members.
6. Democracy and involvement are key aspects of cooperative practice.
7. Cooperative Management is guided by Cooperative purpose against which their performance can be appraised.

In the formative periods cooperative were very small and were functioning as unitary units. They relied heavily on honorary management. But now cooperatives are expanding fast, increasing their



operations, entering new fields and diversifying their operations. Hence they need professional and skilled management. Peter Davis wrote that, “today effective cooperative management development must combine cooperative values and purpose with the commercial context if we are to succeed in turning around and growing cooperative business. To achieve this end we need cooperative management development and continued board member development.”

In the market oriented and open economy the cooperatives today have to face competition, from private and public sector organisations. In this context they have to improve their efficiency. Efficient service warrants the use of management techniques. Hence the need for cooperative management.

Cooperative management, though applies all modern management techniques, has its own special features.

The unique features of cooperative management are as follows:-

- Binding Force- Cooperative ideology, Values and Principles.
- Guided, Controlled and Regulated by a Separate Law.
- General Pattern of Managing the Affairs, Administration & day to day Business of Cooperatives vests in following legally recognised institutions/bodies
 - General Body
 - Board of Director
 - Chairman/Vice Chairman
 - Managing Director/Chief Executive Officer
- Cooperative are Institutions of members and not capital.
- Providing emphasis on service.
- Management is democratically elected with specific tenure, accountability, responsibilities, power & duties.
- Decision by majority in best interest of members/ society.
- “One man One vote.”
- No vote by proxy.
- One for all and all for one.
- Common interest instead of individual interest.
- Members have dual control.
- Members’ active participation must be ensured.
 - As Owners.
 - As receiver of benefits also-users of services.
- Cordial employee-employer relationships are pre-condition for effective management.
- Leadership based on entrepreneurial and representational basis.
- Indirect and intangible benefits to members-awareness, technology etc.

Objectives of Cooperative Management

Though cooperatives are service organisations, they have to work with efficiency. While working sincerely and more extensively on the social aspects, sound functioning of cooperatives as economic



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enterprise is indispensable as a backbone for the successful fulfilment of their social purposes. In light of this, following are the important objectives of cooperative management:

- To improve the performance
- To improve the viability
- To make 'Service Motive' Effective
- To adopt latest development
- To face competition
- Professional Management
- To create Better Organisational Climate
- Shaping the Future
- To achieve Member Satisfaction
- To have Concern for community

Managerial Practices for Different Services and Businesses

Cooperative being business organizations are run much the same as commercial business corporations. As a democratically controlled business the members elect a board of directors which employs a manager and makes other arrangements for providing service. The manager is responsible for running the business, subject to the direction and review of the board of directors, which, in turn, is accountable to the membership of the cooperatives.

The annual membership meeting plays a very important part in a cooperative. At this meeting, not only are the directors chosen, but broad policies are laid down to guide directors and manager. Most cooperatives provide that members who cannot attend the meeting may vote by mail on specific questions referred to them to advance, but most co-ops do not permit "proxy voting." This is the practice, common in ordinary business corporations, of allowing an owner of voting stock to assign the votes belonging to his shares to somebody else for casting. In a cooperative, a member generally has only one vote, no matter how many shares of the co-op's stock he may hold. Cooperators feel that proxy voting would violate the essential principle and mutual character of the cooperative.

Because those who are served by a cooperative are members and owners as well as customers, the cooperative must keep careful account of members' transactions so that savings can be properly returned to them in proportion to their patronage.

In order that members may be able to meet their responsibilities intelligently, cooperatives find it necessary to provide them with full information on current operations. A cooperative business is the instrument of its members and its success depends largely upon how much and how steadily the members make intelligent use of its services. A cooperative, in other words, must tie together management and patrons as essential parts of a mutual undertaking.

AGM-Convening of Meetings and Records Of Minutes.

General Body of the Cooperative:

In the organisational structure of a cooperative, General Body of members is a significant organ. It consists of all those persons who have formally been admitted after paying their Membership Fee and



Share Money. They are called members and who have become eligible to 'vote' on the principal of 'One Member-One Vote' according to the Principles of Cooperation. Cooperatives are autonomous and independent of the government structure. The General Body becomes a supreme institution to lay down policies and programmes for the cooperative institution. To implement its policies, General Body elects a Managing Committees. They are all answerable to the General Body. The Managing Committee is then authorised to recruit employees.

General Body Meetings

There are various forms of the General Body meetings:

- Ordinary Annual General Body Meeting which takes note of the progress of work done and lays policies for implementation;
- Special General Body Meeting which, in addition to doing the work of the Ordinary General Body Meeting, also elects office-bearers;
- Extra-Ordinary General Body Meeting which makes amendments to the bye-laws; and,
- Requisitioned General Body Meeting which is called either by the members or by the Registrar of Cooperative Societies to deliberate on a specific issue.

Important Functions of General Body

- Being a supreme organ in the cooperative structure the General Body Meeting lays down policies, approves programmes and elects committees;
- The meetings are chaired by the President/chairman and, in his absence, by the Vice-President/Vice-Chairman;
- The President, or the person chairing the meeting, has a 'Casting Vote' in case there is tie.

Powers of the General Body

- Election, suspension and removal of the elected members of the Managing Committee;
- Consideration of Annual and Audit Report, Profit & Loss Accounts and Inspection Notes;
- Fixing of Maximum Credit Limit (MCL) of each member;
- Amendments of the bye-laws.

All business discussed or decided at the General Body Meeting are to be recorded in the Proceedings Register which is to be signed by the chairman of the meeting. All decisions taken by the General Body are binding on all members of the cooperative- whether they have voted for the motion or against it.



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What is an Annual General Meeting (AGM) ?

An Annual General Meeting (AGM) is a yearly event which is compulsory as per the society bye laws for every society. These are conducted to discuss major issues confronting members and society and collectively reach a consensus and find the best possible solution. As per the law, the AGM should be held on or before 30th September as per Section 75 (1) of the society bye-laws but this date can be extended by 3 months after acquiring the permission from the Registrar of Societies. If the registrar is not convinced, he may appoint an officer to conduct the meeting at the cost of the society.

Most common discussions in an AGM comprise of Minutes of previous meeting, financial issues, society maintenance issues, steps taken by the management committee for the betterment of living conditions, etc. Appointment of a new managing committee, auditor, etc. also takes place in an AGM.

Checklist for the AGM

Before the managing committee hosts the AGM, there are a bunch of things that need to be covered in order to ensure the meeting goes smoothly.

1. Have a meeting with the internal committee members and finalize the date and the agenda of the AGM.
2. The President, Secretary and the Treasurer need to be present as they are the key members.
3. Select the venue of the meeting. It usually is held within the premises of the cooperative societies.
4. A notice has to be sent to all members of the cooperative societies at least 21 days in advance.
5. The president, secretary and treasurer need to sign on the audited accounts.
6. Appoint auditors for the next year and their remuneration
7. Prepare the annual report, which highlights the work undertaken by the committee in the previous year and the plans for the next year.
8. Circulate the annual report to all members of the cooperatives.
9. Get the minutes of last year's AGM and collate a list of all resolutions passed that year.
10. Also, prepare committee members to answer questions from the general members of the cooperative societies.

What are the activities in an AGM?

There are several activities that take place in an AGM. Here they are in the order in which they should be followed:

1. Attendance of the members with their signatures.
2. Once the quorum is established, the President welcomes all and the meeting is called to order.
3. Minutes of last year's AGM is read, approved and confirmed
4. Financial report for the last financial year is accepted and approved
5. Admission of new members is ratified



6. Ways and means to tackle regular defaulters are discussed
7. If there are any members of the society who are non-cooperative, how to tackle them is also discussed
8. Discuss the appointment of auditors for the next financial year and their remuneration
9. Discuss issues related to common areas like building and premises etc.,
10. Discuss salary hikes of staffs.
11. Elect the new managing committee, if applicable
12. Any other matter may be discussed with the permission of the President
13. Vote of Thanks

Post the Annual General Meeting, the minutes of the meeting are circulated among all members of the primary cooperative society/ FPO Cooperatives. It is vital that all are made aware of the decisions taken in the AGM.

Minutes of Meetings of Committee:-

(1) Minutes of committee meetings shall be recorded in the minute book by the Secretary or by a person, other than the Secretary, appointed by the committee for the purpose, and shall contain the following particulars,

- (a) The names of the members present and the date of the meeting;
- (b) The name of the chairman or other presiding member; and
- (c) A short statement of all matter discussed and decisions made and a record as to whether each decision was made unanimously or by a majority.

(2) These minutes when confirmed at the next following meeting of the committee, shall be signed by the presiding member at the meeting at which they were confirmed, and the secretary or other person who recorded them, and thereafter shall stand a true record of the proceedings of the meeting to which they refer.

Powers And Functions Of Board Of Directors:

The number of board of director is depends on state Act and Rules. However, as per the Multi State Cooperative Societies Act, 2002. Maximum number of director should not exceed twenty one including Govt. nominees. The Chief Executive shall convene the meeting at least every quarter in a year. The board of directors exercise their powers and discharge the functions as listed below:

- a) To admit members.
- b) To interpret the organisational objectives and set-up specific goals to be achieved towards these objectives;
- c) To make periodic appraisal of operations;
- d) To appoint and remove a Chief Executive and such other employees of the society as are not required to be appointed by the Chief Executive;



- e) To make provisions for regulating the appointment of employees of the multi-state cooperative society and the scales of pay, allowances and other conditions of service of, including disciplinary action against such employees;
- f) To place the annual report, annual financial statements, annual plan and budget for the approval of the general body;
- g) To consider audit and compliance report and place the same before the general body;
- h) To acquire or dispose of immovable property;
- i) To review members in other cooperatives;
- j) To approve annual and supplementary budget;
- k) To raise funds;
- l) To sanction loans to the members; and
- m) To take such other measures or to do such other acts as may be prescribed pre-required under this Act or the bye-laws or as may be delegated by the general body.

Ideal Behavioural Orientation of Board of Directors:

The Board is the executive organ of cooperative management. Being a board member is a very responsible task. It is important for the Cooperative Organisation that the right men and women are elected. The board members need to have the following characteristics:

- i) **Cooperative Outlook**, i.e. a clear understanding of the purpose of a cooperative organisation.
- ii) **Business Orientation**-understanding economic and financial matters and how the cooperative can generate sufficient resources for its activities.
- iii) **Time**:-to read report, to talk to the members, the Chief Executive, to take part in discussions and meetings.
- iv) **Interest**: in the business of the Cooperative Organisation and able to listen to the members and to take initiatives.
- v) **Experience**: that supplements knowledge already available in the board
- vi) **Know-how or factual knowledge**: and ability to read, understand and draw correct conclusions, reports and other documents.

Powers and Functions of Chief Executive

The Chief Executive shall under the general superintendence, director and control of the board, exercise the powers and discharge the functions specified below, namely;-

- a) Day-to-day management of the business of the Multi State Cooperative Society;
- b) Operating the accounts of the multi state cooperative society and, to be responsible for making arrangements for safe custody of cash;
- c) Signing on the documents for and on behalf of the cooperative society;
- d) Making arrangements for the proper maintenance of various books and records of the society and for the correct preparation, timely submission of periodical statements and returns in accordance with the provisions of this Act, the rules and the bye-laws;
- e) Convening meetings of the general body, the board and the Executive Committee and other committees or sub-committees of the society making appointments to the posts in the society in accordance with the bye-laws;



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- f) Assisting the board in the formulation of policies, objectives and planning;
- g) Furnishing to the board periodical information necessary for appraising the operations and functions of the cooperative society;
- h) Appoint the person to sue or be sued on behalf of the cooperative society;
- i) Present the draft annual report and financial statement for the approval of the board within thirty days of closure of the financial year'
- j) Performing such other duties and exercising such other powers, as may be specified in the bye-laws of the cooperative society.



CHAPTER 5: IMAGE BUILDING AND PUBLIC RELATIONS

Image Building

“The greatest risk to your professional image is the failure to factor image into your business decisions”.
Marilyn Mondejar.

If image is important for the individual, it is essential for a cooperative. Image should be treated as an asset and should be planned, developed analysed and managed along with other valuable assets. The right image greatly enhances a cooperative’s sphere of influence and its good will among the members and the public.

It will be determined by all the activities, business and actions of the cooperative. The management of the cooperative image is thus an ongoing task. Cooperative image includes information and inferences about the cooperative as an employer, as a seller, as a service provider, as a banker, as an investment and as a socio- business organisation.

A cooperative will have more than one image depending on the nature of the interaction it has with the different groups. Since people tend to "humanize" cooperatives, cooperative image may also include characteristics often attributed to humans such as "helpful" "caring", "friendly", and "ruthless" and so on. The first step in attempting to influence and manage the image of a cooperative is to understand the process by which the cooperative image is formed.

Sources that influence and affect the image of a cooperative

There are numerous sources that influence and hence affect the image of a cooperative. These sources can be broadly classified into two major groups or spheres of influence:

- a) Internal and controllable sphere of influence; and
- b) External and non controllable sphere of influence.

Internal sphere of influence

Major sources under the internal sphere of influence that help form a cooperative image :

I. Cooperative personality and identity

The term, cooperative personality, refers to who and what the cooperative is, rather than how the cooperative is perceived by the members and public. Every cooperative has a "personality" which can be defined as the sum total of the characteristics of that cooperative. These characteristics can be quantitative (e.g., size of the cooperative, number of members, volume of sales) or qualitative (e.g. reputation, quality of products and services) in nature; and they serve to distinguish one



cooperative from another. These qualitative and quantitative characteristics collectively comprise the cooperative personality.

A cooperative also has an "identity" which can be described as an ideal self-image. Ideal self-image is that image which the cooperative would like the public to hold (Sirgy, 1982)

ii. Cooperative advertising

Cooperative advertising seeks to inform and influence the member and public's attitudes about cooperative actions, characteristics, or viewpoints. It is a tool often used to deliver this information and, by doing so, influence stakeholders' image of the cooperative.

iii). Infrastructure

Well-maintained infrastructure and buildings including stores, offices, godowns etc. of a cooperative send a positive image about the cooperatives. Cooperatives should strive to maintain cleanliness in their offices, stores and as well as provide basic amenities like clean drinking water, good sitting arrangement and other amenities that are modern and contemporary in nature.

iv) Frontline employee /Manager

In many situations, direct contact with the manager of the cooperative serves to form impressions about the cooperative. The courtesy and knowledge, the efficiency of the service provided and the manner of dealing with the complaints of the members, by the manager will help form cooperative image.

External sphere of influence

- i. Press Reports: There is also a link between cooperative public relations, press reports and the image of the cooperative. Cooperative can create newsworthy stories and events to attract media attention in order to gain public notice. Create cordial relations with local press/media by inviting in AGM and sharing the success/special achievements etc. will go a long way in creating positive image of the cooperative.
- ii. Word-of-mouth: Word-of-mouth is personal communications between two or more people. This includes members' conversations with family, friends, colleagues, acquaintances, and so on. In the absence of direct interaction with the cooperative, the stakeholder may form opinions and impressions of the cooperative based on what others say about the cooperative.



Development of Cooperative image:

The development of a cooperative image should revolve around many things including:

- Staff training to help develop a customer service “culture”
- Community awards, including Certificates of Merit for sporting and cultural achievement and Staff Excellence Awards
- School education programs
- Involvement in community and social activities and events
- The wearing of Cooperative uniform by staff
- The wearing of a name badge by staff in all encounters with the member and public.
- The preparation of cost effective, informative and interesting publications.
- Surveys and the invitation for member and public comment, where appropriate, should be included in some of these publications to evaluate stakeholder interest and to promote community involvement.

Some of the important roles for developing Cooperative Image:

1. Role of the BODs and Manager

BODs and Manager should rate the enhancement of a cooperative image highly in the day to day running of the cooperative and its functions i.e. informing the members of what is happening on a weekly or even daily basis.

2. Role of the Manager

In order to improve and maintain the cooperative image managers should play a crucial role for preparation, development and reviewing of the Cooperative Image. They should also proactively manage and oversee the implementation of the various plans and strategy of the cooperative. Further, they have to provide input into the development and review of the Cooperative image

3 Role of Employees

Employees of a cooperative are at the forefront in liaison with the cooperative members and stakeholders. Each and every action that is performed by staff members is deemed to be an act of the cooperative. Therefore, the way the staff deals with members at the counter, in the field, on the telephone and in response to written or electronic requests will reflect on the cooperative. As a result they are in the best position to recommend changes to Management which will benefit both the members, in the form of superior levels of service, and the cooperative, by way of time and cost



Public Relation

- Public relation is the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics. (IPR)
- “Public relation is the management function that establishes and maintains mutually beneficial relationships between an organization and the publics on whom its success or failure depends.” (Broom & Sha)
- Public in context of public relation includes both outside public/members and internal employees.

What does PR do and its benefits?

PR involves a planned, sustained program as part of a cooperative’s management:

- It deals with the relationship between a cooperative and its stakeholder publics, largely members in case of cooperatives.
- It monitors awareness, opinions, attitudes and behavior – both inside and outside an organization
- It analyzes the impact of cooperative programme and services on members and public
- It provides feedback to management for new policies, and actions that are mutually beneficial to the cooperative and the public
- PR also establishes and maintains a two-way communication between an organization and its publics
- It results in new and/or maintained relationships between a cooperative and its publics

Public Relation vs. Advertising

PR is not the same thing as advertising:

Advertising

- Advertising is information placed in the media by an identified sponsor that pays for the time or space. It is a controlled method of placing messages in the media
- In advertising, there is often an expectation of control associated with paid placement of a message

Public Relation

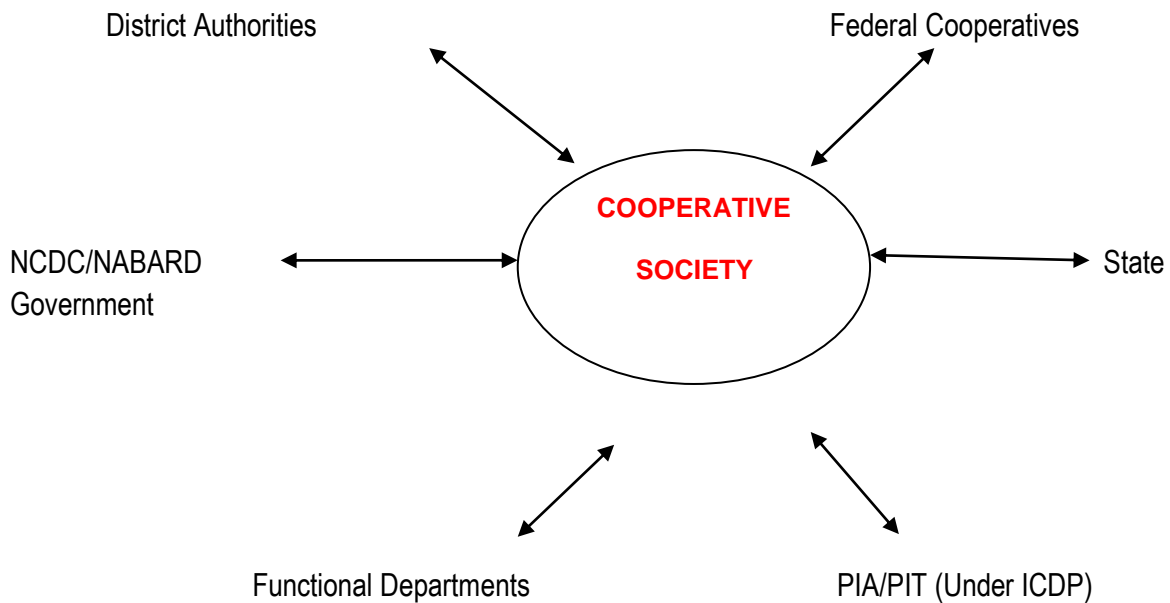
- In PR, you typically do not pay for media placement (and there is no control over how your message will be distributed)



Need of Public Relations in Cooperatives:

- Weakness of cooperatives can be overcome if masses are educated/awakened
- By informing, educating and motivating the member of cooperatives.
- Necessary to project the achievements of cooperatives, so that people develop faith in cooperatives and professionals, management experts start seeking a career.
- By dealing with the masses in general, elected representative, the bureaucrats, opinion builders, community leaders and the intelligentsia.
- Cooperatives can promote and market their values which are their real advantages through proper PR
- People in general don't have proper knowledge about cooperatives though there are many achievements; PR can be used as tool to create awareness in this regard.

Agencies/Organizations Promoting Cooperative Societies Interest





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Types of Public Relations

Employee Communication:

Internal communications helps build and maintain a mutually beneficial relationship between managers and the employees on who the organization's success depends

Publicity:

Information provided by an outside source that is used by media because the information has news value. It is an uncontrolled method of placing messages in the media as you do not pay the media for placement.

Examples:

Creation of press releases to news outlets – These can be delivered via print, email, “press kits,” social media, video news releases and the Internet

Creation of newsworthy events - Press conference with an executive, “Grand opening” ceremony, Dedication etc.

Local Press and Media Relations

Cooperative can create newsworthy stories and events to attract media attention in order to gain public notice. Create cordial relations with local press/media by inviting in AGM and sharing the success/special achievements etc.

Public affairs

Public affairs are the specialized part of public relations that builds and maintains organizational relationships with governmental agencies and community stakeholder groups to influence public policy.

Lobbying

Lobbying is the specialized part of public relations that builds and maintains relations with government, primarily to influence legislation and regulation. – To help with transparency and to combat the perception of corruption, there are laws that regulate how and who can lobby government entities. – The role of lobbyists is to ethically advocate the interests of their clients in the public policy debate.



Member relations

Members are owners, users and indirectly manage their cooperative. A certain special measures are required to provide them education of their role, and responsibilities on regular basis. The best member relation can be developed by providing them highly satisfactory services.

Development

Development is the specialized part of public relations in nonprofit organizations that builds and maintains relationships with donors, volunteers, and members to secure financial and volunteer support.

Constraints in conducting effective Public Relation

- Lack of consciousness among the board of directors, managers and staffs of cooperatives regarding the need and importance of public relations for the growth and sustaining the cooperative's business.
- Lack of will in cooperative leadership to undertake and develop public relation for the cooperative, which is mainly due to lack of awareness and consciousness on part of the leaders about the need and role of public relation for developing and sustain the cooperative's business.
- Everybody's responsibilities and also nobody's responsibility. Development of good and strong public relations by a cooperative requires a lot of initiatives, planning, persuasions and implementation of planned programmes and monitoring and sustaining of the efforts made. This involves collective efforts by all including the members. However, due to lack of will and consciousness in the leadership, among the employees and also among the members
- Casual approach or deliberate apathy shown by most of the cooperatives. Most of the cooperatives have been doing business quite well for decades without any efforts on building strong public relations. These societies are running and banking on the good will of the members and customers. As such extra efforts on building public relations seems to be unnecessary to them thereby taking no interest and efforts for building public relations.
- Provisions of financial resource. Development and maintain public relations requires a certain amount of funds. Most of the cooperatives especially at the primary level are facing fund constrains and running on loss or very low profits. In this scenario, it becomes difficult for the cooperatives to think anything beyond running and sustaining the core business.



CHAPTER 6 – CENTRAL SECTOR SCHEME FOR FORMATION AND PROMOTION OF 10,000 FPOs

- With the aim of revamping the agriculture sector to support small and marginal farmers to enable them to avail maximum opportunity of existing resources and the latest technology available in the agriculture sector, Government of India launched a Scheme for Formation and Promotion of 10,000 FPOs in July 2020
- FPOs will be registered under Companies Act as well as under the existing Cooperative Acts
- NCDC is one of the Implementing Agencies, along with SFAC, NABARD and other agencies approved by DAC&FW

OBJECTIVES OF THE SCHEME

- To provide **holistic and broad based supportive ecosystem** for overall socio-economic development and wellbeing of agrarian communities
- To **enhance productivity** of their produce and **become sustainable** through collective action
- To provide **handholding and support** to new FPOs
- To provide **effective capacity building** to FPOs to develop agriculture-entrepreneurship skills

WHAT ARE FPOs

- An FPO is a registered body formed by a group of farmers who are also the shareholders in the organisation
- It deals with all types of farm activities such as agri inputs, processing, value addition, market linkages, credit linkages, use of technology, etc. for the benefit of the members of FPO

REGISTRATION OF FPOs

- Under Companies Act
- Under Co-operative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is called)
 - Suitable provisioning in the Bye-laws of FPO Cooperatives must be ensured



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SERVICES TO BE PROVIDED BY FPOs

- Supply quality production inputs at reasonable rates
- Make available need based production and post-production machinery and equipments
- Facilitate value addition at reasonably cheaper rates
- Facilitation of Storage and transportation facilities

SERVICES TO BE PROVIDED BY FPOs

- Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation, etc
- Undertake aggregation of smaller lots of farmer-members' produce
- Facilitate market information about the produce and ensure hand holding in agri marketing

IMPLEMENTING AGENCIES

- a) **National Cooperative Development Corporation (NCDC)**
- b) **National Bank for Agriculture and Rural Development (NABARD)**
- c) **Small Farmers Agribusiness Consortium (SFAC)**
- d) Other Institutions/Organizations as approved by DAC&FW

Implementing Agencies will form and promote FPOs with the help of Cluster Based Business Organizations (CBBOs)

COORDINATING AND MONITORING AGENCIES

1.National Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC)

- To Coordinate with all the Implementing Agencies, State Level Consultative Committee and District level Monitoring Committee (D-MC) for smooth implementation
- Allocate the produce clusters/districts/States to Implementing Agencies for formation and promotion of FPOs
- Chaired by Secretary, DAC&FW



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COORDINATING AND MONITORING AGENCIES

National Project Management Agency (NPMA)

- Set up by SFAC
- For providing overall project guidance, data maintenance through integrated portal and information management and monitoring
- Interaction and coordination with various stakeholders
- Support arm of National Project Management Advisory and Fund Sanctioning Committee

COORDINATING AND MONITORING AGENCIES

State Level Consultative Committees (SLCC)

- To synergize efforts of various stakeholders for implementation and monitoring of the scheme at State level
- To hold regular meetings and monitor the review and progress of FPO formation
- To Identify constraints in the course of implementation of the scheme and communicate to DAC&FW
- Chaired by Additional Chief Secretary / Secretary in-charge of Agriculture or Agriculture Marketing Department of the State

COORDINATING AND MONITORING AGENCIES

District Level Monitoring Committee (D-MC)

- For overall coordination, monitoring and review of implementation of scheme in the district level
- To suggest the potential produce clusters in the district
- To identify and resolve the financial and other constraints of FPOs through District Level Bankers' Committee
- Chaired by District Collector

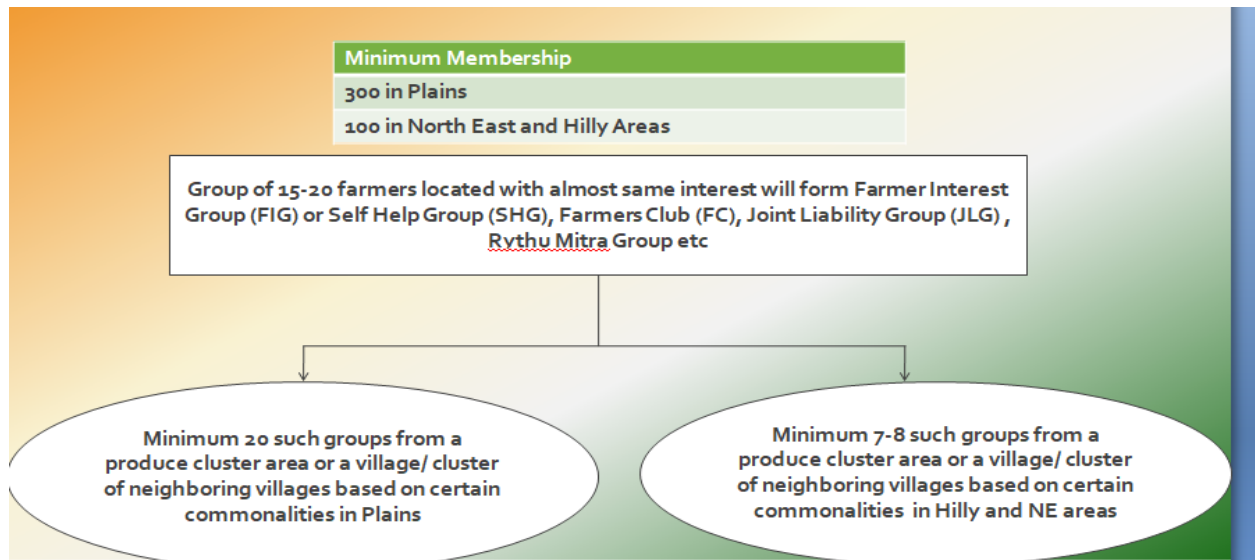


STRATEGY FOR FORMATION OF FPOs

- FPOs are to be formed based on **Produce Cluster Area**
- Produce Cluster area is to be identified by Implementing Agencies
- “One District One Product” approach shall be applied for identifying produce clusters
- D-MC will check for duplicity of blocks among different Implementing Agencies and make necessary adjustments

CBBOs will undertake feasibility study, which shall include Baseline survey

- To identify present situation of farming, small, marginal and landless farmers for aggregation purpose
- To identify minimum geographical area
- To identify or confirm produce clusters



MAIN FOCUS FOR FORMATION OF FPOs

Special focus to be given to:

- Small, marginal and women farmers/women SHGs as members
- SC/ST farmers and other economically weaker categories as members.
- “One District One Product” approach for development of product specialization
- Formation of FPOs in aspirational districts



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- Tribal Communities and promotion of Minor Forest Produce

DUTIES AND RESPONSIBILITIES OF IMPLEMENTING AGENCIES

- Selection and empanelment of CBBOs
- Undertake monitoring of CBBOs
- Creation of Integrated Portal for MIS related Operations
- Formulate rating tools for FPOs
- Prepare Annual Action Plan and submit to DAC&FW
- Coordinate with Value-Chain Organization

CBBOs

CBBOs are Cluster Based Business Organizations or institutions which will work for formation, nurturing and promotion of FPOs and shall

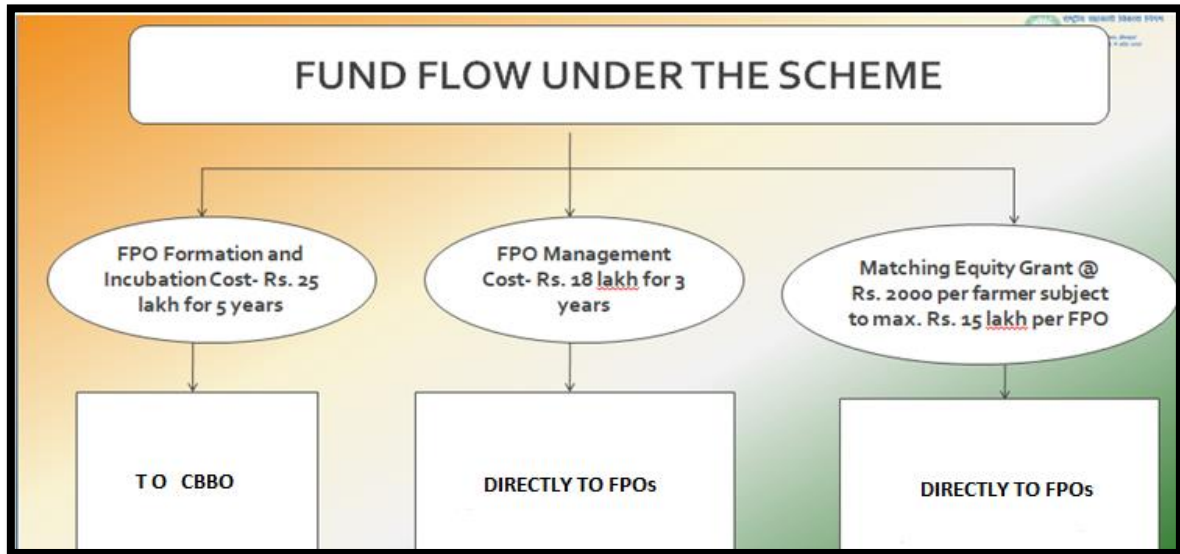
- Assist Implementing Agencies for cluster identification, community mobilization and baseline survey
- Assist in Preparation of Business Plans for FPOs
- Assist FPOs in availing Equity Grant, establishing regular interface with stakeholders and identifying training needs of FPOs

CRITERIA FOR IDENTIFICATION OF CBBOs

- Should be a Legal entity, existing for past 3 years Turnover more than Rs. 2 crores in Plain areas and more than Rs. 1 crores in NE and Himalayan areas
- Must have engaged or willing to engage professionals in the field of Crop Husbandry, Agri Marketing/ Value Addition/ Processing, Social Mobilization, IT/ MIS and Law/ Accounts



Fund Flow under the Scheme



FPO FORMATION AND INCUBATION COST

Includes : -

- ✓ cost towards undertaking baseline survey,
- ✓ mobilization of farmers
- ✓ organizing awareness programmes
- ✓ conducting exposure visits
- ✓ professional hand holdings
- ✓ incubation, cost of engaging CBBOs
- ✓ other overheads



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FPO MANAGEMENT COST

Rs. 18 lakh for 3 years or actual cost paid to FPO

Head	Cost
Salary of CEO/Manager	maximum up to Rs.25000/- per month
Salary of Accountant	maximum up to Rs. 10000/- per month
One time registration cost-	maximum Rs. 40000/-
Office rent	maximum - Rs. 48,000/- per year
Utility charges	electricity and telephone charges up to Rs. 12000/- per year
One-time cost for minor equipment	including furniture and fixture maximum up to Rs. 1,00,000/-
Travel and meeting cost	maximum up to Rs.18,000/- per year
Misc	cleaning, stationery etc. maximum up to Rs. 12,000/- per year

MINIMUM QUALIFICATION OF OFFICE BEARERS OF FPOs

- The CEO/Manager should be a graduate in agriculture / agriculture marketing / agri-business management or BBA or equivalent
- The accountant should have educational qualification of 10+2 with Mathematics as a compulsory subject or alternatively with Commerce or Accountancy background
- Members of FPO may also be considered if they meet above criteria

EQUITY GRANT

- Matching grant up to Rs.2000/- per producer member of FPO subject to max Rs. 15.00 lakh per FPO



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Particulars	Farmers Equity (maximum)	Matching Grant Provided (maximum)
Producer Member	Rs. 2000 (say)	Rs. 2000
If FPO has 750 members, then	Rs. 15,00,000	Rs. 15,00,000

The objectives of Equity Grant are to:-

- (i) Enhance viability and sustainability of FPOs
- (ii) Increase credit worthiness of FPOs
- (iii) Enhance shareholding of members to increase their ownership and participation in their FPO

ELIGIBILITY FOR EQUITY GRANT

- FPO Cooperative has to be a legal entity, i.e. registered
- It has raised equity from its Members as laid down in its Articles of Association/ Bye laws
- Minimum 50% of its shareholders are small, marginal and landless tenant farmers
- Maximum shareholding by any one member shall not be more than 10% of total equity of the FPO
- Adequate representation of women farmer member(s) in Board of Directors (BOD) and Governing Body of FPOs
- It has a business plan and budget for next 18 months that is based on a sustainable, revenue model

EQUITY GRANT

Application Grant applications shall invariably include:-

- Shareholders list and share capital contribution duly certified by CA/Co-operative auditors
- Resolution of Board of Directors/Governing body to seek Equity Grant
- Consent of shareholders



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- Audited Financial Statements of all years in case of existing FPOs/Six months Bank account statements for new FPOs (within 1 year of existence)
- Business plan and Budget for next 18 months

DUE DILIGENCE FOR EQUITY GRANT

Due Diligence by Implementing Agencies shall include :-

- Governance aspects
 - Business and Business plan viability
 - Management Capability aspects
 - Financial aspects
- All documents and information to be verified by CBBOs and routed to Implementing Agency

EQUITY GRANT

- FPO shall, within 45 days of receipt of Equity Grant , issue eligible additional share to its shareholders
- FPOs can draw equity grant in maximum of 3 tranches (within 4 years)
- Request for second tranche to be treated as fresh application and same due diligence to be applied by Implementing Agencies

EQUITY GRANT

Equity Grant may be recalled

- in case of failure to issue additional share to members within 45 days
- Closure/dissolution of FPO within 5 years of the receipt of Equity Grant

Instance of misuse/misappropriation of Equity Grant

FORMS AND ANNEXURES FOR EQUITY GRANT

- Application form for seeking Equity Grant by FPO (Annexure -I)
- Shareholders list format (Annexure -II)



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- Board of Directors Resolution and Consent Form of all Shareholders (Annexure -III)

CREDIT GUARANTEE FACILITY

- To ensure access of FPOs to credit from mainstream Banks and Financial Institutions
- A dedicated Credit Guarantee Fund of Rs. 1500 crores has been provided for in the scheme
- It will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs
- This will improve their financial ability to execute better business plans leading to increased profits

CREDIT GUARANTEE FACILITIES

- In case of project loan up to Rs. 1 crore, credit guarantee cover will be 85% of bankable project loan with ceiling of Rs. 85 lakh
- In case of project loan above Rs.1 crore and up to Rs. 2 crores, credit guarantee cover will be 75% of bankable project loan with a maximum ceiling of Rs. 150 lakh
- However, for project loan over Rs. 2 crore of bankable project loan, credit guarantee cover will be limited to Rs. 2.0 crores only



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CREDIT GUARANTEE FACILITIES

- Credit facility available in respect of a single FPO borrower for a maximum of 2 times over a period of 5 years
- In case of default settlement up to 85% or 75 % of the amount in default subject to maximum cover as specified above
- Application form for seeking CGF cover (Annexure-IV)

ELIGIBLE LENDING INSTITUTIONS-ELIs

- Scheduled Commercial Bank for the time being included in the second Schedule to the Reserve Bank of India Act, 1934,
 - Regional Rural Banks,
 - Co-operative Banks,
 - Cooperative Credit Society,
 - **Development Funding Institutions like NCDC etc**
- **An ELI can avail Credit Guarantee for the FPO/Federation of FPOs, which are covered under the Scheme**

TRAINING AND CAPACITY BUILDING OF FPOs

- ❖ Laxmanrao Inamdar National Academy for Cooperative Research & Development (LINAC), Gurugram and Regional Training Centres (RTCs) are designated as Nodal Training Institution at central level
- ❖ The LINAC will also coordinate with other reputed training organizations like NIAM, VAMNICOM, MANAGE, NIRD, NCCT, IRMA, ASCI, etc
- ❖ LINAC has developed 45 training modules for imparting training to FPO Cooperatives and stakeholders



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Annexure - I

Application Form for seeking Equity Grant by FPO

Date:

To,

(i) The Managing Director
Small Farmers' Agri-Business Consortium (SFAC),
NCUI Auditorium, August Kranti Marg,
Hauz Khas, New Delhi 110016.

(ii) The Managing Director
National Co-operative Development Corporation (NCDC),
4, Siri Institutional Area,
Hauz Khas, New Delhi 110016.

(iii) The Chief General Manager
National Bank for Agriculture and Rural Development (NABARD),
Regional Office -----

(iv) To any other additional Implementing Agency
allowed/designated, as the case may be.

Sub: Application for Equity Grant under scheme of Formation and Promotion of 10,000
Farmer Producer Organizations (FPOs)

Dear Sir/Madam,

We herewith apply for Equity Grant as per the provisions under the captioned scheme.

1. The details of the FPO are as under-

S. No.	Particulars to be furnished	Details
1.	Name of the FPO	
2.	Correspondence address of FPO	
3.	Contact details of FPO	
4.	Registration Number	
5.	Date of registration/incorporation of FPO	
6.	Brief account of business of FPO	
7.	Number of Shareholder Members	
8.	Number of Small, Marginal and Landless Shareholder Members	



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9.	Paid up Capital (in INR)	
10.	Amount of Equity Grant sought (in INR)	
11.	Maximum shareholding of an Individual Shareholder Member	
12.	Bank name in which account is maintained	
13.	Account number	
14.	Branch name & IFSC code	
15.	Number of Directors with their briefs	
16.	Mode of Board formation (election/ nomination)	
17.	Number of Women Director(s)	
18.	Date(s) of Board/Governing Body Meetings held in the last year	
19.	Number of functional committees of the FPO: (Mention the major activities of each committee)	1. 2. 3.
20.	Roles & Responsibility of Boards/ Governing Body	1. 2. 3. 4.

2. Details of Board of Directors/Governing Body-

S. No.	Name of the Directors of Board/ Governing Body	Designation/ Role In the FPO	Aadhar Number	DIN Number	Qualifications Tenure (In yrs.)	Contact No./ Address	Land holding (In Acres)
1.							
2.							
3.							
4.							



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3. Details of Members of Board/ Governing Body

S. No	Name of the Members of Board/ Governing Body	Role in the FPO	Aadhar Number	Qualifications Tenure (in yrs.), if any	Contact No./ Address	Land holding (in Acres)
1.						
....						

4. Details of Shareholding of FPO Members-

#	Number of shareholders	Number and face value (INR) of shares allotted	Total amount paid (including premium in INR.)

We certify that no member of our FPO had availed Equity Grant facility earlier.

We submit our application along with the mandatory documents and request that the equity grant be approved.

Yours faithfully,

President/Chief Executive Officer/Manager

Authorized Representative/ Director of FPO



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Annexure - II

Shareholders' List and Share Capital contribution by each member verified and certified by a Chartered Accountant (CA) prior to submission

S.No	Member Name & Gender	Date of Membership	Share Money deposited by member (Rs.)	No. of Shares allotted (Share Value in INR)	Folio Share distinctive Number	Land holding of Shareholders (in Acres)	Land Record (Khasra No.)

Signature of President

Signature of CEO Name: Name:

Place:

Place:

Date:

Date:

Verified and certified by Chartered Accountant (CA) (Sign and Seal)



Resolution of Board of Directors/Governing Body to seek Equity Grant for Members

FPO to seek Equity Grant for Shareholders (Certified true Copy)

a) Place of meeting.....

b) Date of meeting.....

Agenda of Meeting: to avail Equity Grant support

Whereas the FPO has been formed under _____
(legal registration status of FPO) and on the basis of the decision of the AGM/EGM (held on) _____ (mention the date) to avail Equity Grant support under the Scheme.

We, the Board of Directors of the FPO unanimously resolve that-

- i. The grant shall be utilized for business enhancement of the FPO.
- ii. The basis of allocation of the said fund shall be the individual share money contribution by members and in accordance with the criteria laid down in the Scheme.
- iii. The accounts of the said grant shall be maintained in a proper manner.
- iv. The benefit of the said support shall be extended shareholder member-wise and shall be available to an individual till she/he is the member of the FPO.
- v. If a shareholder member quits the FPO at any point, the shares issued in lieu of the grant shall be retained by the FPO and shall not be paid to the member but shall be allocated to a new/additional existing member as per the scheme guidelines. This has been discussed in the AGM/EGM held for this purpose on----- and the Shareholders are fully cognizant of the Terms and Conditions of the Scheme & have agreed to abide by the same.

We further resolve that to execute the documents pertaining to this support, the President / in his absence, any one of the following Directors of the FPO



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for any reason due to non-availability of the President and the Chief Executive of FPO, whose signatures are given below and certified by the Bank are authorised to sign all documents and forms jointly. Further resolved that this Resolution be communicated to..... (Name of Implementing Agency) and shall remain in force until further notice in writing.

Signed by the CEO & Board of Directors and Sealed

S.No.	Name	Designation	Signatures



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Consent Form of all Shareholders

We are Shareholders in _____(Name of the FPO) located in_____ (Name of village/block/district/State). We have purchased_____ (number of issued Shares) worth Rs. (value of the issued Shares) from the FPO, as per the list below-

(List to be attached stating name of shareholder, gender, number of shares held face value of shares, land holding, and signature.)

We have been informed about /read the Terms and Conditions of the EG and agree to the same. In particular, each shareholder hereby agrees that the entire amount of Equity Grant sanctioned by.....(Name of Implementing Agency) on our behalf be directly transferred to our FPO's account towards the consideration of additional shares to be issued to us of equivalent amount in the FPO.

On receipt of the amount, the FPO shall immediately, issue additional shares to respective shareholders, of the equivalent amount sanctioned to each shareholder by the.....(Name of Implementing Agency)

We also agree that should any shareholder at any point cease to be a Member of the FPO for any reason whatsoever, the additional shares against the Equity Grant that stand in his/her name shall be retained by the FPO to be allocated to another Member as specified under the Scheme and that in such a case, he shall not receive the value of the share.

In support of our consent, we have affixed our signatures /thumb impressions below: Consent details:-



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	Name & Gender of Shareholder	Current Equity holding (Number and Face Value in INR)	Current Landholding (in acres.)	Signatures/ Thumb impressions
1.				
2.				
3.				

We declare that the information furnished by the shareholders above is true.

Chief Executive Officer (Seal)

President/Authorised Signatory

Certified by a Chartered Accountant (CA) (Seal) Countersigned by Bank Manager
(of the Bank where the FPC has the account) (Seal)



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Annexure - IV

Application Form for Seeking Credit GUARANTEE Cover UNDER CGF

Name of Implementing Agency (NABARD/NCDC):.....				
Address:				
.....				
Phone Number:				
(Each page of the application form should be signed by Branch head and Zonal Manager)				
Name and Address of the applicant Bank Branch :				
1 a) Complete Postal Address (*with pin-code) :				
1 b) Phone No. with STD :				
1 c) Fax No.:				
1 d) E-Mail Address:				
1 e)	Details of the authorised person of the Bank submitting the Claim:	Designation	Mobile No.	E-Mail Address.
2 Name of Borrower FPO :				
2 a)	Constitution:	Producer Organization		
2 b) Registered Office Address (*with pin-code):				
	(I). Phone No.	(II). Fax No.	(III). E-mail Address	
2 c) Business Office Address (if any)				
	(I). Phone No.	(II). Fax No.	(III). E-mail Address	
2 d) Name of CEO :				
Mobile No.				
2 e) Credit Facility for which guarantee cover sought :				
	Old	New	Expansion	Technical Up-gradation
2 f) Give details of components:-				
	Inputs:		Processing:	
	Marketing:		Any other:	
Total Investment:				
3 Banking Facilities Sanctioned by sanctioning authority (Rs. in Lakh):-				
	(I). Term-Loan :	Date of Sanction:	Amount Outstanding:	IRAC Status:



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	(II).Cash Credit :	Date of Sanction:	Amount Outstanding:	IRAC Status:
3 a)	Sanctioning Office:	Branch:	ZO / RO:	HO:
3 b)	Designation of Sanctioning Authority :			
3 c)	Sanctioning authority approval vide :			
3 d)	Sanction / Appraisal Note No.	Dated:		
3 e)	Agenda No. / Minutes conveying sanction :			
4	Name and Address of Controlling Office of the Branch (*with pin-code):			
4.a).	Name of Controlling Authority :			
4.b).	Mobile No.:			
4.c).	Fax. No. :			
4.d).	E-Mail Address. :			
5	Present status of FPO Activity : (Give component wise details)			
5. a)				
5. b).				
5. c).				
5. d).				
5. e).				
5. f)				
6	Status of Accounts			
6. a).	Term-Loan:			
	Amount of Disbursement till date :		Outstanding as on date :	
	i). First Installment due on (date) :			
	ii). Last Installment due on (date) :			
6. b).	Cash Credit :			
	Limit:	Drawing Power:	Outstanding:	
	Comments on Irregularity (if any):			
	Any adverse comments on the unit by inspecting official in last inspection report:			
7.	A. Cost of Project (as accepted by sanctioning authority)(In Rs. Lakh)		B. Means of Finance (as accepted by sanctioning authority)(In Rs. Lakh)	
	Give component wise details		a. Term loan of Bank:	
			b. Promoter Equity	



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			c. Unsecured loan :	
			d. Others if any	
	Total		Total	
8.	A. Forward Linkages:		B. Backward Linkages with Small/Marginal farmers:	
	1		No. of members:	
	2		Details of Primary and Collateral Securities taken by the bank (if any)	
	3		a. Primary Securities	b. Collateral Securities
	4			
	5			
	6			
	(Please enclose details separately)			
9	Name of the Consortium (If any) associated with Credit Facility with complete address, contact details and email:			
9 a)	Address (*with pin-code) :			
9 b)	Contact Details :			
9 c)	Email Address :			
Request of Branch head for Credit Guarantee:-				
In view of the above information, we request Credit Guarantee Cover against Credit Facility of Rs.....(In Rupees) to FPO(copy of sanction letter along with appraisal/process note of competent authority is enclosed for your perusal and record).				
Further we confirm that :				
1. The KYC norms in respect of the Promoters have been complied by us.				
2. Techno-feasibility and economic viability aspect of the project has been taken care of by the sanctioning authority and the branch.				
3. On quarterly basis, bank will apprise the(Name of Implementing Agency)about progress of unit, recovery of bank's dues and present status of account to.....(Name of Implementing Agency)				
4. We undertake to abide by the Terms & Conditions of the Scheme.				



राष्ट्रीय सहकारी विकास निगम

NCDC

Assisting Cooperatives. Always!

सहकारिताओं की सहायता में सदैव तत्पर

Date.....		Signature of Branch Manager with branch seal Name Designation Signature of Authorized Person in zonal office Name..... Designation
List of Enclosures		
1. Recommendation with amount of CGC sought on Bank's Original letterhead with date and dispatch number duly signed by the Branch Manager on each page.	5. Promoter's request letter addressed to the Bank Manager on original letter head of FPO	9. List of shareholders confirmed by promoter and bank
2. Sanction letter of sanctioning authority addressed to recommending branch.	6. Implementation Schedule confirmed by the bank.	10. Affidavit of promoters that they have not availed CGC from any other institution for sanctioned Credit Facility.
3. Bank's approved Appraisal/Process note bearing signature of sanctioning authority.	7. Up-to-date statement of account of Term loan and Cash Credit (if Sanctioned).	11. Field Inspection report of Bank official as on recent date.
4. Potential Impact on small farmer producers 1. Social Impact, 2. Environmental Impact 3. Risk Analysis	8. a). Equity Certificate, C.A/CS certificate/RCS certificate b). FORM-2, FORM-5 and FORM-23 filed with ROC for Company/ RCS.	* Pin Code at Column No. 1. a), 2. b), 2. c), 4. a) and 9. a) is Mandatory