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# National Co-operative Exports to deal with agriculture, textile and handicrafts

**Prabhudatta Mishra**  
New Delhi

The newly-approved National Co-operative Exports Ltd (NCEL) will cover agriculture and allied activities as well as handloom and handicrafts items by enrolling a large number of co-operatives under its fold. It will have a target to double its revenue by 2025 from the current level of about ₹2,160 crore among 10 major co-operatives that will be its members.

NCEL will have an authorised share capital of ₹2,000 crore, in which the initial paid-up share capital will be ₹500 crore to be contributed equally by Indian Farmers Fertilizer Cooperative (IFFCO), Krishak Bharati Cooperative (KRIBHCO), National Agricultural Cooperative Marketing Feder-

ation of India (NAFED), Gujarat Cooperative Milk Marketing Federation (GCMMF) and National Cooperative Development Corporation (NCDC), sources said.

## MAIN ISSUES

Initially, the registered office will be in New Delhi and NCEL will start operating from GCMMF's Delhi office, sources said. In the co-operative sector, the export turnover of GCMMF, which owns the AMUL brand, was highest at ₹1,530 crore, whereas its turnover was ₹46,481 crore in 2021-22. In all the other co-operatives, the revenue from export is even lower against turnover, officials pointed out.

"Sufficient finance, export orientation, adequate infrastructure, standardisation, market awareness and certification of products are some of

the main issues that need to be addressed for growth of exports by cooperatives," an official said. Proper institutional support for aggregation of domestic surplus, working capital, logistics, technical know-how and training are required by the cooperatives to raise their share in export basket, the official added.

"Only a few co-operatives are directly involved in exports despite their widespread presence and substantial contribution in the economy," the official said, adding NCEL could easily help double the export turnover of co-operatives in the next two years. As there is no financial contribution by the Centre or its interference in the management of NCEL, the society is likely to operate purely as a business entity, similar to what AMUL has demonstrated, the official said.



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## Primary concerns

*Rural cooperatives' reforms hold out promise*

**T**he Union Home Minister and Minister for Cooperation, Amit Shah, has been on an overdrive to revamp India's fragmented co-operatives sector. The picture that is emerging is of three multi-State co-operative societies at the national level — to deal with the production, marketing and distribution of seeds, organic produce and exports, respectively; these will consolidate a push in these areas, and more, down to the grassroots.



At the latter end, the primary agricultural credit societies (PACS) are being primed. Model bye-laws have been framed to enable them to diversify their business activities. PACS, administered by the respective co-operatives Acts of the States, essentially provide credit for farm inputs. While the Centre has said that the bye-laws have been framed in consultation with the States, turf wars cannot be ruled out in the future. The goal seems to be one of the apex co-operatives and more robust PACS working with a business intent, aggregating volumes and standardising produce with a view to capturing export markets. Some of these PACS could eventually turn into multi-State co-operative societies (under the Centre's control). In fact, Amul and five co-operatives have formed a multi-State co-operative society for the promotion of organic produce under the Amul brand.

However, co-operatives, with their large memberships, have also emerged as vehicles for mobilisation of funds, exercise of political power and patronage even as their role in creating social institutions cannot be dismissed. Those controlling these bodies — including regional political groupings in Maharashtra, Karnataka and Kerala in particular where co-operatives are strong — may view the Centre's moves with suspicion. Shah informed the Rajya Sabha last month that there are 95,000 PACS (one for every five or six panchayats) with a membership of 13 crore. Not surprisingly, political careers are made or unmade at the PACS level. PACS are refinanced by NABARD through 351 district co-operative banks and 34 State Cooperative Banks. Urban co-operatives have now come under Reserve Bank of India's supervision, while the oversight of State Cooperative Banks and District Cooperative Banks has been delegated to NABARD.

A Rajya Sabha question last month on the finances of PACS is revealing. Of the 73,250 PACS for which data is available, 51,344 PACS reported profit in FY21 while mobilising deposits of ₹1.14-lakh crore and having loans outstanding of ₹1.94-lakh crore. This looks better than assessments made by the 2013 Prakash Bakshi committee, which had suggested making them adjuncts of district banks. However, a clearer picture will emerge once the Centre completes its project of computerising 63,000 PACS, linking their systems with district and State-level banks. PACS' huge base and outreach to small farmers cannot be discounted. With KYC systems and a dash of enterprise, the Centre's ambition of creating three lakh PACS can be realised — provided it proceeds tactfully with the States.



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# From Anand, Amul to anchor NCOL to boost India's organic exports

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New Delhi

National Co-operative Organics Ltd (NCOL), which got the approval of the Union Cabinet last week, aims to propel India's share (currently less than 3 per cent) in the global organic market, estimated at ₹10-lakh crore, where the US, Germany and France together have nearly two-third share.

With an authorised share capital of ₹500 crore, NCOL will be established with initial paid-up share capital of ₹100 crore to be equally shared by the Gujarat Cooperative Milk Marketing Federation (GCMMF), National Agricultural Cooperative Marketing Federation of India (NAFED), National Cooperative Consumers' Federation of India

## © ORGANIC BOOST

NCOL will manage the entire supply chain of organic products produced by co-operatives and related entities through member co-operatives

(NCCF), National Dairy Development Board (NDDB) and National Cooperative Development Corporation (NCDC). The registered office will be at NDDB's head office in Anand, Gujarat, where GCMMF is also located.

NCOL will manage the entire supply chain of organic products produced by co-operatives and related entities through member co-operatives, an official said. It will ad-

opt various business models by utilising the brand and marketing network of GCMMF. NCOL will develop its own brand simultaneously.

## BALANCED APPROACH

"Organic farmers have been endeavouring to position up in the value chain without much success as 99 per cent of Indian organic agriculture certification belongs to grower groups, which are mostly promoted by traders. The current organic co-operative will strike a balance and create new independence for farmers," said trade policy expert S Chandrasekaran. Terming the recent government initiative a correct approach, he said: "It is also imperative that APEDA should become a stakeholder in order to create synergy in the public interest."

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