

Working Paper on the Amrit Kaal Vision For STCCS

By National Federation of State Cooperative Banks (NAFSCOB)

Credit is one of the important supply side factors which contribute to agricultural production. An efficient and effective rural credit delivery system is imperative for providing timely, adequate, and equitable access to credit for raising agricultural productivity and income. Equitable access to institutional credit is important in this context of relative scarcity of credit and the high cost of informal credit-RBI Study Report

The Context

National Federation of State Cooperative Banks (NAFSCOB) set up in 1964 will be completing 60 years of service to the Short Term Cooperative Credit Structure (STCCS) in the country during next year. During the last 6 decades the NAFSCOB has contributed significantly for the growth of STCCS in the country through various interventions and emerged as an effective representative of the sector at the National level. India celebrated Azadi ka Amrit Mahotsav i.e 75th Independence Day on 15th August, 2022. The Government of India have envisioned for a prosperous and inclusive India and the nation should emerge as a fully developed country by 2047. In its vision for the Amrit Kaal, the GoI focused on the following seven thrust areas:

- Inclusive Development
- Reaching the Last Mile
- Infrastructure and Investment
- Unleashing the Potential
- Green Growth
- Youth Power
- Financial Sector

1.1 The STCCS emerged as a credible and reliable alternative to usurious money lenders for extent credit to farmers at the turn of the 20th century. Over the last 100 plus years the STCCS played a major role in providing access to institutional credit to farmers particularly to the small and marginal farmers in the country through the large network of PACS. The STCCS also played a significant role in ushering in the Green Revolution in the Country. As at the end of March, 2021 the STCCS comprised of 1 lakh plus PACS, 351 DCCBs and 34 SCBs. PACS in the country have an unenviable outreach of 13.71 crore members and extending credit amounting to nearly Rs. 3 lakh crore. It is however observed that PACS are financing only about 30% of their members. It is also a matter of concern that the share of the STCCS in Agriculture Credit is coming down year after year, though in absolute terms it was increasing. The share of STCCS in Agriculture Credit was 40% during the FY 1999 – 2000 came down to 11.30% during 2019-20.

1.2 The STCCS has to play an important role in realizing the Amrit Kaal vision objectives as many of the thrust areas of the Amrit Kaal as mentioned earlier are in fact part of the mandate of the STCCS. It is in this context, the NAFSCOB being the national representative of the STCCS should develop the Amrit Kaal vision for the entire STCCS

to complement the national initiatives and facilitate the process leveraging its large network and outreach. It should aim at securing at least 20% market share of deposits and 50% market share of loans and advances during the Amrit Kaal period.

2. As a part of the Amrit Kaal vision for NAFSCOB, the following steps are suggested for consideration:

2.1 NAFSCOB represents the entire STCCS through member State Cooperative Banks (SCBs) which in turn are federations of DCCBs under 3 tier structure or PACS under 2 tier structure. However, to make it more inclusive, the NAFSCOB may be rechristened as the National Federation of Rural Cooperative Credit Institutions or the National Federation of Rural Cooperative Institutions. Although the structure may remain the same, the change of name would reflect its outreach to the last mile.

2.2 NAFSCOB should focus on the development of all the tiers in the sector. Hence, it would be desirable to have 3 separate verticals to address the issues of development of SCBs, DCCBs and PACS exclusively. These verticals will focus on the issues specific to the structure and facilitate evolving strategies to be part of the Amrit Kaal vision effectively. Some of the suggested initiatives at different levels of the STCCS may include:

2.2.1 StCBs and DCCBs

- a. Relook at the extant bye-laws and preparing model bye-laws.
- b. Strategic Business Development Plans for meeting the emerging credit needs and increasing market share.
- c. Optimizing the branch network/BC points.
- d. Professionalization of Boards, capacity building.
- e. Professionalization and augmentation of staff in all SCBs and DCCBs.
- f. Capacity building and training of staff to meet the emerging challenges on an ongoing basis.
- g. Facilitate adoption of common Service Regulations, Performance Appraisal Systems etc.,
- h. Periodic monitoring the performance of SCBs/DCCBs
- i. Mentoring and strengthening the SCBs/DCCBs.
- j. Ensuring compliance with the regulatory and corporate governance norms prescribed by GoI, RBI, NABARD etc.,
- k. Bringing other functional cooperatives into the fold of STCCS.
- l. Periodic technology up gradation – Digital Banking Services

2.2.2 PACS

- a. Facilitating implementation of the H R Policy on a priority basis to bring about professionalism in the structure.
- b. Training and capacity building of management and staff on an ongoing basis.
- c. Introduction of Standard Operating Procedures (SOPs) covering all the activities.
- d. Preparation of Perspective Business Development Plans by PACS.
- e. Introduction of new products and services
- f. Computerization as a total ERP solution with seamless interface with higher financing agencies.

- g. PACS to function as ‘One-Stop-Shop’ for meeting all the credit and credit plus needs of members and rural community.
- h. Facilitate setting up of Common Service Centers to channelize government services through PACS (Recent MoU of Ministry of Cooperation with the Ministry of Electronics and Information Technology, GoI)
- i. Supporting and facilitating opening of 2 lakh plus new PACS as envisaged by the Ministry of Cooperation.
- j. Facilitating and supporting the Ministry of Cooperation GoI in designing and implementing the Comprehensive Transformation Package for PACS (CTPP).

3. In addition, it is further suggested that the NAFSCOB should also have the following verticals:

- i. **Development Planning and Policy Advocacy** – Be a ‘Think Tank’ for the STCCS and Liaise with the Ministry of Cooperation GoI, RBI, NABARD, State Governments etc., to bring about necessary policy interventions to support the STCCS from time to time.

Preparation and updation of manuals on different functional areas of STCCS, taking up need based studies and research projects etc.,

- ii. **Data Management** – NAFSCOB is the only source of information about the STCCS in the country. This needs to be strengthened further by creating a robust Data Centre with periodic reporting from the entire STCCS.
- iii. **Consultancy services** – To take up consultancy projects for the national and international organizations.

4. To facilitate the entire process and to realize the Amrit Kaal vision, it is further suggested as under:

- Augmentation of staff in NAFSCOB with requisite professional experience and exposure.
- Setting up of need based Regional Centers to address the specific issues of the regions and to have better access.
- To carry out the necessary amendments to the Bye-Laws of the NAFSCOB reflecting the role envisioned for the Amrit Kaal.

5. In view of the forgoing, the NAFSCOB should revisit and redefine its Vision and Mission statements reflecting the Amrit Kaal vision of the sector as suggested below:

VISION

- To be an effective leader, mentor and facilitator of the entire STCCS reaching credit and credit plus services to the last mile adhering to the principles of cooperation and to realize the mandate of **‘Sahkar se Samridhi’**.

MISSION

- To ensure efficient, vibrant, viable, sustainable, responsive, fully digitized and professionally managed STCCS at all levels through participative interventions, innovations, best practices, coordination with stakeholders and policy advocacy.

6. The outcomes / deliverables of the Amrit Kaal vision for the STCCS are expected to be as under:

- 3 lakh plus vibrant, viable, sustainable, fully computerized and professionally managed PACS providing credit and credit plus services to all their members as 'One stop shop' and contributing significantly to the national economy.
- Securing 50% market share of agri-credit and 20% market share of bank deposits.
- Professionally managed DCCBs and SCBs with good governance practices and state of the art technologies and being effective leaders of co-operative movement in the state/district.
- NAFSCOB to represent, nurture and protect the interests of the entire STCCS including PACS, DCCBs and SCBs.
- NAFSCOB to coordinate with GOI, RBI and NABARD on matters relating to entire STCCS.
- NAFSCOB to foster collaborations with the national and international agencies for strengthening the STCCS.
