9.8 INVESTMENT IN AGRICULTURAL FINANCIAL INSTITUTIONS

Introduction

The short term and medium term cooperative credit structure in Tamil Nadu operates in a three tier system consisting of the Tamil Nadu State Apex Co-operative Bank at State level, the Central Co-operative Banks at District level and the Primary Agricultural Co-operative banks at the village level. The Tamil Nadu State Apex Co-operative Bank Limited is playing a vital role in the disbursement of credit through its affiliates for both agricultural and non-agricultural credit functions. It channelises the funds provided by NABARD towards short term loans for seasonal agricultural operations, medium term loan for agricultural investment purposes, medium term conversion loans, finance for weaving community and produce pledge loans etc. The Bank provides financial accommodation to the apex co-operative institutions viz., the Tamil Nadu State Co-operative Agricultural and Rural Development Bank, the Tamil Nadu Co-operative Marketing Federation, the Tamil Nadu Consumers Co-operative Federation, the Tamil Nadu Industrial Co-operative Bank etc. and provides cash credit from its own resources to the District Central Cooperative banks to enable them to finance their affiliates. The Tamil Nadu State Co-operative Agricultural and Rural Development Bank raises the funds required for the issue of long-term agricultural loans by floating debentures. The Tamil Nadu State Co-operative Agricultural and Rural Development Bank provides long term credit to the agriculturists for their agricultural activities through a network of 181 Primary Agricultural and Rural Development Banks (PAC & RDB) situated at Block or Taluk level.

The Tamil Nadu State Co-operative Agricultural and Rural Development Bank also mobilises the funds by floatation of debentures under ordinary and special programmes.

Review of Ninth Five Year Plan

The financial performance in the Ninth Five Year plan period is given below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Scheme</th>
<th>Ninth plan (Rs. in crores)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Outlay</td>
</tr>
<tr>
<td>1</td>
<td>Contribution towards coop. agri and rural development bank debenture for normal transactions</td>
<td>0.75</td>
</tr>
<tr>
<td>2</td>
<td>Contribution towards coop. agri and rural development bank debenture for special transactions</td>
<td>69.25</td>
</tr>
</tbody>
</table>
Tenth Five Year Plan

The easily approachable avenue available for rural people is the cooperative credit institutions at the village level viz., PAC banks for short and medium term credit and PCA & RD Banks for long-term credit and these should be made healthy for effective delivery of credit. To improve the financial position, programmes to be implemented during the Tenth Plan are as follows:

1. Contribution towards Tamil Nadu State Co-operative Agricultural and Rural Development Bank—Debentures for Normal Transactions (Rs. 50 lakhs)

The Tamil Nadu State Land Development Bank raises the needed funds for the issue of long-term loans through floatation of ordinary and special development debentures. The debentures floated by the Tamil Nadu State Co-operative Agricultural and Rural Development Bank under the normal programme are subscribed by the L.I.C. of India, the Government of India and the State Government. Issue of loans under normal programme is limited to purposes like cattle shed, farmhouses, fencing of land, discharge of prior debts and purchase of lands etc. The contribution by the State Government is generally estimated at 10% of the total debenture programme for normal transactions and the exact amount is indicated by NABARD.

2. Contribution towards Tamil Nadu State Co-operative Agricultural and Rural Development Bank—Debentures for Special transaction (Rs. 35 crores)

The Tamil Nadu Land Development Bank raises the needed funds for issue of long-term loans on schematic basis through floatation of special development debentures. Issue of loans under special development debentures is for minor irrigation and Integrated Rural Development Programme. The State Government, the Government of India and the NABARD subscribe the debentures under special schemes. The contribution by the State Government and Government of India are on matching basis.

A total sum of Rs. 35.50 crores is provided for Tenth Plan in respect of "Investment in Agricultural Financial Institution" under the State Plan Schemes.