

**Draft Report of the Committee**

**On**

**H.R. Policy for PACS**

**and other related issues**

**July, 2016**

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## **1. ACKNOWLEDGMENTS**

- 1.1 At the outset, the Committee would like to thank the Special Chief Secretary to Government of Andhra Pradesh (Agriculture & Cooperation) and the Special Commissioner for Cooperation and Registrar of Cooperative Societies for providing an opportunity to study the existing Human Resource systems in Primary Agricultural Cooperative Credit Societies and recommend H.R. policy and suggestions on related issues of PACS.
- 1.2 The Committee acknowledges with thanks the support given by Sri P.VenkateswaraRao, President, APCOB. The committee places on record its appreciation for the valuable assistance provided by Sri T. Srinivasulu, Additional Registrar (Rtd) and Sri N.RatnagiriRao, Senior Inspector for providing secretarial services to the committee.
- 1.3 The committee thanks all the Presidents and CEOs of DCCBs, Presidents of PACS, NABARD Regional Office, Andhra Pradesh and its officers and District Development Managers of NABARD, District Cooperative Officers, District Cooperative Audit Officers, Divisional Cooperative Officers, representatives of the PACS unions, employees of PACSs, employees of DCCBs for their support and active participation in the deliberations of the Regional consultative meetings.

## **2. INTRODUCTION**

- 2.1 Primary Agriculture Cooperative Credit Societies (PACs) are the building blocks of the Short Term Cooperative Credit Structure (STCCS) in the country. The health and strength of the STCCS largely depends upon the health and strength of the PACS. Appreciating the criticality of strong and vibrant primary credit structure, the Vaidyanathan Committee recommended a bottom-up approach for reviving the STCCS. Without strong PACS the superstructure cannot become and remain strong. The Revival Package recommended to bring the PACS to an acceptable level of financial health through cleansing of their balance sheets, strengthening their capital base and move on to upper tiers. To ensure sustainability of the revival process, the Vaidyanathan Committee recommended a slew of measures including professionalization of staff, their capacity building, infusion of technology etc., at all levels of STCCS.
- 2.2 Andhra Pradesh has the unique distinction of being the first state to accept the Revival Package recommended by the Vaidyanathan Committee and to enter a Memorandum of Understanding (MoU) with Government of India and NABARD in the month of August 2006. As a part of the implementation process, special audit of PACS was conducted, financial assistance under the package was estimated and necessary legal reforms were carried out and institutional reforms including Common Accounting System (CAS) and Management Information System (MIS) were introduced. Under the package, eligible PACS have received substantial financial assistance from GoI and GoAP for cleansing of their balance sheets and ensuring minimum CRAR as required. The PACS staff were provided training on preparation and implementation of Business Development Plans (BDPs) to improve their financial performance and achieve sustainable viability.
- 2.3 Despite implementation of various measures envisaged under the Revival Package, the financial status of majority of PACS has not seen much improvement and many of them had difficulty even to pay salaries to their staff and comply with the guidelines issued by NABARD on expenditure and manpower norms and capacity to pay. One of the main reasons for this was the excess staff in some of the PACS on account of the consolidation exercise carried out in the year 2004-05. In this backdrop and also in view of the several representations received from Associations and Unions of employees, the Government of Andhra Pradesh constituted a three member

committee consisting of Registrar of Cooperative Societies, Managing Director, Andhra Pradesh State Cooperative Bank and Chief General Manager, NABARD, Hyderabad in December, 2008 vide G.O.Rt.No. 1533, dt. 5.12.2008 to look in to the service matters of employees of PACS and make suggestions to the Government. Accordingly, based on the recommendations of the three member committee, Government of Andhra Pradesh had issued orders fixing pay scales to the employees working in PACS other than de-caderized paid secretaries to enable PACS to implement NABARD guidelines on expenditure and manpower norms vide G.O.Ms. No. 151, dt.22.6.2009.

2.4 The three member committee inter-alia recommended that the Government may consider revision of pay scales at five year intervals. The state of Andhra Pradesh was bifurcated into Andhra Pradesh and Telangana states on 02.06.2014. The STCCS in the residual state of Andhra Pradesh comprised of 13 DCCBs and 2050 PACS besides the restructured APCOB. Government of Andhra Pradesh have since received several representations from the Unions and Associations of PACS employees for revision of pay scales and other benefits. Accordingly, GoAP have constituted the present committee to examine various issues and demands of PACS employees to formulate specific HR policy vide G.O.Rt.No. 71, Agriculture & Cooperation (Coop.IV) Department, dated 28.01.2016.

### **3. METHODOLOGY**

- 3.1 As a prelude to the constitution of the present committee, the Registrar of Cooperative Societies held several rounds of consultation meets with the stake holders at various levels, subject experts and representatives of Unions and Associations of PACS staff. Discussions were also held by the Hon'ble Minister for Cooperation, GoAP and Special Chief Secretary to Government of Andhra Pradesh (Agriculture & Cooperation) on the subject of representations received from the said unions and associations. Factoring in the suggestions received in these consultation meets and discussions, the committee was constituted vide G.O.Rt. No. 71 referred to earlier. Further, it was suggested to the committee to hold regional level consultation meets with the representatives from all stake holders viz. DCCBs, PACS, Department Officials, Unions and Associations.
- 3.2 Accordingly, the committee held three regional consultation meets as indicated below:
- (1) Vijayawada covering the districts of West Godavari, Krishna, Guntur and Prakasam on 15.3.2016;
  - (2) Tirupathi covering the districts of Nellore, Chittoor, Kadapa, Kurnool and Ananthapur on 19.04.2016 and;
  - (3) Visakhapatnam covering the districts of Srikakulam, Vizianagaram, Visakhapatnam and East Godavari on 26.4.2016.

During the consultation meets, the stake holders made oral submissions as well as submitted written representations. Some of the participants have also sent their suggestions to the committee through mails and e-mails.

- 3.3 The committee was also required to visit some of the states like Kerala, Maharashtra, Madhya Pradesh etc. to study the best practices adopted by the PACS in those states and suggest measures for strengthening of PACS in the state of Andhra Pradesh. However, the committee could not undertake these visits due to official exigencies. The information that was obtained from Madhya Pradesh and Odisha states by the committee members in a different context were factored in while preparing the report.

## 4. RECOMMENDATIONS ON HUMAN RESOURCES POLICY FOR PACS

### 4.1 H.R. POLICY:

Strength of any organization would largely depend on the quality of its human resources. Creating a cadre of competent professionals with the knowledge of basic banking principles, business development, principles of cooperation remains one of the major challenges before PACS. Capacity building of the existing staff to meet the challenges on a continuous basis, sourcing requisite competent personnel for meeting the emerging business opportunities within their paying capacity remained a major constraint before the PACS.

Taking in to consideration the suggestions received from various stake holders, practices obtained in different institutions, the emerging business opportunities and proposed infusion of technology, the following recommendations are made:

#### 4.1.1 Categorization of PACS:

As at the end of March, 2015 the aggregate business (Deposits +O/S Loans and Advances) of 2050 PACS was of the order of Rs.8401.57 crores. The average business per PACS worked out to Rs.409.83 lakhs. In the context of subsequent growth in the business and emerging business opportunities and on the lines of the recommendations made by the Mitra Committee for categorizing the SCBs and DCCBs the PACS may be categorized based on the financial position as at the end of previous financial year as under:

Sl. No.	Business level (Rs. in crores)	Category of PACS
1.	Above Rs. 10 Crores	A
2.	Rs. 5 crores and upto Rs. 10 crores	B
3.	Below Rs. 5 crores	C

#### 4.1.2 Proposed staff strength:

Sl. No.	Grade of PACS	Proposed staff strength		
		Chief Executive Officer (CEO)	Assistant Executive*	Sub Staff **
1.	A	1	3	2
2.	B	1	2	1
3.	C	1	1	1

\* Assistant Executive cadre will include clerks, accountants, salesmen, computer operator etc.

\*\* Sub staff cadre will include attenders, godown keepers, machine operators, drivers, night watchmen and other subordinate staff

4.1.2(a) The proposed categorization of PACS will encourage them to move upwards through business development.

4.1.2(b) The proposed designations enhance the self-esteem of the employees.

4.1.2(c) PACS which deliver multiple services may consider suitable augmentation of staff depending on the work load and the number of activities, subject, however, to conformity with the overall capacity to pay norms of NABARD.

#### 4.1.3 Scales of Pay:

Taking in to consideration the representations received and NABARD guidelines regarding capacity to pay the committee has recommended the following revised pay structure with 10% enhancement over the pay scales of 2009 duly merging the D.A. of 286.55% as on 01.04.2014.

CEO	:	6975-100/2-7175-125/2-7425-145/2-7715-165/6-8705-185/6-9815-205/3-10430
Asst. Executive	:	6745-80/2-6905-95/2-7095-120/4-7575-140/6-8415-160/4-9055-180/3-9595
Sub staff	:	6560-65/6-6950-75/5-7325-90/4-7685-115/3-8030-135/2-8300-155/1-8455

#### 4.1.4 D.A. :

For future increases of D.A. the pattern adopted by DCCBs may be followed both for quantum and periodicity.

#### 4.1.5 H.R.A.

10% of basic pay subject to a minimum of Rs.700/- and a maximum of Rs.1000/-

#### 4.1.6 Stagnation increments:

Three stagnation increments equivalent to the last increment in the time scale may be allowed after reaching the maximum scale @ one increment per three years.



#### **4.1.7 Professional Qualification Increment**

PACS may consider granting special increment in the time scale for acquiring professional qualifications from the date of announcement of results, as follows:

- a) JAIIB – One increment
- b) CAIIB – One increment
- c) C-PEC certificate – One increment

#### **4.1.8 Fitment**

The fitment in the revised scale of pay will be on stage to stage basis. There shall be no change in the dates of annual increments because of the fitment.

#### **4.1.9 Fixation:**

Revised scales would be applicable from 01.04.2014 with monetary benefit from 01.04.2016 only.

4.1.10 The Managements of PACS may not be allowed to change the pay scales. However, PACS may consider providing additional productivity related financial incentives to staff subject to conformity with the capacity to pay norms of NABARD.

#### **4.1.11 Capacity to Pay:**

- (a) PACS may broadly conform to the guidelines issued by NABARD on expenditure and manpower norms and capacity to pay. To help the PACS which do not conform to the above guidelines, it is recommended that a District Level Support Fund (DLSF) may be constituted with equal contribution from SCB and DCCB concerned. SCB and DCCBs may amend the existing rules governing Institutional Development Fund for PACS or CDF to meet the requirement. Where such fund does not exist appropriate provisions may be created by the DCCBs concerned.
- (b) For PACS which do not conform to the capacity to pay norms of NABARD, a 3 year time line may be given for providing support from the fund suggested above on a tapering basis, @ 100%, 75% and 50% during the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> years respectively. These PACS should prepare a specific action plan to comply with the NABARD guidelines within a period of 3 years. The implementation of these action plans will be reviewed before the release of 2<sup>nd</sup> and 3<sup>rd</sup> year support. For the purpose of arriving at the quantum of assistance to be provided out of this fund the PACS have to be identified basing on the formula given by the RCS through Rc. No. 1043/2009/PC 1, dt. 15.04.2010. If the PACS do not conform to the norms within three years, it will be considered for liquidation.

#### 4.1.12 **Other Welfare measures :**

**Insurance:** Employee along with spouse and two dependent children to be provided insurance coverage under Prime Minister JeevanJyothi and Prime Minister SurakshaYojana or any such insurance scheme as also health insurance cover with 50% premium borne by the employee and the remaining 50% premium borne by PACS, subject however to the condition that 50% premium should not exceed Rs.2,500/- per annum. If any better scheme is already in operation in any of the PACS, it may be continued.

#### 4.1.13 **Encashment of Earned Leave :**

All the employees of PACSs are eligible for encashment of 240 days of earned leave at their credit at the time or retirement on attaining the age of superannuation/death.

Employees of PACS which are in profits may be allowed to surrender / encash earned leave of not exceeding 15 days in a year. The employees of PACS which are dependent on DLSF are not eligible for such benefit.

#### 4.1.14 **Gratuity :**

For every completed year of service, the employee is eligible to get 15 days of pay towards Gratuity as per the Gratuity Act, with a maximum of Rs.2.00 lakhs. The Managing Committee shall sanction the gratuity to the employee of Society.

4.1.15 Funeral expenses of Rs.5,000/- shall be payable on behalf of the PACS employees on death while in service.

#### 4.1.16 **Festival Advance:**

Employees of PACS which meet their establishment expenditure on their own and without depending on the District Level Support Fund and having no defaults to higher financing agencies will be eligible for Festival Advance equivalent to one month pay (Basic + DA) recoverable in 10 equal monthly instalments without interest.

#### 4.1.17 **Personal Loan:**

Employees who have completed 5 years of service will be eligible for a personal loan of up to Rs. 50,000/-, at an interest rate not below the interest charged on commercial lending / maximum lending rate charged by the PACS to the ultimate borrower under any purpose.

#### 4.1.18 **Maternity leave:**

On par with State Government employees shall be sanctioned.

## **5. COMPUTERIZATION OF PACS**

- 5.1** Vaidyanathan Committee laid emphasis on infusion of Information Technology in STCCS at all levels commencing with PACS. In pursuance of the same, computerization of PACS was initiated on an ambitious note in the year 2008 as per the G.O. of the Government of Andhra Pradesh. However, the project remained either incomplete or a nonstarter or abandoned half way through by the service provider. It is understood that out of 2050 PACS, about 600 PACS were taken up for computerization and only about 300 PACS are said to be using the same. It is understood there is no support from the service provider as the field staff have been withdrawn by them. It is also understood that the service provider has submitted in writing that it would be not possible for the company to continue with the project. Thus the computerization of PACS has received a serious set-back and is delayed at least by a decade adversely affecting the business development in particular and revival process in general.
- 5.2 The Governments have implemented DBT, financial inclusion project etc. which is not possible through PACS for want of computerization of their operations- thus losing huge business opportunity. The latest threat in the form of grant of banking licence to Post Offices which have deep penetration and spread comparable with PACS is an issue which reiterates the need to take a quick review of the position obtaining in PACS in terms of their competitive edge and their ability to serve and meet the needs of their clientele.
- 5.3 Under these circumstances, computerization of PACS is no longer an option but it is an essential part of the survival strategy. Hence, computerisation of PACS will have to be taken up on an accelerated and mission mode so as to be relevant to their stake-holders and to face the challenges of competition. From the point of view of higher financing agencies and the regulators, computerization of PACS will provide real time information for taking informed decisions and for formulating appropriate policies. Computerization will also make the decision making at the PACS level faster and reduces the drudgery of staff in maintaining record of their operations manually. Without losing further precious time computerization of PACS should be taken up on top priority basis.
- 5.4 While state as a unit can be considered for achieving scales of economy of computerization, individual districts may also be allowed to computerize their PACS if it will accelerate the process.

- 5.5 An empowered group may be set up at the state level to examine all related issues including funding support and to guide and drive the computerization process. The group may also study the successful computerization models of PACS in the country, for example Raigarh district in Maharashtra. The computerization process of all PACS should be completed before December, 2017.

## 6. RECRUITMENT, TRANSFER AND PROMOTION

6.1 It has been observed that recruitment process at DCCBs and /or at PACS level is not attracting talent from the market. As a pre-requisite for attracting talent, the package offered to the recruits together with a well-defined career progression path is to be laid down. The image of the institutions also plays an important role in attracting talent.

### 6.2 Recruitment process at PACS:

#### 6.2.1 Qualifications:

Qualifications required for various posts are specified as under.

- a) **CEO:** Graduate from a recognised university. Degree or diploma in Co-operative management desirable. Knowledge in computers is essential.
- b) **Assistant Executive :** Degree from any recognised university with proficiency in Computers
- c) **Sub-Staff:** SSC Pass

The existing CEOs and Assistant Executives who do not possess the requisite qualifications as above shall acquire Degree/JDC/ C-PEC certificate within 3 years from the date of issue of G.O. by the Govt. of A.P. on these recommendations.

- 6.2.2i) Every year assessment of present and future vacancies arising in the following financial year shall be done and their requirement shall be worked out by the DLEC as mentioned at Chapter-9 of this report, which is responsible for recruitment of staff on behalf of the PACSs.
- ii) 25% of the vacancies in the posts of CEOs and Assistant Executives arising within a district shall be reserved for eligible candidates from the PACS and in case eligible candidates are not available for the CEO/ Assistant Executive posts in the PACS, the society can go in for direct recruitment by notifying the vacancy through DLEC.
- iii) Weightage of 5 percentage points in promotions and recruitments (including recruitment to the posts in DCCB) shall be given to candidates holding HDC/ JDC / PGDCRS / C-PEC certificates.
- iv) The recruitment process shall comprise a written test conducted by the APCOB-Cooperative Training Institute and an interview for the selected candidates by the said committee
- v) For the purpose of recruitment of new staff based on requirement given by individual PACS, staff existing as on 1.4.2016 may be taken on record. Provided such staff members have put in a minimum of five completed years of previous service as on 31.03.2016 as evidenced by the acquaintance register.

- vi) Any surplus staff as identified by the said committee may be redistributed among the other needy PACS subject however to the condition that those staff members who have not completed five years of service as on 31.3.2016 shall not be in the zone of consideration at all.
- vii) A pool / panel of select candidates in direct recruitment process may be maintained for two years.

### 6.3 **Compassionate Appointment :**

Compassionate Appointment requests received from PACS shall be considered by the DLEC as mentioned at Chapter 9 and eligible candidates shall be allotted to PACS where suitable vacancies are available.

### 6.4 **Service Registers of PACS Staff:**

6.4.1 On recruitment by the said DLEC, staff will be allotted to individual PACS where Service Registers will be opened and maintained in duplicate in respect of each of the employee. One copy of S.R. will be maintained by the PACS concerned while the second copy will be maintained at the DLEC. On transfer to another society the S.R. will be placed before the SDLCO who will authenticate the entries till the date of transfer by affixing his signature on each page of S.R. and handover to the employee who will carry to the next station of his posting. The employee may be allowed to keep a shadow service register also which shall also be attested by the SDLCO concerned. New recruits may be provided with uniform S.R. without giving scope for any local designs etc. The State Cooperative Union may be addressed to bring out uniform service registers to the PACS staff.

6.4.2 In respect of existing staff, new S.R. system may be adopted within one month from the date of issue of the Government order on these recommendations.

6.4.3 The terminal benefits accruing in respect of each PACS staff member have to be remitted by PACS proportionate to the period of service rendered in the said PACS into a separate account to be maintained by the DLEC. The terminal benefits will be released by the DLEC. The detailed rules/operational guidelines may be framed and necessary amendments may be made in the special bye-laws by SLEC.

### 6.5 **Career path for PACS Staff:**

6.5.1 Reservation in recruitment to the posts in Category V in DCCBs to the extent 25% of the vacancies notified shall be provided to employees of PACS, subject to following recruitment process prescribed. Age relaxation for this purpose shall be on the lines of Government of Andhra Pradesh recruitment policy. Additionally weightage points as at para 6.2(iii) above shall also be provided.

## **6.6 Performance appraisal of PACS staff:**

Performance appraisal of PACS staff shall be based on the business development with reference to BDPs including specific action plans in respect of PACS not conforming to the capacity to pay norms of NABARD; maintenance of books of accounts; conduct of compliance to regulations and norms with negative remarks for any misadventures.

### **6.6.(i) CEO :**

The CEO shall prepare a self-appraisal at the end of each financial year and submit to the President of the PACS who will confirm the same along with his comments / remarks.

### **6.6.(ii) Assistant Executive & Sub staff cadres :**

The CEO shall write the performance appraisal reports.

6.6.(iii) Performance appraisal formats of SCB may be adopted with suitable modifications to meet the requirements of PACS. The SLEC may finalize and communicate the performance appraisal formats.

## **6.7 Transfer Policy:**

6.7.1 Many requests / representations were made in writing as well as at the three consultative meetings held at Vijayawada, Tirupathi and Visakhapatnam that the staff of PACS may be made transferrable. On considering these representations the following recommendations are made.

6.7.2 Transfers of CEOs and Assistant Executives of PACS may be made within the revenue division for every 3 years normally. Further no CEO shall continue in the same PACS for more than 5 years at a stretch. Uniform rules for charge handing over at the time of transfer shall be framed by the SLEC.

6.7.3 Transfers shall be effected, preferably, in the months of July/August so that the loan recovery season is not disturbed.

6.7.4 The District level committee as mentioned at Chapter 9 shall be responsible for effecting transfers based on the above parameters. In exceptional cases, transfers may also be considered within 3 years in respect of any CEO/ Assistant Executive on specific grounds / valid reasons.

### **6.8 Disciplinary Policy:**

The DLECas mentioned at Chapter 9 which is empowered to recruit/transfer etc. is the Appellate Authority for disciplinary action against CEO. In respect of other staff of PACS the present regulations (Bye-laws 2005- Bye Law No.7 & 8 of Chapter V) will continue.

### **6.9 Outsourcing of staff:**

PACS may require additional staff to meet seasonal requirements like fertilizer, seeds, pesticides distribution, procurement operations etc. In such situations the PACS may hire additional staff on ad-hoc basis for the seasonal operations. However, the expenditure on such outsourced staff has to be borne by the PACS concerned out of the income earned from such activities only and shall have no claim over the general funds of the PACS or District Level Support Fund and shall also be governed by the norms prescribed under capacity to pay.



## 7. TRAINING SYSTEM FOR PACS STAFF

- 7.1 Training of staff is a continuous process to constantly upgrade their skills to meet the challenges of ever changing and competitive environment in which the PACS are functioning. It is observed that, training is imparted to the PACS staffs more as a ritual than as a tool to improve their skills. Continuous training provides exposure to emerging challenges and keeps the PACS staff in a battle ready mode.
- 7.2 Training needs of the employees may be assessed by the PACS in consultation with DCCB and Cooperation Department and every employee of the PACS shall undergo training / skill up gradation / reorientation programmes for at least 15 days in a calendar year.
- 7.3 Broadly, training in following areas is suggested for different categories of PACS staff.
- a) CEO :**  
Business Development, Asset Liability Management (ALM), Risk Management, Governance issues – Dos and Dents, Supervision and Audit in computerized environment, Internal Checks and Controls Mechanism, Disciplinary Action, Procedure and Practice
- b) Assistant Executive :**  
Common Accounting System (CAS), Management Information System (MIS), Audit in computerized environment
- c) Sub Staff :**  
General orientation on the activities of PACS
- 7.4 Training programmes should be conducted, preferably, for short durations at the DCCB level to facilitate better attendance.
- 7.5 The DLEC may arrange to send select CEOs of PACS who show promise, to premier training institutions like VAMNICOM, BIRD, CAB etc. and exposure visits to other states every year. The total cost shall be borne by the DCCB from appropriate fund/ICDP funds as it can be considered as a management development initiative.
- 7.6 It is a common experience that majority of the staff deputed for training shy away because of the monetary considerations such as financial constraints at PACS level for payment T.A., D.A. though the training as such is provided free of cost under various schemes of NABARD, SCB etc.

- 7.6.1 It is therefore necessary that the DCCBs invest in the training of PACS staff by subsidising the TA expenditure fully.
- 7.7 It should be ensured that training programmes for the PACS staff are not conducted during their busy lending and recovery seasons.
- 7.8 Training programmes attended by the PACS staff shall be noted in their Service Registers.
- 7.9 The DLEC shall evolve a mechanism to compile and continuously update data on the training programmes attended by the individual staff members of PACS.

## **8. STATUS OF WORK FLOW AND DECISION MAKING IN PACS**

- 8.1 Members of the committee studied the work flow in seven representative PACSs in two districts of Kurnool (Gargeyapuram, Pasupula and Maddikera) and West Godavari (Yendagandi, Eletipadu, T. Narasapuram and Raghavapuram) and studied the extant practices in the decision making at PACS.
- 8.2 Major areas of PACS business are sanction and disbursement of loans under SAO and LT categories.
- 8.3 Procedure followed for sanction and disbursement of SAO loans is thus :  
Normal credit limit for all the members is prepared with a validity of 5 years. In case any enhancement of limit has to be considered for individual farmers revised credit limit is prepared in respect of such farmers taking in to consideration the applicable scale of finance. However, in certain DCCBs individual farmer wise credit limit applications are prepared annually duly considering changes in scales of finance if any.
- 8.4 As per the NABARD guidelines (Revised CKCC policy issued by NABARD vide its circular No. 71/PCD 04/2011-12, dt. 30.3.2012), individual credit limit applications for all the eligible farmer members of the society have to be prepared for both SAO and LT loans forecasting the requirement over the following 5 years.
- 8.5 While this may be the desired practice, DCCBs/PACSs do not adhere to the guidelines uniformly across the State. One reason could be resources constraint. Mere preparation of credit limit application does not guarantee nor confer a right on the farmer member for loan sanction. But however while sanctioning loans to members who have not earlier received any such facility it is desirable to follow seniority of membership lest individual likes and dislikes should interfere with the loan sanction process leaving the senior members in disillusionment.
- 8.6 It should be the earnest endeavour of the PACS to provide loans to all the deserving / eligible members. Further uniformity in procedures followed across the State augers well for the system as well as for implementing any computerization process.
- 8.7 Allotment of Long Term Loans (investment credit):

- 8.7.1 The DCCB, basing on its eligibility for refinance facility from NABARD / APCOB makes initial loaning programme to individual PACS who have achieved 50% recovery of LT loans at member level. The society in turn has the liberty to choose the member to whom such loans can be sanctioned. The PACSs are not given any policy frame work for identification of eligible members and priorities given the limitation on resources made available. What happens in practice is that the individual farmers are identified first and then applications prepared instead of scrutinizing applications received based on the eligibility criteria. It is suggested that the loan eligibility norms for LT loans are made known to the members by way of display of criteria on the notice board of the PACS.
- 8.8 The CEO of PACS may be provided autonomy in selection of borrowers under LT loans based on the laid down policy. Alternatively, a loan sub-committee comprising the President of PACS and two Directors with CEO as the convenor may be entrusted with the job of identification of borrowers based on the policy in force.
- 8.9 The policy for enhancement of loan/sanctioning additional limit under SAO to individual farmers may be laid by the Board of PACS. Identification of individual farmers based on such policy is best left to the CEO.
- 8.10 In the case of other kinds of businesses undertaken by PACS, each PACS is following its own set of rules. Standard operating practices (SOPs) together with proforma may be prepared by the SLEC (for uniformity across the state) for the existing and emerging businesses as envisaged under the PACS as MSC initiative , which will be adopted by the PACS. This may also include the accounting entries, registers to be maintained, MIS etc.
- 8.11 The SLEC may constitute a team at state level for evolving a detailed loan policy for the PACS which will act as a guiding light. A preliminary exercise to assess the potential for loans at PACS level may be made annually. The aggregate of such potential at DCCB level should form the basis for credit plan for the SCB. The loan policy may bring about rationalization of procedures simplification of documentation reducing / avoiding delays in sanction, ensuring proper monitoring & end use and effective recovery mechanism. Such policy should be reviewed periodically to meet the changes in the environment and also to meet the opportunities besides review of effectiveness of policy implementation at the ground level.

- 8.12 The present system of PACS inspection by the supervisors of the DCCBs may be reviewed by the SLEC and suggest appropriate changes to make it more

effective and purposeful. Such inspection may be entrusted to the supervisor other than the regular supervisor allotted to the PACS concerned.

9.1 A well-defined mechanism for implementation and monitoring of any procedure laid down is necessary for achieving the designated goals.

9.2 **State level :**

A State Level Empowered Committee (SLEC) may be constituted as under for guiding, reviewing, monitoring the implementation of the recommendations.

President, APCOB	- Chairman
CC&RCS	- Member
CGM, NABARD	- Member
M.D., APCOB	- Member/Convenor

The APCOB may provide necessary secretarial support to the committee. The committee shall meet atleast once in a quarter.

9.3 **District Level:**

An empowered committee may be constituted at the district level for implementing and monitoring the various recommendations on H.R. matters. The committee may be named as "District Level Empowered Committee on H.R. matters for PACS" (DLEC).

9.4 The following constitution is recommended for the DLEC

i)	President of the DCCB	- Chairman
ii)	Dist. Coop. Officer	- Member
iii)	Dist. Dev. Manager, NABARD	- Member
iv)	CEO of DCCB	- Member / Convenor

9.5 The District Level Support Fund shall be administered by the DLEC.

9.6 For considering the transfers of CEOs / Assistant Executives of PACS the Presidents of the PACS concerned may be brought in as special invitees.

9.7 The DCCBs shall provide necessary secretarial support to the DLEC besides maintaining all the records. The monitoring of training of PACS staff may also be done by such secretariat as information in this regard will be an important input while considering various proposals by the DLEC. For example., promotions, transfers to higher category of PACS etc. The DLEC may meet at least once in a quarter.

- 10.1 The committee has made an attempt to cover all the terms of reference mentioned in the G.O. Rt. No. 71, dt. 28.1.2016 and has made appropriate recommendations.
- 10.2 Necessary amendments based on the recommendations made in the report may be carried out to the relevant orders/bye-laws etc. in force. The formats for the procedures recommended have to be prepared together with guidelines thereon. The SLEC may ensure carrying out the necessary amendments within three months from date of issue of G.O. in this regard.
- 10.3 SLEC may take initiative to frame proper uniform service rules for all cadres of PACS staff by duly amending the existing special bye-laws in the context of the recommendations made by the committee, NABARD guidelines and factoring in other recent developments within a period of three months from the date of issue of G.O. in this regard.
- 10.4 The State Cooperative Bank and the District Cooperative Central Banks may arrive at an approximate figure of contribution to the District Level Support Fund to the extent of one quarter requirement as on advance to meet the salaries of the staff of PACS which are not conforming to the norms under capacity to pay. The PACS may claim reimbursement from DLSF on a monthly basis.
- 10.5 The following recommendations are made for special consideration by the authorities concerned.
  - a) Retirement age is recommended to be enhanced to 60 years on par with State government employees.
  - b) For the purpose of arriving at the income of a PACS, "interest accrued but not overdue" may be reckoned. This aspect may have to be taken up with NABARD.
- 10.6 The websites of DCCBs, APCOB, SLBC and NABARD do not provide information on the scales of finance, unit cost for investment credit etc. To provide transparency and to educate the stake-holders, the websites of DCCBs and APCOB should be more informative and updated on real time basis as is the case with the website of RBI.

## **11. ANNEXURES**

1. G.O.Rt. No. 71, Agriculture & Cooperation (Coop.IV) Dept., dt. 28.1.2016
2. G.O.Ms. No. 151, Agriculture&Cooperation (Coop.VI) Dept., dt. 22.6.2009
3. Circular Rc.No. 1043/2009/PC1, dt. 15.04.2010 of the CC&RCS
4. Lr.Rc. No. 31811/2005/116(c)2, dt. 2.10.2005 of the CC&RCS
5. Representations received from the Employees unions and PACS Presidents  
and their Associations
6. List of participants in regional meetings