Cabinet approves Central Sector Scheme “Grant in aid to National Cooperative Development Corporation (NCDC)” with an outlay of Rs.2000 crore

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today has approved the Central Sector Scheme “Grant in aid to National Cooperative Development Corporation (NCDC)” with an outlay of Rs.2000 crore for a period of four years from 2025-26 to 2028- 29 (Rs.500 crore each year from FY 2025-26).

On the basis of grant in aid of Rs.2000 crore to NCDC from FY 2025-26 to FY 2028-29, NCDC will be able to raise Rs.20,000 crore from open market over a span of four years. These funds will be utilized by NCDC for granting loans to Cooperatives for setting up new projects / expansion of plants and loan for meeting the working capital requirements.

Financial implications:

The source of finance of Rs.2000 crore (Rs.500 crore each year from FY 2025-26 to FY 2028-29) grant to NCDC shall be through budgetary support from Government of India. On the basis of grant in aid of Rs.2000 crore to NCDC from FY 2025-26 to FY 2028-29, NCDC will be able to raise Rs.20,000 crore from open market over a span of four years.

Benefits:

Approximately 2.9 crore members of 13,288 Cooperative societies of various sectors like Dairy, Livestock, Fisheries, Sugar, Textile, Food Processing, Storage and Cold Storage; Labour and Women led cooperatives. across the country are likely to get benefitted.

Implementation strategy and targets:

(i) NCDC will be the executing agency for this scheme for the purpose of disbursement, follow up, monitoring of implementation of project, and recovery of loan disbursed out of the fund.

(ii) NCDC will provide loans to cooperatives either through state government or directly, as per NCDC guidelines. Cooperatives, which are meeting the criteria of direct funding guidelines of NCDC would be considered for financial assistance directly against admissible security or state government guarantee.

(iii) NCDC will provide loans to cooperatives, long term credit for setting up/ modernization/ technology upgradation/ expansion of project facilities for various sectors and working capital to run their businesses efficiently and profitably.

Impact, including employment generation potential:

i. Funds provided to these cooperatives will lead to creation of income generating capital assets and provide cooperatives with much needed liquidity in the form of working capital.

ii. In addition to economic benefits, cooperatives through their principles of democracy, equality and community concerns are an essential tool to bridge the socio-economic gap and increase participation of women in the workforce.

iii. The availability of loans will help cooperatives in their capacity augmentation, modernization, diversification of activities, increasing their profitability and enable them to increase their productivity and generate more employment improving the economic conditions of the farmer members.

iv. Additionally, term loans for the infrastructure development also create widespread employment opportunities across different skill levels.

Background:

The cooperative sector is contributing immensely to the Indian economy. Cooperatives play a vital role in socio-economic upliftment, infrastructure development, and job creation in the rural sector. Cooperative Sector contributes substantially across all the sectors of their respective production in the country. The cooperatives in India cover a wide array of activities, including credit and banking, fertilizer, sugar, dairy, marketing, consumer goods, handloom, handicraft, fisheries, housing, etc. India has more than 8.25 lakh cooperatives with more than 29 crore members and 94 percent farmers are associated with cooperatives in some form or the other.

Due to their important socio-economic contribution to the rural economy, it is essential to support the weaker sectors like dairy, poultry & livestock, fisheries, sugar, textile, processing, storage & cold storage, labour cooperatives and women cooperatives etc. by granting them long term and working capital loans.

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