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IYC 2025



ARDBs are passing through a challenging time at present. NPA's of a historic nature above tolerable limits, restrictions in raising deposits & funds from market, stringent conditions including government guarantee for availing NABARD refinance, slow progress of computerization & digitization, issues in business diversification and advancing short term loans are among the major issues faced by the sector. ARDBs also lack a level playing field, due to their exclusion from the crop loan interest subvention scheme of Govt of India and the Agricultural Infrastructure Fund, the flagship incentive programme of the Govt for infrastructure investments in the farm sector, disallowing membership in Credit Information Companies resulting in defaulters of ARDBs freely availing loans from other agencies without clearing their default with ARDBs, lack of arrangements for insurance protection of deposits etc.

The Ministry of Cooperation in the last 2 years has taken certain important steps to address the issues in LTCCS, which include implementation of the Central Sector Scheme for Computerisation of ARDBs, which is expected to be completed by March 2026. The Ministry has also undertaken a study on 'Reforms, Restructuring and Innovations in ARDBs' through NABCONS. NABCONS in its study report recommended wide ranging legal and policy reforms including amendments to State Acts to remove the present restrictions in the working of ARDBs. The recommendations also includes reforms in the refinance policies of NABARD and other policy level support by the Central and State Govts to provide a level playing field to ARDBs.

The report includes a proposal to restructure ARDBs with the following 3 options.

- (i) To retain and strengthen the structure in States where the structure as a whole including SCARDBs and all PCARDBs are in profit and do not have any accumulated losses.
- (ii) In States where the structure as a whole is not viable, to merge viable SCARDBs with the SCB and viable PCARDBs with DCCBs.

- (iii) Liquidation of unviable SCARDBs and PCARDBs.

The Federation pointed out the practical issues in merger and liquidation of SCARDBs/PCARDBs. Liquidation of PCARDBs will necessitate additional provisions by SCARDBs equivalent to its entire loans outstanding with such PCARDBs resulting in SCARDBs also to become unviable. Similarly liquidation of SCARDBs will result in huge financial liability for state governments to settle their entire borrowings from NABARD in lumpsum, which no state government is likely to agree. It is also proposed that post-merger the State Govt should provide funding support to SCBs and DCCBs to raise CRAR at required level, which may not be possible in most of the States. The Federation suggested Govt of India to implement reforms recommended by NABCONS including legal and policy support at the level of Central & State Govts and reforms in the refinance policies of NABARD in the first phase. ARDBs in all States stand a good chance to attain sustainable viability within a period of 4-5 years once reforms are implemented, so that the proposed restructuring involving liquidation and merger will not be required.

The Ministry of Cooperation is expected to take a final call in this matter after getting the remarks of State Govts on NABCONS study report. Governments of Himachal Pradesh, Rajasthan and Haryana have submitted their remarks, so far. It is understood that these States agreed to reforms and disagreed with restructuring involving merger and liquidation. SCARDBs have reported that the consultation process at the level of the Government with concerned agencies is in progress in other States and the feedback on the report from these States are expected to be submitted shortly.

The National Cooperation Policy 2025 announced by Govt of India recently proposes constituting a Task Force by the Government to holistically examine the challenges faced by cooperative credit institutions including ARDBs. This proposal in the National Cooperation Policy 2025 is a big boost to the ongoing initiatives to strengthen the LTCCS.

**K. K. Ravindran**  
Managing Editor



## COOPERATIVES : REALIZING DREAM OF VIKSIT BHARAT@2047

**Dr. Ashish Kumar Bhutani\***

The United Nations has declared the year 2025 as the 'International Year of Cooperatives' with the theme 'Cooperatives Build a Better World.' India, with the resolve of 'Sahkar Se Samridhhi', is celebrating the social and economic contributions of cooperative societies. IYC 2025 serves as a platform to showcase success stories, promote innovation, and modernize practices across the cooperative landscape.

To fulfill the vision of Prime Minister Narendra Modi of 'Sahkar Se Samridhhi' (Prosperity through Cooperation), a dedicated Ministry of cooperation was established for the first time in India on 6<sup>th</sup> July 2021. This historic move marked the creation of an independent ministry exclusively for cooperatives, with Amit Shah entrusted with the responsibility of serving as the country's first Co-operation Minister. Prior to this, co-operative matters were handled under the Ministry of Agriculture and Farmers Welfare. The newly formed ministry was tasked with the critical responsibility of providing the necessary administrative, legal, and policy framework to bolster the cooperative movement throughout India, thereby enabling it to play a central role in the country's socio-economic transformation. The Ministry envisions an inclusive, cooperative based economic model that contributes to the nation's socio-economic development across sectors. Under the dynamic leadership of Minister Amit Shah, the Ministry of Cooperation has taken strong and swift steps to rejuvenate the cooperative sector, empowering it to foster rural development and economic inclusivity. Within a short span, the Ministry has brought renewed energy to this vast sector, which connects over 29 crore members through more than 8.40 lakh cooperative societies spread across the length and width of the country. By promoting farmer-centric cooperative models in agriculture, dairy, and self-help initiatives, the Ministry is facilitating a new era of transparency, efficiency, and empowerment for rural citizen. One of the key achievements of the Ministry has been the launch and implementation of several high-impact schemes aimed at modernizing and strengthening the cooperative sector. The Ministry has taken more than 60 major initiatives

to change the rural economy. It is mixing old ways with new ideas. This change is not only improving the institutions that already exist but also creating new jobs and opportunities in villages through modern cooperatives that use technology and involve local people.

The main part of this big change is the primary Agriculture Credit Societies (PACS). These are the base of India's cooperative system and help people in villages. PACS mainly provide financial help to farmers and small borrowers. They have been around since 1904, when the Cooperative Credit Societies Act was passed. Since then, PACS have been important in giving short and medium-term loans, providing farming materials, and offering other services in rural areas. Cooperatives have a decades-old history and in this era of information and technology, many PACS have been weakened by limited functionality, lack of digital infrastructure and outdated working systems. Hence there was a dire need to reform them to suit the needs of current rural development.

A landmark reform in this direction has been the introduction of Model Bye-laws for Primary Agricultural Credit Society (PACS) by the Ministry of Cooperation. These new bye-laws seek to transform PACS from being single-purpose credit institutions to multifunctional rural service hubs. The revised framework empowers PACS to diversify into commercial and service oriented roles that align with the needs of local communities. With widespread adoption across states and union territories, these bye-laws are gradually reshaping PACS into dynamic and responsive institutions capable of generating employment, delivering public services, and contributing to rural economic resilience.

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Digitization has also been a cornerstone of the Ministry's reform strategy. A Centrally Sponsored Project for the computerization of PACS has been launched with implementation support from NABARD. The five-year initiative aims to bring thousands of functional PACS in to a standardized digital ecosystem. Through the provisioning of IT hardware, cloud-based ERP software in regional languages, digitization of legacy records, and staff training, the government is ensuring the PACS become transparent, accountable, and seamlessly integrated with the higher tiers of the cooperative banking structure. The transformation will enable real-time accounting, efficient service delivery, and enhanced coordination between PACS, District Central Cooperative Banks (DCCBs) and State Cooperative Banks (StCBs).

In tandem with technological modernization, the Ministry is working to significantly expand the footprint of PACS. With the support of national institutions like NABARD, NDDB and NFDB, the Government has initiated the process of setting up new Multipurpose PACS/Dairy/Fisheries Cooperative Societies across the country. These new societies are being designed to operate in diverse sectors, including dairy, fisheries, warehousing, healthcare, and retail. The objective is to ensure the presence of a functional, professionally managed Cooperative Society in every panchayat, thereby providing last-mile access to cooperative services rooted in local governance and participation.

This strategic expansion and reform of PACS is expected to yield substantial benefits. As digitally enabled multi-sectoral institutions, PACS are now poised to serve as engines of rural economic transformation. They will facilitate greater financial inclusion, improve access to essential services, enhance transparency in operations, and empower communities to become more self-reliant.

Their evolution reflects the broader ambition of the Ministry to foster rural prosperity through robust and inclusive cooperative frameworks.

In line with this vision, PACS are now being empowered to operate Common Service Centers, Jan Aushadhi Kendra, Kisan Samridhi Kendra and LPG distribution, Petrol Pumps, FPO, Pani Samiti, etc. These activities allow PACS to deliver essential services such as affordable medicines, cooking

gas, digital banking, and access to government schemes. This integration strengthens the rural economy by creating local employment opportunities and bringing critical services closer to under-served communities. It also bridges the rural-urban divide, enhancing quality of life and supporting the objectives of flagship programmes like Digital India and *Atmanirbhar Bharat*.

To enable data-driven policy planning and efficient monitoring, the Ministry has also developed the National Cooperative Database (NCD). This comprehensive digital database offers real-time data on cooperatives, aiding in accurate planning, performance tracking, and transparency in fund allocation. The National Cooperative Database helps identify active dormant, and underperforming societies, enabling targeted interventions. By simplifying registration and compliance procedures, the database enhances the ease of doing business for Primary Agriculture Credit Societies (PACS) and bring them in line with modern cooperative governance practices.

Another notable development has been the establishment of three national-level multi-State cooperative societies Bharatiya Beej Sahkari Samiti Limited (BBSSL), National Cooperative Organics Limited (NCOL), National Cooperative Exports Limited (NCEL). These apex bodies are designed to support PACS in accessing larger markets and expanding their business operations. BBSSL focuses on high-quality seed production and distribution, NCOL promotes organic farming, and NCEL facilitates cooperative-led exports. By connecting grassroots societies to National and international markets, these entities are empowering farmers to diversify their income sources and integrate into value chains, furthering the Ministry's goal of rural self-reliance and cooperative-based growth.

The legal framework for cooperative societies has also been strengthened through the enactment of the Multi-State Cooperative Societies (Amendment) (MSCS) Act, 2023. This Act provides a robust legal and administrative structure for cooperatives operating across state boundaries. It aims to promote transparency, democratic management, and professional governance. Key benefits include mandatory audit and elections, enhanced member participation, and reduced political interference.





The Act fosters a conducive environment for large-scale, well-managed cooperative enterprises that can operate efficiently across India's diverse landscape.

A transformative initiative under the Ministry has been the launch of White Revolution 2.0 which revitalizes the dairy sector through cooperative models, with a strong focus on empowering rural women. This initiative builds upon the legacy of India's original dairy revolution, aiming to modernize infrastructure, increase milk production, and create sustainable income opportunities for women farmers. By forming new dairy cooperative, especially in remote areas, the programme ensures fair milk procurement, timely payments, and access to veterinary and feed services. Special emphasis is placed on women's leadership and participation, transforming them into stakeholders and change-makers in their communities.

The White Revolution 2.0 also introduces training in clean milk production, artificial insemination services, and value-added dairy product support. Farmers are linked to digital platforms and organized markets to reduce spoilage and increase profitability. The initiative aligns with the broader goals of food security, rural employment and gender empowerment under the *Sahkar Se Samridhi* and '*Viksit Bharat 2047*' visions, further solidifying cooperative as pillars of India's rural economy.

Addressing long-lasting challenges in agricultural storage, the Ministry has also launched the 'World's Largest Grain Storage Scheme' in cooperative sector. This initiative aims to build modern storage infrastructure, including warehouses, primary processing units, and custom hiring centers at the PACS level. The pilot phase has already seen warehouses constructed in 11 PACS across 11 States, with additional 500 PACS as part of the extended pilot. By decentralizing storage, the scheme reduces post-harvest losses, improve price realization for farmers, and enhances food security through better buffer stock management. It also generates rural employment in construction, logistics, and maintenance sectors.

The United Nations has declared the year 2025 as the 'International Year of Cooperatives' with the theme 'Cooperatives Build a Better World'. India, with the resolve of *Sahkar Se Samridhi*, 'Prosperity through Cooperation', is

celebrating the social and economic contribution of cooperative societies. This initiative recognizes the central role of cooperatives in the nation's development and aligns with the United Nations' global recognition of the cooperative model. IYC 2025 serves as a platform to showcase success stories, promote innovation, and modernize practices across the cooperative landscape. It aims to increase youth participation, enhance global partnerships, and reaffirm India's position as a leader in cooperative governance and innovation, and build global partnerships by positioning India as a leader in cooperative excellence.

As the country undertakes major reforms, such as digitalization, policy modernization, and the creation of national cooperative societies, IYC 2025 reinforces India's vision of '*Sahkar Say Samridhi*' and supports the long-term goal of building a cooperative-driven *Viksit Bharat* by 2047.

The vision of *Viksit Bharat 2047* is deeply embedded in India's aspirations to become a developed, self-reliant, and inclusive nation by the time it celebrates its 100th year of independence. It represents a national mission that seeks to transform every sector of the country: economic, social, technological, and environmental, into one that is modern, sustainable, and globally competitive. This transformation is not just about macro-economic progress or urban development; it is equally about uplifting rural India, strengthening grassroots institutions, and ensuring that prosperity reaches the last mile. In this broader mission, cooperatives are emerging as one of the most powerful tools of change. Rooted in local communities and powered by the principle of mutual benefit, cooperatives are uniquely positioned to deliver development that is participatory, inclusive, and sustainable.

Cooperatives have historically played a significant role in India's rural economy, especially in areas like agriculture, dairy, fisheries, and rural credit. Today, with the launch of a dedicated Ministry of Cooperation under the leadership of Prime Minister Narendra Modi and Cooperation Minister Amit Shah, the cooperative movement is being given fresh momentum. The Ministry is driving a new revolution based on transparency, accountability, digital integration, and professional management of cooperative institutions. With



lakhs of cooperative societies operating in different sectors across the country, the potential to drive transformative change from the grassroots level is immense. Through bold reforms, targeted policies, and innovative schemes, the government is making cooperatives more modern, capable, and impactful. The ultimate aim is to empower people at the local level and make them active participants in the country's journey towards becoming a developed nation.

The idea of '*Sahkar Se Samridhi*', or 'Prosperity through Cooperation', has become a cornerstone of the *Viksit Bharat* 2047 strategy. Cooperatives are uniquely positioned to bring equitable growth by directly involving people in economic activities, particularly in rural and semi-urban India. From agriculture and dairy to credit, housing, fisheries and marketing, cooperatives enable millions of Indians to participate in the country's economic journey. Ministry of Corporation is working to build a strong legal, policy, and financial ecosystem that empowers cooperatives to become efficient, professional, transparent, and future-ready institutions. This directly aligns with the *Viksit Bharat* 2047 goals of inclusive and sustainable development.

The roadmap for strengthening the cooperative movement over the next decade is both comprehensive and forward-looking. It emphasizes improving the ease of doing business for cooperative societies, expanding access to affordable finance, enhancing skills through targeted training and education, promoting greater involvement of women, encouraging youth-led entrepreneurship, and accelerating the adoption of modern technologies. These priorities aim to enable cooperatives to operate on par with other economic models while upholding their foundational values of mutual support and democratic governance. The focus is on making these institutions more agile and market-oriented without compromising their social mission. As cooperatives evolve, they are poised to generate employment, boost income, and nurture a culture of shared progress, collaboration, and community development across the nation.

The government's vision for 2047 includes turning India into a \$30 Trillion Economy and placing it among the top three economies in the world. The plan aims to eradicate poverty, ensure 100% literacy, provide quality education and universal health care, and build smart and sustainable cities. Technological innovation, clean energy adoption, robust

digital infrastructure, and scientific advancement are seen as essential elements of this roadmap. More importantly, this vision is about building a just, inclusive, and resilient society where every citizen, regardless of background, can access opportunities and live a life of dignity. In this broader national canvas, cooperatives are expected to bridge the rural-urban divide, promote grassroots entrepreneurship, and ensure that economic growth benefits everyone equally.

The role of cooperatives become critical in realizing the *Viksit Bharat* 2047 Agenda. They act as bridges between government schemes and rural communities, ensuring the benefits reach the last mile. For example, agricultural cooperatives help farmer's access inputs like seeds, fertilizers, and irrigation support while also facilitating procurement, storage, and marketing of produce. Dairy cooperatives empower small livestock farmers by giving them access to markets and processing infrastructure. Credit cooperatives provide affordable loans to farmers and small entrepreneurs, reducing dependency on informal lenders. Housing cooperatives help provide affordable homes in urban and semi-urban areas. These services, when modernized and expanded, contribute directly to economic growth, poverty reduction, and social equity, the key objectives of *Viksit Bharat* 2047.

Another major focus area is the use of technology to modernize cooperatives. With initiatives like digitalization of Primary Agriculture Credit Societies, (PACs), creation of National Cooperative Database and launch of centralized portals like the Central Registrar of Cooperative Societies, (CRCS), CRCS Sahara Refund Portal, e-Samyukti and e-samridhi the Ministry is ensuring that cooperative institutions operate with transparency, accountability, and efficiency. These reforms will not only enhance public trust in cooperatives, but also attract youth participation and professional talent to the sector. By adopting advanced tools like data analytics, satellite based farming advisory, mobile apps, and blockchain for traceability, cooperatives are being integrated into India's larger digital economy, thereby strengthening their role in *Viksit Bharat* 2047.

Inclusivity is another cornerstone of this vision, and cooperatives have immense potential to bring women, youth, and marginalized communities into the development






mainstream. The cooperative model is inherently democratic, with one-member-one vote structure, making it ideal for inclusive governance. Policies are now being framed to increase the participation of women in cooperative leadership, promote youth entrepreneurship through cooperatives, and introduce skilling and capacity-building programmes tailored to local needs. The Ministry's effort to integrate cooperatives into school and college curricula will also create awareness among students and inspire them to view cooperatives as a viable career path, not just a traditional village concept.

Looking at the future, the government envisions cooperatives playing a key role in new sectors like organic farming, renewable energy, supply chain management, agri-tech, food processing, rural tourism, healthcare services, and digital platforms. These emerging areas offer vast potential for income generation, sustainable growth, and community ownership. The involvement of cooperatives in these fields will contribute to the environmental and economic sustainability goals of the *Viksit Bharat 2047*, while also building resilience among rural populations against climate change and market disruptions.

*Viksit Bharat 2047* is not merely a government program, but a nationwide movement that seeks participation from every citizen, institution, and community. Cooperatives, by their very nature, embody collective effort, shared responsibility, and inclusive prosperity. They represent the spirit of grassroots democracy and are vehicles of social cohesion. As the nation accelerates its journey towards becoming a developed economy, the role of cooperatives will only become more central. Their ability to mobilize people, distribute benefits equitably, and sustain community-oriented economic activities makes them indispensable to India's developmental vision.


In conclusion, the *Viksit Bharat 2047* vision is bold and transformative. It calls for innovative, governance-inclusive policies and people-led development. The cooperative movement, rejuvenated with the support of the Ministry of Cooperation, stands as a powerful force to realize this vision. By enabling every citizen to participate in economic growth, especially those in rural and underdeveloped regions, cooperatives can truly transform India into a prosperous, self-reliant, and empowered nation by its centenary of independence.



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# THE PIVOTAL ROLE OF KHETI BANKS IN INDIA'S AGRICULTURAL LANDSCAPE & CULTIVATING GROWTH: A FOCUS ON GUJARAT'S KHETI BANK

Shri Vinod Shah\*

## Abstract

This article delves into the profound and multifaceted role of Kheti Banks, also known as Agriculture and Rural Development (ARD) Banks, in shaping India's agricultural economy. With a particular focus on the Gujarat State Co-operative Agriculture and Rural Development Bank Ltd., popularly known as Kheti Bank, this article commemorates its upcoming 75<sup>th</sup> Anniversary in 2026, marking three-quarters of a century since its establishment in 1951. Founded by the visionary efforts of Shri Uday Bhansigh ji, Kheti Bank Gujarat has not only been instrumental in empowering farmers through land ownership and financial inclusion but has also consistently demonstrated robust performance and a forward-looking strategy. This article highlights the bank's historical contributions, its recent commendable financial achievements, and its ambitious plans for future expansion, underscoring its pivotal role in fostering rural prosperity and agricultural resurgence in Gujarat and, by extension, across India.

## Introduction

Agriculture stands as the enduring bedrock of the Indian economy, providing sustenance for nearly half the nation's populace and safeguarding its food security. Within this vital sector, Kheti Banks, often referred to as Agriculture and Rural Development (ARD) Banks, serve as indispensable pillars, nurturing rural prosperity and broadening financial access. These institutions are, in essence, the silent architects of agricultural resilience, furnishing the essential financial support that empowers and sustains farming communities across the country.

In the vibrant state of Gujarat, the Kheti Bank distinguishes itself through both its rich historical tapestry and its impressive contemporary performance, directly fueling the state's agricultural and rural advancement. The Gujarat Kheti Bank has emerged as a shining example of how a dedicated and strategic approach can yield remarkable

outcomes. Over the past three years, it has achieved unprecedented profits and spearheaded impactful reforms, strategically positioning itself for significant expansion and innovation in the coming five years.

## The Integral Role of Kheti Banks (ARD Banks) in the Indian Economy

Historically, Kheti Banks have played a dynamic and expansive role in sculpting India's rural economic landscape. Their contributions extend far beyond mere financial aid, encompassing crucial social and infrastructural development.

### Key Contributions to the Indian Economy:

- 1. Empowering Land Ownership:** A cornerstone of Kheti Banks' historical impact has been their instrumental role in enabling tenant farmers to acquire land. By providing necessary loans, these banks were pivotal in transferring land ownership directly to cultivators, thereby fostering a more equitable distribution of agricultural land and significantly empowering farming communities.
- 2. Fostering Agricultural Infrastructure:** Kheti Banks are critical financiers in the development of essential agricultural infrastructure. This includes facilitating investments in irrigation systems, such as wells and tube wells, supporting land leveling projects, and aiding in the procurement of modern farm machinery like tractors. Such financial backing is fundamental for the modernization of Indian agriculture, leading directly to enhanced productivity and efficiency.
- 3. Liberation from Indebtedness:** By extending accessible and affordable credit, Kheti Banks have offered a crucial alternative to the often exploitative informal moneylenders. This intervention has helped countless farmers break free from the perpetual cycle of debt imposed by exorbitant interest rates, thereby safeguarding their livelihoods and promoting greater financial stability in rural areas.

\*Chief Information Officer (CIO)/ Chief Information Security Officer (CISO), Gujarat SCARD BANK, Ahmedabad.





**4. Diversification and Rural Development:** With the establishment of the National Bank for Agriculture and Rural Development (NABARD), the scope of Kheti Banks expanded considerably. Beyond traditional agricultural loans, they now finance a broader spectrum of activities, including rural development initiatives, support for cottage industries, dairy farming, and various self-employment ventures. This diversification significantly contributes to the holistic economic development of rural India.

**5. Promoting Financial Inclusion:** Kheti Banks are at the forefront of efforts to achieve financial inclusion, extending banking services to remote and often underserved rural populations. By integrating farmers into the formal financial system, they enhance access to credit, savings, and other vital financial products, which are indispensable for sustained economic growth in these regions.

#### **The Impact and Role of Kheti Bank Gujarat**

The Gujarat State Co-operative Agriculture and Rural Development Bank Ltd., widely recognized as Kheti Bank, was established in 1951 by the late Shri Uday Bhansigh ji and holds a distinguished place in Gujarat's agricultural history. Its journey is characterized by profound contributions to the state's agricultural and rural development.

#### **Historical and Operational Impact:**

- **Pioneering Land Reforms:** Kheti Bank played a transformative role in Gujarat, particularly across the regions of Saurashtra, Kutch, and North Gujarat. Following the integration of princely states into the Indian Union, the bank facilitated land ownership for thousands of farmers, a move that fundamentally reshaped the agrarian landscape of the state.
- **Extensive Outreach:** Boasting a robust network comprising 17 district offices and 177 branches, Kheti Bank ensures widespread access to medium and long-term loans for farmers throughout Gujarat. This extensive reach underscores its unwavering commitment to serving the diverse needs of the state's agricultural community.
- **Commitment to Reforms:** The bank has consistently implemented reforms aimed at

bolstering its operational efficiency and enhancing customer service. These initiatives include reducing interest rates, offering concessions for timely loan repayments, and introducing one-time settlement (OTS) schemes for account holders, all meticulously designed to alleviate the financial burden on farmers.

Kheti Bank Gujarat has propelled its recent growth through a comprehensive strategy centered on financial discipline, digital transformation, farmer-centric products, and proactive outreach across the state. These strategic pillars have enabled the bank to achieve record profits and maintain a commendable zero Non-Performing Asset (NPA) status over the past three years.

#### **Financial Discipline and Asset Quality**

Kheti Bank upholds rigorous loan approval and recovery procedures, prioritizing projects that are both economically viable and technically sound. Annual equated installments, diligent monitoring, and proactive management of overdue loans have collectively contributed to its remarkable zero NPA record for three consecutive years. Specialized schemes, such as the One-Time Settlement (OTS), have empowered numerous farmers to clear long-standing dues and reclaim their land, while robust recovery drives have consistently achieved recovery rates exceeding 50% overall.

#### **Digitization and Modernization**

Recent years have witnessed an accelerated drive towards banking modernization:

- Branch-level digitization ensures transparency, swift transactions, and efficient service delivery.
- Advanced digital platforms, including WhatsApp chatbots and a QR-code loan information system, make banking services readily accessible to the rural population.
- Renovation and modernization of offices, encompassing upgraded facilities at both headquarters and district branches, cultivate a more business-savvy environment for staff and customers alike.

#### **Kheti Bank, Gujarat: Performance in Recent Years and Future Trajectory**

Kheti Bank, Gujarat, has demonstrated an admirable



financial performance over the past three years, reflecting its sound financial stewardship and unwavering dedication to the farming community, guided by the vision of its Chairman and Board of Directors. The bank's financial data for the fiscal years 2019-20, 2020-21, and 2021-22 vividly illustrates a period of consistent growth and profitability.

Metric	31-Mar-23 (CR)	31-Mar-24 (CR)	31-Mar-25 (CR)
Share Capital	47.07	52.91	52.66
Deposits	232.86	225.1	249.79
Advances	643.39	833.65	952.58
Gross Profit	106	92.36	103
Net Profit	51.19	64.3	67.18
Net NPAs %	0	0	0
Audit Rating by Statutory Auditors	A	A	A

**For the fiscal year ending March 31, 2025, Kheti Bank reported a robust gross profit of Rs 103.10 crore and a net profit of Rs 72.05 crore.** Furthermore, the bank has maintained an impeccable **zero percent Non-Performing Asset (NPA) record for three consecutive years**, a significant achievement that highlights its prudent lending practices and highly efficient recovery mechanisms. **This consistent profitability underscores the bank's effective financial strategies and the Vision of the Chairman, and its Board of Directors.**

#### **Future Plans (Next 5 Years):**

Looking ahead, Kheti Bank, Gujarat, is strategically poised for continued expansion and innovation, with ambitious plans designed to further strengthen its support for the state's agricultural sector. These plans are in harmonious alignment with **the national vision of Sahkar Se Samridhhi (Prosperity through Cooperation)**, aiming to make substantial contributions to the prosperity and economic upliftment of Gujarat's rural population.

- **Expanding Loan Programs:** The bank intends to broaden its loan portfolio, introducing new and meticulously tailored financial products to meet the evolving needs of farmers and rural entrepreneurs.

This expansion will ensure that a wider segment of the agricultural community benefits from its comprehensive services.

- **Lowering Interest Rates:** Committed to making credit even more affordable, Kheti Bank plans to further reduce interest rates on its loan offerings. This initiative aims to alleviate the financial burden on farmers and actively encourage greater investment in agricultural activities.
- **Enhancing Digital Banking Services:** Recognizing the paramount importance of technology, the bank will prioritize the enhancement of its digital banking services. This includes developing user-friendly platforms and intuitive mobile applications to make banking more convenient, accessible, and efficient for its customers across the state.
- **Branch Expansion:** To deepen its reach and ensure comprehensive coverage, Kheti Bank plans to establish branches in all 252 talukas of Gujarat. This ambitious expansion will bring essential banking services closer to farmers in even the most remote areas, thereby fostering greater financial inclusion and stimulating local economic development.

#### **Conclusion**

Kheti Banks are far more than mere financial institutions; they are genuine partners in the progress of India's farmers. The Gujarat Kheti Bank, with its powerful blend of historical legacy, outstanding recent performance, and a clear, forward-looking strategy, unequivocally underscores its vital role in Gujarat's—and by extension, India's—agricultural resurgence and rural prosperity. The Kheti Bank, Gujarat, stands as a compelling testament to the remarkable achievements possible for a dedicated, professionally managed regional bank. Its stellar performance over the last three years provides a robust foundation for its future, which is envisioned to be tech-driven and inclusively growth-oriented. As it embarks on its next five-year plan, Kheti Bank Gujarat is perfectly positioned to strengthen Gujarat's rural economy and make significant contributions to the national economy.



# AI, INNOVATION AND COOPERATIVES: BUILDING INCLUSIVE SUPPLY CHAINS FOR FRUITS AND VEGETABLES IN INDIA.

Dr. V.M. Chaudhari\*

## Abstract

India is the second-largest producer of fruits as well as vegetables, accounting for 11.3% and 11.8% of global production each, respectively. India's post-harvest losses of fruits and vegetables range from 4.58 - 15.88% of the country's horticulture production. Supply chain of fresh fruits and vegetables to the end user is a complex network which affects the pricing and food security. A sustainable supply chain stimulates the overall development process of the economy. The study found that the supply chain of fresh fruits and vegetables is characterized by number of intermediaries, improper standardization of produce, poor infrastructure for storage and transportation, lack of proper cold chain, problem of demand and supply mismatched and lack market information. This paper also examines the application of information technology in the supply chain of three successful tech-driven supply chain businesses, Ninjacart, Crofarm, and Agrofarms, each focusing on a different marketing channel of fresh fruits and vegetables. Modern horticulture sector is highly information driven which enhances the production, distribution and market. Models reviewed in this paper show how technology integrated in each step supply chain of fruits and vegetables enhances its efficiency, traceability, and total quality management of the produce. Building inclusive fruit and vegetable supply chains in India through cooperatives involves empowering small farmers by strengthening their collective bargaining power, improving market access, and investing in modern infrastructure like cold storage and processing units.

## Introduction

India, with a population of **1.27 billion**, is projected to grow to **1.52 billion by 2036** (Report of Technical Group on Population Projection, 2020). Agriculture continues to be the foundation of the Indian economy, contributing **18.8% of**

**GVA**, and employing nearly **60%** of the rural population (Economic Survey, 2021–22). About **80% of Indian farmers are small and marginal**, cultivating limited land and struggling to access modern inputs, credit, and markets.

India is also the **largest producer** of pulses, milk, and jute, and the **second-largest** producer of rice, wheat, sugarcane, cotton, groundnuts, fruits viz. Mango, Banana, Lime and vegetables viz. Cabbage, Cauliflower, and Brinjal (FAO). Prime destination of India's exports are Bangladesh, UAE, Netherland, Nepal, Malaysia, UK, Sri Lanka, Oman and Qatar. Major fruit exports include **Grapes, Mangoes, Pomegranates, Bananas, and Oranges**, while **Onions, Potatoes, Tomatoes, and Green Chilies** dominate vegetable exports (APEDA).

Given this vast production base, India has huge potential for export and domestic value addition. However, the lack of efficient supply chains often results in low farm-gate prices and high consumer costs.

## The main objectives of this study are:

- To explore the challenges and problems faced in supply of fresh fruits and vegetables by small growers.
- To understand the models of successful tech-driven supply chain platforms in India.
- To understand cooperative model of supply chains for fruits and vegetables in India.

## Problems in the Marketing of if fruits and Vegetables

Traditional Marketing of fruits and vegetable is characterized by a number of intermediaries resulting in high marketing cost, ultimately leading farmers to isolate from market centers. Lack of storage, transportation and unfavorable Mandi's facilities leads to distress sales. Farmers sell their produce to village moneylender cum trader at a very low price due to lack of credit facilities (Kumar, 2018). Commission agents procure produce at very nominal price

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and sell it to retailers after adding their commission, retailers are accounted for maximum margins in supply chain (Bisen et al, 2018), (Shanker & Singh (2016) found that the existing marketing system of vegetable in the Ranchi District was proven to be inadequate and inefficient. This happened due to the low procurement centers with the absence of any storage infrastructure, unorganized small farmers, and high transport costs.

### Potential of Technology Driven Supply Chain

Apart from credit and extension, the marketing of products of small and marginal farmers is the main problem. Linking the technology to marketing channel can provide an end-to-end holistic integrated approach covering the pre-production, production and post-harvest management and marketing of the produce and assure appropriate returns to the growers. Digital Platform provide better market linkage to connect farmers output directly with the consumer. It helps in reducing post-harvest losses, farmers get better prices and consistent demand, on the other end retailers receives fresh produce at competitive prices that are delivered to their door step. It reduces the intermediaries by taking control of Supply Chain by using technology and analytics. It is the most cost efficient, and high-speed logistics and infrastructure to solve the inefficiencies existing in traditional Supply Chain.

To overcome traditional inefficiencies, integrating **digital platforms and AI-driven logistics** into agri-supply chains offers a transformative solution. Technology can provide **end-to-end connectivity**—from pre-harvest planning to post-harvest marketing.

**Digital supply chain models** enable farmers to connect directly with consumers, retailers, and businesses through mobile apps. They enhance market transparency, ensure real-time demand visibility, and enable better price discovery. Platforms like **Ninjacart, Crofarm, and Agrowave** have demonstrated how tech-enabled models reduce intermediaries, shorten the supply chain, cut post-harvest losses, and ensure fair returns to farmers while offering consumers **fresh produce at competitive prices**.

**Successful case studies of tech-driven market linkage of small fruits and vegetables growers**

Following platforms considered in this study, use sophisticated supply chain algorithms that efficiently connect the farmers to the markets through different channels;

Ninjacart: Farmers to Retailers, Crofarm: Farmers to Consumers and Agrowave: Farmers to Businesses. These platforms are disrupting the conventional supply chain of fruits and vegetables, which consist of intermediaries between farmers and buyers, creating market price inefficiencies. They simplify the value chain by sourcing produce directly from farmers and distributing to different segments of buyers, including individual buyers, modern retail and HoReCa (Hotel, Restaurant, and Catering).

#### 1. Ninjacart

Founded in 2015, Ninjacart is India's leading **tech-enabled fresh produce supply chain** platform. It connects farmers directly with retailers, restaurants, and service providers, eliminating intermediaries. Operating in major cities such as **Bangalore, Chennai, Hyderabad, Delhi, Ahmedabad, Pune, and Mumbai**, it manages more than **200 collection centers and 1,200 warehouses** across India. Using advanced analytics, it optimizes sourcing, routing, and inventory to ensure efficiency, hygiene, and affordability. Farmers benefit from steady demand and transparent pricing, while retailers receive fresh, quality produce at lower costs.

#### 2. Crofarm

Crofarm was created to address inefficiencies in traditional mandis. Initially connecting farmers to retailers, it later adopted a **Farm-to-Consumer (F2C)** model through a mobile app. The platform ensures that fresh produce reaches customers within **12 hours of harvest**, minimizing wastage and optimizing logistics through proprietary algorithms. By removing middlemen, Crofarm enables farmers to receive fair value and customers to access fresh, traceable produce directly.

#### 3. Agrowave

Agrowave uses a **Mobile Pickup Station (MPS)** model to collect produce directly from farmers at village level. Farmers are notified about pickup timings via mobile apps, ensuring convenience and transparency. The company



undertakes sorting, grading, and packaging before delivery to **mandis, restaurants, and retailers** in **Delhi-NCR**. With dedicated apps for both farmers and buyers, Agrowave offers price information, demand forecasts, and instant payments—reducing transaction time and increasing farmer satisfaction.

### **Cooperative model for supply chains for fruits and vegetables**

A Cooperative supply chain model for fruits and vegetables is a framework where farmers collaborate to manage key supply chain functions, including production, logistics, processing, and marketing. By working together, farmers gain greater bargaining power, reduce waste, and increase their share of the final product's price, bypassing traditional middlemen.

#### **Key components of the cooperative model**

This model integrates several functions to create a more efficient and profitable system for farmers:

- **Production cooperation:** Farmers pool resources to access better seeds, machinery, and technical training, which improves product quality and yield.
- **Value-added processing:** Establishes processing units for creating products like juices, jams, and canned goods, which reduces post-harvest losses and diversifies income streams.
- **Supply and marketing cooperation:** This is often handled by a central coordinator or agency within the cooperative.
- **Unified procurement:** Collectively purchases agricultural materials like fertilizers at lower costs due to bulk buying.
- **Sales and distribution:** Secures stable sales channels by forming direct relationships with retailers, restaurants, and wholesale markets, often through contracts.
- **Branding and quality:** Cooperatives can build their own brand and enforce quality standards, which increases their market competitiveness and reputation.
- **Credit cooperation:** Cooperatives help member's access financial services that are often difficult to

obtain for individual small farmers.

- **Financial support:** They may offer microcredit or collaborate with banks and insurance companies to provide loans and crop insurance.

### **Benefits and advantages**

Adopting a cooperative model offers significant advantages for farmers and the broader food system:

- Higher farmer income and fairer price realization.
- Reduced post-harvest losses through shared cold storage, temperature-controlled transports & pre-cooling techniques, etc.
- Enhanced market power and stable contracts with large buyers.
- Improved quality assurance with standardization in production, quality audits and training.
- Promotion of sustainable, eco-friendly farming practices, reducing pollution and waste management.
- Easy access to resources and technology like IoT sensors, technical expertise, etc.

### **Challenges and considerations**

Despite the benefits, cooperative supply chains face several challenges that need to be addressed for success:

- **Infrastructure deficiencies:** lack of proper roads, cold chain networks, and processing facilities.
- **Financial and credit access:** limited access to capital for investments in technology, storage, etc.
- **Lack of technical expertise:** lack of knowledge in modern post-harvest management, packaging standards, and advanced technologies.
- **Governance and management:** to function effectively and maintain member trust, strong governance, skilled leadership, and a transparent profit-sharing mechanism are crucial.
- **Market linkages:** Requirement of effort to maintain strong and long term relationships with retailers, buyers, etc.

### **Models of successful tech-driven supply chain platforms in India**

Successful digital supply chains leverage technologies like **AI, IoT, and cloud computing** that prioritize real time



visibility, intelligent automation and customer-centric operations. Four broad models stand out:

1. **Fulfilment and Last-Mile Delivery:** Platforms like **Flipkart (Ekart)**, **Delhivery**, and **Shadowfax** use AI-driven route optimization, real-time tracking, customer communication via apps and portals and data analytics to improve delivery speed and reduce costs especially of gig economy.
2. **Network Aggregation and Marketplaces:** Platforms such as **Blackbuck** and **Shipsy** connect truckers, shippers, and buyers through centralized digital marketplaces. **Ninjacart** applies similar principles to fresh produce, ensuring transparent pricing and efficient logistics.
3. **Integrated 3PL Services:** Companies like **TVS Supply Chain Solutions**, **Mahindra Logistics**, and **Gati** use AI, IoT and robotics to manage warehousing, transportation, and supply chain analytics for clients across industries.
4. **Cooperative Model with Technology Integration:** The **Amul Model** is a cooperative success story that uses a well-organized, tech-enabled supply chain to efficiently manage procurement, processing, and distribution of dairy products from farmers to a nationwide market.

## Conclusion

The supply chain for fresh fruits and vegetables in India suffers from inefficiency, wastage, and limited farmer profitability. **Information technology and cooperative**

**frameworks** hold the key to transforming this system. Integrating AI, IoT, and analytics can make supply chains more transparent, cost-efficient, and resilient. Building **inclusive supply chains** through cooperatives and **Farmer Producer Organizations (FPOs)** will empower smallholders with better market access, fair pricing, and value-added opportunities. Strengthening cold-chain infrastructure, ensuring product standardization, and developing professional management will further enhance competitiveness. Such collective, tech-driven approaches can reduce post-harvest losses, eliminate unnecessary intermediaries, and ensure a larger share of the consumer price goes to the farmer—paving the way for a **sustainable and inclusive agri-economy** in India. These collective models minimize post-harvest losses, shorten the supply chain and increase the farmer's share of consumer prices.

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# 7 Cooperative Principles

Foundation of the  
Global Cooperative Movement



- Voluntary and Open Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation among Cooperatives
- Concern for Community



# FEDERATION NEWS & EVENTS



**180<sup>th</sup> Board Meeting and Workshop on National Cooperation Policy 2025 on 13<sup>th</sup> September 2025 at Shimla, Himachal Pradesh**








The Board meeting was attended by the Chairpersons of member banks who are members of the Board and CEO's of member banks as special invitees. Shri Dolar Kotecha, Chairman, NAFCARD presided over the meeting.

**NAFCARD celebrates Swachhata Hi Seva 2025 on 17<sup>th</sup> September 2025 in Navi Mumbai**



As part of the Swachhata Hi Seva – 2025 campaign initiated by the MOC, the Federation organized a cleanliness drive in its office premises under the leadership of Shri. K.K. Ravindran, Managing Director, NAFCARD. Smt. Rajashree V.N, Chief Director, staff members of NAFCARD and members of BSEL Tech IT Park Community along with the cleaning, housekeeping staff of the society actively participated in the drive with interest and enthusiasm.

## Our Social Media Channels

<u>Social Media Network</u>	<u>Social Media Handle Name</u>	<u>Username</u>	<u>Social Media Profile URL</u>
Facebook 	nafcad.coop	NAFCARD.COOP	<a href="https://www.facebook.com/NAFCARD.COOP">https://www.facebook.com/NAFCARD.COOP</a>
Instagram 	NAFCARD.COOP	nafcad.coop	<a href="https://www.instagram.com/nafcad.coop">https://www.instagram.com/nafcad.coop</a>
X (Twitter) 	NAFCARD	@InfoNafcard	<a href="https://twitter.com/InfoNafcard">https://twitter.com/InfoNafcard</a>
YouTube 	NAFCARD WORLD	@nafcad_world	<a href="https://www.youtube.com/@nafcad_world">https://www.youtube.com/@nafcad_world</a>
 <b>Website - <a href="http://www.nafcard.org">www.nafcard.org</a> and URL - <a href="https://www.nafcard.org/">https://www.nafcard.org/</a></b>			

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## Humble Coconut oil turns into a Luxury on rising demand, shrinking output

Prices of coconut oil are surging in Asia, where top consumer India leads the charge with a tripling in two years, as supply shortages and booming demand for the nutrient-rich water enclosed within, turn the kitchen staple into a premium product. The price surge that began in the second half of 2024 was accelerated by output disruptions across major producer nations from India to Southeast Asia, caused by seasons of lower rainfall, extended heat, and more ravages by pests and disease. While prices are expected to ease gradually, the current rally is likely to establish a new normal. The price surge also affects unripe green coconuts harvested for their electrolyte-laden water, and products such as copra, milk, and powder, while squeezing makers of shampoo and skincare items, who prize the oil for its high content of lauric acid. Globally, coconut oil output is falling as trees age, replanting proves inadequate, and plantations grapple with a shortage of better seed varieties. World

coconut oil production was 3.67 million tons in 2024–25, with no growth over the past three decades, barring minor annual fluctuations. As weather conditions increasingly swing from hot, dry spells to sudden heavy rains, both extremes disrupt coconut production. These days, at least one producing country is affected, if dry weather is not curtailing output in Indonesia or Malaysia, it is highly likely that typhoons are disrupting production in the Philippines, or vice versa. Yields fell in 2023 as the El Niño weather phenomenon brought above-average heat and below-average rains to key growing regions. The shortfall was only reflected in 2024, since coconuts typically need nearly a year to mature after flowering. In the wake of years of underinvestment thanks to low prices, coconut production was further hit by the COVID-19 outbreak, as lockdowns brought a slump in demand and prices.

## Huge cut in fertiliser use under PM Pranam

Fourteen states have reported a reduction of 1.51 million tonne (MT) in their combined fertiliser consumption in 2023-24 over the average in the previous three years. This has been achieved under the central scheme PM Pranam, which aims at cutting subsidies and incentivising states for balanced use of chemical social nutrients, the govt stated in Parliament on 13th August 2025. In the three years prior to 2023-24, the annual consumption of fertilisers was around 58 MT. The govt supplies around 60 MT of highly subsidised fertilisers annually to farmers out of which around 18% is met through imports. In 2024-25, the govt's urea subsidy spending was ₹1.91 lakh crore. Stating that all the states and union territories are covered under PM Pranam, the fertiliser ministry has noted that there is provision of providing incentives to states for reduction in consumption of fertilizers – urea, Di-ammonia phosphate (DAP), NPK – nitrogen (N), phosphorus (P), and potassium (K) and muriate of potash (MoP). Under the scheme, 50% of the fertilizer subsidy saved by a state in a particular financial year by way of reduction in consumption of urea, DAP, NPK and MoP compared to previous three years' average consumption, is passed on as grant. The fertilizer ministry is encouraging states to adopt alternate fertilizers and promoting organic farming for reducing excessive use of chemical fertilizers which has led to deterioration of soil health. Continuous use

of chemical fertilizer alone had deleterious effects on soil health and crop productivity showing deficiencies of other nutrients. Indian Council of Agricultural Research (ICAR) has recommended soil test based balanced and integrated nutrient management through conjunctive use of both inorganic and organic sources like manure, bio-fertilizers of plant nutrients for judicious use of chemical fertilizers and to improve soil health. The fertilizer marketing companies have been promoting balanced use of fertilizers, integrated nutrient management and promotion of organic farming. In case of urea, farmers pay a fixed price ₹242 per bag (45 kg) against the cost of production of around ₹2,650 per bag. The balance is provided by the govt as a subsidy to fertiliser units. The urea prices have been unchanged since March, 2018. The retail prices of phosphatic and potassic (P&K) fertiliser, including DAP were 'decontrolled' in 2020 with the introduction of a 'fixed-subsidy' regime as part of Nutrient Based Subsidy mechanism announced by the govt twice in a year. In June, 2023, the cabinet had approved a PM programme for restoration, awareness generation, nourishment and amelioration of mother-earth (PM-PRANAM) aimed at promotion of balanced use of highly subsidized fertilizers, through providing financial incentives to the states.



## **Maharashtra govt. to let tribal farmers lease barren land to private companies**

The Maharashtra govt is set to introduce a Bill to enable tribal farmers in the State to lease their barren land to private entities, Maharashtra Revenue Minister Shri Chandrashekhar Bawankule said on 21st September, 2025. The move would not only provide tribal people with a steady source of income but also safeguard their ownership rights. Mr. Bawankule said, "Tribal landowners will benefit from this decision. If a tribal farmer wants to develop his land in partnership with an industrialist, he can now do so. At present, tribal landowners cannot independently enter into lease agreements with private entities approach the District Collector and take the final decision. Earlier, such proposals had to be approved at the Mantralaya (the State administrative headquarters) in Mumbai." Until now, such transactions were tightly regulated to prevent any misuse of tribal land, often leading to delays and dependence on State level permissions. "The proposed law would apply only to

barren land and not fertile land owned by tribal community members. The minimum lease rent will be ₹ 50,000 per acre annually or ₹ 1,25,000 per hectare a year. Farmers and private parties can mutually decide on a higher amount," the Minister said, adding that he had received several requests from tribal landowners in Palghar and Nandurbar districts to allow them to lease their land to private companies directly. At present, tribal landowners are not permitted to independently enter into lease agreements with private entities. If a private company wants to set up solar panels under a govt scheme, it could enter into an agreement with the tribal landowner, who will receive a fixed annual payment. Such income would not be possible from barren land. Farmers would receive monetary benefits per tonne or per brass of minerals extracted, though the exact quantum of benefits is yet to be determined.

## **Bio-fortified potatoes to hit Indian market soon**

The prospects are very strong for India to be a global supplier of sweet potato. Bio-fortified potatoes, with added iron content, will soon be available in Indian markets, said Dr. Simon Heck, Director General of the Peru-based International Potato Center (CIP) on 01st August, 2025 at PUSA Institute, New Delhi. Bio-fortified sweet potatoes, additionally added Vitamin A using technology developed by the CIP, are already available in Karnataka, Assam, West Bengal and Odisha, and the CIP will take efforts to make available the seeds of bio-fortified sweet potato to more farmers. Dr. Heck expressed the hope that the centre will help farmers to access better quality potato and sweet potato seeds and better access to the market. The CIP believes that the location outside Agra, in the heart of the

potato belt of India, is ideal for the new centre, as the Indo-Gangetic plains are the largest potato-producing area in the world. Dr. Heck said the govt of Uttar Pradesh had made available the land and handed it over to the National Horticulture Board, which invited the CIP to establish a centre. This agreement between the CIP and the Union Agriculture Ministry was signed in the last week of July. It was set up at the demand from the GOI in recognition of the potential for economic growth and the value generated from the growing potato sector. Dr. Heck said India had the strongest momentum for potato production. It may be noted that international companies, especially potato firms from Europe and North America, are increasingly investing in potato production in India.

## **PM Modi pitches for group farming to grow high-value crops, increase income**

Prime Minister Shri Narendra Modi has advocated for group farming, suggesting that small and marginal farmers pool their land parcels to grow high-value crops and enhance their income. On 11th October 2025, the Prime Minister interacted with the farmers in a programme held at the Indian Agricultural Research Institute (IARI) in the national

capital. The interaction with farmers took place before he launched two major schemes in the agriculture sector with an outlay of ₹35,440 crore. He launched the PM Dhan Dhaanya Krishi Yojana with an outlay of ₹24,000 crore and the Mission for Aatmanirbharta in Pulses with an outlay of ₹11,440 crore.





### ARDBs should be integrated with NABARD's Platform : Shri Dolar Kotecha



In a significant appeal to Union Home and Cooperation Minister Shri Amit Shah, NAFCARD Chairman Shri Dolar Kotecha has requested the integration of Agricultural and Rural Development Banks (ARDBs) into NABARD's Centralised Digital Credit Infrastructure (CDCI) platform. He highlighted the potential of the CDCI platform, currently being developed for Regional Rural Banks (RRBs), noting its multiple benefits, faster loan sanctioning, digital transparency, direct integration with govt databases such as land records and Aadhaar, better monitoring of NPAs, cost efficiency and enhanced competitiveness with private NBFCs and MFIs. By joining CDCI, ARDBs will not only provide

farmers with quick, transparent, and reliable loans but also reinforce the credibility of the cooperative movement. He further suggested that if immediate inclusion in CDCI is not feasible, the MOC could guide the creation of a parallel digital credit platform exclusively for ARDBs, backed by special funding support through the ministry's budget or in collaboration with NABARD. Stakeholders believe this initiative would not just be a technological upgrade but a transformative reform, instilling fresh confidence among farmers while strengthening cooperative financial institutions for the future.

### NCDC boosts farm credit with long-term Co-op Loan Scheme: Shri Amit Shah

In a written reply to the Lok Sabha, Union Home & Cooperation Minister Shri Amit Shah underlined the govt's commitment for ensuring that agricultural cooperatives receive the financial muscle they need for long-term, sustainable growth. The Dirghavadhi Krishak Punji Sahakar Yojana remains a key instrument in enabling rural credit institutions to fund development-oriented projects, bolster farmer incomes, and reinforce the cooperative movement's role in India's agri-economy. The National Cooperative Development Corporation (NCDC), under the Ministry of Cooperation (MOC), is intensifying efforts to strengthen agricultural credit cooperatives through the scheme. The initiative supports cooperatives in providing long-term loans and advances for activities, commodities and services within NCDC's operational scope. The corporation follows

stringent funding guidelines to ensure that only credible and financially sound projects receive support. Projects must be backed by adequate security and pass rigorous appraisal processes that assess both financial viability and technical feasibility. Under its Direct Funding Guidelines, NCDC evaluates proposals through multiple parameters, including Internal Rate of Return (IRR), Net Present Value (NPV), Debt Service Coverage Ratio (DSCR), Interest Coverage Ratio (ICR), Fixed Asset Coverage Ratio (FACR), and projected cash flows. Additional scrutiny covers the cooperative's financial health, past performance, managerial expertise, experience in similar projects, repayment record, capacity to raise its share of the project cost and the adequacy of security offered. This multi-layered vetting ensures that funding is channelled only into projects with strong techno-economic





foundations, aligning with NCDC's broader mission of integrated cooperative sector development. To maintain accountability, the corporation employs a robust monitoring framework through its head office, 19 regional offices and 9 sub-offices. Projects are tracked on a periodic or need basis, with field inspections typically conducted quarterly. Beneficiary cooperatives are also required to submit regular progress reports, confirming that funds are being utilized strictly for their intended purposes. Loan recovery is supported by a dedicated department with clearly documented processes. Notices are issued in advance as

per repayment schedules, followed by timely reminders. In cases of default, NCDC invokes provisions of the SARFAESI Act (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) and when necessary, files cases in the Debt Recovery Tribunal (DRT). The scheme has seen varied disbursement trends in recent years. By combining rigorous project scrutiny with sustained monitoring and strong recovery mechanisms, NCDC aims to ensure that every rupee lent under this scheme contributes meaningfully to the productivity and resilience of India's agricultural sector.

### **Lok Sabha passes Income Tax Bill; offers Tax benefits for Co-op Sector**

Union Finance Minister Smt Nirmala Sitharaman introduced the updated Income Tax (No. 2) Bill, 2025 in the Loksabha on 11th August 2025, replacing the Income Tax Act, 1961, marking one of the most significant overhauls of India's direct tax laws in more than six decades. While the new legislation applies across the economy, it contains several targeted provisions that could substantially benefit the cooperative sector, particularly manufacturing cooperatives and cooperative banks. The Bill streamlines the tax structure by reducing chapters from 47 to 23 and sections from 819 to 536, while adopting a digital-first, faceless compliance system to simplify procedures. Clause 204 is a key highlight for cooperatives, offering an incentivized tax rate of 15% on manufacturing income for new manufacturing cooperative societies, subject to specified conditions. The clause also prescribes 22% on non-manufacturing income, 22% on short-term capital gains from non-depreciable assets, and 30% on certain deemed incomes. This optional regime aims to encourage new cooperatives to expand into manufacturing. Clause 203 provides an alternative concessional tax rate for other cooperative societies not

covered under Clause 204, provided they forgo specified deductions, simplifying compliance for those opting for a lower flat rate. Clause 149 retains deductions for certain categories of cooperative income, allowing societies to continue claiming benefits for eligible income streams. For cooperative banks, Clause 118 allows the carry forward and set-off of accumulated losses and unabsorbed depreciation in the event of business reorganisations, such as amalgamations or demergers. The provision details how such losses will be apportioned and utilised by successor or resulting entities. Clause 64 sets special rules for computing deductions in cases of business reorganisation during the tax year, ensuring benefits are proportionately shared between predecessor and successor entities. These provisions are beneficial for cooperatives as they lower the effective tax rate, preserve existing deductions, simplify compliance, and protect tax benefits during restructuring. Sector analysts believe the targeted measures will not only reduce the tax burden but also enhance the cooperative sector's ability to expand in manufacturing and banking, strengthening its role in India's economic growth.

### **Strategic push: RBI allows Co-op Banks to invest in NABARD's Shared Service Entity**

The RBI has issued new directions permitting State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) to invest in the share capital of a Shared Service Entity (SSE) established by NABARD. This step aims to strengthen co-operative banking infrastructure while providing banks greater flexibility in non-SLR investments.

The move comes through the RBI (Investments in Non-SLR instruments by State / Central Co-operative Banks) Directions, 2025, which amend the earlier circular issued on 14th July, 2016. The original circular laid down prudential norms for non-SLR investments, including permissible instruments, total investment limits, and restrictions on



unlisted securities. Under the new directions, StCBs and CCBs may subscribe to SSE shares on a voluntary basis. Such investments are limited to 5% of the bank's owned funds, including paid-up capital and reserves. Significantly, these investments will be exempt from the overall prudential limits on non-SLR investments and the restrictions on unlisted instruments, in line with the circular. RBI emphasized that these amendments are made under its powers granted by Sections 35A and 56 of the Banking Regulation Act, 1949, and are considered necessary in the public interest. The move is expected to help co-operative banks leverage NABARD's SSE to improve efficiency, adopt modern technology, and strengthen operational support. It bears recalling that in collaboration with NCDC and Rural Cooperative Banks

(RCBs), NABARD has established the Shared Services Entity (SSE), named Sahakar Sarathi, to modernize RCBs and enhance their digital capabilities. With an authorized capital of ₹ 1,000 crore, equally contributed by NABARD (₹ 333.33 crore), NCDC (₹ 333.33 crore), and RCBs (₹ 333.34 crore), the SSE will provide essential services such as internet and mobile banking, UPI, AEPS, cybersecurity, and back-end operations. It will operate across three verticals, Technology, Operations, and Support Functions, offering solutions including CBS, fraud risk management, loan origination, HR services, and IT procurement. This initiative aims to reduce operational costs, improve service delivery, and ensure regulatory compliance, enabling RCBs to compete effectively with commercial banks and better serve rural customers.

### **Banks free to decide on minimum balance for savings accounts: RBI Guv**

Reserve Bank of India (RBI) Governor Shri Sanjay Malhotra on 11th August, 2025 said banks are free to decide the minimum balance for savings accounts and that it does not fall under the regulatory domain of the RBI. Shri Malhotra said, "The RBI has left it to individual banks to decide on what

minimum balance they want to set. Some banks have kept it at ₹10,000, some have kept ₹2,000 and some have exempted (customers). It is not in the regulatory domain of RBI." Traditionally, public sector banks have lower balance requirements compared to private lenders.

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## NEWS FROM MEMBER BANKS



### IYC 2025 Activities In Conjunction With Swachhata Hi Seva 2025, Swachhotsav 2025 And Ek Din, Ek Ghanta, Ek Saath: Nationwide Voluntary Shramdhaan Campaigns.

#### Gujarat SCARDB



Gujarat SCARDB holds Swachhata Hi Seva Campaign on 17th September 2025 in Ahmedabad.



Gujarat SCARDB holds Ek Din, Ek Ghanta, Ek Saath: Nationwide Voluntary Shramdhaan Campaign on 25th September 2025 in Ahmedabad.

#### Punjab SCADB



Punjab SCADB actively participated in Swachhotsav 2025 Campaign on 17th September 2025 held across Abohar, Tapa, Budhlada, Mansa, Jalabad, Sardulgarh, Fazilka districts etc.

#### Haryana SCARDB



Haryana SCARDB celebrates Swachhata Hi Seva Campaign on 17th September 2025 in Panchkula.

#### Himachal Pradesh SCARDB



In conjunction with IYC 2025 celebrations, Himachal Pradesh SCARDB held its Board Meeting on 14th September 2025 in Shimla. Shri Sanjay Singh Chauhan, Chairman, Himachal Pradesh SCARDB chaired the event. Shri K.K. Ravindran, Managing Director, NAFCARD along with other esteemed dignitaries of the Board and senior bank officials attended the meeting.





## International Delegates Visit Gujarat SCARDB As Part Of ICA-AP & Nafcard's Cooperative Learning Programme On 23rd July, 2025 At Ahmedabad, Gujarat



In celebration of the IYC 2025, Gujarat SCARDB hosted delegations from Indonesia, Jordan, Nepal, Sri Lanka, Vanuatu, and Palestine as part of a learning visit organized by NAFCARD and the ICA-AP Committee on Credit and Banking, aimed at strengthening global collaboration in cooperative banking and rural development under the Chairmanship of Shri Dolarbhai Kotecha, Chairman, NAFCARD and Gujarat SCARDB.



The Gujarat SCARDB celebrated International Cooperative Week during 1st – 6th July with State-wide programs under the visionary leadership of Chairman Shri Dolar Kotecha.

### Himachal Pradesh SCARDB



Himachal Pradesh SCARDB Chairman, Shri Sanjay Singh Chauhan alongside MLA of Theog, Shri Kuldeep Singh Rathore organized a main camp of important camp meetings on 16th July 2025 in Theog (Shimla) to celebrate the IYC 2025. More than 300 important representatives of nearby cooperative societies and banks participated in the event.





As part of International Day of Cooperatives celebrations, the Branch Managers of Himachal Pradesh SCARDB delivered informative lectures in the nearest govt schools on 05th July, 2025.

#### **Punjab SCADB**



Punjab SCADB and the PCADBs of the bank viz. Ferozpur, Jalandhar, Patiala, etc. celebrated International Day of Cooperatives in conjunction with IYC 2025 from 1st - 6th July, 2025, across Punjab.

#### **West Bengal SCARDB**



In celebration of first week of July marking the foundation day of the MOC and International Cooperative Day during IYC 2025 between 1st- 6th July, 2025, West Bengal SCARDB organised events at ICMARD, Kolkata, wherein Dr. Moinul Hassan, Special Officer and Shri Chinmoy Gupta, Addl. RCS & Managing Director of the West Bengal SCARDB presided over the event.



West Bengal SCARDB conducted various Training Programmes and Workshops viz. Income Tax & TDS Formalities in Cooperatives, Mushroom Production, Insurance of Banking Products and Assets of Cooperative Banking, etc. between 04th to 29th August, 2025 across Kolkata and Alipurduar in West Bengal.



## **Legal Reforms in ARDBs - Draft Model Act**

The Federation has engaged a team of experts to suggest amendments required in the State Acts relating to ARDBs and Model byelaws for SCARDBs & PCARDBs based on the recommendations of NABCONS study report on 'Reforms, Restructuring and Innovations in ARDBs'. After studying the ARDBs Laws in various States, the expert team has prepared draft model ARDB Acts separately for Federal and Unitary structures as basis for amendments in the Act required in various States.

Following are the highlights of the draft Model Act.

- ARDBs to function as Multi Purposes Societies, providing credit as also other financial and non-financial services for activities related to agriculture, rural development and various types of needs of its members including personal purposes.
- Enlarging the scope of membership to include non-borrowing depositors, SHGS, JLGS, FPOs, societies registered under Societies Registration Act, a Company or any other Body Corporate.
- No voting right for a member who has outstanding arrears towards loan repayment in the General Body Meetings or in elections.
- Gehan system for mortgage creation - Gehan is a declaration made by the borrower executed before authorized officials of the lending bank, which will have all the characteristics of registered mortgage deed.
- The total tenure of a member on the Director Board not to exceed 10 years.
- Supersession or suspension of the Board only after consultation with NABARD.
- Selection of CEO through a selection process.
- Appointment and removal of CEO by the Board.
- Constitution of Advisory Council at the level of State Govt and SCARDB.
- Enlarging the scope of security to include personal surety, hypothecation of assets etc.
- SCARDBs to have autonomy in all financial and internal administrative matters.
- Obligation to comply with NABARD guidelines.
- Membership in the national federation of SCARDBs and exercise the rights and obligations of such membership including associating with its activities as specified under Section 24(2) of Multi State Cooperative Societies Act, 2002.

The draft model Act is being finalized in consultation with member banks and other stake holders for submission to State Governments.



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