

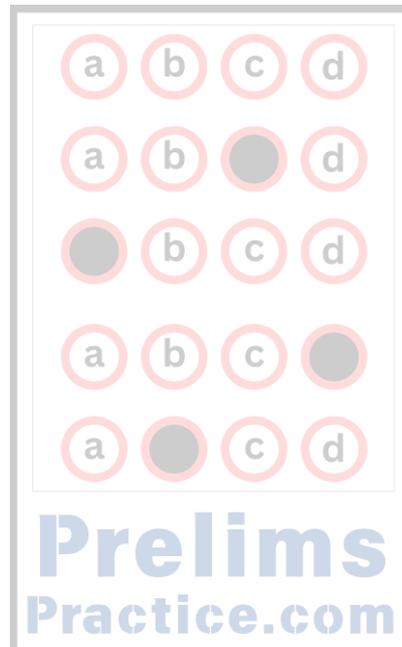
Grant-in-aid to the National Cooperative Development Corporation

The Union Cabinet has approved a Central Sector Scheme providing a ₹2,000 crore grant-in-aid to the National Cooperative Development Corporation (NCDC) from 2025–26 to 2028–29. This initiative aims to strengthen the cooperative sector, support rural enterprises, and enhance productivity across various sectors, benefiting approximately 2.9 crore members from 13,288 cooperative societies.

Key Points:

- **Approval:** The Union Cabinet approved the scheme.
- **Purpose:** To provide financial support to the National Cooperative Development Corporation (NCDC) through a Central Sector Scheme.
- **Time Period:** The scheme runs for four years, from the financial year 2025-26 to 2028-29.
- **Funding:** An outlay of ₹2000 crore for four years (2025-26 to 2028-29), with ₹500 crore provided annually.
- **Leveraged Funds:** This grant will enable the NCDC to raise ₹20,000 crore from the open market to fund cooperatives.
- **Beneficiaries:** Approximately 2.9 crore members of 13,288 cooperative societies across India.
- **Sectors Covered:** The scheme is expected to benefit members of cooperative societies and various sectors, including:
 - Dairy
 - Livestock
 - Fisheries
 - Sugar
 - Textile
 - Food processing
 - Storage and cold storage
- **Financial Mechanism:** The ₹2000 crore grant from the government will enable the NCDC to raise an additional ₹20,000 crore from the open market.
- **Scheme Objective:** To support cooperatives in creating income-generating assets, enhancing productivity, and providing necessary working capital.

- **NCDC's Role:** The NCDC will use these funds to:
 - Disburse loans to cooperatives.
 - Monitor project implementation.
 - Recover loans.
- **Impact:** The initiative aims to boost the cooperative sector, enhance rural enterprises, and support employment.



Explanation of Exam Oriented Key Terms

01

National Cooperative Development Corporation (NCDC)

The National Cooperative Development Corporation (NCDC) is a statutory body established in 1963 under the Ministry of Cooperation to promote, strengthen, and develop cooperatives in various sectors, including agriculture, rural industries, and allied activities.

Establishment and structure

- **Status:** The NCDC is a statutory corporation established by an Act of Parliament, specifically the National Cooperative Development Corporation Act, 1962.
- **Year of formation:** It was established in 1963 and became operational to promote and finance cooperative societies.
- **Parent ministry:** It functions under the Ministry of Cooperation.
- **Apex body:** NCDC is the apex financial and developmental institution in India exclusively for the cooperative sector.
- **Management:** It is managed by a General Council and a Board of Management and is headquartered in New Delhi, with regional directorates across India.

Objective and Functions

- **Primary objective:** To promote, strengthen, and develop farmer cooperatives to increase production, productivity, and post-harvest facilities.
- **Promotional role:** It plans and promotes programs based on cooperative principles for the production, processing, marketing, storage, export, and import of goods.
- **Financial assistance:** It provides financial assistance, including loans and grants, to cooperatives for various purposes. Assistance can be given directly to eligible cooperatives or indirectly through state governments.
- **Key sectors:**
 - Farm sector: It focuses on agricultural marketing, inputs, processing, storage, cold chains, seeds, and fertilizers.

- Non-farm sector: It promotes income-generating activities in areas like dairy, livestock, poultry, fisheries, handlooms, and sericulture.
- **Focus on weaker sections:** NCDC has a special focus on cooperatives run by women, Scheduled Castes, and Scheduled Tribes.
- **Wider rural services:** Following an amendment to the NCDC Act, it can finance a wider range of rural projects, including water conservation, agricultural insurance, and animal health.

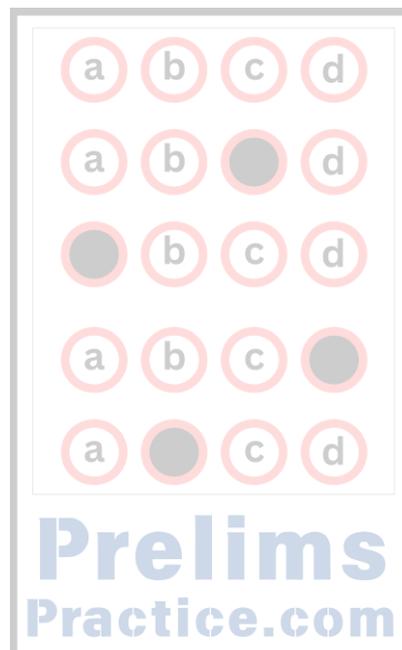
Financial aspects and recent developments

- **Funding mechanism:** NCDC maintains a National Cooperative Development Fund to provide loans and grants.
- **New financial scheme:** The Union Cabinet recently approved a Central Sector Scheme granting ₹2,000 crore to NCDC for the four-year period from 2025–26 to 2028–29. This grant will enable NCDC to raise up to ₹20,000 crore from the open market to be lent to cooperatives.
- **Utilization of funds:** The funds from the new scheme will be used to provide loans for setting up new projects, expanding plants, and meeting working capital requirements.

Key initiatives and schemes

- **Integrated Cooperative Development Project (ICDP):** This is an area-based project for the overall development of districts through cooperative activities.
- **YUVA SAHAKAR:** A scheme to encourage newly formed cooperative societies and support start-ups with innovative ideas.
- **AYUSHMAN SAHAKAR:** A scheme to finance cooperatives establishing hospitals and providing healthcare services.
- **NANDINI SAHAKAR:** This scheme aims to empower women-led cooperatives by providing targeted financial assistance.
- **DAIRY SAHAKAR:** A financial assistance framework for dairy cooperatives that promotes environmentally and socially responsible practices.
- **SAHAKAR MITRA:** An internship program providing young professionals with an opportunity to gain experience in the cooperative sector.

- **Implementer for other schemes:** NCDC is also an implementing agency for Central Sector/Sponsored schemes such as the Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs) and the Agriculture Infrastructure Fund (AIF).



Practice Questions:

1. Consider the following statements:

Statement I: The NCDC will directly fund all cooperatives under the new scheme.

Statement II: Cooperatives must meet eligibility criteria or provide state guarantees to access direct funding from NCDC.

Which of the statements given above are correct?

- a) Both Statement I and Statement II are correct and Statement II explains Statement I
- b) Both Statement I and Statement II are correct but Statement II does not explain Statement I
- c) Statement I is correct but Statement II is not correct
- d) Statement I is not correct but Statement II is correct

Answer: d

Explanation: Statement I is not correct: The National Cooperative Development Corporation (NCDC) does not directly fund all cooperatives under its schemes. Financial assistance typically has specific eligibility criteria and is often channelled through state governments or cooperative banks. **Statement II is correct:** Cooperatives generally need to meet specific eligibility criteria, such as being in operation for a certain period (e.g., one year for the Yuva Sahakar scheme), or provide state government guarantees to access direct funding from NCDC. This ensures financial prudence and project viability.

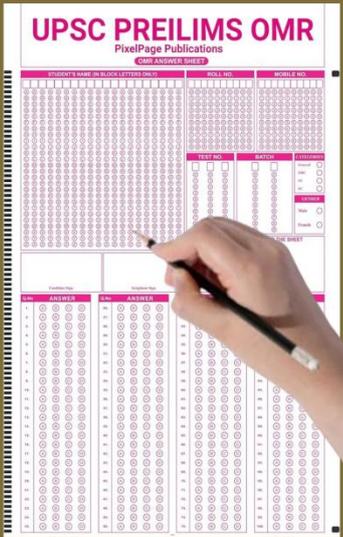
For More Practice Questions, visit:

www.prelimspractice.com



Prelims Practice.com

TARGET PRELIMS 2026



UPSC PRELIMS OMR
PixelPage Publications
Computer Generated

संघ लोक सेवा आयोग

PRELIMS PRACTICE PROGRAM

<p>Subject Wise Practice Module</p> <p>2,000+ Practice Questions ₹ 99 Only ₹ 600</p> <p>Art, Culture & Heritage Ancient & Medieval History Modern History Physical Geography Human Geography Mapping Indian Polity Indian Governance International Organisations Environment & Ecology Economy Science & Technology</p>	<p>Current Affairs Practice Module</p> <p>2,000+ Practice Questions ₹ 99 Only ₹ 600</p> <p>Press Information Bureau The Hindu Indian Express Press Trust of India Business Line Business Standard Times of India</p>	<p>Contemporary Issues Practice Module</p> <p>1,000+ Practice Questions ₹ 69 Only ₹ 350</p> <p>Press Information Bureau- (PIB) The Hindu Indian Express Press Trust of India Rajya Sabha TV Times of India Lok Sabha TV</p>	<p>Essential Editorials Practice Module</p> <p>1,000+ Practice Questions ₹ 69 Only ₹ 350</p> <p>The Hindu Indian Express Times of India Business Line Business Standard Times of India The Sunday Guardian MINT</p>
---	--	---	---

LIVE Classes



Current Affairs



Contemporary Issues



Essential Editorials

www.prelimspractice.com

Class Discussion Space

a	b	c	d
a	b	●	d
●	b	c	d
a	b	c	●
a	●	c	d

Prelims
Practice.com