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of Cooperatives

Cooperatives Build  
a Better World



NABARD

# Empowering Rural Cooperatives

A Leadership Guide for Development of Multipurpose  
Primary Agriculture Credit Societies.

## মবল নেতৃত্ব, শক্তিশালী গাঁও

বহুমুখী কৃষি ঋণ সমিতিৰ উন্নয়নৰ বাবে  
এক দিশ-নির্দেশিকা

## ग्रामीण सहकारी संस्थाओं का सशक्तिकरण

बहुउद्देशीय प्राथमिक कृषि ऋण समितियों के  
विकास के लिए नेतृत्व मार्गदर्शिका





विजन

ग्रामीण समृद्धि के लिए राष्ट्रीय विकास बैंक

## **Vision**

Development Bank of the Nation for Fostering Rural Prosperity

मिशन

सहभागिता संधारणीयता और समानता पर आधारित वित्तीय और गैर वित्तीय सहयोगों  
नवोन्मेशोण प्रौद्योगिकी और संस्थागत विकास के माध्यम से समृद्धि लाने के लिए  
कृषि और ग्रामीण विकास का संवर्धन

## **Mission**

Promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity.



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# Foreword

Cooperatives have long anchored rural prosperity in Assam. Today, Multipurpose Primary Agricultural Credit Societies (MPACS) are evolving beyond credit into multi-service hubs - offering inputs, aggregation, processing, market linkages, and essential services. This handbook translates cooperative identity into everyday practice and provides step-by-step guidance for formation, governance, financing, digital adoption, risk management, and business diversification. It is designed for field use with lucid prose, visual flowcharts, callouts, and annexure tables you can edit and adopt immediately.

Our aim is practical viability, transparency, and member-centricity. With disciplined systems and measured expansion into adjacent business lines, MPACS can become resilient institutions that deliver dependable value to members while strengthening Assam's rural economy.

Under the national vision of 'Sahakar se Samriddhi', multipurpose cooperatives—PACS, dairy, and fisheries—are being formed across India to deepen financial inclusion and enable one-stop services in rural areas. Assam has progressed rapidly with new registrations and computerization, establishing a strong base for MPACS to provide affordable credit, input supply, custom hiring, aggregation, market linkages, and value addition.

The purpose of this handbook is to help new and existing MPACS build strong foundations, become bankable, and diversify into viable lines in a phased manner. It emphasizes clarity on cooperative principles, simple templates, and a stepwise approach to implementation so that societies can move from intent to measurable outcomes.

**Loken Das**  
**Chief General Manager**  
**NABARD, Assam Regional Office**

Tip: Align early with bankers, NABARD DDM, and line departments to secure licences and bankability.





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Tip: Start with high-confidence services and measure monthly performance;  
scale only after systems stabilize.



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## Cooperative Principles and Values

The seven principles of the International Cooperative Alliance (ICA) define cooperative identity: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community. These principles guide how decisions are taken, how surplus is shared, and how responsibilities are discharged.

Complementing these are core values—self-help, self-responsibility, democracy, equality, equity, and solidarity. Embedding these values in bye-laws, induction programs, meetings, and service delivery creates trust and legitimacy. Displaying the principles and values inside the office and referencing them in general body discussions keeps the cooperative anchored to its purpose.



Tip: Begin each AGM with a brief recap of the seven principles and core values to reinforce culture.



## Role of Education and Training

Education and training are central to cooperative strength. Members and leaders need clarity on cooperative identity, rights and responsibilities, and the basics of governance and finance. MPACS benefit from structured capacity-building on accounting and audit, procurement and stock management, pricing and margins, service quality, and grievance handling.

**Tip:** Plan quarterly training hours for BODs and staff; track attendance and action points after each session.

In a digital era, training should cover MIS for sales and inventory, e-payments, data security, and simple analytics for decision-making. Targeted programs for youth and women widen participation and leadership pipelines. Adopting an annual learning plan with a modest budget ensures continuous improvement and staff motivation.



**Tip:** Plan quarterly training hours for BODs and staff; track attendance and action points after each session.





## Formation of a New MPACS

### Pre-formation: Mobilization and Design

Start with a needs assessment across the villages to map farming systems, seasonal demand, market gaps, and competing players. Mobilize eligible members with inclusion of women and youth. Prepare a concept note that specifies first-year services (ideally three or four), expected throughput and margins, infrastructure and staffing requirements, and initial risks. Initiate dialogue with bankers, NABARD representatives, and line departments to align licences and bankability.

### Registration and Bye-laws

Draft bye-laws aligned to the State Cooperative Act and model bye-laws, covering objectives, membership, share capital, governance structure, elections, committees, financial management, audits, and dispute resolution. Submit the application to the Registrar; on registration, open the bank account in the society's name and begin share mobilization.

### Post-registration Readiness

Hold the first General Body meeting and elect the Board of Directors. Adopt core policies—finance and treasury, procurement and inventory, credit (if offered), human resources, IT and data, and ethics. Obtain licences relevant to the chosen businesses—Seeds, Fertilizers, Pesticides, FSSAI, Shops and Establishments, APMC—before starting operations. Set up basic accounting, billing, and inventory systems; enable digital payments from day one.

Tip: Use a simple MIS to generate daily sales/stock reports and a monthly trading account per business line.





## Governance that Delivers

### Roles and Responsibilities

The General Body is the ultimate authority. The Board sets direction and policy, while the Chairperson, Secretary, and CEO lead execution. Staff are responsible for operations—cashier, storekeeper, accounts, marketing, and procurement. Clear role descriptions and KPIs help create accountability and performance discipline.

### Policies and Internal Controls

Adopt concise one-page policies for finance and treasury (cash limits, dual signatures, daily closure, bank reconciliation), procurement and inventory (vendor empanelment, comparative statements, goods receipt notes, stock norms), credit (eligibility, documentation, appraisal, monitoring), HR (roles, pay and allowances, training, conduct), IT and data (backups, user access, password rules, cyber hygiene), and ethics (conflict of interest, whistle-blower, related-party transactions).

### Audit and Transparency

Complete statutory audits on time; present findings and an action-taken report in the General Body. Implement monthly stock audits and surprise cash checks. Disclose price lists, service charges, and audited summaries for member confidence.

Tip: Schedule a monthly “controls day” for stock verification, bank reconciliation, and cash checks.





## Financing the Cooperative

Member share capital and deposits form the foundation of cooperative finance. Depending on business plans, MPACS may access working capital and term loans from district or state cooperative banks. Government schemes can be converged for infrastructure and equipment—such as Agriculture Infrastructure Fund for storage and primary processing, dairy funds for chilling and feed plants, and fisheries schemes for ponds, hatcheries, and cold chain.

Bankability improves when licences are in place, throughput is assured through member micro-plans and buyer MoUs, accounts are current, and cash flows and repayment plans are realistic. A simple MIS that produces monthly trading accounts and cash flow statements helps leadership and lenders monitor performance and take corrective action.



Tip: Share quarterly performance dashboards with your banker to build trust and creditworthiness.



## Business Diversification Playbook

Diversification stabilizes revenues, increases member value, and de-risks operations. In agriculture, MPACS can supply inputs, provide custom hiring of machinery, aggregate produce for better prices, and set up primary processing for cleaning, grading, milling, and packaging. Dairy diversification can include milk collection with quality testing, bulk milk chilling, cattle feed sales, and village-level value addition where feasible. Fisheries societies can supply inputs, manage pond services, rear seed, and build cold chain and retail outlets. Beyond core sectors, societies may explore rural retail, handloom and handicrafts marketing, LPG distributorships or sub-dealerships, Jan Aushadhi Kendras, and solar facilitation.

Selection should follow a PASS filter—Proximity to member needs, Assured throughput, Simple operations, and Sustainable margins. Start small with high-confidence lines, measure profitability, and scale responsibly after SOPs stabilize.



Tip: Pilot one new line per quarter; expand only when the pilot meets throughput and margin benchmarks.







## Digital and Data Foundations

Enable cashless transactions through UPI/QR and POS at all counters. Maintain MIS for member registry, sales and stock, vendor and receivable/payable ledgers, and cash-bank books. Use SKU codes and batch tracking for inventory discipline and conduct monthly backups. Communicate with members through SMS or messaging platforms about arrivals, prices, payments, and meetings.

Data security is essential: assign user roles, enforce strong passwords, store backups off-site, and review access logs. Achieve 100% day-end compliance and weekly bank reconciliation to ensure data integrity and audit readiness.





## Preparing a Business Development Plan (BDP) and DPR

A Business Development Plan converts intent into execution. It should include an executive summary, cooperative profile, market and value chain analysis, operations plan, marketing and member engagement, financial plan with projections, risk and compliance, and an implementation timeline. Keep assumptions explicit—prices, throughput, yields, credit terms, recovery—and test sensitivity by varying price and volume by  $\pm 10\%$ .

A Detailed Project Report builds bankability. Include line-wise trading accounts, cash flows, profit and loss, and a simple balance sheet. Add licences and compliance details, vendor and buyer MoUs, and staffing plans with Key Performance Indicators (KPIs). Keep the document concise—15 to 20 pages—plus annexures to stay actionable.



**Key  
Components  
of BDP**

Tip: Maintain a separate assumptions sheet and update it when market prices or volumes change.





## Risk Management and Internal Controls

Control cash through daily closure and dual custody. Manage stock with minimum and maximum levels, FIFO or FEFO, and surprise checks. Use approved vendor panels and comparative statements for procurement. If credit is offered, set eligibility norms, documentation standards, and ageing-based collection calendars. Insure assets and stock; consider fidelity guarantees for key staff. Maintain business continuity plans for power, data, and alternate vendors.

Monitor key indicators monthly—gross margin by line, stock turns, operating margin, DSCR, receivables ageing, and day-end compliance. Place results before the Board with corrective actions and timelines.



Tip: Institute a quarterly internal audit and publish a brief summary for members.





## Success Snapshots from Assam

Assam's cooperatives offer practical inspiration. Some MPACS have diversified into handloom and handicrafts to create non-farm income. Others initiated credit operations with modest loans and expanded services gradually. Many societies adopted computerized day-end routines and opened bank accounts, improving transparency and readiness for scheme convergence. The lesson is consistent: disciplined systems first, diversification second, and scaling thereafter.



Tip: Organize peer visits to high-performing MPACS and document three practices to replicate locally.



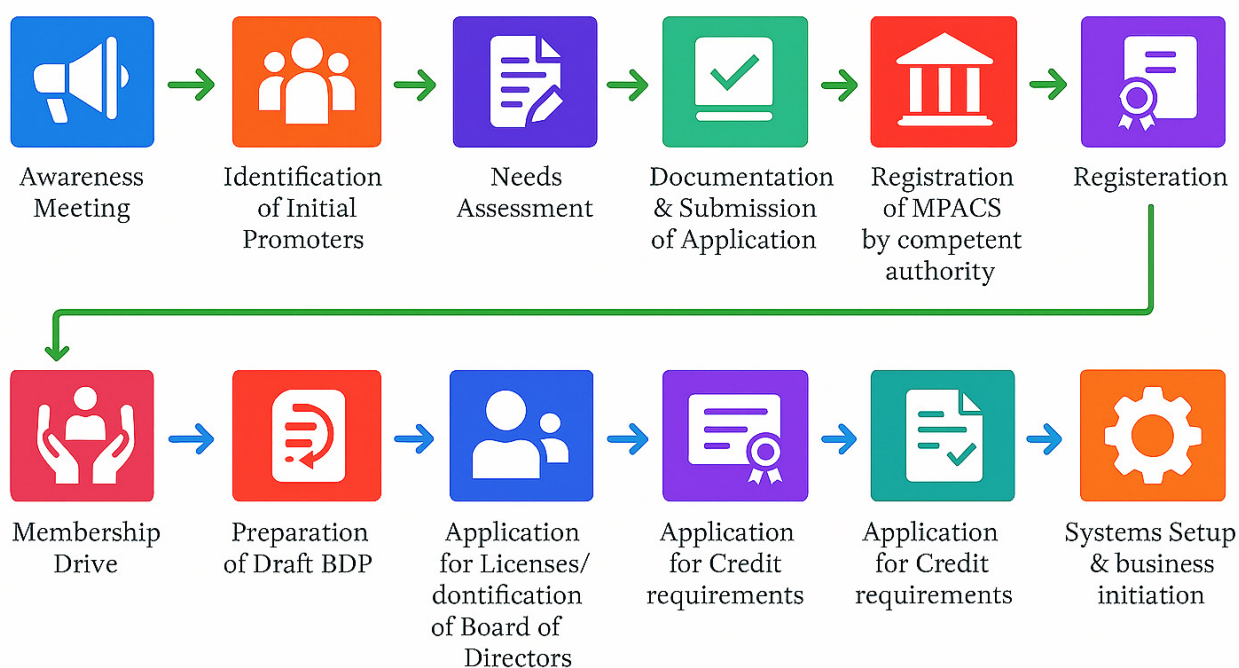
## Conclusion

MPACS are engines of rural development when cooperative values meet modern business practice. By building strong governance, adopting digital tools, converging schemes, and diversifying into adjacent service lines, societies can deliver reliable benefits to members and strengthen local economies. This handbook provides the guidance and editable annexures needed to move from ideas to bankable action.

## Infographic 1: MPACS Formation Steps

Visual sequence of formation tasks and roles.

### Steps in Formation of MPACS



Tip: Review monthly, adjust quarterly, and celebrate member benefits annually in the AGM.



## Infographic 2: Business Diversification Roadmap

Roadmap from demand assessment to governance review.

### Roadmap for Business Diversification in MPACS





## Sample DPR: Input Supply + Milk Collection + Custom Hiring

Note: The following figures are illustrative for Conclave demonstration and should be replaced with local data during actual DPR preparation.

### Assumptions (Year-1)

Parameter	Assumption
Member base (active buyers)	650
Season length for inputs	9 months
Average margin on inputs	12%
Milk collection volume	900 L/day
Milk procurement price	₹36/L
Milk sale price	₹38/L
Handling cost (milk)	₹1/L
Power tiller utilization	18 days/month
Net per day (custom hiring)	₹1,600

### Trading Account — Input Supply (Year-1)

Particulars	Value (₹ lakh)	Notes	Margin
Purchases	72.0	Seeds, fertilizers, crop protection	
Sales	81.0	Seasonal throughput with micro-plan stocking	≈12% gross
Closing Stock	9.0	Post-season carry	

### Milk Collection — Monthly Net Spread

Volume (L/day)	Procurement (₹/L)	Sale (₹/L)	Net (₹/L)
900	36	38	1 (after ₹1 handling)



## Custom Hiring — Power Tiller Net Revenue

Utilization (days/month)	Net/day (₹)	Monthly Net (₹)
18	1,600	28,800

## Projected Cashflows (Year-1 summary)

Quarter	Inflows (₹ lakh)	Outflows (₹ lakh)	Net (₹ lakh)
Q1	30	27	3
Q2	32	28	4
Q3	29	26	3
Q4	35	30	5

## P&L Snapshot (Year-1)

Item	Amount (₹ lakh)	Notes
Gross Income	90	Inputs + services
Operating Costs	78	Purchases, logistics, staff, admin
Operating Surplus	12	Before interest/depreciation
Interest & Depreciation	3	Loans + equipment
Net Surplus	9	DSCR $\approx$ 1.4







## Annexures

Ready-to-use editable tables adapted from cooperative BDP/DPR templates. Fill these with your local data and attach to Board approvals and lender submissions.

### Annexure A — Cooperative Profile

S. No	Particulars	Details
1	Name of the Cooperative	
2	Legal Status	
3	Registration Act	
4	Registration Number & Date	
5	Place of Registration	
6	Registered Address	
7	Contacts (Phone/Email/Website)	
8	Board of Directors (No., women directors)	
9	CEO Name & Contact	
10	Promoting Agency Contact	
11	Employees on Payroll	
12	Share Capital (Authorized/Paid-up)	
13	Members by Category (farmer/SHG/JLG/institutional)	
14	Bank Account (Bank/Branch/IFSC)	
15	Funding Agency & Sanction Date	
16	Area of Operation (districts/blocks/panchayats/villages/markets)	
17	Sectors (agriculture/horticulture/forestry/animal husbandry/fisheries/others)	
18	Key Commodities & Core Activities	
19	Proposed Activities & Value Chains	



S. No	Particulars	Details
20	Licences (Seeds/Fertilizer/Pesticide/APMC/FSSAI/Shop etc.)	
21	Infrastructure (godowns/office/retail outlets/others)	
22	Business Turnover (last year)	
23	Profit (last year)	
24	Major Risks Faced	
25	Good Practices	
26	Major Markets & Distances	
27	Major Banks & Distances	
28	RRB Branches	
29	Cooperative Bank/Society Links	
30	Commercial Bank Branches	
31	Important Contacts (DDM NABARD, ADO/DAO, DVO, Fisheries, IFFCO/Seed Dealer, others)	



## Annexure B – Member Micro-Plan Aggregation

### B1. Area, Yield and Production (Top three crops)

Crop	No. of Shareholders	Total Area (Acres)	Avg. Yield (Q/Acre)	Total Production (Q)
Market Surplus (Q)	Estimated Unit Rate (₹/Q)		Total Procurement Cost (₹)	

### B2. Input Requirement and Cost

Crop	No. of Shareholder		Area (Acres)	Seeds (Q)	Seeds Cost (₹)		Urea (T)
Urea Cost (₹)	DAP (T)	DAP Cost (₹)	MOP/ Potash (T)	MOP Cost (₹)	Bio-fertilizers (Q)	Bio-fertilizers Cost (₹)	

### B3. Estimated Input Sales (volume and value)

Crop	Seeds (Q)	Seeds Sales (₹)	Urea (T)	Urea Sales (₹)	DAP (T)
DAP Sales (₹)	MOP (T)	MOP Sales (₹)	Bio-fertilizers (Q)	Bio-fertilizers Sales (₹)	



## Annexure C – Financial Templates

### C1. Trading Account (per business line)

Particulars	Purchase Unit Cost (₹)	Purchase Units	Purchase Value (₹)	Sales Unit Price (₹)	Sales Units	Sales Value (₹)	Closing Stock Unit Cost (₹)	Closing Stock Value (₹)

### C2. Service Revenues (custom hiring, processing, others)

Service	Revenue per unit (₹)	Units per period	Gross Revenue (₹)	Service Expenses (₹)	Net Revenue (₹)

### C3. Staff Costs

Cadre	Monthly Salary (₹)	Allowances per month (₹)	Total per month (₹)	Total per FY (₹)
CEO				
Marketing Officer				
Procurement Officer				
Accounts Officer				
Storekeeper				
Operator				

### C4. Training and Meetings

Member/ Staff Category	No. of Trainings per Year	Estimated Cost (₹)	No. of Meetings per Year	Estimated Cost (₹)	Total Cost (₹)
Staff					
Committees					
Board of Directors					
Members					
Others					







### C5. Admin Costs

Type of Cost	Monthly (₹)	Total per Year (₹)	Remarks
Rent			
Electricity & Water			
Repairs & Maintenance			
Stationery			
Telephone/Internet/Post			
Travel (TA/DA)			
Office Expenses			
Miscellaneous Overheads			

### C6. Loans Taken (if any)

S. No	Source	Original Advance (₹)	Outstanding Principal (₹)	Outstanding Interest (₹)	Total (₹)

### C7. Projected Cashflows (Month-wise Year-1)

Month/Source	Cash Inflows (₹)	Cash Outflows (₹)	Remarks
Apr			
May			
Jun			
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			
Feb			
Mar			





### C8. Projected Profit & Loss (Year-1)

Source	Income (₹)	Expenditure (₹)	Remarks

### C9. Balance Sheet (Opening, Year-1, Year-3)

Item	Opening (₹)	Year-1 (₹)	Year-3 (₹)
Share Capital			
Reserves			
Deposits			
Loans			
Fixed Assets			
Inventory			
Receivables			
Cash & Bank			



## Annexure D – Licence & Compliance Tracker

Licence	Number	Date of Issue	Validity/ Expiry	Remarks
Seeds				
Fertilizers				
Pesticides				
FSSAI				
APMC				
Shops & Establishments				
Weights & Measures				
Pollution Consents				
Insurance Policies				



## Annexure E — Implementation Timeline (90-Day Roll-out)

Task	Owner	Start Date	End Date	Status	Dependencies
Member Mobilization					
Needs Assessment & Concept Note					
Draft Bye-laws & Registration					
Bank Account & Share Mobilization					
First GB & BOD; Policy Adoption					
Licences (as applicable)					
Infrastructure & Staff Hiring					
Systems Setup (Accounts/MIS/POS)					
Pilot Operations					
Review & Formal Launch					







To strengthen the Cooperative movement, Ministry of Cooperation, Govt. of India has taken 56 major initiatives, through which cooperative societies of the country are getting new possibilities for their economic development and expansion. For more details of all initiatives taken, please refer to the link below:

<https://www.cooperation.gov.in/major-initiative-of-the-ministry>

**राष्ट्रीय कृषि और ग्रामीण विकास बैंक**  
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