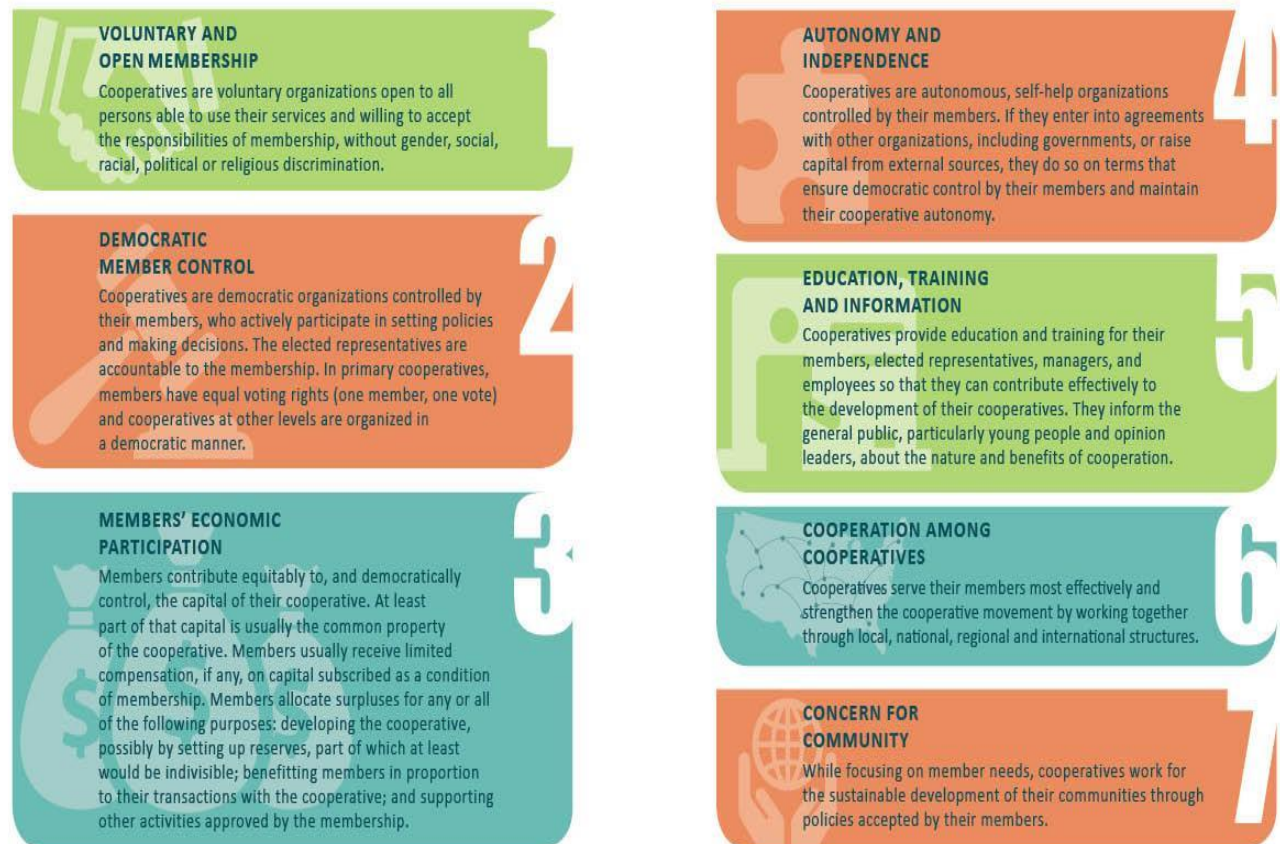


'Cooperation' has remained the philosophy of our nation for centuries. It embodies two important principles- 'Sah' and 'Karya' which means accomplishment of outcome-oriented activities following an all-inclusive method. It has the capability to ensure equitable and concerted efforts towards enhancing the flow of timely, adequate, and door-step commodity and service supports to various critical infrastructure such as agriculture and industrial input services, irrigation, marketing, processing, and community storages, etc. They are governed by seven principles.

Seven Cooperative Principles



Creation of a New Ministry- A Historic Move

The Ministry of Cooperation was set up to enable and spread the growth of cooperative movement across India. It opens opportunities for the states to realize the power of collectives and to gear up activities of rapid social mobilization through registration of diversified activity-based cooperatives and to be an active catalyst in achieving the greater goal of Sahkar se Samridhi.

Ensuring Equitable Spread and Outreach

- The mission- "Sahkar Se Samridhi" aims at ensuring equitable and widespread growth of cooperatives.
- Its focus is to provide every village of India with a primary cooperative credit society connected to a nearby cooperative bank.
- The cooperative business model can turn around the khadi and village industries and can bring parity in the income and employment growth in developed and developing states.

- The skewed spread of cooperative movement across the states can be categorized as developed, developing and weak states.
- Developed states have seen reasonable progress in this sector but there is a huge scope for improvement to address some inherent disadvantages.
- Developing states have managed to stop the deterioration to some extent and need greater policy support to move forward.
- Weak states like Odisha, Jharkhand, Bihar, Uttarakhand, Assam etc. need to ensure expansion in the cooperative base and to extensively analyze their past models of growth and the activities they have adopted for maximizing social and economic welfare.

Cooperation and Economic Empowerment

- The cooperative model can bring economically weaker sections of our society to the forefront of economic growth and can create widespread financial prosperity.
- Lijjat Papad, Amul and other milk cooperatives in southern states like Karnataka, have brought economic prosperity to millions of people from marginalized sections of society.

Venturing New Areas Through Cooperation

- The Prime Minister has urged all ministries to set up a goal that in the next ten years every village will have a milk society and a credit society which will be viable and functional.
- This will contribute to the national economy and improve the lives of millions of poor and marginalized sections.

Meeting Challenges for Effective Cooperation

- Bottlenecks of growth within the sector must be addressed and this would demand several policy level and administrative changes.
- First and foremost, in this regard is fostering a culture of transparency. This will restore the trust of small farmers in cooperatives.
- Adhering to law and cooperative principles is important to strengthen the sector.
- Abiding by the democratic values is needed to ensure the best people are inducted to cooperative platforms.
- Cooperative sector needs to move towards professionalism and should conduct itself on the principles of corporate governance.
- IFFCO, Amul etc. have kept the cooperative spirit intact and imbibed the strengths of corporate governance values. Such models need to be built which conform to a judicious blend of cooperative values and corporate governance.
- Cooperative institutions need better infrastructure and access to business loan and working capital and for meeting their plant and machinery needs.

Cooperative Federalism – the Only Way

- ‘Corporation’ is a state subject and the State Cooperative Societies are governed by the state specific legislations. The union government is responsible for the management of multi state cooperatives.
- A lot of work can be accomplished through constructive and continuous dialogue between the Centre and the States and imbibe the principles of cooperatives in our work and actions.
- To spread the cooperative movement across all the states in an equitable manner, we need to come on a common forum with the States and create an enabling environment for cooperatives collectively through a continuous dialogue and consultation process.

- The Union Government shall play an enabling role to transform the cooperative movement of the country and the jurisdiction of both centre and states should remain clear and as per the fundamentals of our constitution.

Planning New Cooperation Policy

- Technology development in cooperatives is the need of the hour.
- Computerization of primary agricultural credit cooperatives (PACS) is a must.
- We need to work for the prosperity and business viability of farmer households through the revival of cooperatives.
- We need to empower them with scheme interventions, policy support, and provision of technology.
- All the hurdles and bottlenecks need to be addressed through the new corporation policy and suitable government interventions.
- Important policy parameters [4Ps + 3Es] for attaining *Sahkar Se Samridhhi* are-

Prosperity through Cooperation: The Seven Vital Parameters

4Ps	3Es
1. People cooperating people	1. Ease of doing business
2. Production by people	2. Ease of living
3. People before profit	3. Ease of corporation and access to opportunities
4. Profit with purpose	

Dimensions of New Cooperation Policy

- New areas should be explored and work should be done with TEAM spirit.

T	Transparency	Cooperatives to adopt best practices for their governance with accountability and by rising above politics.
E	Empowerment	Empowering persons engaged in farm and non-farm activities.
A	AtmaNirbhar	Self-reliance through community and collectivized action.
M	Modernization	Bringing right technology and quick adoption thereof to enhance productivity and efficiency.

- Probable dimensions could be:
 - a) Laying out processes for hassle free registration.
 - b) Bringing in transparency within administration, recruitment and training of trainers and employees.
 - c) Ensuring transparency in cooperative elections on the lines of Election Commission of India.
 - d) Addressing issues of cooperation and coordination amongst different cooperative institutions.
 - e) Establishing proper linkages to all societies at village level like dairy, PACs, FPO, women cooperatives etc.
 - f) Bringing in uniformity and parity of cooperative law within the states.

Conclusion and Road Ahead

- Some of the vital issues which require immediate attention are:
 - Regional or State Level and sectoral imbalances
 - Regulatory complexities
 - Governance, leadership and operational issues
 - Lack of professional management in cooperative units
 - Need of time-tested structural reform measures

- Lack of cooperation amongst cooperatives etc.
- Timely intervention and redressal of such issues would drive us to explore feasible pathways for bringing in a technology driven integrated cooperative development strategy and for ensuring competitiveness of the community owned business units.
- The contribution of cooperatives will have a multiplicative effect on the 5 trillion dollar Indian economy vision and enhancing the income of farmers. To make it happen we need to empower and revive community level primary cooperatives. The first instance is to make the villages self-reliant and strong, double the income of the member of cooperatives etc.
- The leaders of the cooperative movement and the federal heads will have to rise to the occasion, make extra efforts to visit their districts, talk to members and infuse hope in them for the betterment of the sector. These cumulative efforts will bring all of us closer to the achieving the goal of “*Sahkar Se Samridhi*”.

WOMEN AND YOUTH PARTICIPATION IN COOPERATIVES

Post-independence, the Indian cooperatives have evolved and become operational across various sectors of the economy. Livelihood opportunities for citizens especially rural women, men and youth are improved due to rising cooperative societies, microenterprises, self-help groups etc. Several measures have been taken by the government that can leapfrog cooperative expansion and development.

National Cooperative Policy: “Sahakar Se Samridhi”

- The New National Cooperative Policy and Schemes aim to penetrate cooperatives as a true people-based movement reaching up to the grassroots and ensuring *ease of doing business* for cooperatives.
- It focuses on developing a cooperative based economy model that can significantly boost the Make in India initiative.
- Every village will be connected to cooperatives making every village prosperous with the mantra of *Sahkar Se Samridhi*.
- Cooperatives can play a key role in creating opportunities for income generation, empowerment of women and less or underprivileged sections of the society.
- It can support in bridging urban-rural divides.
- Skilling, education, financial assistance etc. can be imparted to rural population through cooperative institutions.
- The Jan Dhan Yojana, Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Krishi Sinchai Yojana, Mudra Scheme provides an opportunity for cooperatives to collaborate with the government and reap multiple benefits.

Cooperatives Niche

- Cooperatives provide financial assistance to farmers and micro entrepreneurship ventures.
- Transformation of Primary Agriculture Credit Society (PACS) to multipurpose model i.e. PACs will offer multiple functions or roles such as dairy, FPO, water and gas distribution, biogas production and distribution etc.
- There are large number of cooperatives at the state level like urban cooperative banks, primary agriculture cooperative societies, housing, fishery and other forms of cooperatives which are making untiring efforts to improve the socio economic condition of the people.

Women and Youth Participation: A Catalyst to Cooperative Movement

- The government has taken various steps to improve women's participation in the labour force and quality of their employment.
- However, out of 8,54,300 cooperatives in India, only 2.52% of these cooperatives solely comprise women.

- Women have played a significant role in the success of many cooperative movements like Anand Milk Union Limited (AMUL) and Lijjat.
- Successful women cooperatives viz. Industrial Cooperative Society Limited, Self-Employed Women's Association (SEWA) Cooperative, Swashrayi Mahila SEWA Bank, Mahila Seva Lok Swasthya Cooperative etc. has contributed in holistic empowerment of women in society.
- Promoting more village level cooperatives can mainstream women participation towards empowerment and socio economic development.
- Cooperatives need to take up gender responsive initiatives with parity in payment, promoting local products of rural women's cooperatives, increasing awareness among cooperative leaders and ensuring favourable cooperative legislation.
- India has the largest cohort of youngest populations with an average age of 29 years that provides a demographic window of opportunity - *youth bulge* that can lead economic and social reforms.
- Youth can be a positive force to steer cooperative development when provided with the knowledge, skill and opportunities that can absorb them into the labour force.
- Cooperative model of enterprise contributes to youth employment and facilitating job creation through self-employment. The model lends itself to both rural and urban areas and for persons of all academic and skill levels including recent graduates who have limited prospects of finding jobs.

Conclusion

India has the largest cohort of the youngest population and significant female inhabitants that can be mainstreamed to enhance their contribution in transforming society at large. Cooperatives can generate a significant source of employment for the young and women population and support formalization of informal employment through collective voice and economies of scale and extension of social protection.

COOPERATIVE ENTREPRENEURSHIP

Cooperatives can be called community enterprises being managed by diverse member entrepreneurs. Research indicates that local participation in different developmental activities has a positive impact on shaping communities and ensuring the progression of low income community into the socio economic mainstream.

Framework

- Cooperative societies with members from one state are registered under the provisions of State Cooperative Societies Act concerned and are regulated by the state registrars of the cooperative societies concerned.
- Cooperative societies with members from more than one state are registered by the central registrar of cooperative societies under the Multi State Cooperative Societies (MSCS).
- The cooperative sector has an irrefutable pivotal role in strengthening the rural economy through its engagement in agriculture, fishery, agro-processing, dairy by providing credit agriculture inputs and marketing for milk, fish, vegetable, fruits etc. and by contributing immensely by generating direct and indirect employment.

Strengthening The Cooperative Structure

Large number of steps are being taken to strengthen the cooperative sector. Some of these are-

- **Computerization of PACs:** will ensure efficiency of their operations, speedy disposal of loans, lower transition cost, faster audit, reduction in imbalances in payments and accounting with SBCs and DCCBs, enhanced transparency and trustworthiness and a positive and emphasis tick transition towards financial inclusion.

- **Draft Model of Bye-Laws:** to transform the packs into multi-purpose and multidimensional vibrant economic entities.
- **Formulation of a Scheme:** 'Cooperation To Prosperity' will map the growth catalysts in the economy and encourage rolling out of coordinated approach of cooperative development to enhance income and growth.
- **Scheme For Modernising Cooperative Education And Training:** will take care of capacity building needs of the sector and ensure that the sector attains required competitiveness in the changed economic scenario.
- **New National Corporation Policy:** to be introduced by reviewing the two decade old policy and exploring new and sustainable growth pathways through cooperation.
- **Creation Of National Cooperative Database:** will help in identifying the areas where cooperative movement could be expanded and facilitate the framing of appropriate policy.

Further Steps Which May Be Taken

1. Convergence:

- More than 12,000 cooperative societies are registered as micro, small and medium enterprises (MSMEs) which implies that cooperatives account for about 0.1% of the 1.23 crore MSMEs registered on the Udyam registration portal amidst the first wave of the pandemic.
- Udyam is a unique identity number for MSMEs generated on the basis of information fetched from PAN and GSTN databases through application programming interface.
- Udyam registration number is mandatory for availing benefits of priority sector lending and for most programmes of Ministry of MSME.
- A substantial number of cooperatives have already declared themselves to be MSME and that Udyam is almost like a *Know Your Customer* for the MSME in the spirit of convergence and enhancing the ease of doing business.

2. Awareness And Access To Information:

- School children and fresh graduates need to be made aware that entrepreneurship especially in the cooperative sector, is a full-fledged career option available to them. In this context, some universities have started running undergraduate entrepreneurship programs.
- The National Cooperative Development Corporation (NCDC) under the Ministry Of Cooperation is implementing Yuva Sahakar Cooperative Enterprise Support And Innovation Scheme.
- A proposal to set up a National Level University dedicated for the cooperative sector is under consideration.
- A common interactive portal with all information for cooperatives including potential employee-employer mapping, access to not just information but access to credit too and encouraging entrepreneurship is the need of the hour.

3. Training And Skill Development:

- Training is an integral part of upgradation of skills. Such trainings are conducted by various institutes including NCDC, Bankers Institute Of Rural Development, Institutes Of Cooperative Management etc.
- Entrepreneurs among cooperatives and aspiring entrepreneurs can avail benefits of ministry of MSME entrepreneurship and skill development programme for capacity building.

4. Technological Upgradation: special schemes for cooperatives with a focus on digitalisation are required.

5. Finance:

- Collateral free loans ensuring timely availability, accessibility and affordability are important.
- An exclusive fund for cooperatives to achieve their objectives maybe thought of.
- In order to provide credit to cooperative institutions non-scheduled UCBs, SCBs and DCCBs have been notified as Member Lending Institutions in Guarantee Fund Trust (CGTMSE) Scheme. The limit of individual housing loans has been doubled for UCBs, SCBs, and DCCBs.

- Rural cooperative banks have been allowed to lend to Commercial Real Estate Residential Housing sector and UCBs have been allowed to provide doorstep banking facility to their customers like commercial banks.

6. Procurement and Marketing:

- Cooperatives have been allowed to register on Government e-Marketplace (GeM) as 'buyers' with the objective to enable cooperatives to procure goods and services from 40 lakh vendors on the GeM portal, thereby improving transparency in the procurement system and helping cooperatives to make savings.
- A preference policy for cooperatives as 'sellers' may ensure the much-needed boost to them.
- Subsidized participation in fairs may help them in showcasing their products and forging business tie-ups.
- A holistic approach helping cooperatives in overcoming tariff, non-tariff and other trade barriers will help them in gaining market access overseas and become competitive.

7. Mentoring:

- Effective cooperation and coordination amongst cooperatives would mutually benefit their business initiatives and maximise community development through adequate expansion of member driven cooperative activities.
- The bigger cooperatives should mentor the weaker and the smaller ones and ensure that these units retain their competitiveness in the market.

8. Coping Up With The Repercussions Of The Pandemic:

- To mitigate the impact of pandemic, NDCDC has hiked the financial assistance by 38% in 2021-22 over the previous years and restructured loans with ₹203.78 crore and 369.68 crore for sugar and textile properties respectively.
- Budget 2022-23 announced the reduction of the Minimum Alternate Tax rate for cooperatives from 18.5% to 15% and surcharge on cooperative societies was brought down from 12% to 7% for those having a total income of more than ₹1 crore and up to ₹10 crore.

Some Recommendations

- Efforts are needed to ensure convergence of schemes, to facilitate the ease of doing business, and to actually go beyond cooperatives, as envisaged in the term cooperation vis-a-vis cooperatives.
- National policy for cooperatives may stress on universal coverage and provide a single unique identity to each cooperative.
- All pervasive awareness programme may be undertaken through a pan-India network of cooperative capacity building institutions.
- Sector specific customised special programmes may be developed for capacity building.
- Special schemes for cooperatives with focus on digitalisation may be adopted.
- Exclusive fund for cooperatives may be explored to not only finance credit risks, but to support brand development, technology adoption, marketing advertisement and market research etc.
- Bigger cooperatives may mentor the weaker and smaller ones.

COOPERATIVES AND RURAL LIVELIHOOD

Cooperatives play a major self-help role in rural areas, particularly where private entrepreneurs hesitate to make investment and public authorities are not able to provide the required services due to paucity of funds. They not only inculcate the habit of saving, but also enable communities to pool together their resources to solve their common social economic problems. They encourage 'Production By Masses' instead of Mass Production, which is essential for inclusive and sustainable growth of the economy.

Cooperative Movement in India

- The formal era of cooperative movement in India began with the enactment of “Cooperative Credit Societies Act” in 1904 to encourage thrift, self-help and cooperation among farmers, artisans and persons of limited means.
- Post-independence, the responsibility for the development of cooperative sector was entrusted mainly upon the state governments.
- Cooperatives became an integral part of five year plans which emphasised on enhancing the capability of cooperatives for improving economic activity and creating employment opportunities for small farmers, rural artisans, library, scheduled castes, scheduled tribes, women, etc.
- National Cooperative Policy was enunciated in 2002 with the objective to ensure more autonomy, accountability, and self-reliance in the functioning of cooperatives by providing necessary support and encouragement and existence to them.
- The 97th constitutional amendment granted protection to cooperative societies by giving them constitutional status.
- Presently there are 2 types of cooperatives in the country- State Cooperative Societies and Multi State Cooperative Societies.
- There are 4 major types of cooperatives in rural India-
 - i. Primary agricultural credit or service society
 - ii. Agricultural non-credit societies
 - iii. Cooperative farming societies
 - iv. Other allied cooperative societies like dairy, fishery, Horticulture, etc.

Rural Development

- The cooperative sector has been playing a crucial role in strengthening the rural economy through disbursement of agricultural credit, providing market support to farmers, distribution of agricultural inputs and imparting cooperative education and training.
- It has been playing a significant role in reducing economic disparities in the distribution of income, employment, consumption and quality of life between the ‘*haves and have not*’ as well as alleviating regional imbalances, including the rural and urban disparity.
- Due to the incentives given by the government, the Indian cooperative sector has emerged to be the largest in the world in terms of number of societies and membership.
- Nearly 2/3rd of total cooperative societies are located only in 7 states viz. Maharashtra, Gujarat, Andhra Pradesh, Telangana, Uttar Pradesh, Madhya Pradesh and Karnataka. Maharashtra alone accounts for more than 24% of total credit and non-credit societies in the country.
- NAFED, KRIBHCO, AMUL are some successful cooperatives.

Challenges

- The members of cooperative societies are not actively involved in their functioning as they are not well informed about the rules and regulations of the society and objectives of the movement.
- Large number of cooperative societies are not economically viable, hence have become defunct.
- Most of the societies are confined to a few states spread over limited number of villages with meagre membership.
- Participation of Scheduled Castes, scheduled tribes, women and other vulnerable sections of the society is low.
- Top posts of Chairman and Vice Chairman etc. of the society are usually occupied by rich farmers who manipulate the organization for their own benefit at the cost of the poor.

- Inadequacy of trained, skilled and experienced personnel.

Government Initiatives

- **National Cooperative Development Corporation(NCDC):**
 - Established by an Act of Parliament in 1963 to speed up cooperative movement in the country.
 - It provides assistance to the cooperatives for production, processing, storage, marketing, export and import of agricultural produce, livestock, foodstuffs, industrial goods etc.
 - It gives assistance to cooperatives of weaker sections comprising of members from SC/ST, landless labourers and women.
- **Central Sector Integrated Scheme On Agricultural Cooperation (CSISAC):**
 - Financial assistance is provided for improving economic conditions of cooperatives, remove regional imbalances and speed up cooperative development in agricultural and allied sectors.
 - Under this scheme, subsidy varying from 15% to 25% is provided to the cooperatives depending on the category of state of their operation.
- **Yuva Sahakar Cooperative Enterprise Support and Innovation Scheme:** launched in 2018 to provide mentorship and financial assistance to the enterprising youth to establish start-ups in different types of business activities under cooperative sector.
- **Sahkar Se Samridhhi:** aims at providing a separate administrative, legal and policy framework for strengthening the cooperative movement in the country.
- **Reduced MAT:** To provide a level playing field between cooperative societies and companies, the minimum alternative tax (MAT) has been reduced from 8.5% to 15% for cooperatives in the budget 2022-23.
- **New Cooperative Policy:** To achieve cooperative based economic development in the country.
- **Rajya Samekit Vikas Pariyojna:** by NCDC aims at holistic integrated development including creation of infrastructure, cooperative cluster farming, market expansion and generation of employment avenues.

Way Forward

- It is urgent to infuse efficiency, accountability, transparency in the entire system and adopt modern technology and professionalism.
- Pace of growth is needed to be accelerated in the lagging states, particularly the hill states like Arunachal, Mizoram, Meghalaya, Tripura, Himachal Pradesh, Uttarakhand, etc. and all the Union territories.
- Diversification of the activities of cooperatives by including some new sectors such as real estate, power, healthcare, insurance, communication, tourism etc. is needed for the revitalization.
- There is also need to promote the brand of cooperatives through upgradation and value addition from the products and services delivered by them.
- Revival of defunct cooperative societies by improving their financial health is also imperative for strengthening the marginalised sections of the society.
- Management of multi state Cooperative societies should be given in the hands of modern market driven managers capable of infusing productivity and efficiency.
- Government needs to evaluate the training needs of cooperatives.

Conclusion

All stakeholders including union and state governments, cooperative societies and institutions, NGOs, SHGs, and public at large, should come forward to put combined efforts to achieve inclusive growth driven by the cooperative movement in the country.

Cooperatives working in rural areas with farmers as their members have proved to be one of the most effective ones. They are formed to secure low cost credit to purchase supplies and equipment for farming and household needs, to market products, even to secure many services like electric power, regulation, health and insurance. Cooperative societies in India could be divided in 6 categories:

- i. Cooperative farming societies, also called Farmers Service Societies (FSS).
- ii. Cooperative credit societies also called Primary Agriculture Cooperative Credit Societies (PACS).
- iii. Producer's cooperative societies.
- iv. Marketing cooperative societies.
- v. Housing cooperative societies.
- vi. Consumer cooperative societies.

Role Of Cooperative Societies In The Development Of Agro Ecosystem Of India

- **Providing credit facilities:** Both FSS and PACS are field level rural financial institutions (RFIs) and were introduced for economic and non-economic reasons such as extending credit integrated with modern inputs and commodity markets related services, improving rural poor share in formal credit and organising a force to counter the usurious power of village money lenders. These organizations send credit request to the District Central Cooperative Banks (DCCBs) in advance of a village's need. As these cooperatives have better bargaining power, vis-a-vis individuals, they get credit from the commercial banks at much cheaper rate.
- **Housing facilities for poor:** Housing cooperative societies help poor people in rural areas to get homes at affordable prices.
- **Helping consumers:** Consumer cooperative societies play an important role in ensuring access of poor rural consumers to consumer goods at cheaper rates by purchasing them directly from manufacturers. Kendriya Bhandar, Apna Bazar. Sahkari Bhandar are some examples.
- **Helping small businesses:** Cooperatives help small businesses in two ways- first, they provide them raw material at cheaper rates and second, they provide them platform to sell their produce. Bayanika, Haryana Handloom are some examples.

Impact of Cooperative Societies

- **Dairy Sector (White Revolution):** India's dairy sector has nearly 19,0,000 cooperatives that source milk supply daily from farmers, making it the largest such daily basis business model in the world. Popular dairy and chocolate brand Amul is a cooperative based producer. Prior to 1970, farmers were impoverished with no remunerative returns with a supply chain filled with middlemen. But when National Dairy Development Board launched Operation Flood based on a 3 tier cooperative model with focusing entirely on rural population, the country returned self-sufficient in milk output.
- **Farm Sector (Green Revolution):** In 1966-67, green revolution started in India. Almost at the same time when cooperative movement was also trying to establish itself as game changer. Cooperatives played a crucial role in ensuring seamless supply of fertilisers and pesticides. They have positively impacted post-harvest processing, storage, transportation, trade and input procurement for a range of activities in the agricultural sector.
- **Sugar Sector:** Under the sugar scheme, NCDC has been promoting establishment and development of sugar factories in the cooperative sector so as to help them in achieving the primary objective of ensuring remunerative prices to the farmers for sugarcane.
- **Agro Processing And Spinning Mills:** Cooperatives in the Agro processing sector have created huge employment opportunities through industrialisation of small rural industries and have also supported the farmers by purchasing their produce at remunerative prices. These cooperatives have also cajoled farmers to adopt new

technologies in farming to increase the productivity. Sugar mills, oil mills, ginning and pressing mill, spinning Mills etc. have brought revolutionary changes in rural areas as they are responsible for confidence building among farmers, organization of agriculture, enhancing income and standard of living of farmers.

- **Banking And Finance:** Cooperatives have played an impressive role in providing credit to the farm labourers and farmers. Agricultural credit is dispersed through multi agency network consisting of commercial banks (CBs), Regional Rural Banks (RRBs) and cooperatives where the cooperatives work in close coordination with CBs and RRBs. Recognising the role of PACS in distribution of farm credit across the country, Cabinet Committee on Economic Affairs approved computerization of PACS to improve their efficiency and to bring transparency and accountability in their operations.

Some Successful Cooperatives

- **Indian Farmers Fertiliser Cooperative Limited (IFFCO):** Almost 70% of all fertilizers consumed in India were distributed by cooperatives in the 1960s, but they did not have any production facilities of their own and were dependent on multiple private companies for sourcing these materials. IFFCO was registered in 1967 to overcome this issue. It was a new venture created by farmers to safeguard their interests. It was founded with just 57 cooperatives, but today it is an amalgamation of 36,000 Indian cooperatives with diversified business interests ranging from general insurance to rural telecom, apart from its core business of manufacturing and selling fertilizers.
- **AMUL:** Founded in 1946 as Kaira District Cooperative Milk Producers Union Limited (KDCMPUL) in a village called Anand to get rid of middlemen and their exploitative trade practices. Other district unions formed and all these functioned separately but under one brand name of Amul. These were merged to form one larger state cooperative, namely Gujarat Cooperative Milk Marketing Federation Limited (GCMMFL) and the brand of AMUL was adopted. It follows a 3 tiered structure where every milk producer is a member of the Village Dairy Cooperative Society controlled by district milk unions which take care of milk and milk products and their processing. They sell these products to State Milk Federation which acts as a distributor. The revenue gets shared downwards in a similar fashion. AMUL is India's largest food product marketing organisation with an annual turnover of ₹38,542 crore.
- **Sittilingi Organic Farmers Association (SOFA):** It was formed in 2004 with 4 tribal farmers, which grew to 57 in 2008. It is registered as a cooperative society with objectives to train tribal farmers in organic farming and to help them market their crops. Ragi, bajra, little Millet, foxtail and Pearl minute are grown here on 1200 acres of land in and around Sittilingi. The produce is purchased by the Society and farmers are paid the market rate, plus ₹2 to ₹3 more per kg. SOFA generated around ₹1 crore in 2018 which is significantly higher than ₹1,00,000 generated in 2008-09.

Conclusion

With focus on quality, professional management, innovation, growing expertise in marketing and branding, and government support, cooperatives are all set to accomplish the stated objective of uplifting the rural population of the country.

MODERNISATION AND COMPETITIVENESS IN COOPERATIVES

The new National Cooperative policy and schemes are being drafted with the aim to deepen cooperatives as a true people based movement reaching up to the grassroots and develop a cooperative based economy model including focus on *Make In India*. To make cooperatives more transparent and efficient, the ministry has started stakeholder consultations on relevant interventions viz. creation of national database of cooperatives, digitalization of PACS etc.

New Legislation For Ensuring Transparency And Accountability Of Cooperatives

- The Multistate Cooperative Societies (Amendment) Bill, 2022 was introduced in the Lok Sabha to bring accountability and governance structure of cooperatives.
- The new bill provides that the central govt will establish a cooperative election authority to conduct election, supervise, direct, and control the preparation of electoral roles and perform other prescribed functions.
- The bill also has provision for the amalgamation and division of MSCSs. The merger of a state cooperative with an existing MSCS is also built within the bill.
- For creating a professional management structure, the bill has provisions for bringing in directors with experience in the field of banking, management, and finance.

Professionalising Cooperatives And Boosting Economic Growth

- PACS will have to be made multipurpose, this will strengthen the core unit of the cooperative sector and give a new and long and strong life to the cooperative sector.
- 65,000 PACS are being created and the government is aiming to set up 3,00,000 new PACS in next 5 years.
- PACS, District Cooperative banks, State Cooperative Banks and NABARD will run on the common software and same type of accounting system which will also facilitate online audit.
- Many of the problems will be solved by accepting the byelaws of tax, computerization of PACS and adoption of new software. This software will be available in all languages so that every state will be able to conduct business in their native language.
- Liquidating defunct PACS as soon as possible is required.
- PACS were engaged only in disposing short term finance up till now, but now they should also be able to dispose the medium and long term finance as well.
- By proactively cooperating with the State Marketing Federation, the National Agricultural Cooperative Marketing Federation of India (NAFED) will actively integrate the PACS with marketing and the entire marketing profit will eventually reach the PACS through the NAFED State And District Federation.
- Trained manpower and youth with knowledge of cooperative finance and computer are needed for implementing these changes.

Skill Development

- Cooperative university will be established to provide trained manpower.
- Dedicated exports house will be created to boost the export potential of cooperatives.
- Multistate Cooperative - Seed Production Cooperative will be formed by merging 4 or 5 big cooperatives at the national level to enhance the quality of seeds and preserve and promote old seeds.
- Large cooperatives like Amul, IFFCO, NAFED are going to form a multi-state export house which will work to export khadi products, handicrafts, agricultural products to the worldwide market.
- National Cooperative Development Corporation (NCDC) provides financial assistance to the cooperative sector and undertakes various activities like strengthening share capital base of primary and district cooperative marketing societies, setting up of processing centres, storage facilities, establishing and modernising cold chain, creation of cooperative banking units etc.
- The government is taking initiative to formulate cooperation to prosperity scheme aiming at overall development of these entities.

Schemes For Expanding Cooperatives Activities

- **Agriculture Infrastructure Fund:** under the scheme, inter subvention of 3% and credit guarantee is provided by the government for availing loan upto ₹2 crore for development of infrastructure projects at farm gates by FPO, PACS, entrepreneurs, startups, and other beneficiaries.

- **Dairy Processing and Infrastructure Development Fund:** To provide loan assistance and interest subvention of 2.5% to state dairy federations, district milk unions, milk producer companies, multi state cooperatives and NDDDB subsidiaries across the country who are termed as Eligible End Borrowers (EEBs) for the purpose of establishing new milk processing units, processing units, its modernization, re-development services, milk testing apparatus, storage facilities, transportation, and marketing.
- **Fisheries And Aquaculture Development Fund:** provides concessional finance support facility with 3% interest subvention for development of various inland fisheries activities which includes setting up of brood banks, development of hatcheries, development of aquaculture etc.
- **Tribal Cooperative Marketing Development Federation of India (TRIFED):** spearheads implementation of Van Dhan programme for collection and selling of Minor Forest Produce (MFP) in districts which have paid dominantly forest dwelling tribal population.
- **Bankers Institute of Rural Development (BIRD):** designated as nodal training institution at central level for FPOs promoted by NABARD and Small Farmers Agri-business consortium and other allowed/designated implementing agencies.
- **Credit Guarantee Fund Trust for Micro and Small Enterprises:** This will help in providing adequate, affordable, and timely credit to the cooperative institutions to give a boost to the cooperative based economic development model.
- **Cooperation to Prosperity:** Scheme is being formulated in consultation with all the stakeholders for all round development of cooperatives at all levels.
- **National Cooperative Database** is being created to facilitate the govt to make appropriate policy interventions.

Conclusion

The Cooperation ministry is continuously working on giving a new impetus to the development of cooperative sector, strengthening and professionalising these institutions and making it a model of all-inclusive development.

COOPERATIVE TO FPOS: A PARADIGM SHIFT

Indian agriculture is dominated by small and marginal farmers accounting for nearly 86.66% of the total operational land holdings. The challenges faced by them are multi-fold that can be addressed through farmers collectives in the form of Farmer Producer Organizations (FPOs)/ Farmer Producer Companies (FPCs) which are presently being viewed as a beneficial alternative to cooperatives.

Cooperative

- It is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.
- They are based on the values of self-help, self-responsibility, democracy, quality, equity and solidarity. They are democratically managed by 'one member, one vote' rule. Members share full voting rights regardless of the capital they put into the enterprise.

Cooperative Movement

- Cooperative is one of the most significant social innovations since the 18th century.
- It became an integral part of Five-Year Plans (FYP).
- Indian Constitution has enacted provisions for cooperative development through **Article 43** of DPSP, Article 14 (right to equality) and Article 19 (1)(C) has right to form associations or unions.
- The government is formulating a new national level policy for the cooperatives for which discussions were held on legal framework, identification of regulatory policy and operational barriers, ease of doing business, reforms

for strengthening governance, promoting new and social cooperatives, revitalising defunct ones, making cooperatives vibrant economic entities, cooperation among cooperatives and increasing membership of cooperatives.

Agricultural Cooperative

- Commonly referred as a farmers cooperative, it is a cooperative through which farmers pool their resources for their farming activities. They are of 2 types-
 1. **Agriculture Production Cooperatives:** They can be further classified into three categories-
 - a. Cooperative Tenant Farming Societies
 - b. Cooperative Joint Farming Societies
 - c. Cooperative Collective Farming Societies
 2. **Agricultural Service Cooperatives:** They are of two types-
 - a. Supply Cooperatives: Supply the members with inputs like seeds, fertilizers, fuel, and machinery services for agricultural production.
 - b. Marketing Cooperatives: Look after activities like transportation, packaging, pricing, distribution, sales, and promotion of farm products.
- Agriculture Service cooperative play a useful role by maintaining a constant flow of essential agricultural services like supply of farming requirements in terms of improved seeds, fertilizers, implements, etc., supplying and maintaining the agricultural machinery on hire, providing essential household needs and encouraging thrift and savings among the members to make them self-sufficient.
- Credit cooperatives have evolved hierarchically into a three tiered structure with the Primary Agricultural Credit Societies (PACS) at the base or village level, District Central Cooperative Banks (DCCBs) at the district level and State Cooperative Banks (SCBs) at the state level.

Farmer Organization (FO)

They enable farmers to organise themselves as collectives and can be grouped into 2 types-

1. **Community-Based, Resource-Oriented FOs:** They are village level cooperative or associations dealing with inputs needed by the members and the resource owners to enhance the productivity of their business based on land, water or animals. They are generally small and have well defined geographical areas and are predominantly concerned about inputs.
2. **Commodity-Based, Market-Oriented FOs:** They are specialised in a single commodity and opt for value added products, expanding markets. They are designated as output dominated organizations, not specific to any community and can obtain members from regional growers of that community who are interested in investing some share capital in acquiring the most recent processing technology and professional human resources. They are not small and must operate in the competitive environment. The profits generated are used to provide supplementary and supportive services at a reduced cost to encourage members to use them.

Farmer Producer Organization (FPO)

- It is modelled as an interface between small and marginal farmers and markets by establishing and strengthening forward and backward linkages. It differs structurally from corporates in membership, governance and business strategy. Institution structure of FPOs restricts membership to only primary producers who contribute equally to the FPOs operating capital and democratically governed by sharing equal voting rights.
- FPC as an organization offers a suitable framework for the producers themselves to own the company since farmers or producers are its equity holders.

- Its primary goal is to organise small and marginal farmers for-
 - Backward linkages of inputs like seeds, fertilizers, credit, insurance, information and extension advisory services.
 - Forward linkages for things like collective marketing, processing, market-led agricultural production, etc.

Promotion of FPO

- Formation and promotion of FPO will be based on the producer cluster area, which includes the geographical area where in agricultural and allied products are grown.
- About 15 to 20 farmers located in adjacent areas with similar interests are to be mobilised to form a group like Farmer Interest Group (FIG), Self Help Group (SHG), Farmers Club (FC), Joint Liability Group (JLG) etc. and such groups representing a product cluster area aggregate together to form a FPO.
- While adopting a cluster based approach for produce or product mix, the formation of FPOs will also focus on “One District, One Product” approach for the development of product specialization. Thus, FPOs will be encouraged for promoting, processing, branding, marketing and product export for better price realisation.
- Forming and developing FPOs is the responsibility of 3 implementing agencies, notably Small Farmers Agribusiness Consortium (SFAC), National Cooperative Development Corporation (NCDC) and National Bank for Agricultural and Rural Development (NABARD).
- The dedicated Credit Guarantee fund being managed by NCDC and NABARD offers adequate credit guarantee coverage to speed up the flow of institutional credit to FPOs by reducing the burden of financial institutions loaning to FPOs.

Activities of FPO

- FPOs provide a range of services and activities such as provision of high quality production inputs at reasonably low wholesale rates, provision of need based production and post production machineries and equipment on a custom hiring basis to lower the per unit production cost and the provision of value addition services like cleaning, assaying, sorting, grading, packing etc. based on user charges at a reasonably lower rate.
- They promote income generating activities like seed production, mushroom cultivation, beekeeping, aggregation, etc.
- They also provide market information for appropriate production and market decisions, as well as logistics services like storage, transportation, etc. on a shared cost basis for strengthening the marketing channel.

Progress of FPO

- FPOs/FPCs are gaining wide acceptance among farmers/producers and promoting agencies, primarily as a result of the numerous advantages it offers over the standard model of producers cooperatives.
- Government of India has given a strong push through the newly approved Central Sector scheme to form and promote 10,000 new FPOs over the next 5 years.

Way Forward

Through government-supported collective action, productive cooperation with academic, research organizations, civil society and private sector, FPOs will be key for building a prosperous and sustainable agricultural sector.

BROADENING OUTREACH OF COOPERATIVES

Cooperatives are governed by two main legislations, the Cooperative Societies Act 2012 and the Multi State Cooperatives Act 2002. India is proud to have some iconic cooperative businesses in the country such as dairy giant Amul and seasoned flat bread maker Lijjat Papad as well as the fertilizer chain IFFCO.

Horizons And Outreach Of Agricultural Cooperatives

- Agricultural cooperatives provide inputs to farmers and provide processing and marketing services and other logistical support to transport products to markets.
- Larger corporations tend to benefit from scale economies that may provide higher profitability and allow them to revolve allocated equity more rapidly. Smaller cooperatives tend to benefit from product diversification.
- At global level, these cooperatives have substantial market shares in Agri food supply chains in Western countries. In European Union (EU) with the average of 40% share in Agri food sectors, the cooperatives market share for the whole agricultural sector exceeds 50% in Austria, Denmark, Finland, France, Ireland. In USA, Dairy cooperatives marketed more than 75% of the milk produced in the country in 2017.
- In India, dairy cooperatives are unique and can be a good business model for poor countries. They collect milk from about 2 crore farmers of more than 2 lakh villages in the country. There is no middle man in the entire process. More than 70% of money received from customer goes directly to the pocket of farmers.

Information And Communication Technology In Cooperatives

- Data acquisition and analysis in digital farming by means of smart technologies are supporting complex decision making approaches for better and easier solution to various problems.
- Application of these technologies enhances final productivity, reduces cost and optimises the decision making process.
- ICT tools present advantages for on-farm management, efficiency, quality control and food supply chain, as well as decision support tools.
- Crop health and productivity can be monitored and controlled using advanced AI and deep learning techniques.
- The IoT, along with cloud computing systems can facilitate communication between software platforms and sensors, pieces of machinery, crops and animals in digital farming.
- Use of drones is helping farmers to control and optimise their quantity of nitrogen used to fertilise their crops or remove pests with precision using the minimum quantity of pesticides.
- Robots are being used in soil mapping activities thus improving the quality of the nutrients and expanding the farmers capacity in order to control and manage large and wide crops.

Data Aggregation in Agriculture Cooperatives

- Big Data is created when Agricultural Technology Provider (ATP) combines the data of many farmers with data from other sources. This aggregated data can then be analysed with proprietary algorithms to provide recommendations and package and practices for crop production.
- On the basis of outcomes derived from the big data, farmers can be precisely advised regarding the use of seed, fertiliser and chemical combinations to be used on different land units that can improve yields, environmental outcomes and also have higher economical returns.
- The underlying technology for big aggregate data is provided by some of the world's largest technology companies like Bayer has partnered with Amazon Web Services (AWS), Google Ventures is one of FBMs main investors.

Digital Technologies in Agriculture Cooperatives

- **Oleoestepa**: A leading extra virgin olive oil production and marketing cooperative of Spain. It uses digital technologies for traceability, production control, internal communication and marketing.
- **DCOOP**: A Spanish cooperative, it makes effective use of Internet of Things in olive and tomato production.
- **InVivo**: A French cooperative which to expand its new Internet platform for farm products to reach at least 3 billion euros in sales by 2030.
- **APOFRUIT**: An Italian cooperative, it is making the use of smart technologies in grape cultivation.

- **M-PESA:** It is an electronic money transfer system based on SMS messaging that has changed the lives of millions of Kenyans, including the rural poor. This system allows immediate payments for those who live in remote areas miles from conventional commercial banks, and also allows them to exchange money into cash and vice versa via M-PESA kiosks and deposit or withdraw bank notes when needed. It allows them to transfer money home or easily sell life stock without the risk of carrying cash over long distances.
- **AMUL:** The home grown brand has also roped in digital technologies in its business. All the 1200 village level milk producers societies of Amul Dairy Milk shed area have been covered under digitalization and has become India's first cooperative to adopt digital tracking, monitoring system for artificial insemination.
- **Smart Farm Net:** An IoT based platform developed by an Australian team to automate the collection of environmental, irrigation, fertilization, and soil data. It integrates IoT devices such as sensors, actuators and cloud servers for storing and analysis of collected data.

Need for Regulation and Policies

- Regulations related to smart farming should cover different aspects of agriculture, including but not limited to food security, buyer security, climate change and data governance.
- European Union has enacted Common Agricultural Policy (CAP), which aims to improve the farming economy and risk concerns regarding climate changes and manage natural resource consumption. Another objective for CAP is to control the availability of supplies and ensure that the prices of products are reasonable for both producers and customers.
- Another widely used regulation under European Union jurisdiction is the European Union Code Of Conduct On Agricultural Data Sharing by Contractual Agreement which mainly focuses on non-personal data collected on farms and leaves the personal data to be treated under other regulations.
- Smart farming policy of USA considers different technologies such as GPS, computer mapping, guidance systems, and variable technology. The Food Safety Modernization Act (FSMA) is another law related to smart farming in USA which aims to enhance food safety and to prevent food borne illness and has seven major rules ensuring responsibility and accountability of different parties that work in the agricultural sections.

Government Initiatives

- **India Digital Ecosystem of Agriculture (IDEA):** is a framework which will serve as a foundation to build innovative Agri Focus solutions leveraging emerging technologies to contribute effectively to create a better ecosystem for agriculture in India.
- **National Software Platform:** It will be available in local languages and will link Primary Agricultural Credit Societies (PACS), District Cooperative Banks (DCBs) and National Bank for Agriculture and Rural Development (NABARD) potentially creating an integrated financial grid.
- **Digitization of PACS:** The digitised platform is aimed at boosting the reach and transparency of PACS. Plan to computerise PACS will help in diversify the practice, innovating, collaborating, sharing knowledge and using emerging technology. These are all essential to perform more effectively and sustainably in this digital universe of a cooperative.
- **Drone Production Linked Incentive Scheme:** As the agriculture sector of country develops, further usage of drones and farming methods is predicted to grow with many start-ups investing in low-cost drones which can support farmers, enhance their knowledge, and generate employment for the rural youth.