



"Empowering Communities: The Role And Impact Of Cooperative Societies In India"

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Abstract

A cooperative society is a self-governing group of individuals who voluntarily come together to address their common economic, social, and cultural needs through a collectively owned and democratically controlled enterprise.

India, primarily reliant on agriculture, is the birthplace of the world's largest cooperative movement. Cooperative ventures in agriculture, such as dairies, sugar mills, and spinning mills, are established by pooling resources from farmers aiming to process their produce. The country boasts 194,195 cooperative dairy societies and 330 cooperative sugar mill operations, with the latter contributing to 35% of the nation's sugar production. In the domain of banking and finance, cooperative institutions are widespread in rural and urban areas. Notably, primary agricultural credit societies (PACS), formed by farmer associations at the village level, submit credit requests to district central cooperative banks (DCCBs) before a village's needs arise. State cooperative banks serve as the apex of the rural cooperative lending structure. PACs, as a collective of farmers, wield significant negotiating power compared to individual farmers dealing with commercial banks.

Amul, a renowned cooperative brand, has its roots in Gujarat, with 36 lakh milk producers. It oversees the Gujarat Co-operative Milk Marketing Federation. Moreover, cooperative marketing groups have emerged among small producers and manufacturers facing challenges in independently selling their goods.

Keywords: Democratically, Cooperative, Agriculture.

1. INTRODUCTION

[1] Producers Cooperative Society: Formed by individuals involved in production or manufacturing activities to address common challenges.

Amul (Anand Milk Union Limited): It's a cooperative of milk producers in Gujarat. Dairy farmers joined hands to collectively process and market milk and dairy products. Amul is known for its cooperative model, empowering farmers in the dairy sector.

[2] Farmers' Cooperative Society: Agricultural producers form cooperatives to jointly address issues like input purchasing, crop marketing, and credit access.

IFFCO (Indian Farmers Fertiliser Cooperative Limited): IFFCO is a cooperative society that provides farmers with fertilizers and agricultural inputs. It operates on a cooperative model, and farmers are also shareholders in the organization.

[3] Consumers Cooperative Society: Individuals come together to collectively purchase goods and services for their mutual benefit.

Sahakari Bhandar: It's a cooperative retail chain in Mumbai where consumers collectively own and operate stores. Members enjoy benefits such as discounts and a say in the cooperative's functioning.

[4] Credit Cooperative Society: Offers financial services like loans and advances to members, focusing on addressing credit needs.

The Kurla Nagarik Sahakari Bank: A cooperative credit society providing banking services to its members. It emphasizes financial inclusion and caters to the credit requirements of the local community.

[5] Cooperative Housing Society: Residents of a housing complex form a cooperative to manage and maintain their property collectively.

Vikhroli Godrej Colony Cooperative Housing Society: Residents of this housing society in Mumbai have formed a cooperative to oversee the maintenance, security, and overall well-being of the community.

[6] Marketing Cooperative Society: Producers or sellers join forces to collectively market and distribute their products.

Mother Dairy: It operates as a cooperative, connecting farmers and consumers. Mother Dairy collects and markets milk and other dairy products, ensuring fair returns to farmers while providing quality products to consumers.

These examples, including Amul, illustrate the diverse applications and success of the cooperative model in various sectors, fostering community development and economic growth.

2. History of Cooperative Movement in India

Pre-Independence Era:

The genesis of cooperative movements can be traced back to Europe, where the initial cooperatives emerged as a grassroots response to address the credit scarcity faced by local citizens, operating independently and without government intervention. In British India, the Raiffeisen-style cooperative movement was adopted to alleviate the plight of impoverished farmers, particularly those facing exploitation by moneylenders. The term "cooperative societies" originated during a protest by farmers in Pune and Ahmednagar. The year 1903 witnessed the establishment of the first credit cooperative society in banking, with the backing of the Government of Bengal. The Cooperative Credit Societies Act of India was enacted in 1904, followed by a revised Cooperative Societies Act in 1912. Cooperation became a state subject in 1919.

The Land Mortgage Cooperative Banks came into existence in 1938, initially providing loans for debt relief and land improvement. The Reserve Bank of India began refinancing cooperatives for Seasonal Agricultural Operations in 1939. In 1942, the Multi-Unit Cooperative Societies Act was enacted to address cooperative societies with members spanning multiple provinces.

Post-Independence Era:

After independence, cooperatives became integral to the Five-Year Plans, with cooperation listed under the concurrent list alongside agriculture. The National Development Council (NDC) recommended a national cooperative strategy, staff training, and the establishment of cooperative marketing societies in 1958. The National Cooperative Development Corporation (NCDC), established under the National Cooperative Development Corporation Act of 1962, aimed to support cooperative development. The Multi-State Cooperative Organisations Act was passed in 1984 to consolidate laws governing similar societies.

In 2002, the government of India announced a National Policy on Co-operatives. The Constitution (Ninety Seventh Amendment) Act of 2011 aimed to promote cooperative economic activity, adding "Cooperative Societies" to Part III of the constitution.

Characteristics of Cooperative Societies:

Cooperative societies uphold democratic equality and mutual assistance, allowing individuals facing financial challenges to collaborate towards common goals. Some key characteristics include:

1. Voluntary Formation and Participation: Cooperatives facilitate easy and cost-free entry and exit.
2. Professional Management: Cooperatives must operate efficiently, with periodic audits overseen by a central Registrar.
3. No Financial Risks: Cooperatives primarily operate through cash and direct transactions, minimizing financial risks.
4. Objective: Cooperatives aim to assist individuals in financial challenges and foster community support.
5. Independent Body: Recognized as a separate legal entity by the Indian government, cooperatives can make decisions for their constituents.
6. Distribution of Profits: Excess goods or earnings are fairly distributed among members based on their shares.
7. One Vote per Member: Cooperatives operate democratically, with each member having one vote.
8. Mutual Benefit: Cooperatives benefit individuals with middle- and low-income levels, promoting mutual trust and collective gains.

3. Government Initiatives

To achieve the vision of "Sahkar se Samridhhi" and enhance the performance of cooperative societies, the Ministry of Cooperation has undertaken several initiatives, including:

1. Strengthening Primary Cooperatives:

[A] Model Bye-Laws for PACS: Drafted to make Primary Agricultural Credit Societies (PACS) multipurpose and transparent. Adopted by 27 States/UTs.

[B] Strengthening of PACS through Computerization: An ERP-based national software is being implemented, with an outlay of ₹2,516 Crore, targeting 63,000 PACS.

[C] New Multipurpose PACS/Dairy/Fishery Cooperatives: Plan approved to set up 2 lakh new multi-purpose PACS in the next five years.

[D] World's Largest Decentralized Grain Storage Plan: Pilot project underway to create grain storage infrastructure at PACS level.

[E] PACS as Common Service Centre's (CSCs): Over 17,000 PACS onboarded as CSCs to improve viability, provide e-services, and generate rural employment.

[F] Formation of new Farmer Producer Organization (FPOs) by PACS: Aim to create 1,100 additional FPOs in blocks without existing FPOs.

[G] PACS given priority for Retail Petrol/Diesel outlets: Included in Combined Category 2 (CC2) for allotment of outlets.

[H] PACS eligible for LPG Distributorship: PACS can now apply for LPG Distributorships.

[I] PACS as Jan Aushadhi Kendra: Allowed to operate Pradhan Mantri Bhartiya Jan aushadhi Kendras for generic medicines at the rural level.

[J] PACS as Pradhan Mantri Kisan Samridhhi Kendras (PMKSK): Authorized to distribute fertilizers for easy accessibility.

[K] Convergence of PM-KUSUM at PACS level: Farmers associated with PACS can adopt solar agricultural water pumps for energy security.

[L] PACS to carry out O&M of rural piped water supply schemes (PWS): Allowed to manage operations and maintenance of water supply schemes.

[M] Micro-ATMs to Bank Mitra Cooperative Societies: Cooperative societies like Dairy and Fisheries provided with Micro-ATMs for doorstep financial services.

[N] Rupay Kisan Credit Card to Members of Milk Cooperatives: Cooperative Banks issue Rupay Kisan Credit Cards to members at lower interest rates.

[2] Strengthening the Urban and Rural Cooperative Banks:

[A] UCBs allowed to open new branches: Expansion permitted for business growth.

[B] UCBs offer doorstep services: RBI approval for providing services at customers' doorsteps.

[C] Cooperative Banks allowed one-time settlement: Similar to commercial banks, for outstanding loans.

[D] Time limit increased for PSL targets: Urban Cooperative Banks (UCBs) granted more time to achieve Priority Sector Lending (PSL) targets.

[E] Nodal Officer designated in RBI: Facilitates regular interaction between RBI and UCBs.

[F] Increased housing loan limit: Individual housing loan limit more than doubled for Rural and Urban Co-operative Banks.

[G] Rural Co-operative Banks can lend to real estate sector: Diversification of business to include lending to commercial real estate/residential housing.

[H] Reduced license fee for 'Aadhaar Enabled Payment System' (AePS): Linked to the number of transactions for Cooperative Banks.

[I] Non-scheduled UCBs, StCBs, and DCCBs as MLIs in CGTMSE Scheme: To increase cooperative share in lending under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme.

[3] Relief to Cooperative Societies in Income Tax Act:

[A] Surcharge reduction: From 12% to 7% for cooperative societies with income between Rs. 1 to 10 Cr.

[B] Minimum Alternative Tax (MAT) reduction: For cooperatives from 18.5% to 15%.

[C] Clarification on cash transactions: Issued under Section 269ST of the IT Act to address difficulties faced by cooperatives.

[D] Flat lower tax rate of 15%: Applicable to new cooperatives commencing manufacturing activities until March 31, 2024.

[E] Limit increase for deposits and loans in cash: Raised from Rs. 20,000 to Rs. 2 lakh per member for PACS and PCARDBs.

[F] Increased cash withdrawal limit: Raised from Rs. 1 Crore to Rs. 3 Crore per annum for cooperatives, without being subjected to TDS.

[4] Revival of Cooperative Sugar Mills:

[A] Relief from Income Tax to Sugar Cooperative Mills: Exemption from additional income tax for paying higher sugarcane prices.

[B] Resolution of pending issues related to Income Tax: Sugar cooperatives allowed to claim expenditure for payments to sugarcane farmers before assessment year 2016–17.

[C] Rs. 10,000 crore loan scheme by NDCDC: Launched for strengthening Sugar Cooperative Mills, for ethanol plants, cogeneration plants, or working capital.

[D] Preference to Cooperative Sugar Mills in ethanol procurement: At par with private companies under the Ethanol Blending Programme (EBP).

[5] New Multi-State Societies at the National Level:

[A] New National Multi-State Cooperative Seed Society: Established under the MSCS Act, 2002, for certified seeds.

[B] New National Multi-State Cooperative Organic Society: Established under the MSCS Act, 2002, for organic farming.

[C] New National Multi-State Cooperative Export Society: Established under the MSCS Act, 2002, to promote exports.

[6] Capacity Building in Cooperatives:

[A] Establishment of the World's Largest Cooperative University: National Cooperative University for education, training, consultancy, research, and development.

[B] New Scheme of Cooperative Education and Training: To strengthen the cooperative movement and promote research in relevant areas.

[C] Promotion of training and awareness through NCCT: NCCT conducted 3,287 training programs, training about 2,01,507 participants in FY 2022-23.

[7] Use of Information Technology for 'Ease of Doing Business':

[A] Computerization to strengthen the Central Registrar's Office: Creating a digital ecosystem for Multi-State Cooperative Societies for timely processing of applications and service requests.

[B] Scheme for computerization of RCSs in States and Union Territories: Aiming to increase ease of doing business and create a transparent, paperless regulatory ecosystem.

[8] Other Initiatives:

[A] New National Cooperative Database: Preparation started for an authentic and updated data repository of cooperatives.

[B] Formulation of New National Cooperative Policy: Committee with 49 experts constituted to create an enabling ecosystem for the vision of 'Sahakar-se-Samridhhi'.

[C] Multi-State Co-operative Societies (Amendment) Bill, 2022: Introduced to incorporate provisions of the 97th Constitutional Amendment, strengthen governance, enhance transparency, increase accountability, and reform the electoral process.

[D] Inclusion of Cooperatives as 'buyers' on GeM portal: Cooperatives permitted to register as 'buyers' on the Government e-Marketplace (GeM).

[E] Expansion of National Cooperative Corporation Development (NCCDC): New schemes launched in various sectors, including 'Swayam shakti Sahkar', 'Deerghavadhi Krishak Sahkar', 'Dairy Sahkar', and 'Neel Sahkar', with a total financial assistance of Rs. 41,024 Crores in FY 2022-23.

[F] Computerization of Agriculture and Rural Development Banks (ARDBs): Project undertaken to strengthen the Long-term Cooperative Credit structure.

[G] Refund to Investors of Sahara Group of Societies: A portal launched for transparent payments to bona fide depositors of cooperative societies of Sahara Group.

4. Conclusion

In conclusion, the role and impact of cooperative societies in India underscore a dynamic force in socio-economic development, particularly in the agriculture sector. The rich history, from the pre-independence era to the post-independence period, showcases the resilience and adaptability of cooperatives in addressing the needs of local communities. The cooperative movement in India, rooted in the grassroots response to credit scarcity, has evolved into a multifaceted system, encompassing agriculture, banking, and various sectors. Notable examples like Amul highlight the success stories, demonstrating the power of collective efforts in overcoming challenges and ensuring fair market access for producers.

The characteristics of cooperative societies, including democratic equality, mutual assistance, and a focus on community support, form a robust foundation for their sustained success. The "one member, one vote" principle ensures inclusivity and democratic decision-making, fostering a sense of ownership among participants. The post-independence era marked significant legislative developments, with cooperatives becoming integral to national plans and strategies. The Ministry of Cooperation's initiatives further emphasize the commitment to strengthening and enhancing the performance of cooperative societies. These efforts encompass capacity building, financial support, policy frameworks, and technology adoption, reflecting a comprehensive approach to fostering growth and sustainability. The initiatives not only aim at improving internal governance but also emphasize market access, sector-specific schemes, and awareness campaigns. By addressing challenges and embracing innovation, cooperative societies are positioned to play a pivotal role in achieving socio-economic development, poverty alleviation, and inclusive growth, aligning with the vision of "Sahkar se Samridhhi."

In essence, the cooperative movement in India, with its rich history, diverse sectors, and ongoing government support, stands as a testament to the potential of collective action in empowering communities. As the cooperative landscape continues to evolve, its contributions to India's economic and social fabric are poised to remain instrumental in fostering sustainable development and inclusive prosperity.

1. **Strengthening Primary Cooperatives:** Implementing measures to enhance the efficiency, transparency, and viability of primary agriculture cooperative societies (PACS), such as through computerization, model bye-laws, and multipurpose activities.
2. **Financial Support and Incentives:** Providing financial support, subsidies, and incentives to promote the growth and development of cooperative societies, including funding for infrastructure development, capacity building, and modernization.
3. **Policy Framework:** Formulating and implementing supportive policy frameworks and regulations to facilitate the functioning of cooperative societies, including cooperative laws, regulations, and guidelines.
4. **Capacity Building and Training:** Conducting capacity-building programs, training workshops, and skill development initiatives for members, leaders, and employees of cooperative societies to enhance their managerial, technical, and entrepreneurial skills.
5. **Market Access and Linkages:** Facilitating market access, value chain linkages, and networking opportunities for cooperative societies to improve their competitiveness, market reach, and bargaining power.
6. **Technology Adoption:** Promoting the adoption of information technology, digital tools, and innovative solutions to streamline operations, improve governance, and enhance service delivery in cooperative societies.
7. **Sector-specific Initiatives:** Launching sector-specific initiatives and schemes targeting key areas such as agriculture, dairy, fisheries, housing, and healthcare to address the specific needs and challenges of cooperative societies operating in these sectors.
8. **Awareness and Promotion:** Conducting awareness campaigns, promotional activities, and outreach programs to raise awareness about the benefits of cooperative societies, encourage membership, and foster a culture of cooperation and solidarity.
9. **Research and Development:** Supporting research, innovation, and development initiatives aimed at exploring new opportunities, addressing emerging challenges, and promoting sustainable growth in cooperative societies.

These initiatives are aimed at empowering cooperative societies, improving their governance and management practices, and enabling them to play a significant role in socio-economic development, poverty alleviation, and inclusive growth.

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