

Introduction

According to ILO, a Co-operative 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.

History of the Co-operative Movement in India**Pre-Independence:**

- ❑ The Co-operatives were first started in Europe to serve the credit-starved people in Europe as a self-reliant, self-managed people's movement with no role for the Government.
- ❑ British India replicated the Raiffeisen-type co-operative movement in India to mitigate the miseries of the poor farmers, particularly harassment by moneylenders.
- ❑ The term Co-operative Societies came into existence when the farmers of Pune and Ahmednagar spearheaded an agitation against the money lenders. The first credit co-operative society was formed in Banking in the year 1903 with the support of Government of Bengal.
- ❑ Co-operative Credit Societies Act of India was enacted in 1904.
- ❑ In 1912, another Co-operative Societies Act was passed to rectify some of the drawbacks of the earlier law. Co-operation became a state subject in 1919.
- ❑ Land Mortgage Co-operative Banks were established in 1938 to provide loans initially for debt relief and land improvement. Reserve Bank of India started refinancing co-operatives for Seasonal Agricultural Operations from 1939.
- ❑ In 1942, the Government of British India enacted the Multi-Unit Co-operative Societies Act to cover Co-operative Societies with membership from more than one province.

Post-Independence:

- ❑ After independence, co-operatives became an integral part of Five-Year Plans.
- ❑ Like agriculture, co-operatives is in the concurrent list.
- ❑ In 1958, the National Development Council (NDC) had recommended a national policy on co-operatives and also for training of personnel and setting up of Co-operative Marketing Societies.
- ❑ National Co-operative Development Corporation (NCDC), a statutory corporation, was set up under National Co-operative Development Corporation Act, 1962.
- ❑ In 1984, Parliament of India enacted the Multi-State Co-operative Societies Act to remove the plethora of different laws governing the same types of societies.
- ❑ Government of India announced a National Policy on Co-operatives in 2002.
- ❑ The Constitution (Ninety Seventh Amendment) Act 2011 relating to the co-operatives is aimed to encourage economic activities of co-operatives which in turn help progress of rural India
- ❑ In Part III of the Constitution, instead of "or unions" the words "Co-operative Societies" was added.
- ❑ In Part IV a new Article 43B was inserted, which says: The state shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of the co-operative societies".
- ❑ After Part IXA of the constitution, a Part IXB was inserted to accommodate state vs centre roles.
- ❑ Union Agriculture Ministry launched NCDC's youth-friendly scheme 'Yuva Sahakar-Co-operative Enterprise Support and Innovation Scheme' for attracting youth to co-operative business ventures.
- ❑ NCDC recently started Mission Sahakar 22, which aims to double farmers' income by 2022.

Constitutional Provision

The Constitution (97th Amendment) Act, 2011 added a new Part IX B right after Part IX A (Municipals) regarding the co-operatives working in India.

The word “co-operatives” was added after “unions and associations” in Article 19(1)(c) under Part III of the Constitution. This enables all the citizens to form co-operatives by giving it the status of fundamental right of citizens.

A new Article 43B was added in the Directive Principles of State Policy (Part IV) regarding the “promotion of co-operative societies”.

- ❑ Part IX – Art 243 – 243 O – Panchayats
- ❑ Part IX A – Art 243P – 243ZG – Municipalities
- ❑ Part IX B – Art 243ZH – 243ZT – Co-operatives

97th Amendment Act, 2011

Part IX B of the Constitution, inter alia, seeks to empower the Parliament in respect of multi-state co-operative societies and the State Legislatures in case of other co-operative societies to make appropriate law, laying down the following matters, namely: -

- ❑ provisions for incorporation, regulation and winding up of co-operative societies based on the principles of democratic member-control, member-economic participation and autonomous functioning;
- ❑ specifying the maximum number of directors of a co-operative society to be not exceeding twenty-one members;
- ❑ providing for a fixed term of five years from the date of election in respect of the elected members of the board and its office bearers;
- ❑ providing for a maximum time limit of six months during which a board of directors of co-operative society could be kept under supersession or suspension;
- ❑ providing for independent professional audit;
- ❑ providing for right of information to the members of the co-operative societies;
- ❑ empowering the State Governments to obtain periodic reports of activities and accounts of co-operative societies;

- ❑ providing for the reservation of one seat for the Scheduled Castes or the Scheduled Tribes and two seats for women on the board of every co-operative society, which have individuals as members from such categories;
- ❑ providing for offences relating to co-operative societies and penalties in respect of such offences.

Role of Co-operatives in Socio-Economic Development

- ❑ Co-operatives are community-based, voluntary in nature, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development.
 - ❑ It is an association of persons and not of capital.
 - ❑ It generates employment and eliminates all forms of exploitation.
 - ❑ It educates people the principles of equality, mutuality, and co-operation.
 - ❑ As co-operatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among others benefits, higher income and social protection. Hence, co-operatives accord members opportunity, protection and empowerment-essential elements in uplifting them from degradation and poverty.
 - ❑ They promote the “fullest participation of all people” and facilitate a more equitable distribution of the benefits of globalization.
 - ❑ They provide their employees with the opportunities to upgrade their skills through workshops and courses and offer youth in their base communities short and long-term employment positions.
 - ❑ Co-operatives provide agricultural credits and funds where state and private sectors have not been able to do very much.
 - ❑ They provide strategic inputs for the agricultural-sector; consumer societies meet their consumption requirements at concessional rates.
 - ❑ It softens the class conflicts and reduces the social cleavages.
 - ❑ It reduces the bureaucratic evils and follies of political factions
 - ❑ It creates a conducive environment for small and cottage industries.
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Challenges faced by Co-operative Sector in India

Non-accountability:

- ❑ The Government gave too many benefits to co-operatives, but then there was no further accountability which led to these co-operatives becoming more and more lethargic.
- ❑ Besides as there was no competition, they became more and more costly they were not at all efficient and the worst part was that the Government allowed them to function like this and pass on the burden of costs to consumers.

Vested interest of some people:

- ❑ A lot of times people who are in position in control of co-operatives are actually people who have joined co-operatives for personal gains.

Lack of co-ordination:

- ❑ Generally, what happens in co-operatives is that different co-operatives at different level don't coordinate this makes the work of co-operatives difficult.

Quantity over Quality:

- ❑ Different co-operatives go in for quantity and this causes a major problem because they think it's a quick way to earn money so this basically affects the productivity.

No Balanced Growth:

- ❑ The co-operatives in Northeast areas and in areas like West Bengal, Bihar, Orissa are not as well developed as the ones in Maharashtra and Gujarat.

Political Interference:

- ❑ This is the biggest problem faced by Sugar co-operatives in Maharashtra.

Mismanagement and Manipulation:

- ❑ A hugely large membership turns out to be mismanaged unless some secure methods are employed to manage such co-operatives.
- ❑ In the elections to the governing bodies, money became such a powerful tool that the top posts of Chairman and Vice-Chairman usually went to the richest farmers who manipulated the organization for their benefits.

Lack of Awareness:

- ❑ People are not well informed about the objectives

of the Movement, rules and regulations of co-operative institutions.

Restricted Coverage:

- ❑ Most of these societies are confined to a few members and their operations extended to only one or two villages.

Functional Weakness:

- ❑ The Co-operative Movement has suffered from inadequacy of trained personnel.

Ministry of Co-operation

Recently, a separate 'Ministry of Co-operation' was formed in July 2021' for realizing the vision of 'Sahkar se Samridhhi' (Prosperity through Cooperation) and to give a new push to the co-operative movement.

The Ministry provides a separate administrative, legal and policy framework for strengthening the co-operative movement in the country.

Objectives

The ministry was created with objectives:

- ❑ To realise the vision of "Sahkar se Samridhhi" (prosperity through cooperation).
- ❑ To streamline processes for "Ease of doing business" for co-operatives and enable development of Multi-State Co-operatives (MSCS)
- ❑ To provide a separate administrative, legal and policy framework for strengthening the co-operative movements in the country.
- ❑ To deepen the co-operative as a true people-based movement reaching up to the grassroot level.

Significance of Ministry of Co-operation:

- ❑ It seeks to provide a separate administrative, legal and policy framework for strengthening the co-operative movement in the country.
 - ❑ It is expected to deepen Co-operatives as a true people-based movement reaching up to the grassroots.
 - ❑ It will work to streamline processes for 'Ease of doing business' for co-operatives and enable development of Multi-State Co-operatives (MSCS).
 - ❑ Co-operative structure has managed to flourish and leave its mark only in a handful of states like
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Maharashtra, Gujarat, and Karnataka etc. Under the new Ministry, the co-operative movement would get the required financial and legal power needed to penetrate into other states also.

- ❑ Over the years, the co-operative sector has witnessed drying out of funding. Under the new Ministry, the co-operative structure would be able to get a new lease of life.

Reforms in Co-operative Society

Training:

- ❑ Co-operatives to take up the task of training farmers in the right use of fertilizers, and also help them understand new technologies in farming.
- ❑ Co-operatives to take active part in skilling rural youth
- ❑ Co-operative training must not only be imparted to employees in co-operatives, but also extend beyond co-operatives, to children in schools, colleges, universities, technical and professional institutions, and also for those who want to form co-operatives,

but who are not aware of the various modalities, and requirements.

More inclusive:

- ❑ Increased participation of women in co-operative movement.
- ❑ Co-operative sector has a big role in bridging the urban-rural divide and creating opportunities for income generation.

Use of technology

- ❑ To have a transparent, accountable and efficient system, co-operatives should make effective use of digital technology in their functioning, especially in governance, banking and businesses.
 - ❑ New areas are emerging with the advancement of technology and co-operative societies can play a huge role in making people familiar with those areas and technologies.
 - ❑ There are irregularities in co-operatives and to check them there have to be rules and stricter implementation.
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