

Ministry of Cooperation - Cooperatives in India

The Indian Government, in July 2021, created a new Ministry of Cooperation to strengthen the cooperative movement in India following the commitment made by the Finance Minister Nirmala Sitharaman in the Union Budget 2021 speech.

The subject, 'Cooperatives' earlier came under the aegis of the Ministry of Agriculture. Amit Shah is the first Minister of Cooperation 2021.

It is important to learn about the Ministry of Cooperation and the Indian Cooperatives for Mains GS 2, GS 3 of the IAS exam.

Ministry of Cooperation

1. Before the reshuffling of the Cabinet Ministers in India, Prime Minister Narendra Modi announced the creation of a new Ministry of Cooperation.
2. Amit Shah to handle the portfolio of the newly-set up Ministry of Cooperation along with his current Home Affairs portfolio.
3. The new ministry is created to realize the vision of '*Sahkar se Samridhi*' (Prosperity through cooperatives). In Hindi, the Ministry of Cooperation is known as '*Sahakarita Mantralaya*'.
4. A Co-operative based economic development model in our country is very important, where each member works with a spirit of responsibility.
5. The Central Government with the creation of the Ministry of cooperation has signalled its deep commitment to community based developmental partnership.

Ministry of Cooperation Significance

1. The Ministry of Cooperation will provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country.
2. It envisages deepening Co-operatives as a true people based movement reaching up to the grassroots.
3. The ministry will work to streamline processes for 'Ease of doing business' for co-operatives and enable development of Multi-State Co-operatives (MSCS).

What is a Multi-State Credit Cooperative Society (MSCS)?

A multi-state credit cooperative is the one having its members in more than one state. An act to regulate such multi-state cooperatives was passed in 2002 by the title of Multi-State Cooperative Society Act, 2002. It is regulated by the Central Registrar of Cooperative Societies office.

What are Cooperatives?

Cooperatives are a business or organization that is owned and run by all the people who work for it.

Definition of Cooperatives -

- The International Labour Organisation (ILO), a cooperative 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.

The year 2012 was declared the International Year of Cooperatives by the United Nations General Assembly.

Types of Cooperatives

Types of Cooperatives	Purpose / Objective
Consumer Cooperative Society	<ul style="list-style-type: none"> • Protecting the consumer interests, • Products are available at reasonable rates • There are no middlemen involved • Consumer directly purchase from producer
Producer Cooperative Society	<ul style="list-style-type: none"> • Protecting the interests of small producers • Help producers in maintaining their profit • Assist producers in procuring items
Housing Cooperative Society	<ul style="list-style-type: none"> • Providing housing facilities to the members of the society • Beneficial for the lower income groups • Allows them to avail housing benefits at a very affordable price
Credit Cooperative Society	<ul style="list-style-type: none"> • Helping people by providing credit facilities • Provide loans at a minimal rate of interest • Flexible repayment tenure to its members • Protect against high rates of interest charged by private lenders
Marketing Cooperative Society	<ul style="list-style-type: none"> • Providing small producers a platform to sell their products at affordable prices • Ensuring adequate profits by eliminating middlemen

Significance of Cooperative Societies

1. The need for profitability is balanced by the needs of the members and the wider interest of the community.
2. Problems are solved collectively by the organization of the poor.
3. It creates a conducive environment for small and cottage industries.

4. Formed for the mutual benefit of all the members.
5. Working together has better bargaining power.
6. Social Splits and class conflicts are reduced
7. It provides agricultural credits and funds where state and private sectors have not been able to do very much.
8. It provides strategic inputs for the agricultural-sector.
9. Consumer societies meet their consumption requirements at concessional rates.
10. Deals better with the agricultural development constraints.
11. It reduces the bureaucratic evils and follies of political factions.

How are Cooperative Societies formed?

According to the Cooperative Societies Act, 1912, at least 10 adult members are needed to form a Cooperative Society solely based on mutual aid and self-help principles. The members should work for a common benefit with a motive to help each other.

Cooperatives in India

- India has a history of successful cooperative movements. India is an agricultural country and laid the foundation of World's biggest cooperative movement in the world.
- Cooperatives in India were formally introduced through the Cooperative credit Societies Law enacted by the British government in 1904 to provide relief to Indian peasants from the clutches of money lenders.
- It enabled the formation of an 'agricultural credit cooperative' under government sponsorship in India.
- There have been many success stories of Cooperatives in India, the two most important being -
 - Green Revolution
 - White Revolution
- Examples of cooperatives in India are Amul India and Lijjat Papad.

Cooperatives Movement in India

Pre- Independent India

1. The Cooperatives were first started in Europe and the British Government replicated it in India to mitigate the miseries of the poor farmers, particularly harassment by the moneylenders.
2. The term cooperative Societies came into existence when the farmers of Poona (now Pune) and Ahmednagar led unsettlement against the moneylenders who were charging exorbitant rates of interest.
3. This is when the British Government proffered and passed 3 acts namely the Deccan Agriculture Relief Act (1879), the Land Improvement Loan Act (1883) and the Agriculturists Loan Act (1884).
 - In 1903, with the support of the Government of Bengal, the first credit cooperative society was formed in banking. With the enactment of the Cooperative Credit Society in 1904, it got definite shape.

- It was registered under the Friendly Societies Act of the British Government.

Post- Independent India

- Cooperative Societies became an integral part of Five-Year Plans, post independence.
- In 1958, the NDC recommended a National Policy on Cooperatives for training of personnel and setting up of Co-operative Marketing Societies.
- To remove the myriads of laws governing the similar types of societies, the Multi-State Cooperative Societies Act was enacted in 1984.
- The most important success stories lie behind the success of White Revolution, which made the country the world's largest producer of milk and milk products; and the Green Revolution and the conversion of villages into model villages have assumed great importance in the wake of the Green Revolution.

Timeline of Laws on Cooperatives in India

1. 1904 - First cooperative credit society act was enacted and gave Cooperative a definite structure and shape.
2. 1912 - Cooperative Societies Act, a more comprehensive legislation, was enacted. It provided for registration of cooperative societies and creation of the post of registrar for the societies.
3. 1919 - Cooperatives became the provincial subject and were authorized to make their own cooperative laws under the Montague Chelmsford Reforms, 1919.
4. 1929 - An apex promotional organization, the National Cooperatives Union of India - NCUI was established to promote and strengthen the cooperative sector.
5. 1935 - Cooperatives were treated as provincial subjects under the Government of India Act 1935.
6. 1942 - The British India passed the Multi-Unit Cooperative Societies Act for cooperatives that had units in more than one state.
7. 1945 - Cooperative planning committee was appointed by the Government to plan the development of cooperatives in the country.
8. 1958 - Co-operative Marketing Societies were set up and a National Policy on Cooperatives was recommended by the National Development Council - NDC.
9. 1984 - The Multi-State Cooperatives Act 1942 was replaced by the Multi-State Cooperatives Act 1984.
10. 2002 - Government of India announced a National Policy on Co-operatives. The Multi-State Cooperatives Act 2002 was enacted, amending and enhancing the Multi-State Cooperatives Act 1984. This act provided more freedom of operation to cooperatives and greater autonomy in the decision-making process. It also reduced the nomination of government on the boards.

Constitutional Provision for Cooperative Societies in India

Directive Principles of State Policy	<ul style="list-style-type: none"> ● Article 43B was added in DPSP (Part IV) focusing on the promotion of cooperative societies. It says "The
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	state shall endeavour to promote voluntary formation, democratic control, autonomous functioning and professional management of cooperative societies”.
The Constitution (97th Amendment) Act, 2011	<ul style="list-style-type: none"> • Provides constitutional status and protection to the co-operative societies. • It added Part IXB regarding cooperative working in India right after Part IXA.
Article 19(1)(c) under Part III of the Constitution	<ul style="list-style-type: none"> • The word “cooperatives” was added after “unions and associations” • Talks about ‘Right to form cooperatives,’ enabling citizens to form cooperatives by giving it the status of fundamental right of citizens
State List	<ul style="list-style-type: none"> • 7th Schedule of the constitution of India mentions cooperative societies as state subject

Way Forward with Cooperatives Movement in India

- Cooperative societies can play a huge role in making people familiar with advanced and emerging technologies.
- The cooperative movement has the capacity to solve people’s problems as its principle focuses on uniting everyone, even while remaining anonymous.
- Strict rules need to be implemented to check the irregularities in cooperatives
- There is a need to strengthen the cooperatives by providing market linkages for agricultural farmers as well as cooperative societies.