Ministry of Co-operation: A New Push to Co-operatives

Why in News

Recently, a separate **'Ministry of Co-operation'** has been created by the Central Government for realizing the vision of **'Sahkar se Samriddhi'** (Prosperity through Cooperation) and to give a **new push to the cooperative movement.**

- The Government has signaled its **deep commitment to community based developmental partnership.** It also fulfils the budget **announcement made by the Finance Minister in 2021.**

Key Points

- **Significance of Ministry of Co-operation:**
    - It will provide a **separate administrative, legal and policy framework for strengthening the cooperative movement** in the country.
    - It will help deepen **Co-operatives** as a true people based movement **reaching upto 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).**
- **About 'Co-operatives':**
    - According to 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.
    - There are many **types of cooperatives** such as **Consumer** Cooperative Society, **Producer** Cooperative Society, **Credit** Cooperative Society, **Housing** Cooperative Society and **Marketing** Cooperative Society.
    - The **United Nations General Assembly** had declared the year **2012 as the International Year of Cooperatives.**
    - India is an agricultural country and laid the foundation of **World's biggest cooperative movement in the world.**
    - In India, a **Co-operative based economic development model is very relevant** where each member works with a spirit of responsibility.
- **Constitutional Provisions Related to Cooperatives:**
    - The **Constitution (97th Amendment) Act, 2011** added a new **Part IXB** right after Part IXA (Municipals) regarding the cooperatives working in India.
    - The word "cooperatives" was added after "unions and associations" in **Article 19(1)(c) under Part III of the Constitution.** This enables all the citizens to form cooperatives 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 cooperative societies".

Co-operative Movement in India

- **Co-operative Movement in Pre-Independence Era:**
    - 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 moneylenders.**
    - The term Cooperative Societies came into existence when the **farmers of Pune and Ahmednagar (Maharashtra) spearheaded an agitation against the money lenders who were charging exorbitant rates of interest.**
    - British government came forward and passed three acts- **the Deccan Agricultural Relief Act (1879), the Land Improvement Loan Act (1883) and the Agriculturists Loan Act (1884).**
        - The **first credit cooperative society was formed in Banking in 1903** with the support of the Government of Bengal. It was registered under the **Friendly Societies Act** of the British Government.
    - But the enactment of the **Cooperative Credit Societies Act, 1904** gave Cooperative a definite structure and shape.
    - In **1919,** cooperation became a provincial subject and the provinces were authorised to make their own cooperative laws under the **Montague-Chelmsford Reforms.**
        - The categorization carried on to the **Government of India Act, 1935.**
    - In 1942, the Government of British India enacted the **Multi-Unit Cooperative Societies Act** to cover Cooperative Societies with membership from more than one province.
- **Co-operative Movement in Post-Independence Era:**
    - After independence, **cooperatives became an integral part of Five-Year Plans.**
    - In **1958,** the **National Development Council (NDC)** had recommended a **national policy on cooperatives** and also for training of personnel and setting up of Co-operative Marketing Societies.
    - **National Cooperative Development Corporation (NCDC)**, a statutory corporation, was set up under National Cooperative Development Corporation Act, 1962.
    - In **1984,** Parliament of India enacted the **Multi-State Cooperative Societies Act** to remove the plethora of different laws governing the same types of societies.
    - The Government of India announced a **National Policy on Co-operatives in 2002.**
- **Importance of Cooperatives:**
    - It **provides agricultural credits and funds** where state and private sectors have not been able to do very much.
    - It **provides strategic inputs** for the agricultural-sector; consumer societies meet their consumption requirements at concessional rates.
    - It is an organization for the poor who wish to **solve their problems collectively.**
    - It **softens the class conflicts** and reduces the social cleavages.
    - It **reduces the bureaucratic evils** and follies of political factions;
    - It **overcomes the constraints** of agricultural development;
    - It creates a **conducive environment for small and cottage industries.**
- **Challenges:**
    - **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.**

Way Forward

- New areas are emerging with the advancement of technology and **cooperative societies can play a huge role in making people familiar with those areas and technologies.**
- Principle of the cooperative movement is to **unite everyone, even while remaining anonymous.** The cooperative movement has the **capacity to solve people's problems.**
- However, there are irregularities in cooperatives and **to check them there have to be rules and stricter implementation.**
- To strengthen the cooperatives there should be **market linkages for agricultural farmers as well as cooperative societies.**

Source: PIB

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