



Mains Practice Question

Q. Cooperative sector's immense transformative power has not been optimally realised so far. In the light of the statement suggest measures to fully utilise the sector's potential. (250 Words)

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Approach

- Start with writing about the cooperative sector and its significance in the development of the nation.
- Highlight the issues associated with the cooperative sector.
- Suggest some measures to fully utilize the sector's potential.

Introduction

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 Constitution (97th Amendment) Act, 2011 added a new Part IXB right after Part IXA (Municipals) regarding the cooperatives working in India.

Body

Significance of Cooperatives

- **Protect Vulnerable From Market Distortion:** Cooperation is essential because the market cannot take care of the needs of the vulnerable. Wherever cooperatives have succeeded, they have addressed the issue of market distortions.
- **Prevent Distress Sales:** Cooperative societies, equipped with basic infrastructure and financial resources, prevent distress sales and ensure bargaining power.
- **Decentralised Development:** They have the potential to realise the paradigm of decentralised development.
- **Successful Business Models:** Exist in at least two sectors — dairy and fertilisers. These practices can be replicated for other sectors as well

Challenges With Cooperative Society

- **Mismanagement and Manipulation:** 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.

Measures to be taken

- **Scale of Economy:** Segments of the primary sector can be successfully scaled up and turned into cooperatives, followed by segments of secondary and tertiary sectors.
- **Promote Brand of Cooperative:** There will also be a need to promote the brand of cooperatives through upgradation and value addition to the quality of products and services delivered by them.
- **Flexibility to Keep Abreast With Business Environment:** The Act, rules and by-laws will be required to provide flexibility to keep abreast with the business environment.
- **Avoiding Overregulation:** With over-regulation, cooperatives will end up losing their autonomous character.
 - With the government leaving cooperative societies to fend for themselves, these societies can flounder. It is difficult but desirable that this dichotomy is resolved.
- **Transparency:** The government will have to ensure that processes are transparent. The integrity of the managing committees and their operational autonomy is necessary.
- **Training And Capacity Building:** Cooperative departments will have to evaluate the training needs of cooperatives, along with designing and imparting training interventions to ensure that they are at par with the current business environment.

Conclusion

At the local level, cooperative societies should continue to cater to the needs of their members across segments of the primary sector. At the national level, they must emerge as organisations capable of competing with the behemoths of the private sector.

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