

Enable Network and CBBO Partners Quarterly Virtual review meeting cum “Policy Charcha” on Draft National Cooperation Policy 2022

Date: 04th March 2023

Meeting Minutes:

Agenda of the Meeting:

1. Meeting Minutes - 3rd September 2022
2. National Cooperative Draft Policy
3. Progress till Dec 2022
3. Any other points as suggested

Topic 1: Draft-National Cooperation Policy-2022- Review & Recommendations

A *Policy Charcha* was organized by APMAS on “**Draft National Cooperation Policy-2022- Review**) with ENABLE Network partners and CBBO Partners and other NGO (list of participants annexed) who are working in the sector of Cooperative on 4th March, 2023. Total 38 number of participants from 21 organizations participated in the meeting (Annexure -1). The main objective of the meeting is reviewing the draft National Cooperation Policy-2022 and seek suggestions & recommendations from the participants in the network.

Major discussions and suggested comments and recommendations are given below:

There was lot of applaud to the draft policy as it underscores the following:

- At the outset ‘The National Cooperation Policy's vision is admirable, as it seeks to promote equitable, inclusive, and vibrant cooperatives in India.
- The policy's mission includes a variety of initiatives that aim to strengthen the cooperative movement, promote economic development, and create a conducive ecosystem for training and development of cooperative leadership, research, and innovation.
- The focus on member participation, professionalism, and effective leadership and networking can help ensure that cooperatives are well-managed and successful.
- The adoption of common accounting software and the introduction of a rating system can increase transparency and accountability in cooperatives.
- The promotion of collective farming, platform cooperatives, and the use of FINTECH technology can increase the percentage share of cooperatives in the national economy and contribute to various sectors.
- The policy's recommendations on branding, marketing, business development, and incubation centers can help cooperatives to thrive and succeed.
- The policy also emphasized Technology and Innovations on: creation of infrastructure development fund in the area of ‘Physical, digital and networks and start-ups and incubators, technology for social enterprises in the sector and intra and inter-sectoral supply chains convergences.

- The draft policy has special focus on Tribal area: to promote Cooperative in the tribal areas to preserve indigenous seeds with necessary infrastructure and suitable framework on training & capacity building of tribal cooperatives

However, along with admiration the participants with careful observation and sincere suggestions shared to the Committee for consideration.

1. Constitutional Provision

Despite Constitution of India explicit and elaborate provisions (several) for promotion and development of cooperative societies in India¹. The draft National Cooperative Policy, not explicitly mentioned or woven in the language as philosophical tenet **to provide an empowering framework to the citizens to form cooperatives to help themselves with collective spirit** to leverage the potential benefits of cooperative societies. For instances, **it was suggested not to use the word PACs, rather suggested to use Cooperative to promote cooperatives per se.**

2. Autonomy of the Cooperative Functioning

Much waited section in the Cooperative Policy is Autonomy, which is fundamental to Cooperatives or its independent functioning, which is not very elaborate and explicit. Of course, the draft policy has provided scope for autonomy, yet is taking away in the other section.

3. Targets driven shall not serve the purpose

4. One of anonymous recommendations suggested in the conference is that, promotion of cooperatives shall not be target driven, rather provide enabling environment for collectivization spirit to thrive the cooperative and it shall be left to the citizens to form the cooperatives and manage themselves and help each other. Participants expressed apprehension that the target driven approach of promotion of the cooperative might cause deterrence instead of promotion of the cooperatives. It is based on the experience of

¹ Part IV of the Constitution, which deals with Directive Principles of State Policy, includes Article 43-B, which states that the State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of cooperative societies.

2. The Seventh Schedule of the Constitution, which contains the Union List, State List, and Concurrent List, includes "Cooperative Societies" in the State List (List II, Entry 32) and "Multi-State Cooperative Societies" in the Union List (List I, Entry 44).
3. The Constitution also empowers the State Governments to enact laws on the subject of cooperative societies under Entry 32 of List II (State List).
4. The 97th Constitutional Amendment Act, 2011, added a new Part IX-B to the Constitution, which provides for the incorporation, regulation and winding up of cooperative societies. This Part also includes provisions for the establishment of a National Cooperative Development Corporation, and a Cooperative Election Commission.
5. Right to form cooperatives: The Supreme Court has recognized the right of citizens to form cooperative societies as a fundamental right under Article 19(1)(c) of the Constitution.
6. Autonomy of cooperative societies: The Supreme Court has held that cooperative societies are autonomous bodies and are not subject to the control of the state government or any other external authority. The court has also held that the principle of democracy is essential to the functioning of cooperative societies.
7. Cooperative federalism: The Supreme Court has recognized the importance of cooperative federalism in the development of cooperative policies in India. The court has emphasized the need for cooperation and coordination between the central government and the state governments in promoting the development of cooperative societies.

foreign Countries, like Germany and others, cooperative formation is left with people, there shall not be target fixed. **Business Environment and Ecosystem**

Members in the Cooperative indeed owns the enterprise and do the business activities. However, in the draft policy, is not talking about the framework of business environment and ecosystem, which is fundamental to thrive and sustain the cooperatives and promote the economic and social welfare of their members and in turn contribute in the larger economic growth of India. If there is no proper ecosystem for business and economic activities, there will potential chances that such institutes get diverted from the core purpose.

5. Access to Finance

There is not much clarity given in the draft policy on financial services/credit, from development financial institutions, whereas scope for leveraging financial services or credit or working capital etc. from private banks, private investors and CSRs etc. is missing.

6. Village level Cooperatives

There is a discussion about the village level cooperatives and its provisions, however some state like Telangana and Tamil Nadu which are having more than 45% to 50% of the urban population, in such cases provision for urban cooperatives is missing.

7. Renewals of Cooperative registration

The renewals which is against the spirit of the right to form cooperative. If Cooperatives are filing returns, it is the responsibility of registrar to verify and take measures at their level. Why do they go for renewal? Policy should more focus on how to strengthen the cooperative registrars rather than renewals of cooperative registration.

8. Separate Election Commission for Cooperatives

There is decent progress of Cooperative promoted under MACS Act, 1995 in the state of Telangana, Andhra Pradesh, Karnataka and other states where self-reliant cooperative act is there. The participants expressed apprehension on proposed, separate Election Commission for Cooperatives in the state and national level which is perhaps create bureaucratic hassle for independent and autonomous functioning of the Cooperative with interface of Government Control and Political system.

Based on experience, It is simply not possible for any third party to organize elections to all tiny and large cooperatives when their elections fall due. It is also not possible for them to print ballot papers with specific symbols chosen by candidates of each cooperative – the result is that ballot papers are printed enmasse; common election dates are fixed for similar type of cooperatives; the fixing of common dates requires the deliberate withholding of elections where those have become due, for ease of management by the external party; politicisation takes place as media and parties begin to get involved in the results of a large number of cooperatives going to elections on the same day. In fact, the cost of elections shoots up as centralized printing, security arrangements, TA/DA of officers, etc, are all to be borne by the cooperatives. Further, centralized elections reinforce the misconception that cooperatives are state agencies.

9. Professional Development

Successful running of the cooperative business and its activities are depended on professional management of the cooperatives, including the members and retaining the professional in the

cooperatives is critical. There shall be scope for professional growth and incentivization to the professionals.

Functional directors in the Board: Coopt persons as the functional directors to the Boards of cooperatives, and resolutions of the board could be annulled, if the nominated directors were uncomfortable with them. This means, all the cooperatives are in the hands of “professionals”. These people will have influence on decision making of the board without having membership responsibilities, ownership on the affairs of cooperative, accountability and liability of financial results of the cooperatives. Hence, it would be good to limit them as advisors to the Board rather than become part of the Board.

10. Tax Concessions and Audit

The draft policy is silent on income tax concessions and support to the newly formed and developing cooperatives. Support on tax concessions enables the Cooperative to accelerating the business activities and simplification of the tax compliances and audit system- having document like PAN, TAN and 12A etc.

There is provision of availing Audit service from the empaneled agencies by ROC. The experiences should this may become a monopoly of the department of cooperation, and it may need to be paid quite heavily for. This also do not place any responsibility on the auditor to complete audit in time for the annual general meeting, and also, therefore, do not require the presentation of audited financial statements of the previous year to the general body each year. Hence, it is does not serve the purpose, Even in the countries like where the cooperative are very successful, they have concept of sector own control and regulation by federations promoted by cooperatives, not under the control of the government. It would be good if policy enable the cooperative federations to maintain panel of chartered accountants. However, cooperative should have the choice of seeking services from panel of audits from the federation, from among chartered accountants and department auditors.

11. Entrepreneurial activities

The draft policy does talk about agriculture, diary, housing and others production based activities and even services sectors activities health and consumer cooperatives yet does not speak an exhausted list of entrepreneurial activities, for instances, why can't a cooperative run a business like Uber or Ola etc.

12. SHG and FPO and Federation

Since inception of the commission of this committee, we are suggesting to provide separate chapter on SHG, FPO and Federation with explicit provision, however, it is not coming out explicitly.

13. Gender

The participants raised concern on how reduce gender gaps in the cooperative movement, unless there is exclusive gender policy.

14. Education, Training and Research

There is lot of emphasis on education and awareness, involvement of educational institutions start from bring curriculum in school and separate course to be offered and programs be designed related to cooperation and cooperative entrepreneurship and Cooperative Management, which are largely has experience in academic in nature not much practical and operational. However, there is not

scope to engage and involve the NGOs and Civil Society bodies who has practical experience and knowledge in the sector,

15. Cooperative Stock Exchange

The concept of the Cooperative Stock Exchange (CSE) was first introduced in the Indian Budget speech of 2013-14. The purpose of the CSE was to provide a platform for cooperative societies to trade their surplus funds in the stock market, thus enabling them to earn higher returns on their investments. However, in the draft policy is silent on it.

16. Technology:

The policy's recommendations on software applications and block chain technology may be overly optimistic, as they may require significant resources and infrastructure to implement successfully.

17. Age limit of Board Members:

The upper age limit for Board members may limit the potential pool of experienced and qualified individuals who can contribute to cooperative management.

18. Hybrid model of cooperative businesses environment and Ecosystem

With the passage of time hybrid model of cooperative businesses is unavoidable, where combination of traditional cooperative with modern business principle and practices to create a sustainable and profitable model. This eco-system of cooperative businesses is to be supported by various government policies, financial institutions, and support organizations.

Lastly shared the Enable Network Progress till December 2022 and presented Action Plan for the year 2023 (please refer annexure – 2)

Item 2: Progress Jan – Dec 2022

- **SHG Federation Vision 2030 – Follow up actions on vision 2030**
 - Conducted state level workshops at Bangalore and Patna: During the period conducted one workshop at Bengaluru, Karnataka and one at Patna on Vision 2030 with all stakeholders.
 - Conducted Virtual meeting with NRLM SHG Federation vision 2030 main out comes are: each SRLM may arrange a state level workshop to evolve their vision document, SRLM need to explore support from the reputed NGOs based on their expertise, SHG Federation play a role of promoting FPOs , Need for the Separate Act for SHGs and Enable partners can constitute committee to work on the model act on SHG Federation law, it may be as multi state cooperatives act.
- **Consultations on Cooperative policy**
 - Organised South India consultation in partnership with ICA to discuss on policy framework on 26th Aug with all the southern state representatives participated and lastly constituted a think tank committee to prepare the report and decided to consult various Cooperatives representatives and take their views to prepare recommendation to te steering committee. As per the decision in the workshop hold consultation with CDF promoted 48 cooperative associations (having membership of 1.5 lakhs members), and

consultation with Stree Nidhi, TS Board members. Considering all the recommendations and submitted to the NCP Committee.

- **SHG Federation workshop on 3 decades of SHG Bank linkage**
 - 17 SHG federations got awards out of above 300 nominations received, and APMAS team with guidance and consultations with the Jury members screening has been done selected 17 SHG Federations for the AWARDS, and the AWARDS presented in the National level workshop on 3 Decades of SHG Bank Linkage program held in Dec 2022.
- **Modules Development:**
 - FPO manual (9A, 9B, 10A & 10 B) translated into Telugu and Hindi
 - FPO operational manual on Accounting, Financial Management (admin level) & Internal auditing translated into Telugu
 - Printing of Accounting Manual in Telugu completed
 - A booklet on FPO financial linkage is in the process of development

Action Plan for the year 2023:

1. Review meetings & workshops with ENABLE members
2. Collaboration with one national level agency for advocacy
3. Developing and printing of FPO BoD self-learning one booklet and posters
4. Adoption of existing FPO BoD self-learning booklets (marketing & value addition) and posters in two local languages
5. Animation videos on BoD self-learning modules (Booklets 9 & 10) in Telugu language
6. National Level Workshop on SHG Federations for advocating standards

Ms. Rama Lakshmi – Lead consultant to APMAS, lastly concluded the meeting and shared that APMAS will share the report as early as.

Annex: 1.

List of participants

| SI No | Name of the Participants and Organisation |
|-------|--|
| 1 | Mr CS Reddy, CEO, APMAS, Hyd |
| 2 | Ms Ramalaxmi, Lead Consultant, APMAS, Hyd |
| 3 | Dr Ganesh Gopal, ICA, Asia Pacific |
| 4 | Ms Mirai Chatterjee, SEWA, Ahmadabad |
| 5 | Mr Amit Gadball - Vikas Ganga Samaj Sewi Sanstha |
| 6 | Mr Apurva Anand – CA |
| 7 | Mr Baidyanath Paul - SPADE – Kolkatta |
| 8 | Ms. Bhanuja - REDS - Ananthapur |
| 9 | Mr CA Bipin Kumar Mishra – CA |
| 10 | Mr Sudesh Kumar- Center for Innovation in Science and Social Action CBBO |
| 11 | Mr Diwakar K |
| 12 | Mr. Sachin Sharma - HIMOARD, Himachal Pradesh |
| 13 | Mr Hukam Singh |
| 14 | Mr. Florence, PE - IED, Dharmapuri , Tamilnadu |

| Sl No | Name of the Participants and Organisation |
|--------------|---|
| 15 | Ms. Shagini Banu - PO - IED Tamilnadu |
| 16 | D.Sivasankar Reddy - LTG Mysore |
| 17 | Mr Manish Kumar |
| 18 | Mr Pushpindra Yadav - Patanjali Organic Research Institute |
| 19 | Mr Rajeev Ranjan - PRADAN |
| 20 | Mr Rajesh Barik - Harsha Trust |
| 21 | Mr Ravishankar N - Bangalore |
| 22 | Mr Suresh - Rids Garlandinne |
| 23 | Rajendra Prasad - Bangalore |
| 24 | Mr Sanjay Soni - Raigarh Sahyog Samithi |
| 25 | Mr Srinivasa babu ICAR IIMR HYD |
| 26 | Mr Suman |
| 27 | Mr Srinivasa Babu, IIMR |
| 28 | Mr Santanu mohanty, RKVY Consultant for the State of Orissa |
| 29 | Mr. Vedprakash, APMAS |
| 30 | Mr Murali, APMAS |
| 31 | Mr. Devan, APMAS |
| 32 | Mr. Rajasekhar, APMAS |
| 33 | Ms. Suman - CBBO aravali org |
| 34 | Mr. Vivek benipuri - Patanjali Organic Reaserch Institute |
| 35 | Mr. Patak |
| 36 | Mr.Tarun Kumar Debnath - SHGPF - Kolkatta |
| 37 | Mr. Amit |
| 38 | Mr. Vipin |