

National Cooperation Policy 2022

APMAS

Background – Cooperative Movement

- Began in the early 20th Century (Agricultural cooperatives)
- Gained momentum by mid 20th Century by expanding into other areas such as dairy, sugar, and handloom industries.
- After Independence, NCDC played a major role in the growth and development of the cooperative movement in India.
- Today, cooperatives in India play a significant role in the country's economy, particularly in agriculture and rural development.
- The country has over 8.5 lakh cooperative societies, with a total membership of over 30 crore.

Previous Policies

From *Cooperative Societies Act of 1904* to *National Cooperative Policy 2002*, the recommendations of various committees on cooperatives...

- *All-India Rural Credit Survey Committee Report (1954)*
- *Chaudhary Brahm Prakash Committee (1990)*
- *Mirdha Committee (1996)*
- *Jagdish Kapoor Committee (2000)*
- *Vikhe Patil Committee (2001)*
- *V. S. Vyas Committee (2001,2004)*
- *High Power Committee on Cooperatives (2009)*
- *Task force on revival package(2013)*

...have shaped the National Cooperation Policy (2022) and laid a roadmap to implement.

Vision & Mission

VISION:

This National Cooperation Policy envisions a cooperative movement rooted in principles and values that contributes directly to transforming India through an equitable, inclusive and vibrant cooperatives.

MISSION:

To create a conducive environment to realize the vision “from cooperation to prosperity”, strengthen cooperative movement in the country and deepen its reach up to the grassroots, promote cooperative-based economic development model and create appropriate policy, legal and institutional framework to help cooperatives realize their potential, while inculcating and promoting the cooperative principles.

Objectives

- To strengthen the cooperative movement by recognizing its identity and make villages self-sufficient by developing primary societies as a focal point for various business activities.
- To promote inclusive and equitable growth, market orientation of members, and patronage of cooperatives through education programs and awareness campaigns.
- The policy also aims to create a conducive ecosystem for training and development of cooperative leadership, research and knowledge sharing, infrastructure development, entrepreneurship and innovation promotion, and convergence across various sectors and agencies.
- It emphasizes the importance of building and repairing trust between members and leadership to ensure mutual benefits.

Milestones (in next 25 yrs – by year 2047)

- Establish 6 lakh new PACS/Dairy/Fishery cooperatives
- Modernize and computerize PACS in the country
- More types of credit & non-credit services online.
- Increase the share of rural credit
- Establish new PACS/Dairy/Fishery cooperatives & enhance all the quality food production by these cooperatives
- National Cooperative University and other HEIs

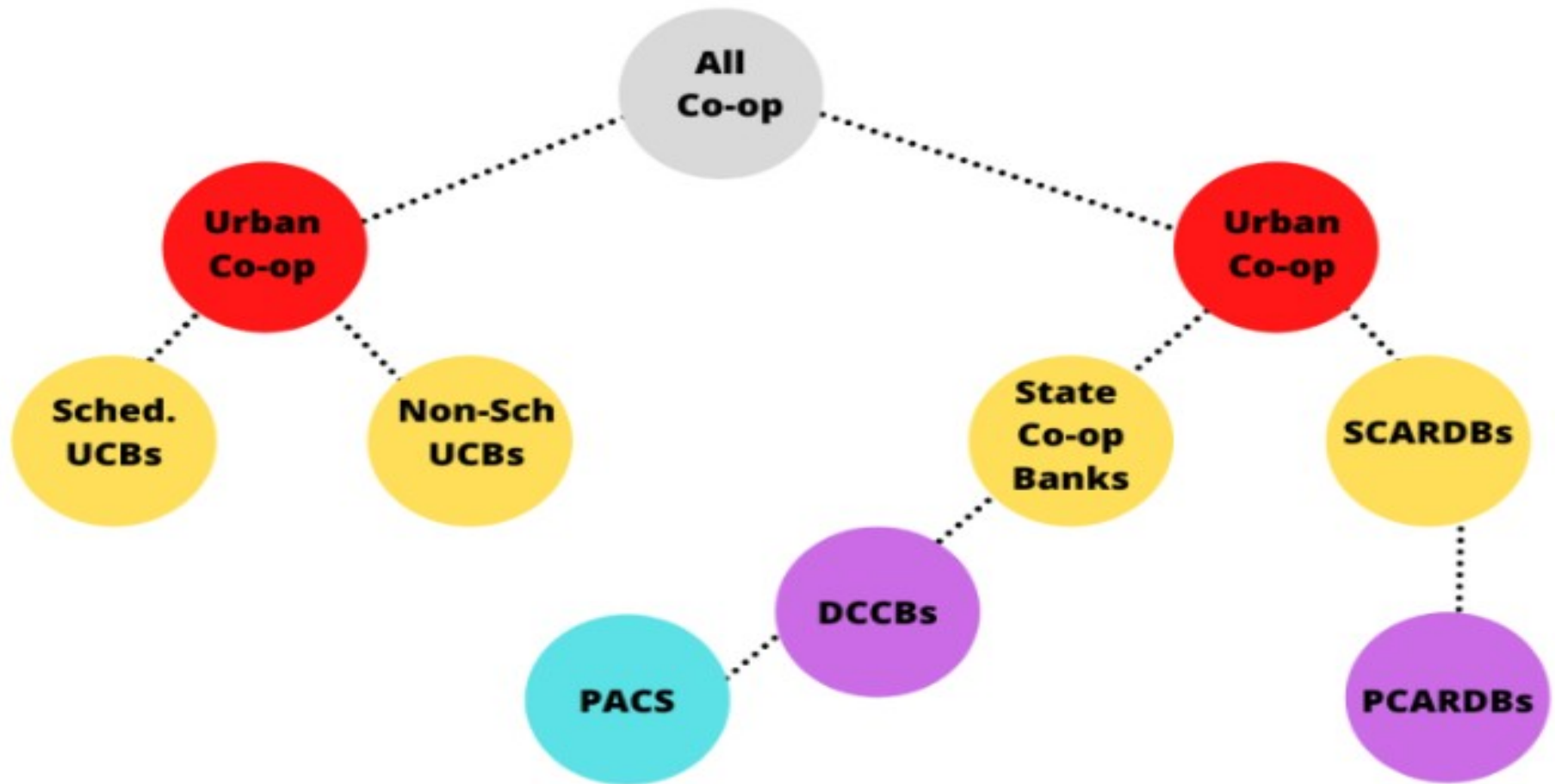
Constitutional Provisions

- Fundamental Rights: Article 19 - Right to form cooperatives, Associations or Unions.
- Directive Principles of State Policy (DPSP) : Article 43 - The State shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas.
- 73rd & 74th CAA – Formation & Functioning of Rural and Urban cooperatives respectively
- SC Ruling 97th CAA - to promote the cooperative movement in India and provide a legal framework for the functioning of cooperatives

Revisiting the Present Legal Framework

- MACS Act, 1995 brought flexibility in cooperative development i.e. free from the then State rigid Acts which did focus on regulation & control
- MSCS Act enabled operations in more than one state
- Task Force of Revival enabled financial restructuring
- Constitutional status to cooperatives under CA 2011
- Socio-economic and technical changes in the country through the current Cooperative Societies Acts.
- Cooperative Ecosystems

Structure of Cooperatives in India



Structural Reforms and Governance Framework

- Structural Reforms: Online registration, separate chapters, depositor representation, automated membership, alignment of acts, partnership and collaboration, free and fair elections.
- Member Participation: Active participation, awareness, virtual member lists, motivation for dormant members.
- Audit: Accounting and Auditing Standard Board, compliance mechanism, professional Chartered Accountants, rating system, common software adoption.
- Professionalism: Qualified individual Directors, mandatory induction training, national-level recruitment board, regular training.
- Creation of Effective Leadership and Network: Network of successful cooperatives, link unsuccessful cooperatives, network and interactive database of goods and services providers and seekers.

Structural Reforms

- Model Byelaws for PACS to all States / UT to adopt
- Renewal of registration of coops is one every 6 years
- The process of acquiring membership should be automated
- Enabling provisions should be made in bylaws and rules for foster partnership and collaborations with SHGs, FPOs/FPCs
- Conduct free and fair elections in coops with a Coop Election Commission at State & National level

Audit

- Constitute an Accounting & Auditing standard Board
- Audit by professional CA from a panel maintained by the ROC
- Audit fee shall be pooled and create fund at RCS level for timely payment of audit fees
- Rating system should be introduced
- Adoption of common accounting software

Professionalism

- Professionally qualified individual and subject experts as Directors in the coop management committee
- A national level cooperative recruitment board can be constituted
- State Cooperative shall make use of these panels for use of cooperatives
- Regular training to cooperative personnel & official staff

Creation of Effective Leadership and Network

- A network can be created of successful coops & coops which have not been performing successfully can be linked to successful coop
- BoD shall set out 5 year key result areas
- Creating a central and state website can be created detailing require goods and services & cooper which are in a position to offer identified
- Rewards or penalty provision should be there for BOD
- Upper age limit for Board member is 65-70 years
- Youth (>35 years) and women representations in the Board
- Use digital tools for information sharing and increase awareness of the members

Cooperatives as Vibrant Entities

- Increase in percentage share of cooperatives in the national economy by promoting **collective farming with around 500 farmers, platform cooperatives, and utilization of technology** for FINTECH.
- Creation of **health, agriculture, and consumer cooperatives** will contribute to various sectors of the economy, while cooperative banks and physical connectivity will enhance **financial inclusivity** and reduce logistic costs.
- The policy also recommends the development of software applications and platform cooperatives to cater to urban needs, and the use of block chain **technology** to bring transparency to transactions and operations. Additionally, branding, marketing, business development, and boosting design & incubation centers for cooperatives will be promoted.

Sectors in which Cooperative societies have outperformed



Cooperative Education, Training and Research

- **Raise awareness:** General public education and raise awareness on cooperative values and principles and be integrated into school curriculums.
- **Higher education institutions:** Offer courses and programs related to cooperation and cooperative entrepreneurship to UG and PG, doctoral, and post-doctoral programs exclusively on the "Cooperation and Cooperative Management"
- **Cooperative training:** Training to cooperative staff and training for cooperative leaders, all newly elected board members

Accelerating the Cooperative Movement

- State-level consultations (policy advocacy)
- Public awareness (increase membership)
- Cooperative education and extension
- Establish multipurpose PACS, Credit, and Non-Credit Cooperatives at Gram Panchayat Level.
- State governments will promote cooperatives related to food security, insurance, health, housing, and service sectors.

Infrastructure, Technology and Innovations

Infrastructure Development Fund:

Physical and digital
networks
start-ups and incubators

Technologies:

Technology for social enterprises in the sector
a national database to support members, cooperatives, assets, markets, and supply chain/value chains
Pushes for financial assistance to incentivize technology induction and technology advisory services
Promotes the use of decision support systems for technology life cycles and technology-driven assets
setting up of a Federal Cooperative Society to build shared infrastructure for IT and technology functions

Innovations:

availability of innovation and entrepreneurship funds and centers of excellence
best practices in fostering innovation cycles
Encourages cooperatives from diverse sectors to come together for common infrastructure, assets, and value chains

Convergence:

intra and inter-sectoral supply chains and the creation of infrastructure for common markets, clusters, and economic zones
Infrastructure convergence will improve performance in sectors like health, education, and quality of life, and improve India's rank in the Human Development Index
promote youth and gender-centric social entrepreneurship and enterprises.

Network, Convergence & Collaborations

- The policy recommends adopting best practices from other countries that are suitable for the specific context of cooperatives. It emphasizes the **autonomy of coops and the crucial role of govts** in establishing appropriate political, legal, and institutional frameworks.
- Establish 6 lakh multipurpose PACS, Credit & Non Credit coops at GP level
- The policy also advocates for the convergence of **inter-ministerial schemes and inter-sectoral collaborations**, FI of youth, women, and priority sections, providing access to financial services, CB, and strengthening leadership, and promoting laws, policies, and programs that promote women's cooperatives and their collective entrepreneurship.
- SOC to be institutionalized, a service federations at state or regional level for SHG Feds, FPOs & other coops - will bring a large scale grass root collaboration
- Additionally, the policy highlights the need for cooperatives to undertake vertical coordination to **diversify their value chains** and optimize efforts through inter-sectoral approaches.

MSCS & National Federations & their roles

- A systematic plan of investment is required to realize the premium price for organic produce.
- Identification of commodities and making commodity-specific market plans is necessary.
- Transport corridors with neighboring countries need to be used for trade facilitation between north-east states and GMS countries.
- A National Level MS Seed Cooperative Society will enhance productivity and ensure food security.
- Members of the cooperative society need to integrate with Krishi Vigyan Kendra and Universities for training in quality seed cultivation.
- Women cooperatives, especially in tribal areas, need to be strengthened with infrastructure and knowledge on resistance varieties and preservation methods.
- National federations should play a proactive role in the development and promotion of business.
- Policy recommends inclusion of provisions in the State Acts relating to the role of national federations.
- Statutory audit of member institutions may be entrusted to national federations to enhance the quality of audit.
- The policy recommends facilitating the conversion of non-business federations for financial sustainability.

Discussion

- How can cooperatives be better **recognized as autonomous & independent enterprise**, both by policymakers and the general public?
- What strategies can be adopted to **raise awareness** about the objectives, rules, and regulations of cooperative institutions among the general public?
- How effective is the **legal framework for cooperatives** in India, and what are the key challenges that need to be addressed?
- How can long-term **cooperative credit structures** collaborate effectively for credit delivery, and what are the legal and policy issues affecting long-term credit cooperatives?
- What steps can be taken to **attract and retain competent professionals** in the cooperative sector?

- What **new and innovative sectors of cooperatives** can be brought into the fold of loaning, and how can defunct PACS be assessed and potentially revived or liquidated?
- What are the provisions proposed in the policy to foster **collaboration** between cooperatives and Community Institutions like SHGs, **FPOs/FPCs, and their federations**, and what would be the potential benefits of such partnerships?
- How can **grassroots-level democratic institutions**, including Panchayati Raj Institutions and cooperatives, be strengthened to democratize the development process in India and support the cooperative movement?

- Can cooperatives increase overall **rural lending** in India, and how can policy support their expansion of coverage and volume of credit?
- What is the role of the **National Cooperative Tribunal**, and how will it ensure the resolution of disputes and grievances among cooperative societies and their members?
- How will the **physical and digital infrastructure**, as outlined in the policy, support the development and growth of cooperatives in the country, and what challenges may arise in implementing this infrastructure?
- What specific functions will the National Cooperative Audit & Accounting Board perform, and how will it **ensure compliance** and transparency in the accounting and audit processes of cooperatives?

Thank You