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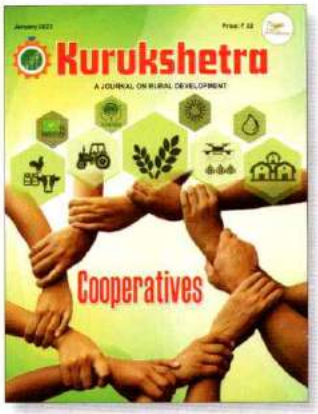
Cooperatives



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Editorial

The Government of India took a historic decision to create a new Ministry, the Ministry of Cooperation in 2021 to provide a separate administrative, legal and policy framework for strengthening the cooperative movement in country. The principal activities of the Ministry include streamlining processes for 'Ease of doing Business' for co-operatives and enabling development of Multi-State Co-operative Societies.

This issue of Kuruksehtra is dedicated to the theme Cooperatives. Our lead article-*Realising Sahkar Se Samriddhi* presents in depth analysis of the theme. The article talks about the impact of cooperatives in the country and their role in the development of India.

Another article *Cooperative Entrepreneurship* explores the mutually reinforcing requirements and intrinsically linked objectives of cooperatives and entrepreneurship to achieve the broader objective of community development.

Cooperatives has a huge role in ensuring the sustainable rural livelihood. The cooperatives play a major self-help role in rural areas, particularly where private entrepreneurs hesitate to make investment and public authorities are not able to provide the required services due to paucity of funds.

Role of women and youth is crucial in India's development story, the article *Women and Youth Participation in Cooperatives* says that India has become the fifth largest economy in the world and can channelise its demographic advantage in its quest to become one among the world's top three largest economies. Co-operative movement is one such window that can bring youth and specifically more women in the mainstream to contribute constructively to sustainable economic development.

As the cooperative sector in India is about 118 years old, now, the time has come to overhaul and strengthen it according to the need of the hour. It is urgent to infuse efficiency, accountability, transparency in the entire system and adopt modern technology and professionalism.

Needless to say that cooperatives in India have witnessed a robust past, but a more vibrant future is in offing. The article *Vibrant Tomorrow through Cooperatives* states that with focus on quality, professional management, innovation, growing expertise in marketing and branding and government support, cooperatives are all set to accomplish the stated objective to uplift the rural population of the country.

With this issue, we wish our readers a very happy and a prosperous new year 2023.

Realising Sahkar Se Samriddhi

Amit Shah

'Cooperation' embodies two important principles of human civilisation – 'Sah' and 'Karya' which means accomplishment of outcome-oriented activities following an all-inclusive approach. Cooperatives have immense potential to deliver required goods and services at the grass-roots and to ensure a sustainable and quality growth. Seven decades of attaining independence have witnessed a skewed distribution of cooperatives across States, indicating immense scope for expansion of cooperative movement. The contribution of cooperatives will have a multiplicative effect on our Prime Minister's vision of five trillion-dollar Indian economy. The time has come to transform cooperatives into multi-purpose and multi-dimensional community business units to cater to the demands of agriculture, manufacturing and services sectors at the community level. All-inclusive socio-economic progress of India requires quick, time-bound and a comprehensive and consultative action plan on cooperative development. The task seems difficult but attainable. The cumulative efforts of Union and State Governments, cooperative leaders and the federal heads would, undoubtedly, bring all of us closer to achieving the goal of 'Sahkar Se Samridhi'.

'Cooperation' has remained the philosophy of our nation for centuries. India strives for a cooperative-led all-encompassing socio-economic progress. The cooperative sector has always played a significant role in the overall economic development of the country with its member driven and all-inclusive approach. Cooperation embodies two important principles of human civilisation – 'Sah' and 'Karya' which means accomplishment of outcome-oriented activities following an all-inclusive method. It has the required capability to ensure equitable and concerted efforts towards enhancing the flow of timely, adequate and door-step commodity and service supports to various critical infrastructure such as agriculture and industrial input services, irrigation, marketing, processing and community storages, etc., and also for other activities such as poultry, fisheries, horticulture, dairy, textiles, consumer, housing, health – to name a few.

India is now celebrating its past glorious achievements and exploring pathways to make a deprivation-free and socio-economically prosperous environment. At the time when we rejoice the Azadi Ka Amrit Mahotsav and India@75, we must get ourselves ready to becoming one of the world economic leaders through the mechanism of cooperation. Cooperatives are universally accepted as an essential instrument of social and economic policy and have inherent advantages in strengthening the efforts leading to overall economic prosperity with enhanced livelihood security and employment. These have immense potential to deliver required goods and services at the grass-roots and to ensure a sustainable and quality growth environment. We should appreciate and recognise the strength of our cooperatives. These are people-centred rather than capital-centred organisations and through collective efforts they bring in cohesiveness, community business sense and enhance social bonding. These are governed by seven golden principles **(Table 1)**.

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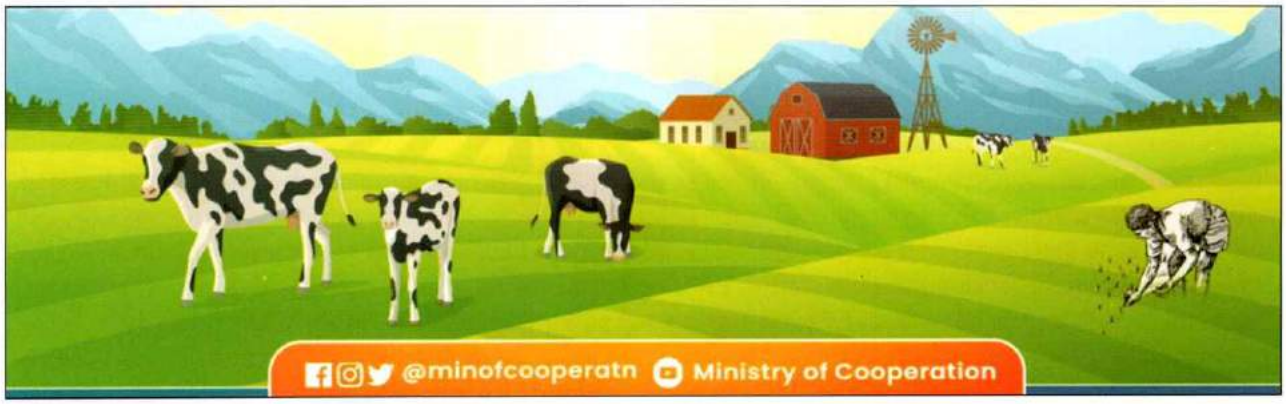

Creation of a New Ministry – A Historic Move

India has a rich history of cooperatives. A few people may know that India's Iron Man – Sardar Vallabhbhai Patel ji used to follow the basic ideology of cooperation while solving various critical problems on the ground. His pioneering work witnessed the spread of the dairy cooperative movement in the country when he sowed the seeds of Anand Milk Union Limited (Amul) through Shri Tribhuvandas Patel by forming farmer cooperatives, production and marketing of milk through collectivised efforts. The small seed sown by Sardar Patel has now become a global dairy brand.

The rich Indian history of cooperation and the inherent socio-economic potential of this sector could not, however, ensure a separate governance structure at the national level for last 74 years of independent governance system. In this context, July 6, 2021 will remain a historic day forever for the India's cooperative sector. On that day, the Hon'ble Prime Minister of the country, Shri Narendra Modi Ji took a firm decision and for the first time in India, the Ministry of Co-operation was set up to enable and spread the growth of cooperative movement across India. We could fulfil the strongly felt long pending demand for creation of a separate Ministry for paying due policy recognition to critical matters of cooperative sector.

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Table 1: Seven Golden Principles of Cooperation

1	Voluntary and Open Membership	Cooperatives are voluntary organisations where membership is open to all persons without any discrimination.
2	Democratic Member Control	Cooperatives are member-driven and member-controlled democratic units. Members actively participate in setting their policies and making decisions. In primary cooperatives, members have equal voting rights conforming to the norm of 'one member – one vote'.
3	Member Economic Participation	Members contribute equitably to and control and utilise the capital of their cooperative to support their economic activities.
4	Autonomy and Independence	Cooperatives are autonomous organisations and believe in self-help for maintaining their cooperative autonomy through democratic controls.
5	Education, Training and Information	Cooperatives provide education and training for their members, elected representatives, managers and employees to support development drives of their units.
6	Cooperation among Cooperatives	Cooperatives extend efficient service support to their members and strengthen cooperative movement by working together through local, national, regional and international structures.
7	Concern for Community	One of the major aims of cooperatives is to ensure sustainable development for their communities through adoption of appropriate policy measures.

Source: International Cooperative Alliance [Available at https://www.ica.coop/en/cooperatives/cooperative-identity]

Table 2: Cooperative Spread in Select 20 Major States/UTs in India				
SN	States/UTs	Presence of Cooperatives** (in Lakh Nos)	No. of Districts $	Cooperative per District (in Nos)
1	2	3	4	5
1	Maharashtra	2.059	36	5719
2	Gujarat	0.776	33	2350
3	Andhra Pradesh	0.732	26	2816
4	Telangana	0.652	34	1916
5	Karnataka	0.409	29	1412
6	West Bengal	0.337	25	1346
7	Kerala	0.193	14	1376
8	Haryana	0.246	22	1117
9	Bihar	0.392	38	1031
10	Madhya Pradesh	0.474	52	912
11	Rajasthan	0.285	33	862
12	Punjab	0.174	22	793
13	Tamil Nadu	0.245	38	644
14	Uttar Pradesh	0.482	76	634
15	Odisha	0.173	30	578
16	Jharkhand	0.139	24	577
17	Uttarakhand	0.056	13	433
18	Chhattisgarh	0.114	27	421
19	Assam	0.102	33	310
20	Jammu and Kashmir	0.020	20	101
All India		8.544	739	1156

*Sources: Compiled from: $ https://igod.gov.in/sg/district/states and **NCUI, 2018*

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The objectives of the Ministry of Cooperation in providing a supportive and enabling policy framework to cooperatives have been very clear. The 1904-05 cooperative laws are more than a century old legislation. The idea of cooperatives is not new to us and India's civilisation and society have evolved on the principles of cooperation. We find that work in every field across important economic sectors has revolved around the idea of cooperation. Simultaneously, the cooperatives have played a big role in creating an economic model for rural development and providing employment to the poor people so that they can lead a dignified life. The freedom movement itself tried to create a new economic model against the British government in some places with the help of cooperation. Immediately, after independence, especially with the efforts of Sardar Patel, the cooperative movement gained greater momentum, spreading it across different parts of the country. However, if we see chronologically, the cooperative movement stagnated around the 1960-70s. Also, the growth of the cooperative sector across the states was not uniform which led to high concentration of cooperatives in some areas.

NCUI 2018 data indicates that 8.54 lakh cooperative units spread across 739 districts (**Table 2**). The uneven and skewed spread of cooperative movement is discernible from district-wise data presented in the table for 20 major States/UTs. On an average, there are 1,156 cooperative units per

district. Seven States viz. Maharashtra, Gujarat, Andhra Pradesh, Telangana, Karnataka, West Bengal and Kerala have more than the national average cooperative spread. States viz. Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh, Assam, Chhattisgarh and Odisha record below national average spread of cooperatives. This opens up opportunities for these States to realise the power of collectives and to gear up activities of rapid social mobilisation through registration of diversified activity-based cooperatives to actualise the collective socio-economic benefits right at the community and to be an active catalyst in achieving the greater goal of Sahkar se Samriddhi.

Ensuring Equitable Spread and Outreach

The Mission – 'Sahkar Se Samridhi' aims at ensuring equitable and widespread growth of cooperatives. The initial efforts should be such that every village of India should have a primary society, a primary cooperative credit society and should be connected to a nearby cooperative bank. Wherever possible, cooperatives should have a wider reach and wherever there is a potential, they should be promoted, formed and nurtured. There is a huge possibility of promoting larger number of cooperatives in sectors viz. fishery, agricultural processing, primary production, housing and construction. Similarly, there is immense potential in certain other areas like health, medicine, insurance and textiles. The cooperative business model can turn around the khadi and village industries and can bring parity in the income and employment growth in developed and developing states.

One can clearly visualise the skewed spread of the co-operative movement across the States and, accordingly, categorise them in terms of developed, developing and weak States. The first is the case of the developed States where there has been reasonable progress in the cooperative sector but there is a huge scope for improvement to address some inherent disadvantages. There are some States which are in the developing category which have managed to stop the deterioration to some extent and need greater policy support to move forward. Finally, there are some States which are completely lagging behind where the presence of cooperatives is negligible and most of the institutions are weak. Odisha, Jharkhand, Bihar, Uttarakhand, Assam etc. need to ensure expansion in the cooperative base and also to extensively analyse their past models of growth and the activities they had adopted for maximising social and economic welfare. The time has come for the States to transform their cooperatives into multipurpose and multi-dimensional community business units to cater to the demands of agriculture, manufacturing and services sector at the community level.

In this context, we should ascertain and affirm our concentrated efforts towards deepening of this mass movement. In the next two decades, our efforts should enable the cooperatives to contribute substantially in the nation's economic growth and development. It is a well-established fact that only the cooperatives can distribute profits equitably and reap benefits for all of its members. Unlike other business models, in cooperatives, maximum profits out of the surplus can flow to the shareholders with minimum expenditure incurred on management cost.

Cooperation and Economic Empowerment

The cooperative model can bring economically weaker sections of our society to the forefront of economic growth and can create widespread financial prosperity. There are gleaming examples like Lijjat Papad, Amul and other milk cooperatives in southern States like in Karnataka and many others which have brought economic prosperity to millions of people from marginalised sections of the society. A small dairy society started by late Shri Tribhuvandas Patel has transformed today into India's biggest food and FMCG giant – Amul, and has changed lives of millions of women. It is an epitome of women empowerment where Rs. 60,000 crores are remitted directly into the bank accounts of the women dairy farmers.

Venturing New Areas through Cooperation

There is a need to ensure emergence of large number of cooperatives in new and evolving sectors like insurance, health, tourism, processing, storage, industrial and service sectors, etc. The cooperative movement should reach all the villages and should be transformed into a mass movement. Hon'ble Prime Minister has urged all Ministries to set up a goal for themselves in the year of Amrit Mahotsav. The time has come to set goals for ourselves in the 75th year of our independence. Let us set a goal that in the next

10 years every village will have a milk society and a credit society which will be viable and functional. Let us also set a goal that every village should have some primary society or the other spreading cooperative business activities right at the community. If India can do this, these units can contribute substantially to the national economy and improve the lives of millions of poor and marginalised sections who are often left behind.

Meeting Challenges for Effective Cooperation

While cooperatives are the best route to address empowerment issues, these units should be prepared for the meeting modern-day challenges. The bottlenecks of growth within the sector have to be addressed and this would demand several policy level and administrative changes. The first and foremost in this regard is fostering a culture of transparency. This will restore the trust of small farmers in cooperatives. We need to adhere to the law and cooperative principles to strengthen this sector. This also calls for holding fair and regular elections. We need to abide by the democratic values to ensure that the best people are inducted to the cooperatives platform. The democratic ways and means in conducting cooperative activities like elections need to be implemented more strongly, firmly and rigorously.

The cooperative sector needs to move towards professionalism and should conduct itself on the principles of corporate governance. There are many such models in our country like IFFCO, Amul, etc. which have kept the cooperative spirit intact and imbibed the strengths of corporate governance values. We have to build such models which conform to a judicious blend of cooperative values and corporate governance. This will ensure transparency, accountability, professionalism and sound governance. Also, cooperative institutions need better infrastructure and access to business loan and working capital and for meeting their plant and machinery needs.

Cooperative Federalism – the Only Way

The provisions in the present constitutional set up facilitate promotion and nurturing of cooperatives in an all-inclusive way. It has never been a hindrance in our plans to develop the cooperative movement while working along with the States. 'Cooperation' is a State Subject and the State Cooperative Societies are governed by the State specific legislations. The Union Government is responsible for the management of Multi State Cooperatives. We can accomplish a lot of work through constructive and continuous dialogue between the Centre and the States and imbibe the principles of cooperation in our work and actions. If we expect cooperative movement to be spread across all the states in an equitable manner then we need to come on a common forum with the States and create an enabling environment for cooperatives collectively. Through a continuous dialogue and consultation process India can achieve more uniformity in the cooperative legislations across all States.

While the 97th Constitutional Amendment can meet the challenges of the cooperative sector, the Union Government shall play an enabling role to transform the cooperative movement of the country and the jurisdiction of both Centre and States should remain clear and as per the fundamentals of our Constitution. The Multi State Cooperative Society is the subject of the Centre and State Co-operative Societies remain with the States. It shall be the responsibility of the Ministry of Cooperation to engage in such dialogues, discussions and deliberations with the States and come up with an enabling legal framework for cooperatives.

Planning New Cooperation Policy

India has 8.5 lakh cooperative units out of which 20 percent [1.77 lakh units] are credit cooperatives. Remaining 80 percent are non-credit cooperatives involved in diverse activities viz. Fishery, Dairy, Producer, Processing, Consumer, Industrial, Marketing, Tourism, Hospital, Housing, Transport, Labour, Farming, Service, Livestock, Multi-purpose Cooperatives, etc. Out of about 96,000 Primary Agricultural Credit Cooperatives (PACs) spread across 91 percent of total villages of India, 63,000 [65 percent] are viable and active. Technology development in cooperatives is the need of the hour. Computerisation of PACs is a must.

About 13 crore farmer households are directly connected to cooperatives. It shows the strength of the cooperative movement. Our policies and actions can leverage on this huge network of cooperative institutions for the benefit of the sector. We need

to work for their prosperity and business viability through their revival. We need to empower them with scheme interventions, policy support and provision of technology. The contribution of Cooperatives in the nation's economy has been impressive. The share of cooperative agriculture finance to total is about 25 percent, fertiliser distribution 35 percent, fertiliser production 25 percent, sugar production 31 percent, milk procurement, production and marketing about 25 percent, wheat procurement 13 percent, paddy 20 percent, fish production 21 percent, etc. There is a need to build a vibrant and resilient cooperative sector on this strong foundation. All the hurdles and bottlenecks need to be addressed through the new cooperation policy and suitable government interventions. Important policy parameters [4 Ps + 3 Es] for attaining Sahkar Se Samridhi are at **Table 3**.

Table 3: Prosperity through Cooperation: The Seven Vital Parameters

4 Ps	3Es
1. People Cooperating People	1. Ease of Doing Business
2. Production by People	2. Ease of Living
3. People before Profit	3. Ease of Cooperation and Access to Opportunities
4. Profit with Purpose	

Dimensions of New Cooperation Policy

It is high time to review its policy on Cooperation. The extant National Cooperative Policy is 20 years old. The Ministry of Cooperation has started dialogues and consultations for firming up a new cooperation policy within the next 8-9 months. The policy will consider the requirements of all cooperative societies from PACs to the Apex Cooperatives. The policy will create an environment through which cooperatives can expand and new dimensions of growth will emerge. We need to explore new areas and work in a cooperative manner with TEAM spirit – where 'T' denotes 'Transparency', 'E' stands for 'Empowerment', 'A' stands for 'Aatma Nirbhar' ('Self-reliance') and 'M' for 'Modernisation' [**Table 4**]. Today, computerisation of the entire cooperative sector has become imperative and we cannot bring efficiency in the work of cooperatives till this task is completed.

Table 4: Decoding TEAM Cooperation

T	Transparency	Cooperatives to adopt best practices for their governance with accountability and by rising above politics.
E	Empowerment	Empowering persons engaged in farm and non-farm activities
A	AatmaNirbhar (Self-Reliance)	Self-reliance through community and collectivised action
M	Modernisation	Bringing right technology and quick adoption thereof to enhance productivity and efficiency

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The probable dimensions of the new cooperation policy could be the following:

(a) Laying out processes for hassle-free registration.

(b) Bringing in transparency within administration, recruitment and also within training of trainers and training of employees.

(c) Ensuring transparency in cooperative elections on the lines of Election Commission of India.

(d) Addressing issues of cooperation and coordination amongst different cooperative institutions.

(e) Establishing proper linkages to all societies at village level like dairy, PACs, FPO, women cooperative, etc.

(f) Bringing in uniformity and parity of cooperative law within the States.

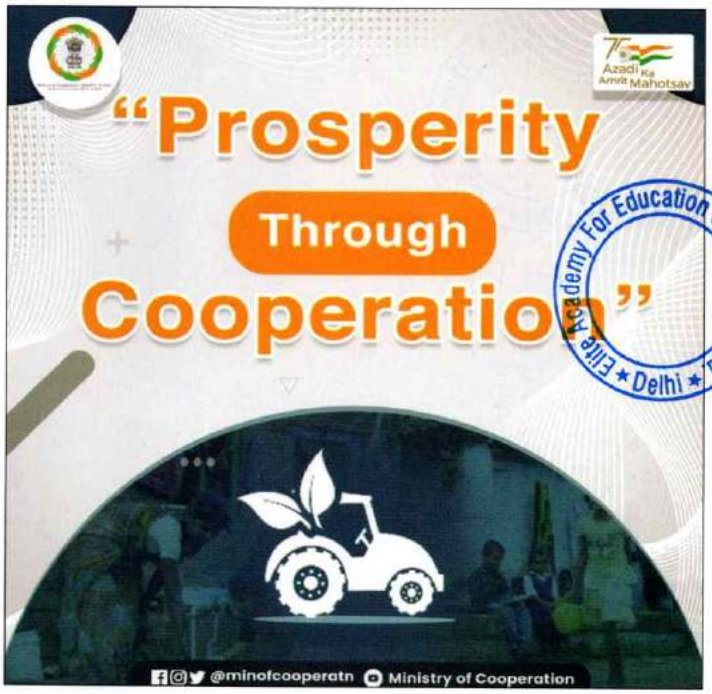
Conclusion and Road Ahead

Our beloved Prime Minister's clarion call – 'Sahkar Se Samridhi' requires quick, time-bound and an all-inclusive consultative action. There exists a need to identify and address suitably various issues which may limit the progress of cooperatives. Some of the vital issues which require immediate attention are – (a) Regional/ state level and sectoral imbalances in the cooperative movement; (b) Regulatory complexities; (c) Governance, leadership and operational issues; (d) Lack of professional management in cooperative units;

(e) Need of time-tested structural reform measures; (f) Lack of cooperation amongst cooperatives, etc. Other critical dimensions of cooperative movement which require adequate attention are – establishing an effective dialogue and coordination mechanism between the central registrar and state registrars of cooperatives; adhering to cooperative principles and democratic values, procedures of transparency, strengthening basic infrastructure including equity structure, diversification; promoting entrepreneurship, branding, marketing, and adopting technology, training, exchange of education and training of members; formation and promotion of new cooperative societies and promotion of social cooperatives. Timely identification and redress of such issues would drive us to explore feasible pathways for bringing in a technology-driven integrated cooperative development strategy and for ensuring competitiveness of the community-owned business units.

The contribution of cooperatives will have a multiplicative effect on our Prime Minister's vision of five trillion-dollar Indian economy and enhancing the income of farmers. To make it happen, we need to empower and revive community level primary cooperatives, in the first instance. To make PACs active and vibrant, we all have to bring a consensus in our approach. While the Ministry of Cooperation is all set to computerise the PACs and planning for a greater technology push in the cooperative sector, the reach of PACs in each and every village should be the goal of our cooperation policy. Making the village self-reliant and strong, doubling the income of the members of cooperatives should also be the goals of the cooperation policy. Further, the Policy should have provisions to make all types of cooperative institutions financially strong and sustainable.

The task may seem difficult but is attainable. This cannot be achieved only by the Union Government and State Governments' noble intentions and interventions alone. We should draw inspirations from the Maha Upanishad's oft-quoted term – Vasudhaiva Kutumbakam meaning all living beings on this earth are a family. Thus, the leaders of the cooperative movement and the federal heads will have to rise to the occasion, make extra efforts to visit their districts, talk to members and infuse hope in them for the betterment of the sector. These cumulative efforts of ours would, undoubtedly, bring all of us closer to achieving the goal of 'Sahkar Se Samridhi'.



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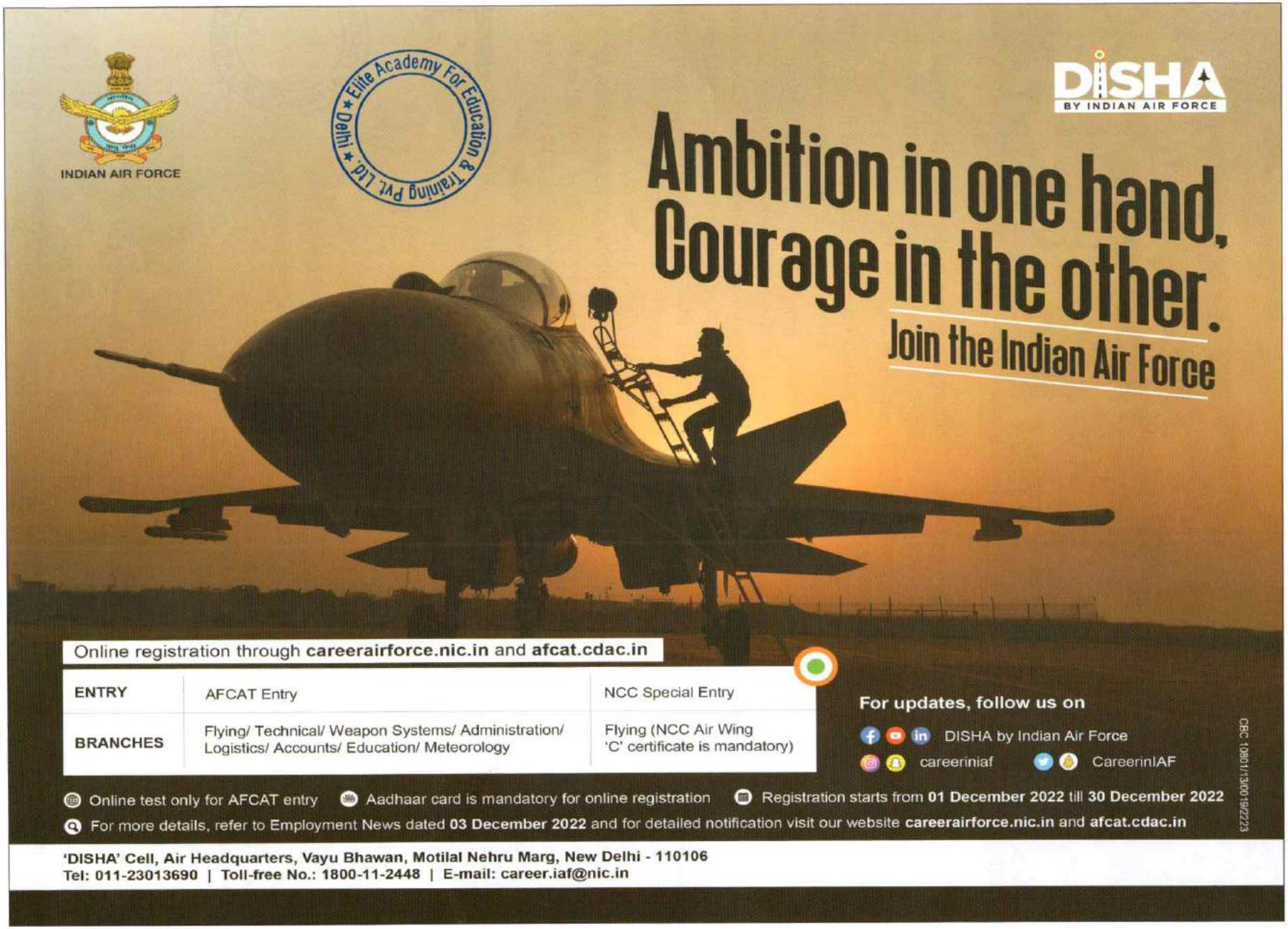
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Women and Youth Participation in Cooperatives

Dr. Neelam Patel
Dr. Tanu Sethi

India has become the fifth largest economy in the world and can channelise its demographic advantage in its quest to become one among the world's top three largest economies. Co-operative movement is one such window that can bring youth and specifically more women in the mainstream to contribute constructively to sustainable economic development. Cooperatives in India are carving its niche in almost every field of economic activities. In the 75th year of Independence, a new- Ministry of Cooperation has been set-up to realise the vision of Cooperatives as having immense potential to drive socio-economic developmental goals towards the ambit of Aatma Nirbhar Bharat and rural development. Promotion of inclusive cooperatives models that integrate capacity building, education, skill training, engagement of youth and women, can lead in realising true cooperative development models and achieving dual targets of becoming a USD $ 5 trillion economy whilst fulfilling commitments of UN-SDG's targets.

Cooperatives of India are an integral part of a country's socio-economic development. The Cooperative movement in India was borne in pre independence era. Cooperative, defined as, 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 (ILO). Post-independence, the Indian cooperatives have evolved and become operational across various sectors of the economy. Livelihood opportunities for citizen's especially rural women, men and youth are improved due to rising cooperative societies, microenterprises, self-help groups etc. Globally, there are more than 30 lakh cooperatives that engage more than 12 percent of the world's population (Ministry of Cooperation, 2022c).

India has 8.55 lakh Cooperatives and about 13 crore people are directly associated with them. There are two types of co-operative structures in India i.e. State Cooperative Societies and Multi-

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State Cooperative Societies. Among 300 largest cooperative societies of the world, three societies of India namely Amul, IFFCO and KRIBHCO are included in list.

Several measures were taken by the Government that can leapfrog cooperative expansion and development. Under the leadership of Prime Minister Shri Narendra Modi, a new Union Ministry of Cooperation was set up on 6th July 2021 with an objective to provide renewed impetus to the growth of Cooperative Sector and realisation towards the spirit of Cooperation to Prosperity. The vision of government based on "Sabka Saath, Sabka Vikaas, Sabka Vishwas, Sabka Prayas" is committed to synergise overall human resource development. Promotion of inclusive cooperatives models that integrates capacity building, skill, engaging youth and women, can lead in realising true cooperative development models and achieving dual targets to become a US $ 5 trillion economy and fulfilling commitments UN-SDG's targets.

National Cooperative Policy: "Sahkar Se Samriddhi'

India has become fifth largest economy in the world (IMF, 2022). In the 75th year of independence, a magnificent initiative of dedicated Ministry of Cooperation implemented by the present Government, to enroute towards a development of the country and creation of a statement of new social capital.

The New National Cooperative Policy and schemes of the Ministry of Cooperation aimed to penetrate co-operatives as a true people-based movement reaching up to the grassroots and ensuring 'Ease of doing business" for co-operatives. Also, it focuses on developing a cooperative based economy model that can significantly boost the 'Make in India' initiative of the Government of India. The Ministry of Cooperation comprises of separate administrative, legal, digital technology and policy framework to synergise the cooperative movement in the country (Ministry of Cooperation, 2022b). The dedicated framework will bring transparency and may promote competition, cooperative marketing and accessibility till every remote rural area. Every village will be connected to cooperatives, making every village prosperous with the mantra of "Sahkar se Samriddhi" (Prosperity through cooperatives) (Ministry of Cooperatives, 2022d).

Here, Cooperative Institutions can play a key role in the creation of opportunities for income generation, empowerment of women and less/under privileged section of the society. It can support in bridging urban-rural divides in the country. Skilling, education, financial assistance etc. can be imparted to rural population through cooperatives institutions.

Cooperatives have made significant contributions in areas related to agriculture finance distribution and allied sectors. Government has been emphasising on increasing contribution of Cooperative societies, especially Primary Agriculture Credit Societies (PACS), in setting up Agriculture Infrastructure in the country through schemes such as Agricultural Infrastructure Fund. Various schemes/ programmes are implemented by many government departments to encourage participation of youth and women in cooperatives. The Jan Dhan Yojana, Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Krishi Sinchai Yojana, Mudra Scheme provides an opportunity for cooperatives to collaborate with the government and reap multiple benefits.

Cooperatives Niche

Cooperatives have made significant contributions in areas primarily related to agriculture and allied sectors. About 8.5 lakh cooperative units exist across different parts of the country. It comprises of 1.5 lakh dairy and housing societies, 97,000 PACS, 46,000 honey cooperative societies, 26,000 consumer societies, fisheries cooperatives and cooperative sugar mills. Fifty-one percent villages and 94 percent farmers are associated with cooperatives in some form or the other (Ministry of Cooperation, 2022a). Cooperatives provide financial assistance to farmers and micro entrepreneurship ventures. Cooperative sector offers about 20 percent of the total agricultural credit of the country, 35 percent of the fertiliser distribution, 25 percent of fertiliser production, 31 percent of sugar production, more than 10 percent of milk production, more than 13 percent procurement of wheat and more than 20 percent of the procurement of paddy. More than 21 percent of the fishermen businesses are carried on by cooperative societies (Ministry of Cooperation, 2022a)

Transformation of PACS to multipurpose model i.e. these PACS will offer multiple functions/roles such as, dairy, FPO, water and gas distribution, gas distribution, biogas production and distribution etc. At present about 65,000 PACS are under implementation and the government has targeted to make 3 lakh new PACS in 5 years. Besides, there are a large number of cooperatives at the state level, like urban cooperative banks, primary agriculture cooperative societies, housing, fishery and other forms of cooperatives which are making untiring efforts to improve the socio-economic condition of the people

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Women and Youth Participation: A Catalyst to Cooperative Movement

Cooperatives have strengthened agricultural activities, rural activities and rural development. Cooperatives are ideal institutions to formalise more youth and women participation in economic activities. Rural India has immense human capital with 68.8 percent of the country's population and 72.4 percent of the workforce residing in these areas (Census, 2011). The rural and urban population recorded in 2001 was 74.3 crore and 28.6 crore; whilst in 2011 it was 83.3 crore and 37.7 crore, respectively (Census, 2011). At the same time, workforce participation rate of rural women was significantly higher than urban women. In 2011-12, workforce participation rate for urban female was 14.7 percent whilst rural female was 24.8 percent, respectively (Neelam Patel and Tanu Sethi, 2021).

The Government has taken various steps to improve women's participation in the labour force and quality of their employment. As per the latest Periodic Labour Force Survey (PLFS) report available for year 2020-21, the estimated Worker Population Ratio (WPR) for male and female was 73.5 percent and 31.4 percent respectively (estimated on usual status basis for aged 15 years and above both) (Ministry of Labour & Employment, 2022). The female Worker Population Ratio (WPR) (in percent) has increased to 31.4 percent in 2020-21 from 28.7 percent estimated during 2019-20 (Ministry of Labour & Employment, 2022a).

However, out of 8, 54,300 cooperatives in India, only 2.52 percent of these cooperatives solely comprise women (International Co-operative Alliance Asia Pacific, 2021). Women played a significant role in the success of many cooperative movements like Anand Milk union limited (AMUL) and Lijjat. Around 45,000 women were associated with Lijjat's cooperative movement while Amul cooperatives have engaged 36 lakh farmer families, especially women farmers. These women cooperatives have successfully transformed lives of rural women. Successful Women Cooperatives viz. Women's Industrial Cooperative Society Limited, Self Employed Women's Association (SEWA) Cooperatives, Swashrayi Mahila SEWA Bank, Mahila Sewa Lok Swasthya Cooperative, Krishna Dayan (mid wife) cooperative, Sangini Child-Care Workers Cooperative, Abodana Mahila Kapad Chapkam Utpadak SEWA Sahakari Mandali Limited, Mahila Super Bazar, Bhramaramba Mahila Cooperative Banking Society, Usha Cooperative Multi-Purpose Store Limited etc. has contributed in holistic empowerment of women in society (Muzamil, 2008; Dash et al., 2020)

As envisioned in the new cooperative movement, promoting more village level cooperatives can mainstream women participation towards empowerment and socio-economic development. The rural women are primarily engaged in agriculture and allied activities. Therefore, cooperatives need to take up gender-responsive initiatives viz. parity in payment, promoting local products of rural women's cooperatives, increasing awareness among cooperative leaders and ensuring favourable cooperative legislation.

At the same time, there is an opportunity to channelise prime demographic window i.e youth participation in cooperative movement. India has the largest cohort of youngest populations with an average age of 29 years that provides a demographic window of opportunity - a "youth bulge" that can lead economic and social reforms. Youth can be a positive force to steer cooperative development when provided with the knowledge, skill and opportunities that can absorb them into the labour force. Many countries have drawn age brackets to define Youth. In India, as per National Youth Policy-2003, 'youth' was defined as a person of age between 13-35 years while National Youth Policy 2014, mentions any persons between the age group of 15 and 29 years are considered youth (Youth in India, 2022).

In 2021, youth in the age group of 15-29 years in the country comprise of 27.2 percent of the population (Youth in India, 2022). As per the Report of Technical Group on Population Projections, constituted by Ministry of Health and Family Welfare, youth in the age group of 15-29 years is expected to decrease to 22.7 by 2036. During 2017-18, young people's participation rate in labour force was at low levels of 38.2 percent which rose up slightly to 41.4 percent during 2020-21.

Also, young women's labour force participation was far below young men's. Labour Force Participation Rate (LFPR) of female youth increased more in rural than urban areas. In the 15 years and above age group also, maximum increase in LFPR was of rural females i.e from 24.6 in 2017-18 to 36.5 in 2020-21 (estimated in Usual Status) (Youth in India, 2022).

Cooperatives can support in absorbing a section of youth bulge as it enable young people to pool financial resources, skills, knowledge to establish an enterprise. The Young people often cite that it is the cooperative values and principles that make cooperatives attractive to them both a means to create their own enterprises. Also, cooperative education budget allocated for cooperative education i.e Rs. 55 crore will benefit participation of cooperatives.

Also, cooperative model of enterprise contributes to youth employment and facilitating job creation through self-employment. The model lends itself to both rural and urban areas and for persons of all academic and skill levels including recent graduates who have limited prospects of finding jobs.

Conclusion

Cooperatives generate a significant source of employment and support formalisation of informal employment through collective voice and economies of scale and extension of social protection. India has the largest cohort of the youngest population and significant female inhabitants that can be mainstreamed to enhance their contribution in transforming society at large. The mission mode grass root level penetration of cooperatives will leapfrog the vision of country's development to a New India.

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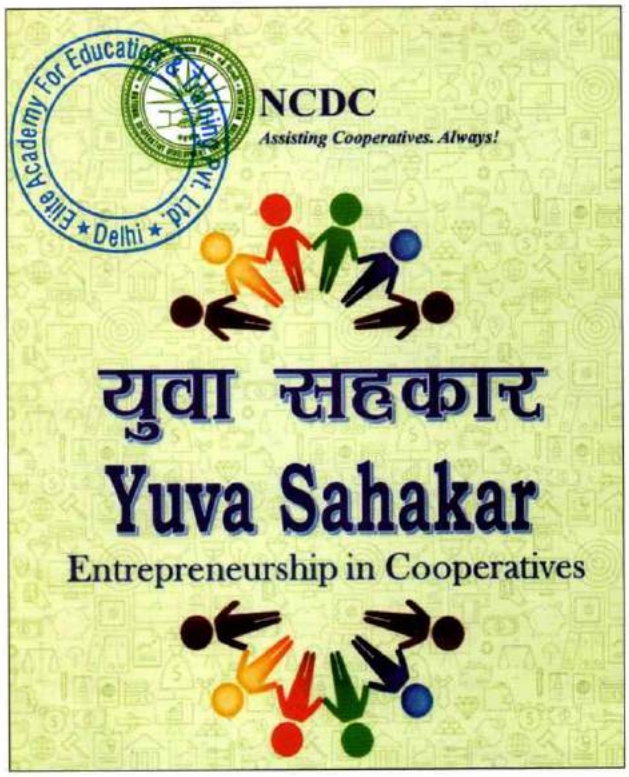
Cooperative Entrepreneurship

Dr. Ishita G. Tripathy

This article explores the mutually reinforcing requirements and intrinsically linked objectives of cooperatives and entrepreneurship to achieve the broader objective of community development. The possible tenets of the national policy for cooperatives which is being drafted may stress on universal coverage and providing a single unique identity to each cooperative; besides being technology-driven. A single portal and identity number for registration and all other business affairs; integration/convergence with other Ministries' programmes, portals and efforts; and promoting and setting up of sector-specific export-oriented Multi-State and State cooperatives. An all-pervasive awareness programme about the cooperative movement and related model of socio-economic growth may be undertaken.

To attain the objective of all inclusive development, various community development approaches have been advocated by development planners and policy makers and have been implemented by State Governments and Union Administrations. Amongst those, a potent approach has been to tap the potential of cooperatives in the country and promote entrepreneurship amongst them to carry out effective and profitable community businesses. By the virtue of the principles on which they rest, cooperatives are successful in mobilising resources independently and utilising these for productive purposes. While the characteristics of cooperatives are homogeneous, the manifestation of cooperatives is heterogeneous. Cooperatives rest on the basic triple tenets of democracy, economic development and social mobilisation. The broad manifestations of cooperatives include short-term credit cooperatives like State Cooperative Banks (SCBs), District Central Cooperative Banks (DCCBs) and Primary Agricultural Cooperative Societies (PACS), and long-term credit cooperatives like Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) and State Cooperative Agriculture and Rural Development Banks (SCARDBs), etc.; commodity cooperatives in different products like dairy, oil, sugar, textiles ,etc. and service cooperatives like housing, transport, tourism, hospital cooperatives, etc. In India, one of the first examples of financial inclusion was the adoption of Cooperative Societies Act, 1904. Since then a long way has been traversed and with the setting up of the new Ministry of Cooperation by the Central Government in July, 2021, the continued significance of the cooperative movement has been underscored. The four-fold guiding principles of this movement are Sahkar se Samriddhi; inclusive growth; Aatma Nirbharta through community entrepreneurship; and Cooperation: Beyond Cooperatives.

Entrepreneurship is defined as the creation of an innovative economic organisation for the purpose of gain or growth under conditions of risk and uncertainty (Dollinger, 2004). Accordingly,



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cooperatives can be called community enterprises being managed by diverse member entrepreneurs. Research indicates that local participation in different developmental activities has a positive impact on shaping communities, and ensuring the progression of low-income community into the socio-economic mainstream. In this backdrop, this article explores the mutually reinforcing requirements and intrinsically linked objectives of cooperatives and entrepreneurship to achieve the broader objective of community development.

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Framework

The legal framework of cooperatives is governed by Cooperatives Society Act, 1912; Mutually Aided Cooperative Thrift Society Act; and Multi-State Cooperative Societies Act, 2002. Cooperative societies with members from one State are registered under the provisions of State Cooperative Societies Act concerned and are regulated by the State Registrars of the Cooperative Societies concerned. The details of such societies registered under the State Cooperative Act are maintained by the State Registrar of Cooperative Societies concerned. Cooperative societies with members from more than one State are registered by the Central Registrar of Cooperative Societies under the Multi State Cooperative Societies (MSCS).

It is estimated that there are 8.54 lakh cooperative societies with a membership of 29 crore people. As many as 1,509 multi state co-operative societies are registered in the country under the provisions of MSCS Act, 2002. The cooperative sector has an irrefutable pivotal role in strengthening the rural economy through its engagement in agriculture, fishery, agro-processing, dairy by providing credit; agricultural inputs and marketing for milk, fish, vegetable, fruits, flower, medicinal plants, forest products, honey and resham, etc.; and by contributing immensely by generating direct and indirect employment.

Strengthening the Cooperative Structure

Steps Being Taken

To strengthen the cooperative sector, a large number of steps are being taken. Some of these include the following:

- The launch of a pan-India project for computerisation of 63,000 PACS at a total estimated cost of Rs. 2,516 crore. Digitalisation of PACS will ensure efficiency of their operations, speedy disposal of loans, lower transition costs, faster audit, reduction in imbalances in payments and accounting with SCBs and DCCBs, enhanced transparency and trustworthiness, and a positive and emphatic transition towards financial inclusion and providing digital literacy to farmers.
- Draft model Bye-Laws are being prepared. Preparation of draft model bye-laws for the PACS to transform them into multipurpose and multi-dimensional vibrant economic entities.
- Formulation of a scheme – 'Cooperation to Prosperity' will map the growth catalysts in the economy and encourage rolling out of a coordinated approach of cooperative development to enhance income and growth.
- Formulation of a scheme for modernising and professionalising the cooperative education and training will take care of capacity building needs of the sector and will ensure that the cooperative sector attains required competitiveness in the changed economic scenario.
- Introducing a new National Cooperation Policy by reviewing the two-decade old policy and exploring new and sustainable growth pathways through cooperation.
- Creation of a National Cooperative Database will help in identifying the areas where cooperative movement could be expanded and, accordingly, facilitate the framing of appropriate policy.

Further Steps Which May Be Taken

Besides the above, there are some more steps which may be taken to strengthen the cooperatives. These have been elucidated in the following paragraphs.

1. Convergence

More than 12,000 cooperative societies are registered as micro, small and medium enterprises (MSMEs), which implies that cooperatives account for about 0.1 percent of the 1.23 crore MSMEs which have registered on the Udyam Registration Portal, as per the new definition of MSMEs adopted on 26.06.2020, amidst the first wave of the pandemic.

The new definition is based on dual criteria of investment in plant and machinery or equipment and turnover and, accordingly, the enterprises registering on Udyam are classified as micro, small or medium. Udyam is a unique identity number for MSMEs, generated on the basis of information fetched from PAN and GSTN databases through Application Programming Interface. Export figures are deducted from the turnover for the purpose of classification, thereby encouraging export-oriented MSMEs. Another recent step that discourages MSMEs from stunting their growth merely for the purpose of availing benefits as an MSME, is the extension granted to MSMEs on 18.10.2022 to continue to claim their previous status as a micro, small or a medium enterprise for a period of three years, in case there is an upgradation in their classification. The Udyam registration number is mandatory for availing benefits of Priority Sector Lending and for most programmes of Ministry of MSME. The Ministry of MSME is also working on Udyam Shakti with some other Central Ministries/Departments and some State Governments for converging benefits being offered to MSMEs. Considering that a substantial number of cooperatives have already declared themselves to be MSMEs and that Udyam is almost like a 'Know Your Customer' for the MSME, in the spirit of convergence and enhancing the ease of doing business, it is a possibility for consideration whether Udyam certification may be made mandatory for them to avail benefits of programmes for cooperatives instead of any other documentation.

2. Awareness and Access to Information

A major awareness programme entailing all forms of media is the need of the hour. School children and fresh graduates need to be made aware that entrepreneurship, especially in the cooperative sector, is a full-fledged career option available to them. In this context, some universities have started running undergraduate entrepreneurship programmes. The National Cooperative Development Corporation (NCDC) under the Ministry of Cooperation is implementing Yuva Sahakar- Cooperative Enterprise Support and Innovation Scheme. Currently, a proposal to set up a National Level University dedicated for the cooperative sector is under the consideration of the Ministry of Cooperation.

In today's globalised world, access to information is the most important knowledge sharpening tool. Accordingly, a common interactive portal with all information for cooperatives, including potential employee-employer mapping, access to not just information, but access to credit too; and encouraging entrepreneurship is the need of the hour.

3. Training and Skill Development

Training is an integral part of upgradation of skills and for forming the basis of entrepreneurship. Such trainings are conducted by various institutes including NCDC, Bankers Institute of Rural Development, National Council for Cooperative Training (NCCT)'s Regional Institutes of Cooperative Management, Institutes of Cooperative Management, Vaikunth Mehta National Institute of Cooperative Management, National Cooperative Union of India, etc. For capacity building, customised special schemes may be explored. In this context, entrepreneurs among cooperatives and aspiring entrepreneurs can avail benefits of Ministry of MSME's Entrepreneurship and Skill Development Programme.

4. Technological Upgradation

In the fast changing world today, keeping abreast of technological developments has become an absolute necessity and a reiteration of Schumpeter's theory that new innovations replace existing ones which become obsolete with time. Accordingly, special schemes for cooperatives, with a focus on digitalisation may be required.

5. Finance

Cooperatives can come up with innovative business ideas to set up new business entities and to expand existing units. The foremost challenge before them is to avail timely, adequate and affordable finance, along with services to effectively use such resources. Collateral free loans ensuring timely availability, accessibility and affordability are important. An exclusive fund for cooperatives to achieve their objectives too may be thought of.

The performance of Cooperative Banks is given in Table-1. The proportion of non-performing assets out of the loans outstanding is high for SCBs, DCCBs and Urban Cooperative Banks (UCBs).

Table-1: Gross Non-Performing Assets as a percent of Gross Loans Outstanding of Cooperative Banks					
State Cooperative Banks		District Central Cooperative Banks		Urban Cooperative Banks	
31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021
6.7	6.7	12.6	11.4	10.6	11.7

Source: Lok Sabha Unstarred Question No. 2642 answered on 02.08.2022

As per information given by Ministry of Cooperation in Lok Sabha Unstarred Question No. 388 answered on 19.07.2022, 81 out of 1,509 Multi-State Cooperative Societies are under liquidation in which process of winding up have been initiated.

In order to provide credit to cooperative institutions, non-scheduled UCBs, SCBs and DCCBs have been notified as Member Lending Institutions in Guarantee Fund Trust (CGTMSE) Scheme vide circular with effect from 03.02.2022. Further, on 08.06.2022, the limit of individual housing loans has been doubled for UCBs, SCBs and DCCBs. Also, Rural Cooperative Banks have been allowed to lend to Commercial Real Estate Residential Housing sector and UCBs have been allowed to provide doorstep banking facility to their customers like commercial banks.

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6. Procurement and Marketing

Marketing of products and services have remained a challenge for the cooperatives. Recently, on 01.06.2022, cooperatives have been allowed to register on Government e-Marketplace (GeM) as 'buyers'. The objective of this initiative is to enable cooperatives to procure goods and services from 40 lakh vendors on the GeM portal, thereby improving transparency in the procurement system and helping cooperatives to make some savings. A preference policy for cooperatives as 'sellers' may ensure the much needed boost to them. Further, subsidized participation in fairs may help them in showcasing their products and forging business tie-ups. In this context, a holistic approach helping cooperatives in overcoming tariff, non-tariff and other trade barriers will help them in gaining market access overseas and become competitive.

7. Mentoring

Cooperation among cooperatives is one of the seven principles of cooperation, as defined by International Cooperative Alliance. Effective cooperation and coordination amongst cooperatives would mutually benefit their business initiatives and maximise community development through adequate expansion of member-driven cooperative activities. Thus, the time has reached where the bigger cooperatives would mentor the weaker and smaller ones and ensure that these units retain their competitiveness in the market.

8. Coping up with the Repercussions of the Pandemic

Cooperatives need policy and financial support services from the Government. While the Ministry of Cooperation is working towards designing policies and procedures for the spread of cooperatives through enterprise and entrepreneurship development, NCDC tries to finance the sectoral cooperatives to lessen their money burden and to reduce financing risk of cooperatives through the mechanism of loan and subsidy assistance. Total disbursements under financial assistance extended by NCDC in the form of loans and subsidy had reduced from 28,272.51 crore in 2018-19 to Rs. 27,703.43 crore in 2019-20 and further to Rs. 24,733.24 crore in 2020-21. To mitigate the impact of the pandemic, NCDC hiked the financial assistance by 38 percent to Rs. 32,221.08 crore in 2021-22 over the previous years, as evident from Table-2; and restructured loans worth Rs. 203.78 crore and Rs. 369.68 crore for Sugar and Textiles Cooperatives, respectively.

Table-2: Total Disbursement by NCDC	
Financial Year	Total Disbursements (Rs. in crore)
2017-18	21,969.58
2018-19	28,272.51
2019-20	27,703.43
2020-21	24,733.24
2021-22	34,221.08

Source: Rajya Sabha Unstarred Question No. 1922 answered on 03.08.2022.

Budget 2022-23 announced the reduction of the Minimum Alternate Tax rate for cooperatives from 18.5 percent to 15 percent and surcharge on Cooperative Societies was brought down from 12 percent to 7 percent for those having a total income of more than Rs. 1 crore and up to Rs. 10 crores. On 25.10.2021, relief was extended to cooperative sugar mills by clarifying that sugar co-operative mills shall not be subjected to additional income tax for paying higher sugarcane prices to farmers up to the Fair and Remunerative Price or State Advised Price, as the case may be.

Some Recommendations

The cooperative movement in India is not uniform across the nation. As per the information available, Goa, Gujarat, Maharashtra, Karnataka, Kerala and Tamil Nadu witness larger spread of cooperatives (National Cooperative Union of India, 2018). There is a need to work towards deepening the cooperative movement in northern, north-eastern and eastern States where the cooperative spread is low. Cooperative movement is a people-based movement which follows a cooperative based economy model and where members engage themselves in economic activities with a spirit of responsibility. While the cooperative movement and entrepreneurship are useful means, the coveted end is all-inclusive community development.

For cooperative entrepreneurship to effectively contribute to community development, the following are some recommendations:

- Efforts are needed to ensure convergence of schemes, to facilitate the ease of doing business and to actually go beyond cooperatives, as envisaged in the term 'cooperation' vis-à-vis 'cooperatives'. While there is an urgent need to smoothen registration processes of cooperatives in diverse areas, Udyam certification of MSME for smaller cooperatives may be considered for them to avail benefits of programmes for cooperatives instead of any additional documentation.
- The possible tenets of the national policy for cooperatives which is being drafted may stress on universal coverage and providing a single unique identity to each cooperative; on being technology-driven; a single portal and identity number for registration and all other business affairs; integration/convergence with other Ministries' programmes, portals and efforts; and promoting and setting up of sector-specific export-oriented Multi-State and State cooperatives.
- An all-pervasive awareness programme about the cooperative movement and related model of socio-economic growth may be undertaken through a pan-India network of cooperative capacity building institutions.
- For capacity building of those working in the cooperative sector, sector-specific customised specialised programmes may be developed.
- Special schemes for cooperatives, with a focus on digitalisation may be adopted.
- An exclusive fund for cooperatives may be explored to not only finance credit risks but to support brand development, technology adoption, marketing, advertisement and marketing research, etc.
- A preference policy for cooperatives as 'sellers' on GeM may be considered to attract more cooperatives as sellers.
- Subsidised participation in National, Regional and State fairs may be considered.
- Bigger cooperatives may mentor the weaker and smaller ones.

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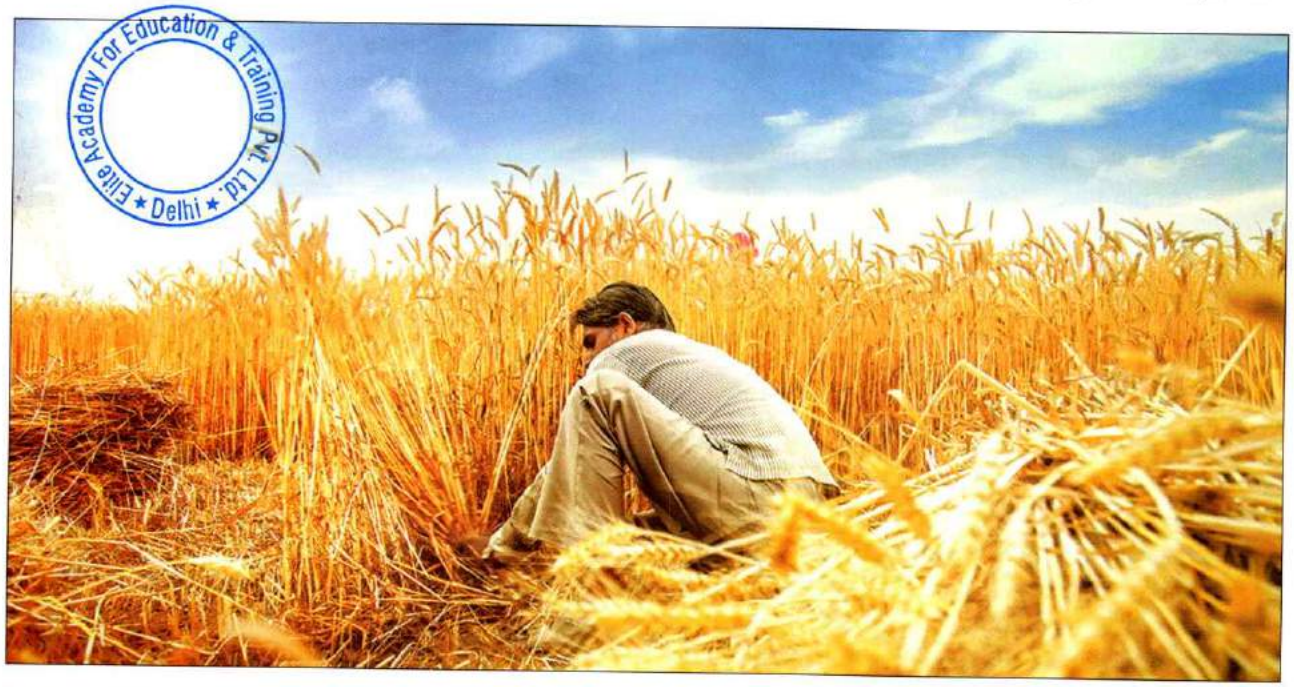
Cooperatives and Rural Livelihood

Dr. H.L. Sharma

Cooperative sector plays a significant role in ameliorating the economic lot of rural people. The cooperatives engaged in the rural sector provide the necessary credit at affordable rates to carryout various agricultural activities and for the establishment of micro, small and cottage enterprises, which are the backbone of rural economy. Keeping in view the tremendous potential of cooperatives in income and employment generation in rural areas, the Government of India has started various schemes and programmes under the newly created Ministry of Cooperation. All these schemes are oriented to ensure sustainable rural livelihood by strengthening the cooperative sector in the country. In order to keep pace with the changing time, the cooperatives need to be more vibrant and diversify their activities through the adoption of new technology and innovations.

Co-operative sector plays a vital role in the process of socio-economic development of a country like India where more than two third population and 72.4 percent of workforce reside in rural areas. The major economic problems faced by the rural people are- poverty, unemployment and inequality. The solution of these economic problems is of utmost importance for the achievement of sustainable rural livelihood and empowering the vulnerable sections of the society. The cooperatives play a major self-help role in rural areas, particularly where private entrepreneurs hesitate to make investment and public authorities are not able to provide the required services due to paucity of funds. They not only inculcate the habit of saving but also enable the communities to pool together their resources to solve their common socio-economic problems. They are instrumental in providing opportunities for productive employment, income generation as well as offering health care, education, improved sanitation, roads and market access.

Growth of rural economy primarily depends upon infusion of capital to realise higher productivity in agriculture and allied sectors. As the gestation period of crops is quite long, farmers have to borrow from various sources to meet out their expenditure on initial investment on seeds, water, fertiliser, agricultural machinery and other agricultural inputs along with their social and religious obligations.



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The cooperative societies engaged in the rural sector provide adequate, affordable and timely credit for the production, processing, storage and marketing of agricultural crops, milk, fish, vegetables, fruits, flowers and other allied products. They encompass almost all activities of rural economy and promote production as well as of consumer activities. They encourage 'Production by Masses' instead of mass production, which is essential for inclusive and sustainable growth of the economy. The cooperatives are strongly rooted in their local area and community and thus are capable of taking care the needs and aspirations of weaker and marginalised sections of the society.

Cooperative Movement in India

Cooperative movement in India was started primarily for dealing with the problem of rural credit. The formal era of co-operative movement in India began with the enactment of "Cooperative Credit Societies Act" in 1904. The objective of this Act was to establish cooperative credit societies to encourage thrift, self-help and cooperation among farmers, artisans and persons of limited means. The Reserve Bank of India also played a pioneering role in guiding and supporting the cooperatives. After the country attained Independence in 1947, the responsibility for the development of cooperative sector was entrusted mainly upon the State Governments. During the planned era of development cooperatives became an integral part of Five-Year Plans. Eventually with the advent of the era of LPG and the policy changes at the national level, emphasis was laid on building up the cooperative movement as a self-managed, self-regulated and self-reliant institutional set-up by giving it more autonomy. It also emphasised on enhancing the capability of cooperatives for improving economic activity and creating employment opportunities for small farmers, rural artisans, labourers, scheduled castes, scheduled tribes, women etc. In 2002, the Government of India enunciated a National Cooperative Policy with the objective to ensure more autonomy, accountability and self-reliance in the functioning of cooperatives by providing necessary support, encouragement and assistance to them. The 97th Constitutional Amendment Act, 2011 granted protection to cooperative societies by giving Constitutional status to them. It aimed at encouraging economic activities of cooperatives in rural India.

Presently, there are two types of co-operatives in the country, viz. State Cooperative Societies and Multi-State Cooperative Societies. The Cooperative Societies functioning only in one state are governed by the laws of the respective State and the societies functioning in more than one state are governed by the Central law, namely, the 'Multi-State Co- operative Societies Act, 2002'. There are four major types of cooperatives in rural India: (i) Primary agricultural credit or service societies, (ii) Agricultural non-credit societies (iii) Co-operative farming societies and (iv) Other allied cooperative societies like dairy, fishery, horticulture, handloom, sericulture and bee-keeping etc.

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Rural Development

The cooperative sector has been playing a crucial role in strengthening the rural economy through the disbursement of agricultural credit, providing market support to farmers, distribution of agricultural inputs and imparting cooperative education and training. It has been playing a significant role in reducing economic disparities in the distribution of income, employment, consumption and quality of life between the 'haves and have-nots' as well as alleviating regional imbalances including the rural and urban disparity. Due to the incentives given by the Government, the Indian cooperative sector has emerged to be the largest in the world in terms of number of societies and membership. Out of 30 lakh cooperative societies in the world, nearly 29 percent are in India. At present there are 8.54 lakh cooperatives with the membership of over 29 crore in every nook and corner of the country (Table 1).

Table 1: Indian Cooperative Sector at A Glance: 2016-2017

1	Total Number of Cooperatives	854,355
2	Total Membership of Cooperatives (Crore)	29.006
3	National Level Cooperative Federations	17
4	State Level Cooperative Federations	390
5	District Level Cooperative Federations	2,705
6	Multi State Cooperative Societies	1,435
7	Primary Agricultural Credit Societies (PACS)	97,961

Source: NCUI, Indian Co-operative Movement A Statistical Profile, 2018.

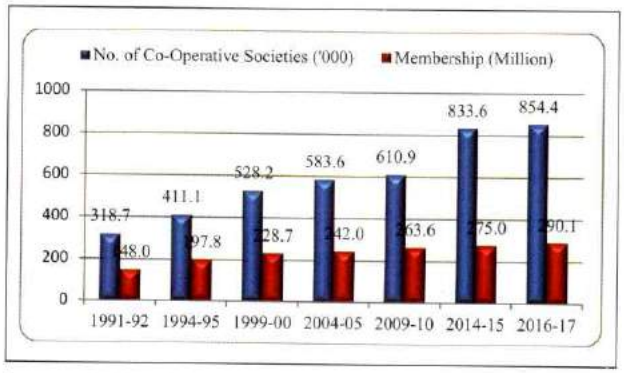
Out of total cooperatives, there are 1,435 multi-state cooperative societies, 97,961 primary agriculture credit societies (PACS), 46,000 honey cooperative societies, 26,000 consumer societies, 1.5 lakh dairy and housing societies. Nearly 51 percent villages and 94 percent farmers are associated with cooperatives in one or the other form. There were 318.7 thousand cooperative societies in the country in 1991-92, which went up to 854.4 thousand in 2016-17 (Fig. 1). Similarly, their membership shot up from 148 million to 290.1 million during the same period. Thus, the number of cooperative societies and their membership in the country has gone up at the annual compound growth rate of 4.02 and 2.73 percent respectively during the period from 1991-92 to 2016-17 (Table 2).

Table 2: Growth of Cooperatives in India

Year	No. of Co-Operative Societies ('000)	Membership (Million)
1991-92	318.7	148.0
1994-95	411.1	197.8
1999-00	528.2	228.7
2004-05	583.6	242.0
2009-10	610.9	263.6
2014-15	833.6	275.0
2016-17	854.4	290.1
ACGR (%)	**4.02**	**2.73**

Source: Same as for Table-1

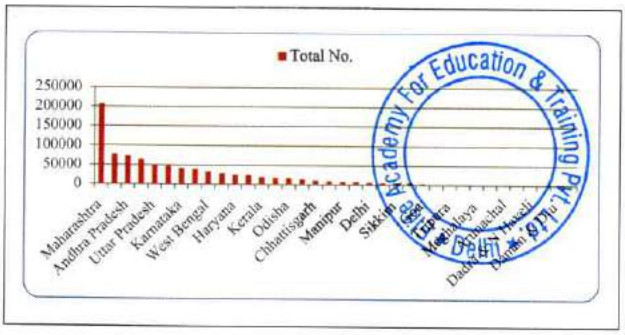
Figure 1: Growth of Cooperatives in India



Source: NCUI, Indian Co-operative Movement A Statistical Profile, 2018.

Nearly two third of total cooperative societies are located only in seven states viz. Maharashtra, Gujarat, Andhra Pradesh, Telangana, Uttar Pradesh, Madhya Pradesh and Karnataka (Fig. 2). Maharashtra alone accounts for more than 24 percent of total credit and non-credit societies in the country. In order to ensure their growth in an egalitarian manner, it is necessary to promote the cooperatives in the lagging states particularly the Union Territories and North-East States of the country.

Figure 2: State Wise No. of Co-operatives (2016-17)



Source: Same as for Figure-1

The contribution of cooperatives in the country's economy is immense. The cooperative sector provides 20 percent of the total agricultural credit in the country. It contributes 10 percent of milk production, 21 percent of the fish production, 25 percent of fertiliser production and 31 percent of total sugar production. Apart from this, nearly 13 percent procurement of wheat, 20 percent of paddy and 35 percent distribution of fertiliser is carried out by the cooperative sector.

NAFED, KRIBHCO, AMUL etc. are the examples of success stories of cooperatives in India which not only have ensured better price for the producers by removing the intermediaries but also made available the quality products at competitive prices to the consumers.

Challenges

Despite witnessing a significant growth, the cooperative sector in India is not immune to certain challenges. Firstly, it has been witnessed that in many cases the members of cooperative societies are not actively involved in their functioning as they are not well informed about the rules and regulations of the society and objectives of the movement. A large number of cooperative societies are not economically viable, hence have become defunct. Most of the societies are confined to a few States spread over limited number of villages with meager membership. The participation of scheduled-casts, scheduled-tribes, women and other vulnerable sections of the society is low. It has also witnessed that the top posts

of chairman and vice-chairman etc. of the society are usually occupied by the richer farmers who manipulate the organisation for their own benefit at the cost of the poor. Moreover, the co-operative movement has been suffering from inadequacy of trained, skilled and experienced personnel.

Government Initiatives

Recognising the significance of co-operative sector in ameliorating the economic lot of rural masses, the National Cooperative Development Corporation (NCDC) was established by an Act of Parliament in 1963, to speed up cooperative movement in the country. The Government of India provides assistance to the cooperatives through NCDC for the production, processing, storage, marketing, export and import of agricultural produce, livestock, foodstuffs, industrial goods certain other commodities and services on co-operative principles. The NCDC also gives assistance to the cooperatives of weaker sections comprising of members from scheduled castes, scheduled tribes, land less labourers and women. Since its inception in 1963 to 30th June 2021, NCDC has disbursed a sum of ₹ 1.86 lakh crore to cooperatives. Out of this, ₹ 1.31 lakh crore (70 percent) has been disbursed in the last seven years. The financial assistance disbursed by NCDC to cooperatives during the last four years, has gone up from ₹ 28,273 to ₹ 34,221 reflecting ACGR of 6.57 percent per annum (Fig. 3).

Figure 3: Financial Assistance by NCDC to Co-operatives

Source: Ministry of Cooperation (GOI), PIB, 27th July, 2022.

With a view to provide financial assistance for improving the economic conditions of cooperatives, remove regional imbalances, and speed up cooperative development in agricultural and allied sectors, assistance is provided under 'Central Sector Integrated Scheme on Agricultural Cooperation' (CSISAC) through National Cooperative Development Corporation (NCDC). The assistance inter alia, comprises supply of agricultural inputs, marketing, storage and processing of agricultural produce. Under the scheme, a subsidy varying from 15 percent to 25 percent is provided to the cooperatives depending on the category of state of their operation. To encourage youth towards cooperatives, 'Yuva Sahakar Cooperative Enterprise Support and Innovation Scheme' was launched on 14th November 2018. The scheme aims at providing mentorship and financial assistance to the enterprising youth to establish start-ups in different types of business activities under cooperative sector.

In order to give renewed impetus to cooperative movement in the country, the Union Government has created the Ministry of Co-operation on 6th July 2021, for realissing the vision of 'Sahkar se Samriddhi' (Prosperity through Cooperation). It aims at providing a separate administrative, legal and policy framework for strengthening the cooperative movement in the country. After its formation, the ministry has been working incessantly on drafting a new cooperative policy and schemes to achieve co-operative based economic development in the country. The Union Government has made a budgetary provision of allocation of ₹ 900 crore to the Ministry of Cooperation for the financial year 2022-23. To provide a level-playing field between cooperative societies and companies, the minimum alternate tax (MAT) has been reduced from 18.5 percent to 15 percent for cooperatives in the budget 2022-23. A centrally sponsored project was launched on 29th June, 2022 with a budgetary outlay of ₹ 2,516 crores (over a period of 5 years) for the digitalisation of 63,000 functional PACS, so that they can diversify their business and undertake multiple activities/services. Since the creation of Ministry of Cooperation on 6th July, 2021, an amount of ₹ 73 crore has been released by the National Cooperative Development Corporation for the implementation 'Rajya Samekit Vikas Pariyojna' aiming at holistic integrated development including creation of infrastructure, cooperative cluster farming, market expansion and generation of employment avenues. A scheme for modernising and professionalising the cooperative education and training institutions across the country is also under formulation.

All these schemes and programmes/projects of Government are oriented towards revitalizing the cooperative sector in all States and Union Territories to ensure 'Sabka Saath Sabka Vikas' through 'Sahkar Se Samriddhi' (Cooperation to Prosperity) with the objective to achieve inclusive and sustainable growth.

Way Forward

The cooperative sector in India is about 118 years old. Now, the time has come to overhaul and strengthen it according to the need of the hour. It is urgent to infuse efficiency, accountability, transparency in the entire system and adopt modern technology and professionalism. In a vast country like India, the cooperative movement should follow the common vision and mission throughout the country which require formulation of uniform cooperative policy with utmost prudence so that the federal structure of the country is also not impinged upon. For the uniform and harmonious spread of cooperative activities in the country, pace of growth is needed to be accelerated in the lagging states particularly the Hill States like; Arunachal, Mizoram, Meghalaya, Tripura, Himachal Pradesh, Uttrakhand etc. and all the Union Territories. Cooperatives now have to develop the competitive spirit, only then they can survive and be able to move forward. At the national level, they must emerge as vibrant economic entities capable of competing with the modern private corporate sector with the adoption of new technology and innovations. Diversification of their activities by including some new sectors such as, real estate, power, healthcare, insurance, communication, tourism and other services is needed for their revitalisation. There is also need to promote the brand of cooperatives throughup-gradation and value addition in the products and services delivered by them. Revival of the defunct cooperative societies by improving their financial health is also imperative for strengthening the marginalized sections of the society. Further, the management of multi state cooperative societies is earnestly needed to be given in the hands of modern market-driven managers, capable of infusing productivity and efficiency. Last but not least, Government needs to evaluate the training needs of cooperatives, along with designing and imparting training programmes to ensure that they come at par with the current business environment.

Conclusion

Cooperative sector plays a significant role in ameliorating the economic lot of rural people. The cooperative societies engaged in the rural sector provide timely and adequate credit at affordable terms and conditions for the production, processing, storage and marketing of agricultural and allied sector produce. They also provide the necessary credit for the establishment of micro, small and cottage enterprises, which are the backbone of rural economy. Cooperatives encompass almost all activities of rural economy and thus have tremendous potential to uplift the life of small and marginal farmers as well as weaker sections of the society. Through their sustained efforts, co-operatives have made impressive progress in various segments of Indian economy. Recognising the tremendous potential of cooperatives in income and employment generation in rural areas, Government of India has started various schemes and programmes under the newly created Ministry of Cooperation. All these schemes and programmes are oriented towards revitalizing the cooperative sector to ensure sustainable rural livelihood and inclusive growth in the country. In order to keep pace with the changing time, the cooperatives need to be more vibrant and diversify their activities through the adoption of new technology and innovations. All stakeholders including the Union and State Governments, cooperative societies, institutions, NGOs, SHGs and public at large should come forward to put combined efforts to achieve inclusive growth driven by the cooperative movement in the country.

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Vibrant Tomorrow through Cooperatives

Bhuwan Bhaskar

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Cooperatives in India have witnessed a robust past, but a more vibrant future is in offing. Cooperatives, although often talked in the context of farmers' welfare organisation, is an umbrella concept encompassing various interest groups, especially from rural population. Cooperatives working in rural areas with farmers as their members have proved to be one of the most effective ones.

Agriculture is a fragmented activity, but the market for agri produce does not work on individual basis. Lakhs of tonnes of agri produce have to be handled each season to bring them from farm to market to plants to consumers. This creates a huge gap between existing and required capabilities of farmers as well as the agri marketing infrastructure. To address the issue, almost all societies and economies have thought of and worked on multiple mechanism. Farmers' Cooperatives are one of the most potent among all such mechanism. First evolved in Europe, this model did not take much time to spread in India. It was first introduced in India through Cooperative Credit Societies Act of India in 1904. In 1912, another Cooperative Societies Act was passed to rectify some of the drawbacks of the earlier law. And in 1919, cooperation became a State subject. After Independence, cooperation like agriculture came in the concurrent list.

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The architects of post-Independence India had identified cooperative model as the way ahead for the development of Indian agriculture and protection of Indian farmers' interests. Cooperatives became an integral part of Five Year plans in Independent India. And in 1958, the National Development Council (NDC) suggested a national cooperative strategy as well as staff training and the creation of cooperative marketing societies. Thus, the history of cooperative societies in India is a story of gradual evolution on the basis of consistent learning rather than a helicopter imposition. This might be one of the rationales why cooperative movement can be counted as one of the most successful structural policy intervention in the Independent India. According to a study done by National Council of Applied Economic Research (NCAER), the movement has fostered 5.03 lakh cooperatives, a membership of 210 million, and a network stretching through the entire breadth of rural India, while accounting for 46.31 percent of the total agricultural credit and 23.5 percent of the total fertiliser production across the country. These milestones have been achieved through the institution of 21 national-level, 361 State-level, and 2,572 district-level cooperative federations in the country. Hence, every sphere of national and local economic activity has literally been brought under the ambit of the cooperative movement. To fathom this success, let us consider a couple of points (till 30th September 2022):

- World's largest cooperative movement laid foundation in India.
- The country has 1,94,195 cooperative dairy societies and 330 cooperative sugar mill operations. As per data from the National Dairy Development Board in 2019-20 dairy cooperatives had procured 4.80 crore litres of milk from 1.7 crore members while selling 3.7 crore litres of liquid milk per day.
- Amul is one of the most well-known cooperative brands in the nation. This was born out of the 36 lakh milk producers in Gujarat. This controls the Gujarat Co-operative Milk Marketing Federation.
- Cooperative sugar mills account for 35 percent of the sugar produced in the country.

Cooperatives, although often talked in the context of farmers' welfare organisation, is an umbrella concept encompassing various interest groups, especially from rural population. Cooperatives working in rural areas with farmers as their members have proved to be one of the most effective ones.

The cooperatives are formed to secure low cost credit, to purchase supplies and equipment for farming and household needs, to market products, even to secure many services, like electric power, irrigation, health, and insurance. On the broad basis, cooperatives societies in India could be divided in 6 categories:

1. Cooperative farming societies, also called Farmers Service Societies (FSS)
2. Cooperative credit societies, also called Primary agriculture cooperative credit societies (PACS)
3. Producers' cooperative societies
4. Marketing cooperative societies
5. Housing cooperative societies
6. Consumers' cooperative societies

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In the context of agricultural development and supporting rural population, these cooperative societies have been playing a very important role. From arranging farm credit up to providing strategic agricultural inputs, these societies have helped farmers at every stage of farming. On the other hand, from providing easy loans to construct low-income housing up to helping rural consumers to get products at relatively cheaper rates, they are helping the rural poor to stay afloat. Let us take a look on how these cooperative societies have played a revolutionary role in the development of agri ecosystem of India.

Providing Credit Facilities: In the rural cooperative lending structure, state cooperative banks possess the place at top. These organisations have very special role to play in rural economy as they fulfil the farmers' needs of small loan. In the absence of such infrastructure, farmers are compelled to fall in the lap of local money lenders who give loan on exorbitantly high interest rates, and that too in lieu of the valuable immovable assets belonging to the farmers. In fact, getting credit from an authentic and regulated source is such a big problem for farmers

that no model of farmers' welfare can be successful unless it addresses or at least try to address this particular problem. Both FFS and PACS are field-level rural financial institutions (RFIs) and were introduced for economic and non-economic reasons such as extending credit integrated with modern inputs and commodity markets related services, improving rural poor's share in formal credit and organising a force to counter the usurious power of village moneylenders. These organisations send credit requests to the district central cooperative banks (DCCBs) in advance of a village's need. As these cooperatives have better bargaining power vis-a-vis individuals, they get credit from the commercial banks on a much cheaper rate.

Housing Facilities for Poor: Housing cooperative societies help poor people in rural areas to get their homes at affordable prices.

Helping Consumers: Rural households are very sensitive to prices. So the Consumer Cooperative Societies play an important role in ensuring access of poor rural consumers to consumer goods at cheaper rates. To provide cheaper goods, these cooperative societies purchase them directly from manufacturers. This way they save on the margins of intermediaries and provide goods to their members below market rate. Kendriya Bhandar, Apna Bazar, and Sahkari Bhandar, are prominent examples of such cooperatives.

Helping Small Businesses: Cooperatives help small businesses, especially to assist rural youth entrepreneurs, in two ways. On one hand, they provide them raw material on cheaper rates and on the other hand, they provide them a platform to sell their produce. These cooperative groups preserve the interests of small producers by providing them access to raw materials, tools, machinery, etc. Handloom societies like APPCO, Bayanika, Haryana Handloom, etc, are examples of such producers' cooperative societies.

Impact of Cooperative Societies

Cooperative societies have left deep impact on various segments of Indian economy and society. These segments are:

Dairy Sector (White Revolution): When Prime Minister Shri Narendra Modi said that the dairy cooperatives of India have become a model for poor countries across the globe while addressing the inaugural session at the four days long International Dairy Federation World Dairy Summit 2022, it was not a mere rhetoric. The Prime Minister was speaking a plain fact which is backed by strong data points. Success of dairy sector in India is not about 'mass production', but it is about 'production by masses', said Shri Modi. As a matter of fact, currently there are more than 8 crore families who are getting their livelihood from dairy business. India's dairy sector has nearly 190000 cooperatives that source milk supply on a daily basis from farmers, making it the largest such dairy business model in the wold. The popular dairy and chocolate brand Amul is a cooperative-based producer. India's milk output had risen 44 percent from 146 million tonne in 2014 to 210 million tonne currently, Shri Modi said, adding that the rate of growth, at 6 percent, was higher than the world average of about 2 percent.

Prior to the 1970s, dairy farmers were mostly impoverished, with no remunerative returns with a supply chain filled with middlemen. During the two decades between 1951 to 1970, milk production grew by barely 1 percent annually, while per capita milk availability declined by an equivalent amount. But, when National Dairy Development Board (NDDB) launched Operation Flood based on a three-tier cooperative model with focussing entirely on rural population, the country turned self-sufficient in milk output. "The uniqueness of our dairy sector is the cooperative system. There is a vast cooperative network whose example is hard to find anywhere else. In nearly 200,000 villages, nearly 20 million farmers milk their cattle twice a day and their produce reaches consumers without any middlemen. More than 70 percent of the price received from customers goes to the farmers' pocket," Shri Modi said. Amul has been a case in reckoning, but apart from Amul, dairy cooperatives across the country have made their presence felt. The beauty of the Indian success in dairy sector is that it has come on the virtue of millions of such farmers who have one or two milch animals.

Farm Sector (Green Revolution): The Green Revolution started in India in 1966-67, almost at the same time when cooperative movement

was also trying to establish itself as the game-changer. The government needed a strong system to reach individual farmers so that the knowledge dissemination along with the supply of fertilisers and pesticides could be ensured seamlessly. Cooperatives played a crucial role in making the movement a success. Farm sector experts point out that cooperatives have also positively impacted post-harvest processing, storage, transportation, trade, and input procurement for a range of activities in the agricultural sector.

Sugar Sector: History of cooperatives in Indian sugar sector can be traced back to 60's when three local community leaders in Maharashtra – Vitthalrao Vikhe Patil, Vaikunth Bhai Mehta and Dhanjayrao Gadgil – established it to end the exploitation of the mainly illiterate small and marginal sugarcane farmers by the joint stock companies and promote rural living standards through agricultural diversification, agro-processing and agro-industrial diversification. Farmers' cooperative with small and marginal farmer members from 44 villages pooling financial resources backed with financial support from Maharashtra State Cooperative Bank came into existence to set up sugar factory run on cooperative principles with democratic member participation. Pravarnagar Sugar Cooperative, nearly 60 years ago for the first time established a sugar mill with a budget of approximately Rs. 2,26,000 (cost of machinery) by any cooperative society in Ahmednagar district in Maharashtra. The Cooperative had increased the capital investment increased to Rs. 600 million by 1993 and more than eight times by 2009.

Under the Sugar Scheme, NCDC has been promoting establishment and development of sugar factories in the co-operative sector so as to help them in achieving the primary objective of ensuring remunerative prices to the farmers for sugarcane.

Agro Processing and Spinning Mills: Cooperatives have also been playing an important role in agro processing sector. These cooperatives have created huge employment opportunities through industrialisation of small rural industries and have also supported the farmers by purchasing their produce at remunerative prices. Not only this, but these cooperatives have also cajoled farmers to adopt news technologies in farming to increase the productivity. Co-operatives have been instrumental in initiating socio-economic changes in rural India. Cotton is one of the major cash crops grown on large scale in India. Maharashtra is a leading state in cotton production and cotton processing enterprises, particularly co-operative cotton processing units viz. ginning and pressing, spinning and weaving mills, handlooms, power looms and textile mills.

Agricultural produce processing industries have been playing a pivotal role in Indian economy in terms of employment, motivating the farmers to grow more and earning foreign exchange. Cooperative agro-processing industries play a key role in rural areas. Cooperative manufacturing industries i.e. sugar mills, oil mills, ginning and pressing mills, spinning mills etc. have brought revolutionary changes in rural areas as they are responsible for confidence building among the farmers, modernisation of agriculture, enhancing the income levels and standard of living of the farmers. Cooperative enterprises have been successful to some extent to arrest the flow of rural population to urban areas by creating job opportunities to surplus workforce in rural areas.

Banking and Finance: As discussed in the beginning, cooperatives have played an impressive role in providing credit to the farm labourers and farmers. Agricultural credit is disbursed through multi-agency network consisting of Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperatives where the cooperatives work in close coordination with CBs and RRBs. There are 95575 registered village level Primary Agricultural Credit Societies (PACS). But, now seeing the utmost importance and usability of these micro level organisations, the government wants to increase the number three fold. The government has set a target of distributing Rs. 10 lakh of agricultural credit through cooperatives and for that wants to establish 2 lakhs new PACS. In a program on cooperatives recently, the Home and Cooperation Minister Shri Amit Shah recently said, "Out of more than 95,000 PACS, only around 63000 are functional. These 63,000 functional PACS are doing agriculture finance of Rs. 2 lakh crore. If the number of PACS reach 3 lakhs, then distribution of Rs 10 lakh crore agriculture finance could be possible through cooperatives. There are 3 lakh panchayats in India, therefore, there is a need to set up more than 2 lakhs new PACS."

Recognising the role of PACS in distribution of farm credit across the country, Cabinet Committee on Economic Affairs approved computerisation of PACS to improve their efficiency and to bring transparency and accountability in their operations. This project proposes computerisation of about 63,000 functional PACS over a period of 5 years with a total budget outlay of Rs. 2,516 crore with the Centre's share of Rs. 1,528 crore.

Apart from systematic process led sectors, there are a number of organisations, one may count as the epitome of success of cooperative movement in India. Some of them are:

Indian Farmers Fertiliser Cooperative Limited (IFFCO): This is one of the largest cooperatives and the world's biggest fertiliser cooperative. IFFCO has over 40000 member cooperatives engages in production and distribution of chemical fertilisers and marketing of agriculture related products. Almost 70 percent of all fertilisers consumed in India were distributed by cooperatives in the 1960s, however, it had no production facilities of its own and were dependent on multiple private companies for sourcing these materials. IFFCO was registered in 1967, specifically to overcome this issue. It was new venture where the farmers created this institution to safeguard the interests of themselves. Founded with just 57 cooperatives, IFFCO, today, is an amalgamation of over 36,000 Indian Cooperatives with diversiied business interests ranging from general insurance to rural telecom apart from its core business of manufacturing and selling fertilisers. Its vast network reached more the 5.5 crore farmers across all corners in India. During the year 2020-21, it produced 89.6 MT of fertiliser material and total sales of 136.6 lakh MT with ₹ 27,836.9 crores (US$ 3.7 billion) in turnover. IFFCO owns and operates five production facilities across India. Commissioned in 1974, Kalol is one of IFFCO's oldest running ammonia-urea production facility. With recent expansion plans to the facility, the total output capacity is expected to increase by manifold. Kandla plant was commissioned for commercial production in 1975 and has a current plant capacity of 2.42 MMTPA of NPK/DAP Production. Another ammonia – urea complex was set up at Phulpur in the state of Uttar Pradesh in 1981. The ammonia – urea unit at Aonla was commissioned in 1988. IFFCO also acquired NPK/DAP and phosphoric acid fertiliser facility at Paradeep in Orissa in 2005 which can produce two million tonnes of fertilisers in a year.

AMUL: Amul was founded in 1946 as Kaira District cooperative Milk Producers Union Limited (KDCMPUL) in a village called Anand to get rid of middlemen and their exploitative trade practices. Angered by unfair trade practices followed by local traders, the farmers under the leadership of Tribhuvandas Patel and advice of Sardar Vallabhbhai Patel formed their own cooperative societies. In June 1948, the pasteurisation of milk began, which meant that a large amount of milk could be stored for longer without perishing.

This changed life for the entire community. This raised their income. Other district unions formed, and all these functioned separately but under one brand name of Amul. In 1955, KDCMPUL and other district cooperatives were merged to form one larger state cooperative, namely 'Gujarat Co-operative Milk Marketing Federation Ltd' (GCMMFL) and the brand of Amul was adopted by GCMMFL.

The Amul model has a three-tiered structure. Every milk producer of the village is a member of the Village Dairy Cooperative Society. These members elect their representatives, and these representatives together manage District Milk Unions. These district milk unionstake care of milk and milk products and their processing. They sell these products to the State Milk Federation. State Milk Federation then acts as the distributor that sells or facilitates the selling of the products in the market. The revenue gets shared downwards in a similar fashion. The dairy is in control of the villagers themselves. The district unions manage their processing and packaging. These unions employ professionals to manage the dairy, processing, packaging, and other links in the supply chain. Farmer organisations come together under one umbrella of Amul, and they directly sell products to consumers through state milk federation. This elimination of intermediaries ensured a good quality product at a competitive price. This provided a stable income for marginal farmers in lean seasons as well because there are no intermediaries to take the chunk. So even when sales are low, they have a steady sum in hand.

Presently, Amul is India's largest food product marketing organisation with annual turnover of Rs. 38,542 crore (US$ 5.1 billion). It procures nearly 25 million litres of milk per day from 18,600 village milk cooperatives, 18 member unions covering 33 districts, and 3.64 million milk producer members.

Sittilingi Organic Farmers Association (SOFA): Sittilingi Organic Farmers Association (SOFA) was formed in 2004 with fourtribal farmers which grew to 57 in 2008. SOFA registered as a cooperative society in 2008 with objectives to train tribalfarmers in organic farming and to help them market their crops. At present, the society has about 15,000 people out of which 4,000 are farmers and 500 of which are into organic farming. Ragi, bajra, little millet, foxtail and pearl millet are grownhere on 1,200 acres of land in and around Sittilingi. Cotton, turmeric, sugarcane, groundnut, and vegetables are also grown here. The association maintains a recordof the crops raised by its members, andbased on market demand, advises themaccordingly. The produce is purchased by the society and farmers are paid the market rate, plus ₹ 2 to ₹ 3 (US$ 0.02 to US$ 0.03) more per kg. The rate is determined by a separate committee. In 2018, SOFA generated around one crorerupees which is a significantly higher than one lakh rupees generated in 2008-09.

Cooperatives in India have witnessed a robust past, but a more vibrant future is in offing. With focus on quality, professional management, innovation, growing expertise in marketing and branding and government support, cooperatives are all set to accomplish the stated objective to uplift the rural population of the country.

Modernisation and Competitiveness in Cooperatives

Sandip Das

Multi-prolonged strategies to boost the cooperatives sector in the country has been initiated through a series of measures announced by Ministry of Cooperation so that the cooperatives play a critical role in boosting Indian economy and they are treated at par with the other economic forms. Skill development of manpower, bringing in transparency and competitiveness in operations of cooperatives and expanding economic horizons of these entities are the areas of focus for the government.

India has a rich cooperative heritage and a robust cooperative sector. Currently, there are two types of cooperative structures in the country -- State Cooperative Societies and Multi- State Cooperative Societies. The cooperative societies functioning in one state only are governed by the laws of the respective State Government and the cooperative societies functioning in more than one state are governed by the Central law -- the Multi-State Cooperative Societies Act, 2002 (Act 39 of 2002). The cooperatives have been the soul of Indian culture and the country has given the idea or concept of cooperatives to the world. Out of 30 lakh cooperative societies in the world, around 8.55 lakh are in India and about 13 crore people are directly associated with them. Around 91 percent villages in India have some form of cooperatives working in them. Amongst the 300 largest cooperative societies globally, three societies -- Gujarat Cooperative Milk Marketing Federation popularly referred as Amul, Indian Farmers Fertiliser Cooperative (IFFCO) and Krishak Bharati Cooperative Limited (KRIBHCO) are in India.

To give new dimensions and strengthen the cooperative sector in the country through policy and other interventions, the Government set up a new Ministry of Cooperation on July 6th, 2021 to provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country. The focus of the Ministry has been to provide renewed impetus to the growth of the cooperative sector. As per the statistics of National Cooperative Union of India (NCUI) 2018, there are 8.55 lakh cooperative units in the country. Some of the issues affecting accelerated and equitable growth of cooperatives, inter alia, are lack of effective professional management in cooperative units, and low level of technology adoption.

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The New National Cooperative Policy and schemes are being drafted with the aim to deepen co-operatives as a true people-based movement reaching up to the grassroots and develop a cooperative based economy model including giving focus on 'Make in India'. This will address all developmental issues of cooperatives. Inputs or suggestions of the stakeholders including Central Government Ministries have been sought. To make cooperatives more transparent and efficient, the Ministry has started stakeholder consultations on relevant interventions viz. creation of a National database of Cooperatives, digitalisation of about 63000 active Primary Agriculture Credit Societies (PACS). Cooperatives have contributed a lot in all areas related to agriculture finance distribution and agriculture. There are 1.5 lakh dairy and housing societies, 46,000 honey cooperative societies, 26,000 consumer societies, many fisheries cooperatives and many cooperative sugar mills in the country. 51 percent villages and 94 percent farmers are associated with cooperatives in some form or the other. The contribution of cooperatives in the country's economy is significant. The cooperative sector gives 20 percent of the total agricultural credit of the country, 35 percent of the fertiliser distribution is done by the cooperative sector, 25 percent of fertiliser production, 31 percent of sugar production, more than 10 percent of milk production is done through cooperatives, more than 13 percent procurement of wheat from the farmers by government agencies and more than 20 percent of the procurement of paddy is done by the cooperative sector. More than 21 percent of the fishermen's business is done by cooperative societies.

While cooperatives have made a significant contribution to India's economy in the last several decades, the government has stressed that cooperatives must be a vital contribution in realising the Prime Minister, Shri Narendra Modi's dream of making India a $ 5 trillion economy.

New legislation for Ensuring Transparency and Accountability of Cooperatives

To bring accountability and governance structure of cooperatives, the government has introduced the Multi-State Co-operative Societies (MSCSs) (Amendment) Bill, 2022, in the Lok Sabha on December 7, 2022. The act was first passed in Parliament in 2002. The new bill provides that the Centre government will establish the Cooperatives Election Authority to conduct election, supervise, direct and control the preparation of electoral rolls, and perform other prescribed functions. The bill also has provision for the amalgamation and division of MSCSs. The merger of a state cooperative with an existing MSCSs is also dealt with in the bill. The MSCS (amendment) bill has been referred to a 21 member panel comprising of Lok Sabha and Rajya Sabha members.

For creating a professional management structure, the bill has provisions for bringing in directors with experience in the field of banking, management and finance. The Union Cooperation Minister Shri Amit Shah on several occasions had stressed the role of cooperatives in dairy, fertiliser, sugar, fisheries, agri-credit sectors and called for diversification of these bodies to other sectors. There are more than 100 multi-state cooperative diaries and 70 multi-state cooperative banks.

There are 1500 odd MSCSs in 30 states and union territories engaged in various economic activities including in the dairy, fertiliser and several other sectors. Major chunk of these bodies are in Maharashtra (655), Uttar Pradesh (154), Tamil Nadu (123), Gujarat (42). The multi-state cooperative societies act, 2002 was enacted with a view to facilitate democratic and autonomous working of these cooperatives.

Professionalising Cooperatives and Boost Economic Growth

The Union Minister for Home and Cooperation Shri Amit Shah recently said while mass production is necessary for the development of the country's economy, 'Production by Masses' is also very important and it would come from cooperatives. "For this, our cooperative policy will take the country far ahead. We have set the focus of this policy – free registration, computerisation, democratic elections, ensuring active membership, professionalism in governance and leadership, professionalism and transparency, and accountability," he had said. The government at present wants to incorporate effective human resource policy, which should have transparency in recruitment, empowerment of

infrastructure, use of technology and policy-rules and guidelines for this. The Union Cooperation Minister also said, PACS will have to be made multipurpose, which is the need of the day. Many new dimensions that we want to add through these model bylaws also have the provision of transparency, accountability and mobility. "By doing this we will be successful in strengthening the core unit of the cooperative sector and give a new and long and strong life to the cooperative sector," Shri Shah had stressed.

At present about 65,000 PACS are being created and the government is aiming to set up 3,00,000 new PACS in next 5 years. Thus, we have set a target of registering around 2,25,000 PACS. These PACS will be in the sectors such as dairy, FPOs, water and gas distribution, bio-gas generation and storage. The governments' plan is to ensure that panchayats which do not have PACS should establish one.

If PACS are to be made multi-purpose, there is a need to look at the accounting system. The government has decided to computerise PACS for smooth seamless transactions. "We will computerise 65,000 PACS in the first phase and a good software is also being developed by the Cooperation Ministry of the Government of India in which all works will be included," Shri Shah had said.

After this, PACS, District Cooperative Banks, State Cooperative Banks and NABARD, will run on the common software and the same type of accounting system, which will also facilitate online audit. Experts say that many of the problems will be solved by accepting the bylaws of PACS, computerisation of PACS and adoption of new software. This software will be available in all languages so that every State will be able to conduct business for their PACS in their native language.

The Union Cooperation Minister had earlier noted that by liquidating defunct PACS as soon as possible, new PACS should be formed because as long as the old PACS are in existence, new PACS will not be able to be formed. Till now, PACS are engaged only in disbursing short term finance, but now PACS should also be able to disburse the medium and long-term finance as well. A proposal is being mooted on this to authorise PACS to expand their role in lending activities. By proactively cooperating with the State Marketing Federation, the National Agricultural Cooperative Marketing Federation of India (NAFED) will actively integrate the PACS with marketing and the entire marketing profit will eventually reach the PACS through the NAFED State and District Federation. For so many changes, trained manpower, youth who know cooperative finance, youth who know computers, youth who imbibe the concept of cooperatives would be needed.

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Skill Development

For providing trained manpower to the cooperative, the government has also initiated a process to form a cooperative university. The plan is to also open one affiliated college in every State so that different types of cooperatives will be able to train manpower. To boost the export potential of cooperatives where nearly 300 million people are associated with it, the Ministry of Cooperation is working towards creation of a dedicated exports house. This database of cooperatives will be provided access to the District and its Union and District Cooperative Banks.

The government is also proposing to form a multi-state cooperative - Seed Production Cooperative by merging four or five big cooperatives at the national level to enhance the quality of seeds and preserve and promote our old seeds. The government has been giving thrust on expanding natural farming for reducing use of chemical fertiliser. Large cooperatives such Amul, IFFCO, NAFED, NCDC and KRIBHCO are going to form a multistate export house which will work to export Khadi products, handicrafts and agriculture products to the worldwide market. To export the product of the smallest cooperative unit, it will become a multi-state cooperative export house and this itself will take it further.

The National Cooperative Development Corporation (NCDC), a statutory organisation under the Ministry of Cooperation, provides financial assistance to the cooperative sector and undertakes various activities such as strengthening share capital base of primary and district cooperative marketing societies, setting up of processing centres, storage facilities, establishing and modernising cold chain, creation of cooperative banking units, agricultural services, Integrated Cooperative Development Projects, assistance for computerisation of

cooperatives, 'Yuva-Sahkar' for cooperative enterprise support and innovation, 'Ayushman Sahkar' covering healthcare sector, 'Nandini Sahkar' to support women cooperatives etc. The government is also taking initiative to formulate Cooperation to Prosperity scheme aiming at overall development of these entities.

Schemes for Expanding Cooperatives Activities

A scheme for modernising and professionalising the cooperative education and training institutions across the country is also under formulation. In addition to the initiatives taken by the Ministry of Cooperation, other Ministries/ Departments are also running several schemes for providing benefits to the cooperatives, such as: Agriculture Infrastructure fund (Ministry of Agriculture and Farmers Welfare) – Interest subvention of 3 percent and credit guarantee is provided by the Government for availing loan up to Rs. 2 crores, for development of infrastructure projects at farm gates, by FPO, PACS, entrepreneurs, start-ups and other beneficiaries.

Dairy Processing and Infrastructure Development Fund being implemented by the Department of Animal Husbandry and Dairying envisages providing loan assistance and interest subvention of 2.5 percent to State Dairy Federations, District Milk Unions, Milk Producers Companies, Multi State Cooperatives and NDDB subsidiaries across the country who are termed as Eligible End Borrowers (EEBs) for the purpose of establishing new milk processing units, its modernisation, re-development services, milk testing apparatus, BMC units, storage facilities, transportation and marketing.

Fisheries and Aquaculture Development Fund being implemented through the Department of Fisheries provides concessional finance support facility with 3 percent Interest Subvention for development of various inland fisheries activities which includes setting up of brood banks, development of hatcheries, development of aquaculture, establishment of cage culture in reservoir, construction of ice plants, construction of cold storage, fish transport etc.

Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) spearheads implementation of Van Dhan programme for collection and selling on Minor Forest Produce (MFP) in districts which have predominantly forest dwelling tribal population. The idea is to set-up tribal community-owned Van Dhan Vikas Kendra Clusters in the Tribal Districts. For this purpose, 100 percent assistance is provided by the Government to the collectives in the form of SHGs or Van Dhan Kendras.

Under the scheme for 'Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)', Laxmanrao Inamdar National Academy for Cooperative Research and Development (LINAC), Gurugram, promoted by National Cooperative Development Corporation (NCDC) is designated as the Nodal training institution at Central level for FPOs registered under Cooperative Societies Act and promoted by NCDC.

Similarly, the Bankers Institute of Rural Development (BIRD) Lucknow, promoted by National Bank for Agriculture and Rural Development (NABARD) is designated as nodal training institution at Central level for FPOs promoted by NABARD and Small Farmers Agri-Business Consortium and other allowed/designated implementing agencies. Besides the above, training to cooperative societies and FPOs is also imparted by National Council for Cooperative Training through its 5 Regional Institutes of Cooperative Management (RICMs), 14 Institutes of Cooperative Management (ICMs) spread across the country and Vaikunth Mehta National Institute of Cooperative Management, Pune. The National Cooperative Union of India through its National Centre for Cooperative Education and its Cooperative Education Field Projects has also been organising various skill development programmes for the cooperative societies.

Besides, as per the Union Budget (2022-23) announcement, the Government had reduced the surcharge for cooperative societies from 12 percent to 7 percent for those having a total income of more than Rs. 1 crore and up to Rs. 10 crore. Further, to provide a level playing field between co- operative societies and companies, Minimum Alternate Tax rate for cooperative societies was reduced from 18.5 percent to 15 percent.

As per notification issued on February 3rd, 2022, a Credit Guarantee Fund Trust for Micro and Small Enterprises, non-scheduled Urban Cooperative

Banks, State Cooperative Banks and District Central Cooperative Banks have been created. This will help in providing adequate, affordable and timely credit to the co-operative institutions to give a boost to the co-operative based economic development model.

On June 1, 2022, the mandate of Government e-Marketplace – Special Purpose Vehicle (GeM - SPV) was expanded to allow cooperative societies to register as buyers on the GeM platform. Subsequently on June 29, 2022, a centrally sponsored project for digitalisation of 63,000 functional PACS, with a budgetary outlay of Rs 2,516 crore, has been sanctioned to revitalise the cooperative sector.

The implementation of this project has recently commenced. In order to diversify the business activities of PACS and make them vibrant multipurpose economic entities, draft model Bye-Laws are being prepared in consultation with State Governments, National Cooperative Federations and other stakeholders. A new scheme titled "Cooperation to Prosperity" is being formulated in consultation with all the stakeholders for all-round development of cooperatives at all levels. In order to facilitate the Government to make appropriate policy interventions, a National Co-operative Database is being created in consultation with State/ UT Governments, National Co-operative Federations and other stakeholders. In order to modernise and professionalise the education and training in the cooperative sector, steps are being taken to reorient the training and educational cooperative institutions in consultation with all the stakeholders. The Cooperation Ministry is continuously working on giving a new impetus to the development of the cooperative sector, strengthening and professionalising these institutions and making it a model of all-inclusive development.

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Cooperatives to FPOs: A Paradigm Shift

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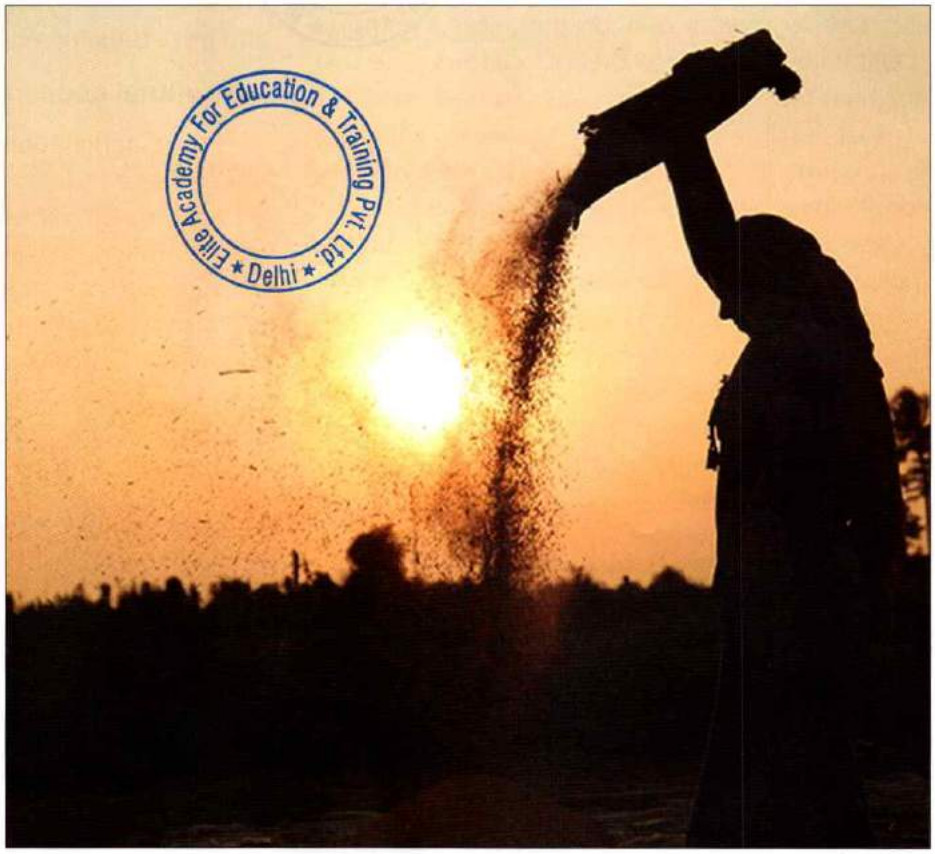
FPOs are being viewed as a beneficial alternative to cooperatives, with the main goal of encouraging smallholder commercialisation and boosting farm incomes. It is gaining wide acceptance among farmers/producers and promoting agencies, primarily as a result of the numerous advantages it offers.

The cooperative movement emerged as a voluntary movement of the people, carried out democratically by pooling together their resources for completing a given activity to achieve or secure certain benefits or advantages that people cannot get individually and promote specific virtue and values such as self-help, mutual help and general goods of all. The history of cooperatives in India is more than a century old. In agricultural development, the cooperatives have contributed significantly during the stage of its green and white revolutions period. However, the cooperative experience in India has been varied over space and time, as they have largely been state sponsored, with a focus on welfare. The revival and strengthening of the cooperative sector in India can be viewed as adopting a multi-dimensional reform agenda covering all aspects of legal, institutional and policy changes. Indian agriculture is dominated by small and marginal farmers accounting for nearly 86.66 percent of the total operational land holdings (Agricultural Census, 2015-16). The challenges faced by the small and marginal farmers are multi-fold that can be addressed through farmers' collectives in the form of Farmer Producer Organisations (FPOs)/ Farmer Producer Companies (FPCs), which are presently being viewed as a beneficial alternative to cooperatives, with the main goal of encouraging smallholder commercialisation and boosting farm incomes. The primary objective of this initiative is to increase the collective negotiating power of small and marginal farmers.



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Cooperative

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". Cooperatives are people-centred, enterprises owned, controlled and run by and for their members. Cooperatives bring people together in a democratic and equal way. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. Cooperatives are democratically managed by the 'one member, one vote' rule; members share equal voting rights regardless of the capital they put into the enterprise. Cooperatives with the principles of fairness, equality, and social justice allow people to work together to create sustainable enterprises that generate long-term jobs and prosperity.

Cooperative Movement

Cooperative is one of the most significant social innovations since the 18th century. The first documented cooperative was started in 1769 at East Ayshire in Europe. However, with the establishment Rochdale Principles in 1844, modern cooperatives developed and spread across the globe encompassing all the sectors of the economy. Indian cooperative movement started during pre-independence (1890) as a Maharashtra farmers' movement against the money lenders. With the enactment of the Cooperative Credit Societies Act, 1904, the Cooperative Societies Act 1912, the Government of India Act, 1919 and 1935 and the Multi-Unit Cooperative Societies Act, 1942, the structured development of cooperative societies was shaped through the provincial independence.

After the independence, cooperatives became an integral part of the Five-Year Plans (FYP). Indian planners considered cooperation as an instrument of planned socio-economic development. Indian constitution has enacted provisions for cooperative development through Article 43 of Directive Principles of State Policy, Article 14 (right to equality) and Article 19(1)(c) as right to form associations or unions. Task Force on 'Revival of Cooperative Institutions' in 2004 by the RBI (under the Chairmanship of Prof. A. Vaidyanthan) was an important landmark in the history of cooperatives in India. This is not only on account of the completion of 100 years of cooperative experience in India but also because much of its recommendations were later reiterated by several other committees and the government implemented them in the later years. The Indian cooperative sector has completed 118 years of its existence in 2022 (since its first legislative enactment in 1904). In all these years, the legislative environment and framework has been one of the most important dimensions of cooperative sector's development in India. The government is formulating a new national level policy for cooperatives for which a two-day National Conference on the new Cooperation Policy was held on April 12-13, 2022, wherein discussions were held on legal framework, identification of regulatory, policy and operational barriers, ease of doing business, reforms for strengthening governance, promoting new and social cooperatives, revitalising defunct ones, making cooperatives vibrant economic entities, cooperation among cooperatives and increasing membership of cooperatives.

Agricultural Cooperative

An agricultural cooperative, commonly referred as a farmers' cooperative, is a cooperative through which farmers pool their resources for their farming activities. There are two types of agricultural cooperatives, viz., agricultural production cooperatives and agricultural service cooperatives. The former is classified into three types - cooperative tenant farming societies, cooperative joint farming societies, and cooperative collective farming societies.

The dominant form of agricultural cooperative is usually an agricultural service cooperative, which are two types: supply cooperatives and marketing cooperatives. Supply cooperatives supply their members with inputs (seeds, fertilisers, fuel, and machinery services) for agricultural production. While activities like transportation, packaging, pricing, distribution, sales and promotion of farm products (both crop and livestock) are looked after by the Marketing cooperatives. The agricultural service cooperatives play a useful role by maintaining a constant flow of essential agricultural services like supply of farming requirements in terms of improved seeds, fertilisers, implements,

etc., supplying and maintaining the agricultural machinery on hire, providing essential household needs, and encouraging thrift and savings among the members to make them self-sufficient. The National Commission on Agriculture (1976) had recommended the setting up of Farmers Service Cooperative Societies with the active collaboration of the nationalised banks.

Farmers also rely on credit cooperatives for both working capital and investments. In India, credit cooperatives have evolved hierarchically into a three-tiered structure with the Primary Agricultural Credit Societies (PACS) at the base/ village level, the District Central Cooperative Banks (DCCB) at the district level and the State Cooperative Banks (SCB), at the state level. The broad aim of PACS is achieved by promoting savings among members, providing loans to the members, supplying agricultural and domestic requirements, and arranging for the marketing of their agricultural produce.

National Cooperative Development Corporation (NCDC) Act, 1962 guides the planning and promoting programmes for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs, industrial goods, livestock, certain other commodities and services on co-operative principles. Since inception and until 31.03.2021, NCDC has disbursed Rs.1.77 lakh crore to cooperatives for their development. It includes assistance to agricultural and horticulture cooperative societies. Finance schemes of NCDC cover activities such as agro-processing, horti-processing, credit, inputs, computerisation, storage, cold chain, textile, handloom, sugar, ethanol, dairy, fisheries, livestock, piggery, poultry, renewable energy, rural housing, animal health care, etc. As per the approval of the Government on 29th June 2022, a centrally sponsored project for digitalisation of 63,000 functional PACS, with a budgetary outlay of Rs 2,516 crore, has been sanctioned to revitalise the cooperative sector.

Farmer Organisation (FO)

Several organisational prototypes have emerged from integrating marginal and small farmers into the value chain to decrease transaction costs and increase incomes. One such alternative is Producer Organisations/ Farmer Organisations (FOs), which enable farmers to organise themselves as collectives. FOs can be grouped into two types: Community-Based, Resource-Orientated FOs and Commodity-Based, Market-Orientated FOs. The first type of FOs could be a village-level cooperative or association dealing with inputs needed by the members and the resource owners to enhance the productivity of their businesses based on land, water or animals. These organisations are generally small, have well-defined geographical areas, and are predominantly concerned about inputs. However, the client group is highly diversified regarding crops and commodities.

The second type of FOs are specialised in a single commodity and opted for value-added products, expanding markets. They are designated as output-dominated organisations. Not specific to any community, they can obtain members from regional growers of that commodity who are interested in investing some share capital in acquiring the most recent processing technology and professional human resources. These FOs are generally not small and must operate in a competitive environment. Research, input supply, extension, credit, collection of produce, processing, and marketing are all integrated to maximize the returns on the investments of the members who invested in the collective enterprise. Several successful cases are found in India, such as Grape growers' associations, Onion Growers' associations, Mulkanoor cooperative marketing society, Amul Milk and other Dairy FOs etc. These organisations' success rate is determined by their capacity to arrange for significant investments and a continuous flow of raw materials. This requires competent and convincing management of both enterprise-related and member-related aspects. The profits generated are used to provide supplementary and supportive services at a reduced cost to encourage members to use them.

Farmer Producer Organisation (FPO)

In India, Small and marginal farmers face several risks in agricultural production. FPO/ FPC is evolved as a new sort of aggregation model as an alternative to cooperatives, especially for smallholders. Indian government has been promoting this new form of collectives to address

the challenges faced by small and marginal farmers, particularly those with enhanced access to investments, technological advancements, and efficient inputs and markets. FPO is modelled as an interface between small and marginal farmers and markets by establishing and strengthening forward and backward linkages. It differs structurally from cooperatives in membership, governance, and business strategy. Due to a hybrid business model (between a private company and a cooperative), the institutional structure of FPOs restricts membership to only primary producers who contribute equally to the FPO's operating capital and democratically govern it by sharing equal voting rights.

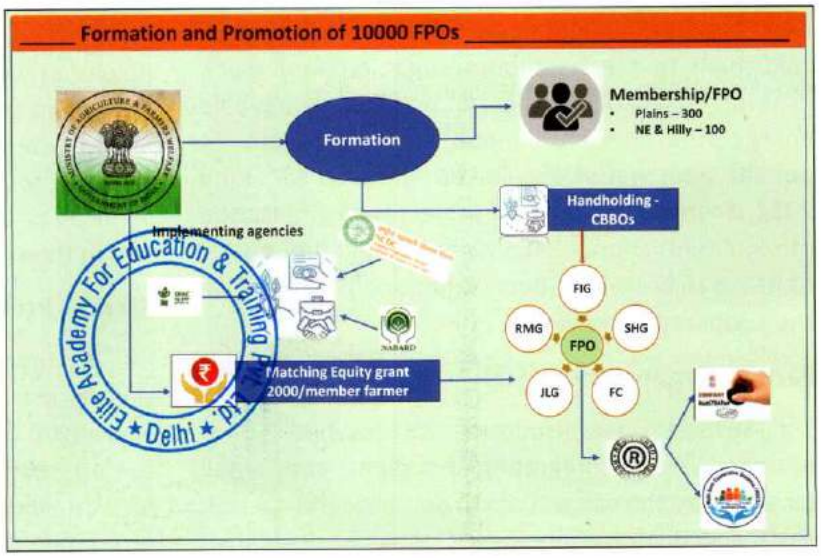
With the members' equity contributions, FPC is created. The Board of Directors, elected or appointed by the FPC's general body for a specified term, directs the hired outside experts to run the day-to-day operations. A FPC as an organisation offers a suitable framework for the producers themselves to own the company since farmers or the producers are its equity holders. The FPO/ FPC's primary goal is to organise small and marginal farmers for (a) backward linkages of inputs like seeds, fertiliser, credit, insurance, information, and extension advisory services; and (b) forward linkages for things like collective marketing, processing, market-led agricultural production, etc.

Promotion of FPO

In India, Farmer Producer Companies emerged as farmer collectives in 2003 under the provision of the Companies Act. Based on the Y.K. Alagh Committee recommendations, in 2002, Government of India passed the Producer Companies Act by incorporating a new section IXA through an amendment in the Indian Companies Act 1956. The Producer Companies Act instils a professional attitude in management while enshrining the cooperative culture and fundamental principles.

The promotion of FPOs was launched as a pilot programme during 2011-12 by the Department of Agriculture, Cooperation and Farmers' welfare (DAC&FW), Ministry of Agriculture and Farmers' welfare (MoA&FW) through two sub-schemes of the Rashtriya Krishi Vikas Yojana (RKVY), namely the National Vegetable Initiative for Urban Clusters and the programme for Pulses development for 60,000 rainfed villages.

Government of India formulated and issued a national policy and process guidelines for FPOs in 2013. However, FPOs have faced challenges like lack of market access and credit linkages, inadequate financial support, managerial skill, etc. To address these challenges, during the year 2021, with a total budgeted outlay of Rs. 6865 Crores, the Government of India has developed a special central sector initiative called "Formation and Promotion of 10,000 FPOs" for implementation nationwide. According to the plan, the establishment and promotion of FPO are based on the Produce Cluster Area approach and the strategy based on specialised commodities. To develop product specialisation, FPOs will be formed using a cluster-based approach focusing on "One District, One Product. This scheme gives provision of registration of FPOs either under Part IXA of the Companies Act, 1956 (as made applicable by section 456(1) of the companies act, 2013), or under the Cooperative Society Act of the states and handholding will be given and run for five years by professionally managed Cluster Based Business Organisations (CBBOs). However, FPOs registered under the Cooperative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is



called) for this Scheme, is to be protected from all types of interference through proper provisioning to encourage healthy growth and development of FPO. This scheme also covers existing FPOs (including unregistered) through marketing and institutional credit linkages from National Project Management Agency (NPMA).

Formation and promotion of FPO will be based on the produce cluster area, which includes a geographical area wherein agricultural and allied products are grown. A minimum of 300 farmers need to be the members of a FPO to qualify for this scheme in the plains. On the other hand, a size of 100 is appropriate in North-Eastern and Hilly areas (including other parts of UTs). About 15-20 farmers located in adjacent areas with similar interests are to be mobilised to form a group like Farmer Interest Group (FIG), Self-Help Group (SHG), Farmers Club (FC), Joint Liability Group (JLG) , Rythu Mitra Group, etc and such groups representing a produce cluster area aggregate together to form a FPO. While adopting a cluster-based approach for produce or product mix, the formation of FPOs will also focus on "One District One Product" approach for the development of product specialisation, thus FPOs will be encouraged for promoting processing, branding, marketing and product export for better price realisation. Based on their need for processing, branding, and marketing of produce/trading of commodities which are crucial for scaling up, sustenance, and growth in a competitive environment, FPOs can federate at the district, state, or even national level. Forming and developing FPOs is the responsibility of three implementing agencies, notably the Small Farmers' Agribusiness Consortium (SFAC), National Cooperative Development Corporation (NCDC), and National Bank for Agriculture and Rural Development (NABARD). FPOs formed and promoted by SFAC and NCDC are registered under Part IX A of the Companies Act and Cooperative Societies Act of the States, respectively. While the FPOs promoted by NABARD are registered either under Part IX A of the Companies Act or any Cooperative Societies Act of States. Financial support is fixed @ Rs. 18 lakhs per FPO for three years from the year of formation. A matching equity grant from government supplements producer members' equity up to Rs. 2,000 per farmer member (once for one membership of one FPO although one farmer can be member of more than one FPO) subject to maximum of Rs. 15 lakh per FPO. It strengthens the financial base of FPOs and helps them to get credit from financial institutions for their projects and working capital requirements for business development. The dedicated Credit Guarantee Fund (CGF), being managed by NCDC and NABARD, offers adequate credit guarantee coverage to speed up the flow of institutional credit to FPOs by reducing the burden on financial institutions loaning to FPOs.

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Activities of FPO

FPOs are formed to leverage collectives through economies of scale in production and marketing of agricultural and allied sector produce. FPOs offer a range of services and activities, such as the provision of high-quality production inputs at reasonably low wholesale rates, the provision of need-based production and post-production machineries and equipments on a custom hiring basis to lower the per-unit production cost, and the provision of value-addition services like cleaning, assaying, sorting, grading, packing, storage, farm-level processing and transportation facilities based on user-charges at a reasonably lower rate. Additionally, they promote income-generating activities like seed production, mushroom cultivation, beekeeping, aggregation and value addition and marketing of smaller quantities of member farmers' produce for better marketability. They also provide market information for appropriate production and marketing decisions as well as logistics services like storage, transportation, loading/unloading, etc. on a shared cost basis, for strengthening the marketing channel.

Progress of FPO

FPOs/ FPCs are gaining wide acceptance among farmers/producers and promoting agencies, primarily as a result of the numerous advantages it offers over the standard model of producers cooperatives. Besides SFAC, NABARD, and NCDC promoting FPOs under various central and state government schemes, civil society organisations as well as national and international funding organisations have come forward to support and assist in the development of FPOs into viable farmer

companies. The country has about 5000 FPOs (including FPCs) that several programmes have supported during the past ten years; out of these, 3200 FPOs are registered as Producer Companies (NABARD, 2019-20). The majority of these FPOs are still in the early stages of operation, and the number of farmers who are shareholders ranges from 100 to over 1000. As per SFAC report on state wise progress of FPO (2021), about 900 FPOs have involved approximately nine lakh farmers; however, the numbers vary widely across the states. The number of farmers mobilised per FPO is more in Madhya Pradesh and Maharashtra. More than half of the total mobilised farmers are from six states (Karnataka, Madhya Pradesh, Maharashtra, West Bengal, Rajasthan, and Uttar Pradesh). Madhya Pradesh, Karnataka and Maharashtra also top the list in terms of the number of FPOs that together account for more than one-third of the total FPOs promoted by SFAC in the country. Govtenment of India has given a strong push through the newly approved central sector scheme to form and promote 10,000 new FPOs over the next five years.

Way Forward

One of the most efficient methods to address agriculture's various issues is to group producers, particularly small and marginal farmers, into producer organisations. This improves farmers' access to investments, technologies, inputs, and markets, which is the most crucial goal. FPOs have the potential to be the most suitable institutional structure for energising farmers and enhancing their ability to pool their production and marketing resources. Productivity and income of farmers are increased through efficient, cost-effective, and sustainable resource use and realising higher returns for their produce. However, a high calibre of representative and enlightened leadership is required among the grower members. It is challenging and demanding to conceive, design, build, and nurture it. Sustainability of FPOs is vital; group dynamics and effectiveness at different stages of development and their determinants hold significance. Through government-supported collective action, productive cooperation with academic, research organisations, civil society, and private sector, FPOs will be key for building a prosperous and sustainable agriculture sector.

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Broadening Outreach of Cooperatives

Dr. Harender Raj Gautam

Cooperatives in general provide jobs for roughly 280 million people worldwide. India's cooperative sector is the largest in the world with over 900,000 societies with a membership of about 290 million people. Agricultural cooperatives throughout the world have played a significant role in organising the small farmers. Information and communication technologies (ICTs) can revolutionise the way cooperatives operate and these technologies can bring enormous benefits, especially in agriculture. Cooperatives provide access to information such as crop cycles, weather reports, farming methods and local markets, available online or via text messages. Agri-cooperatives can convert traditional business models, conventional agriculture activities, into smart ones.

India's cooperative sector is the largest in the world and covers almost 98 percent of the countryside, with over 900,000 societies with a membership of about 290 million people, according to data from the National Cooperative Union of India. Here, Cooperatives are governed by two main legislations, the Cooperative Societies Act 2012 and the Multi-state Cooperatives Act 2002. India is proud to have some iconic cooperative businesses in the country, such as dairy giant Amul and seasoned flatbread-maker 'Lizzat Papad', as well as the fertiliser chain IFFCO. In the financial sector, cooperative banks, both urban and rural, are lending institutions which are also registered under the Cooperative Societies Act, 1912.

Horizons and Outreach of Agriculture Cooperatives

Agricultural cooperatives are usually founded when different rural producers come together with a common goal, such as expanding production, improving ways of product flow and sale, collective bargaining of inputs, among others. As per the recent data published by the International Cooperative Alliance in the 'World Cooperative Monitor', out of the 300 largest cooperatives in the world, about 30 percent are found in the agriculture and food industry sector. Agricultural cooperatives throughout the world have played a significant role in organising the small farmers and it is worth noting that these small farmers are responsible for 80 percent of the world

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food production. These cooperatives provide inputs to farmers and provide processing and marketing services, and other logistical supports to transport products to markets. Agricultural cooperatives, particularly small-sized cooperatives can save costs by increasing size. Larger cooperatives tend to benefit from scale economies that may provide higher profitability and allow them to revolve allocated equity more rapidly. Smaller cooperatives tend to benefit from product diversification. Cooperatives in general provide jobs for roughly 280 million people worldwide that accounts for approximately 10 percent of the world's employed population (European Parliament, 2019). A recent survey of cooperatives across the world conducted by ICA (International Cooperative Alliance) and EURICSE (European Research Institute on Cooperative and Social Enterprises) found that roughly 33 percent of surveyed cooperatives operated in the agriculture and food industry in 2016 and the market shares of cooperatives in the agricultural industry vary across countries. The share of agriculture accounts for 83 percent in the Netherlands, 55 percent in Italy, and 31 percent in Finland in 2015. To recognise the contribution of cooperatives in economies across the world, the United Nations designated 2012 as the International Year of Cooperatives. Further, the FAO states that cooperatives are a pillar for agricultural development and food security in the world (FAO, 2012).

Agricultural cooperatives work in different components of agriculture production system. At global level, these cooperatives have substantial market shares in agri-food supply chains in western countries. In European Union (EU) with the average of 40 percent share in agri-food sectors, the cooperatives' market share for the whole agricultural sector exceeds 50 percent in Austria, Denmark, Finland, France, Ireland, the Netherlands and Sweden. In the USA, dairy cooperatives marketed more than 75 percent of the milk produced in the country in 2017. In India, dairy cooperatives are unique in the whole world and can be a good business model for poor countries. Dairy cooperatives collect milk from about two crore farmers in more than two lakh villages in the country. There is no middleman in the entire process and more than 70 percent of the money that is received from the customers goes directly into the pockets of the farmers. Moreover, the market shares of cooperatives differ considerably with respect to sectors and countries.

Use of innovative ICTs like Internet of Things (IoT), big data analytics and interpretation techniques, machine learning and Artificial Intelligence (AI) have great potential to improve the working of the agriculture cooperatives. Smart technologies are supporting complex decision-making approaches for better and easier solutions to various problems. Application of these technologies enhances final productivity, reduce costs, and optimise the decision-making process. Furthermore, ICT tools present advantages for on-farm management, efficiency, quality control, and the food supply chain as well as decision support tools. Cooperatives have become key players in the digital revolution and garnering benefits to the farmers. They are the essential agents for the necessary knowledge transfer, reducing barriers such as the lack of specific training for farmers.

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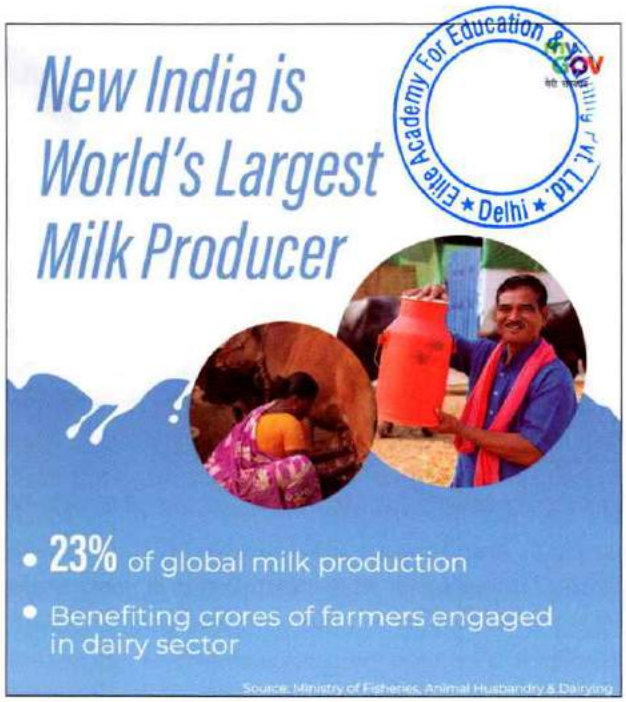
Information and Communication Technologies in Cooperatives

Cooperatives offer an ideal opportunity for small and medium-sized farmers to incorporate digital technologies into their activities more quickly with the aim of improving productivity, market access, competitiveness and better value for their produce. Smart farming is based on deploying number of digital technologies like remote sensing devices in agricultural equipment such as tractors, planters, crop sprayers, and combines in the grain and oilseed industries and in robotic milkers and ear tags in the dairy, swine, and poultry industries. The smart sensing devices transfer data from the implement/animal to computers that then use artificial intelligence and machine learning to provide real time guidance and controls back to the implement and/or operator. One of the main features of digitalisation in agriculture is the introduction of innovative Information and Communication Technology (ICT) like Internet of Things (IoT), big data analytics and interpretation techniques,

machine learning and Artificial Intelligence (AI). Data acquisition and analysis in digital farming by means of smart technologies are supporting complex decision-making approaches for better and easier solutions to various problems. Application of these technologies enhances final productivity, reduce costs, and optimise the decision-making process. Furthermore, ICT tools present advantages for on-farm management, efficiency, quality control, and the food supply chain as well as decision support tools. The AI and big data support better and precise farm monitoring, data acquisition and analytics, improve information extraction from sensors as well as farm management. Crop health and productivity can be monitored and controlled using advanced AI and deep learning techniques. The IoT, along with cloud computing systems, can facilitate communication between software platforms and sensors, pieces of machinery, crops, and animals in digital farming. However, by increasing the number of sensors and generating large amounts of data in digital farming could cause high load on the cloud server and reduce the response speed. Digitalisation of activities is transforming the agricultural sector into a more efficient and sustainable economic activity. Use of drones is helping farmers to control and optimise the quantity of nitrogen used to fertilise their crops, or remove pests with precision, using the minimum quantity of pesticides. Robots are used to soil mapping activities, thus improving the quality of the nutrients and expanding the farmers' capacity in order to control and manage large and wide crops. ICT can revolutionise the way cooperatives operate and these technologies can bring enormous benefits, especially in agriculture. Cooperatives provide access to information such as crop cycles, weather reports, farming methods and local markets, available online or via text messages. Agri-cooperatives can convert traditional business models, conventional agriculture activities, into smart ones.

Data Aggregation in Agriculture Cooperatives

Use of digital technologies in agriculture is helping to create information wealth and its aggregation will help immensely in planning our farm operations. Smart devices in farm implements and other on-farm machinery create and provide a wide variety of what is referred to as "small data" which

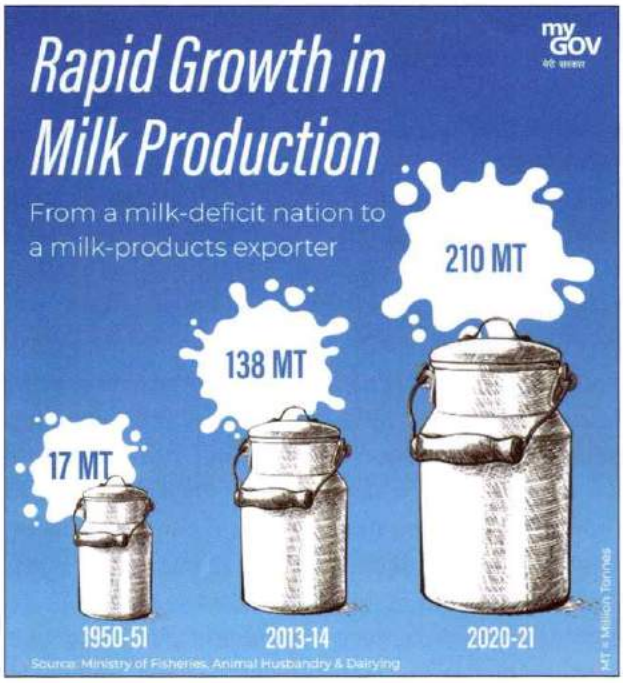


can relate to weather and climate information, land use, animal and animal production, crop and crop production, soil information, and weed information. While small data has some value on its own, the real value emerges with the creation of "big data" through data aggregation. The ability of small data from a single farm to provide insights into more desirable seed and fertiliser use is limited due to its narrow geographic range. Hence, big data is created when an agricultural technology provider (ATP) combines the data of many farmers with data from other sources. This aggregated data can then be analyzed with proprietary algorithms to provide recommendations and package and practices for crop production. On the basis of outcomes derived from the big data, farmers can be precisely advised regarding the use of seed, fertiliser, and chemical combinations to be used on different land units that can improve yields, environmental outcomes and also have higher economical returns. Here smart technologies like artificial intelligence, machine learning, statistical analysis, map analytics, GIS geospatial tools, computer vision analysis, image processing, and reflectance and surface temperature calculations are used to analyze and interpret the data. In this area many agricultural technology provider like Climate FieldView platform, owned and operated by The Climate Corporation; the Winfield United system, owned by Land O'Lakes, and Farm Business Network

(FBN) have emerged. The underlying technology for big aggregate data is provided by some of the world's largest technology companies. While Bayer has partnered with Amazon Web Services (AWS) to develop and aggregate agricultural data through the Internet of Things; Google Ventures is one of FBN's main investors. MyCrop is a technology-enabled initiative for farmers, which empowers them through delivering information, expertise and resources, to increase productivity and profitability. Alibaba's "ET Agricultural Brain" is an AI programme that uses facial, temperature and voice recognition to assess each pig's health and pig farms will reduce pig farmers' labour costs in the range of 30 to 50 percent. According to the report of the Rabobank Group, adopting a smart farming practices could increase the value of arable crops worldwide with 10 billion US dollars because a smarter food system could offer productivity gains of at least 5 percent per ha in the world's top 7 crops like maize, soybean, wheat, cotton, rapeseed, barley and sunflower. In addition to direct economic benefits, other side effects can be equally valuable. Robots can make farmers' work related-tasks easier. Spraying robots inside greenhouses will reduce the health risks for farmers.

Digital Technologies in Agriculture Cooperatives

Cooperatives have become key players in the digital revolution and garnering benefits to the farmers. They are the essential agents for the necessary knowledge transfer, reducing barriers such as the lack of specific training for farmers. In addition, they are positioned best to handle the data of their partners in a safe way. In Spain, Oleoestepa is a leading extra virgin olive oil production and marketing cooperative having 7,000 member farmers with over 61,000 ha of olive groves, representing an ecosystem of more than 7 million olive trees and this cooperative uses digital technologies for traceability, production control, internal communication and marketing. Another Spanish cooperative DCOOP is making the effective use of Internet of Things in olive and tomato production. French cooperative group InVivo, a grouping of some 200 agricultural cooperatives aims to expand its new internet platform for farm products to reach at least 3 billion euros ($3.25 billion) in sales by 2030. InVivo invested 50 million euros in developing Aladin, which was launched last year as a marketplace for farm supplies



along the lines of online retailer Amazon. Terrena is one of the leading agricultural and agrifood players in France with 20,992 farmer members and controls production data from 600,000 ha of land of its associated partners through the system Farmstar and this cooperation has resulted in increased cereal yield with improved grain quality in terms of more protein in the grains. The Italian cooperative APOFRUIT is making the use of smart technologies in grape cultivation. In Kenya, an electronic money transfer system-'M-PESA', based on SMS messaging has changed the lives of millions of Kenyans including the rural poor. This system allows immediate payments for those who live in remote areas miles from conventional commercials banks and it also allows them to exchange e-money into cash and vice versa via M-PESA kiosks and deposit or withdraw bank notes when needed. M-PESA allows them to transfer money home or easily sell livestock without the risk of carrying cash over long distances. Finally, the system reduces debts and delayed payments caused by promissory payments from customers. Gujarat Cooperative Milk Marketing Federation (GCMMF) Ltd., the promoter of the brand 'Amul' is India's largest group of dairy cooperatives with annual turnover of Rs 63,000 crores (USD 8.4 billion) has also roped in digital technologies in its business. All the 1200 village level milk producer societies of Amul dairy milkshed area have been covered

under digitalisation and it has become India's first cooperative to adopt digital tracking, monitoring system for artificial insemination. Digital technology on input anti-counterfeiting and quality assurance helps farmers to validate the quality and authenticity of the inputs they buy and help agribusinesses to preserve the customers' trust in their brand and thus increasing the demand. Spurious and counterfeit seeds, fertilisers and pesticides are a serious issue in Indian agriculture. In case of pesticides, the share of spurious pesticides is 25 percent by value and 30 percent by volume and which can reduce the yield by 4 percent. It has been estimated that fake pesticides lead to an annual crop loss of Rs. 6000 crore in India. Digital technologies such as blockchain can provide greater tractabilities of input products and verification methods such as scan codes allowing farmers to better detect counterfeit inputs. TraceX which uses Blockchain-powered traceability solutions is a smart devise which can be used to trace the origin of seeds and their movement to distributors and retailers. QualiTrace is a Ghanaian mobile platform that uses track-and-trace technology to authenticate farm inputs and fight counterfeiting. QualiTrace not only authenticates but also provides analytics tools to trace products as they move from one step to another until the final consumer also independently verifies the source and quality of the product. Agromovil is a mobile, cloud-based platform connecting producers, transporters, and markets to unlock the tremendous currently trapped value in the farming. With the use of the mobile application, farmers match with buyers when crops are ready for pickup and transporters match pickups and so each trip is more efficient and profitable. The application is available in various Latin American and African countries.

Smart farming is considered to be the fourth revolution in farming. By managing inputs, such as fertilisers, pesticides, and animal feed, a smart system can help farmers to reduce waste, employ less workforce, decrease overall costs, and to reach a more sustainable environmental impact to achieve higher productivity. In recent years, several platforms have been proposed for smart farming applications. Smart Farm Net is an IoT-based platform that has been developed by a multi-disciplinary Australian team to automate the collection of environmental, irrigation, fertilisation, and soil data. This platform integrates IoT devices, such as sensors, actuators, and cloud servers for storing and analysis of collected data. Scientists have developed an interactive digital tool that collected data from different sources such as the Key Indicators Mapping System (KIMS) and the Key Indicators Database System (KIDS) both provided by the Food and Agriculture Organisation of the United Nations (FAO). The developed tool provided information regarding livestock production, disease prediction, as well as provided the rules for risk assessment at the country level. Another potential area for smart farming is smart dairy farming which aims to utilize modern smart technologies to satisfy the increasing demand for quality dairy products, to reduce consumed resources, and to decrease the ecological footprint. SmartHerd is such platform enabling data-driven dairy farming by analysing available data and providing controls for farmers and other stakeholders. This platform has been deployed in Waterford, Ireland, and was developed to gather and analyse data regarding dairy cattle.

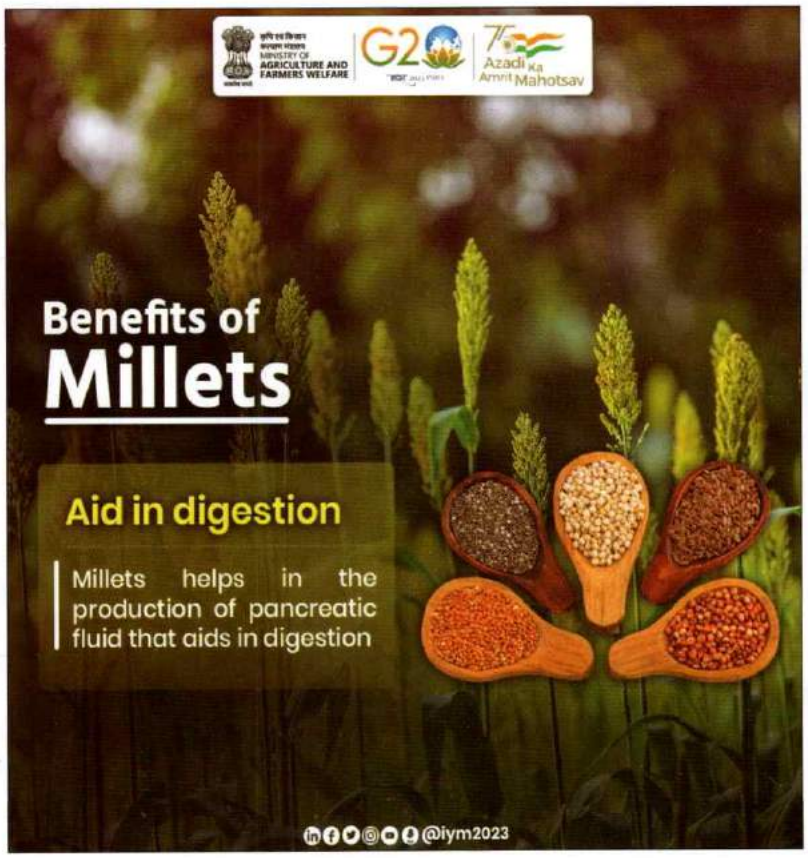
Need for Regulation and Policies

While data aggregation provides value, it also creates a set of problems and challenges, including concerns around privacy, security, data ownership, competition and market power. As smart agriculture will be primarily based on the communication technologies and data usage, there is need for new regulations and rules to govern the regime under which different component of smart agriculture will work. The regulations related to smart farming should cover different aspects of agriculture, including but not limited to, food security, biosecurity, climate change, and data governance. European Union has enacted Common Agricultural Policy (CAP) which aims to improve the farming economy, address concerns regarding climate changes, and manage natural resource consumption. Another objective for the CAP is to control the availability of supplies and to ensure that the prices of products are reasonable for both producers and customers. Another widely used regulation under the European Union's jurisdiction is the European Union (EU) Code of Conduct on Agricultural Data Sharing by Contractual Agreement. This code mainly focuses on non-personal data collected on farms and leaves the personal data to be treated under other regulations. In addition, several regulations related to smart farming are used in the U.S. jurisdiction. In the context of smart

farming, this policy considers different technologies such as GPS, computer mapping, guidance systems, and variable-rate technology. The Food Safety Modernization Act (FSMA) is another law related to smart farming in the USA. This act aims to enhance food safety and to prevent foodborne illness and has seven major rules ensuring responsibility and accountability of different parties that work in the agricultural sections. Another regulation related to smart farming in the U.S. jurisdiction is the Privacy and Security Principles for Farm Data (PSPFD).

Government Initiatives

The Government of India has finalised the core concept of India Digital Ecosystem of Agriculture (IDEA) framework which would lay down the architecture for the federated farmers' database. The IDEA would serve as a foundation to build innovative agri-focused solutions leveraging emerging technologies to contribute effectively in creating a better Ecosystem for Agriculture in India. A national software platform, which will be available in local languages, will link primary agricultural credit societies (PACS), district cooperative banks, and the National Bank for Agriculture and Rural Development (NABARD), potentially creating an integrated financial grid. Ministry of Cooperation will create 300,000 PACS, so that for every one or two villages there is one PACS. The digitised platform is aimed at boosting its reach and transparency. PACS are village-level lending networks that are often the first stop for farm loans in a country where big scheduled commercial banks still don't adequately cover the poor. A plan to computerise 63,000 PACS has been devised by the Ministry of Cooperation. Diversifying the practice, innovating, collaborating in sharing knowledge, and using emerging technology are all essential for PACS to perform more effectively and sustainably in this digital universe of a cooperative. ICT tools such as big data, the Internet of Things, and blockchain technology, bring efficiency and trust in the delivery supply chain of the farm produce. It is the right time to bring blockchain technology into the supply chain of spices, fisheries, cashew, saffron which are high-value and export-oriented products with a good engagement of members of cooperative societies. Central Government has also made a few important announcements towards the use of drones in the agriculture sector, and the notification of Drone Rules, 2021, launch of the drone Production Linked Incentive (PLI) scheme and introduction of a single-window Digital Sky Platform are some of the important steps taken by the Government of India. As the agriculture sector of the country develops further, the usage of drones in farming methods is predicted to grow with many start-ups investing in low-cost drones which can support farmers, enhance their knowledge and generate employment for the rural youth. Indian agriculture is embracing digital transformation. The present market of digitalisation of agriculture is valued at USD 204 million and further expected to grow exponentially owing to increasing adoption of technologies like AI and remote sensing. The emergence and growth of more than 1,400 AgriTech start-ups is evidence of India's success story.



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