

New National Cooperation Policy 2023

**Committee on
New National Cooperation Policy Document**

**Submitted to:
Ministry of Cooperation
Government of India
New Delhi**

Contents

Foreword	Error! Bookmark not defined.
Acknowledgements	4
Abbreviations	5
Preamble	8
Executive Summary	9
Section 1: Introduction	16
Section 2: Vision, Mission, and Objectives	23
Section 3: Strengthening and Deepening Cooperative Movement	24
Section 4: Legal Framework & Promoting Level Playing Field for Cooperatives	27
Section 5: Credit Structure & Financing of Cooperatives and Collectives	30
Section 6: Infrastructure and Technology Adoption	33
Section 7: Governance and Networks of Sector Organizations	37
Section 8: Education, Training, Research, and Extension Services	40
Section 9: Membership and Social Inclusion	44
Section 10: Promotion of Vibrancy in the Sector and the Sector Enterprises	46
Section 11: Implementation Pathways	49
Annexure I: Notification of the Committee for Drafting National Cooperation Policy	54
Annexure II: List of Members Committee for drafting the New National Cooperation Policy Document	55
Annexure III: Meetings Conducted for the Drafting of National Cooperation Policy	57
Annexure IV : Sectoral Presentation of Cooperatives in India	60

Foreword

The New National Cooperation Policy 2023 stands as a testament to the collective efforts and vision of a multitude of stakeholders who have contributed to its formulation. From government entities to non-government organizations, academicians to research scholars, and cooperative institutions to the Ministry of Cooperation, this policy is a result of the invaluable collaboration that defines our cooperative spirit.

This New National Cooperation Policy serves as a guiding beacon, illuminating the path towards effective collaboration between the government, the private sector and civil society.

The journey towards this policy has been marked by extensive research, thoughtful deliberation, and a genuine commitment to achieve prosperity through cooperation. As we embark on this journey of cooperation and collaboration, it is my hope that this policy document will serve as a cornerstone for transformative change.

The policy affirms the importance of building memberships and institutional capacity to contribute to professional development of cooperative sector. Bringing community and citizens along with the pathway of development will ensure innovations, cooperation and partnership which will be catalyst to exemplify cooperative leadership of India.

The New National Cooperation Policy 2023 document has been formulated with the 664 inputs received from the Central Ministries & Departments, State Governments & Union Territories, Federations, Institutions, Organizations & Individuals, responses received through Ministry of Cooperation & Government of India website. Several committee meetings have been deliberated where each member was offered to give suggestions. The documentation process involved continuous and collaborative stakeholder engagement to seek variety of views and incorporate them suitably in guidance of the committee.

I urge all the stakeholders to continue their active engagement, collaboration, and commitment. Together, we can bring about positive change, create opportunities, and build a cooperative ecosystem that benefits all. This policy marks the beginning of a new era, one defined by shared goals and collective progress. Thank you for your unwavering support, and let us work together to turn the vision of this policy into a reality that transforms lives and strengthens our nation.

Shri Suresh Prabhakar Prabhu,
Chairman
New National Cooperation Policy Document Committee

Date:

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The New National Cooperation Policy is the outcome of several meetings of the Committee, stakeholder consultations and various deliberations.

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**Shri Suresh Prabhakar Prabhu,
Chairman
New National Cooperation Policy Document Committee**

Abbreviations

Abbreviations	Full form
AIFCSML	All Indian Federation of Co-operative Spinning Mills Limited
AIHFMCSSL	All Indian Handloom Fabrics Marketing Co-operative Society Limited
ARDB	Agriculture and Rural Development Banks
ATMA	Agriculture Technology Management Agency
BSSSL	Bharatiya Beej Sahakari Samiti Limited
BSE	Bombay Stock Exchange
CCRA	Central Cooperative Recruitment Agency
CEF	Cooperative Education Fund
CEZ	Cooperative Economic Zones
CLF	Cluster level Federations
CRAR	Capital to Risk Assets Ratio
CRCS	Central Registrar of Cooperative Societies
CRISIL	Credit Rating Information Service of India Limited
CSA	Cooperative Satellite Accounts
CSC	Common Service Centre
CSIR	Council of Scientific & Industrial Research
CSR	Corporate Social Responsibility
DCCB	District Credit Cooperative Bank
DEH	District Export Hub
DIC	District Industries Centres
DIN	Director Identification Number
DST	Department of Science & Technology
EBP	Ethanol Blending Programme
EOU	Export Oriented Units
FAQ	Frequently Asked Question
FISHCOPFED	National Federation of Fishermen's Cooperatives Limited
FPC	Farmer Producer Companies
FPO	Farmer Producer Organization
GCMMF	Gujarat Cooperative Milk Marketing Federation
GDP	Gross Domestic Product
GeM	Government e-Marketplace
GI	Geographical Indication
Gol	Government of India
HEI	Higher Education Institutions
ICA	International Cooperative Alliance
ICAR	Indian Council of Agricultural Research
IFFCO	Indian Farmers Fertilizer Cooperative Limited
IIFD	Indian Institute of Fashion Design
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
ILO	International Labour Organisation
IPR	Intellectual Property Rights
IVR	Interactive Voice Response
JCA	Japan Co-operative Alliance

Abbreviations	Full form
JLG	Joint Liability Group
KCC	Kisan Credit Cards
KRIBHCO	Krishak Bharati Cooperative Limited
KVIC	Khadi and Village Industries Commission
KVK	Krishi Vigyan Kendras
LAMPS	Large Adivasi Multipurpose Societies
MAVIM	Mahila Arthik Vikas Mahamandal
MFI	Micro Finance Institutions
MoC	Ministry of Cooperation
MSCS	Multi-State Cooperative Societies
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NAFCARD	National Federation of State Cooperative Agriculture and Rural Development Banks
NAFED	National Agricultural Cooperative Marketing Federation of India Limited
NAFSCOB	National Federation of State Cooperative Banks Limited
NBFC	Non-Banking Financial Corporation
NCBI	National Cooperative Bank of India
NCCF	National Cooperative Consumers' Federation
NCDC	National Cooperative Development Corporation
NCDFI	National Cooperative Dairy Federation of India
NCEL	National Cooperative Exports Limited
NCES	National Cooperative Exports Society
NCHF	National Cooperative Housing Federation of India
NCOL	National Cooperative Organics Limited
NCP	National Cooperation Policy
NCU	National Cooperative University
NCUI	National Cooperative Union of India
NCVT	National Council for Vocational Training
NDDB	National Dairy Development Board
NFCSFL	National Federation of Cooperative Sugar Factories Limited
NFDB	National Fisheries Development Board
NGO	Non Government Organization
NID	National Institute of Design
NIMSME	National Institute for Micro, Small and Medium Enterprises
NLCF	National Livestock Cooperative Federation Limited
NPA	Non Performing Assets
NPA	Non-Performing Assets
NRLM	National Rural Livelihood Mission
NSDC	National Skill Development Corporation
NSE	National Stock Exchange
NSIC	National Small Industries Corporation Limited
PACS	Primary Agricultural Credit Society
PCARDBs	Primary Co-operative Agriculture and Rural Development Banks
PG	Post Graduate
PSUs	Public Sector Units

Abbreviations	Full form
RBI	Reserve Bank of India
RCS	Registrar of Cooperative Societies
RRB	Regional Rural Banks
SCARDBs	State Cooperative Agriculture and Rural Development Banks
SCB	State Cooperative Bank
SCRA	State Cooperative Recruitment Agency
SEI	Social Enterprise Incubators
SEWA	Self Employed Women's Association
SEZ	Special Economic Zone
SHG	Self-Help Group
SME	Small and Medium sized Enterprises
SoP	Standard Operating Procedure
SRLM	State Rural Livelihood Mission
StCBs	State Transport Cooperative Bank Societies
SVC	Shamrao Vithal Co-operative Bank
TBI	Technology Business Incubators
TJSB	Thane Janata Sahakari Bank's'
ToR	Terms of Reference
TRIFED	Tribal Cooperative Marketing Development Federation of India
UCB	Urban Cooperative Bank
UCIN	Unique Cooperative Identity Number
UG	Under Graduate
ULCCS	Uralungal Labour Contract Cooperatives Society
UMIN	Unique Member Identity Number
UN	United Nations
VO	Village Organizations
WCM	World Cooperative Monitor
WSCs	Weaver's Service Centers

Preamble

The National Cooperation Policy 2023 aims at realizing the vision of *Sahakarita-se-Samriddhi* (Prosperity through Cooperation) to empower and support cooperatives and collectives to contribute substantially to India's Gross Domestic Product (GDP) during the *Amrit Kaal* (2023-2047). It also intends to strengthen and deepen cooperative movement by establishing all-inclusive and sustainable growth pathways for cooperative and collective enterprises to transform them into modern, technology-enabled, vibrant, and responsive entities. The policy focuses on creating an enabling socio-economic environment and offers an overarching framework for cooperation and collaboration with shared responsibilities and exchanges of knowledge and resources across diverse sectors and stakeholders.

This policy is formulated to ensure pan-India spread of cooperative and collective enterprises encouraging member activities in governance and management, encouraging professionalism, and adopting best national and international practices in the sector. The policy recognizes significance of values of cooperation, self-help, self-responsibility, democracy, equity, equality, and solidarity. It promotes core principles of cooperation – voluntary participation, democratic decision-making, autonomy, member economic participation, cooperation among cooperatives and collective enterprises, capacity building, and concerns for community.

The policy seeks to emphasize the emerging need for holistic development through the approaches of inclusivity, accountability, and transparency. It outlines vision, mission, goals and deliberates on each of the thrust areas with strategy and implementation plans and provides for a supportive legal, institutional, and operational framework for promoting sustainable cooperative and collective enterprises.

Executive Summary

1. As a universal principle of life, cooperation is embedded in the Indian Society. Mutual dependence and complementing the resourcefulness of the members have remained the basic tenets of co-existence in Indian society. Globally, cooperatives are recognized as one of the forms emerging out of cooperation.
2. Cooperatives with objects not confined to one State are governed under Central Act and cooperatives with objects confined to a single State are administered under relevant State-specific laws. The Constitution 97th Amendment Act, 2011 granted constitutional status to the cooperative societies and made the following provisions viz.: (i) right to form cooperative societies was included as a fundamental right by insertion of words 'cooperative societies' in Article 19(1) (c) in Part III of the Constitution (ii) Article 43B was inserted in Part IV of the Constitution as Directive Principle of State Policy for promotion of cooperative societies (iii) Part IX B 'The Cooperative Societies' was inserted with provisions for incorporation, regulation and winding up of cooperative societies. However, in a Special Leave Petition, the Supreme Court of India, vide its majority judgement, dated 20.07.2021 held that Part IXB of the Constitution of India is operative insofar as it concerns Multi-State Cooperative Societies.
3. Cooperatives are collectives and are termed as member-owned economic entities. These are primarily meant to harness the strength of collective effort by aggregating resources including factors of production. Due to member-driven acumen in favour of collective and entrepreneurial action, the cooperatives as organizations have demonstrated the potential to evolve and transform as strong global business units.
4. Due to its social, cultural, economic, and geo-spatial diversity, India has showcased various dimensions of cooperation through cooperative forms. Apart from cooperatives, Self-Help-Groups (SHG), Joint Liability Groups (JLG), Farmer Producer Organizations (FPOs),(etc.) are various forms of collectives in India.
5. Globally, growth of cooperatives across sectors is varied depending on the way members could find the pathway to forge ahead. As per the World Cooperative Monitor, the major contribution in the cooperative sector is from agriculture cooperatives. Japan presented less focus on growth in agriculture cooperatives and second to SME. UK agriculture cooperatives in number are in second position to retail. Australia agri-business cooperatives in number are in second position to health insurance.
6. Having a long history of cooperative movement for about 119 years, India has the advantage of introspecting and finding pathways for transformation to meet the emerging needs of the Indian society at large.
7. India has about 8.5 lakh cooperative units, of which 80% are non-credit cooperatives involved in diverse activities such as Fishery, Dairy, Producer, Processing, Consumer, Industrial, Marketing, Tourism, Hospital, Housing, Transport, Labour, Farming, Service, Livestock, Multi-purpose Cooperatives, etc.
8. The outreach of the cooperatives in the farm sector is quite high. About 98,000 PACS are spread across 91% of total villages of India. To strengthen cooperative

movement in India, there is a need to revitalize the cooperatives across sectors. The policy focuses on expansion of the cooperative sector and enterprises to induce balance growth.

9. It is estimated that around 30 crore people including 13 crore farmers in India are directly connected to cooperatives. As per the World Cooperative Monitor (WCM), 2022, Cooperative organizations in India like IFFCO, KRIBHCO, and GCMMF are ranked top three in the agriculture sector, ULCCS is ranked second in industry and utility sector and 12 cooperative banks (seven StCB and four UCB and one credit society) are among top 300 ranked cooperatives in the world. Notwithstanding this performance, India deserves a policy push to replicate the performance across other sectors.
10. This policy also recognizes the existence of other forms of rural enterprises, including 10,000 FPOs, and SHG based tier structure of NRLM (83,49,030 SHGs, 4,50,686 VOs, and 29708 CLFs), and JLGs. The commercial banks, MFIs and RRBs provide credits to such entities. NBFCs and Private Banks are also financing FPOs.
11. The existing National Cooperative Policy which dates back to the year 2002, focused on governance, inclusivity, member centrality, professionalization in cooperatives and nurturing viable cooperatives. The world has changed significantly since 2002 while the cooperative movement faced multi-dimensional challenges. Retaining the central motivations of the 2002 policy, the National Cooperation Policy (NCP) 2023 aims to realize the vision of *Sahakarita-se-Samriddhi* through building strong networks, induction of technology and infusion of professionalism.
12. The NCP 2023 focuses on the potential areas to transform cooperative movement in the country. It aims to leverage its huge latent potential across sectors to contribute to the GDP.
13. The NCP 2023 aims to strengthen the cooperative movement while adhering to the core principles of cooperation.
14. The NCP 2023 promotes sector and form neutral cooperation.
15. The NCP 2023 recognizes the emerging needs to promote vibrant enterprises in existing and emerging sectors in various forms. To meet this long-term goal, the policy focuses on the following:

a. Strengthening and Deepening Cooperative Movement

- i. The policy recognizes the power of strong and deep-rooted cooperative movement in significantly contributing to the national economy.
- ii. The policy recognizes the important role to be played by various state governments in collaboration with the central government, in strengthening cooperative movement as most of the cooperative societies are in the legislative domain of states.
- iii. The policy recognizes importance of uniform spread of cooperatives and other collectives across sectors and of deepening the movement.
- iv. The policy envisages increasing roles of various agencies viz. Gol,

State Governments, National Cooperative Union of India (NCUI), civil society organizations, private and public sector organizations, and apex cooperative entities across sectors in converging and strengthening cooperation and deepening cooperative movement.

- v. The policy considers development of cooperation as a people's movement to address challenges, to create enabling environment, and to capitalize on available opportunities for ensuring sustained vitality and effectiveness of cooperatives across various sectors.

b. *Legal Framework & Promoting Level Playing Field for Cooperatives*

- i. The policy affirms supporting the principles of cooperation and enabling good governance through legal reforms.
- ii. The policy favours introduction of progressive statutory provisions to promote ease of doing business across various forms of organizations with active cooperation.
- iii. The policy also encourages cooperation among states and central agencies to unify processes for transparency, quality assurance, competence enhancement, education and training and other services.

c. *Supporting creation of Infrastructure and Technology Adoption for the sector.*

- i. The policy envisages creating, augmenting infrastructure, and promoting technology-driven innovations in sector organizations to meet the dynamic needs of the emerging markets and promote business continuity.

d. *Strengthening credit structure and financing.*

- i. The policy recognizes urgent need to strengthen cooperative credit and financing mechanism in both rural and urban areas and advocates strong collaboration and cooperation between cooperative banks, credit societies, other financial institutions, government agencies, federations and other development organizations for effective resource mobilization and business diversification activities in the sector.

e. *Promoting high quality education, training/capacity building, research, and extension services.*

- i. The policy establishes the need for proposed National Cooperative University (NCU) with pan-India network to foster research and knowledge creation, facilitate knowledge-sharing platforms and networks for researchers, establish platforms for extension services by creating/converging with extension centres and enable a stable supply of affordable skilled manpower, trained and aware cooperative office bearers and members to meet the increasing needs of the cooperative sector.
- ii. The policy establishes the need for a strong network among proposed NCU and its affiliating institutions, federations, CSR entities, state and national recruitment agencies, public and government departments/ministries to foster employment, training,

research and consulting opportunities for the students, mid-career employees, cooperators, and scholars.

- iii. Implement a robust monitoring and evaluation system to track the impact of extension and awareness progress and to take corrective actions to ensure that the initiative will achieve the intended outcomes.

f. ***Encouraging membership, and member centrality.***

- i. The policy encourages youth, women, and other weaker sections of the society to embrace cooperation as a member, office bearer, as a professional or as an alternate entrepreneurial career to enhance inclusivity in the sector. The policy also advocates active memberships.

g. ***Establishing and promoting good governance and networks.***

- i. The policy aims to promote effective governance, encourage diversity, inclusivity, and succession planning. It also envisages protecting internal democratic values by sensitizing leaders, enhancing transparency, encouraging progressive reforms in election, recruitment, grievance redressal and dispute resolution.

h. ***Promoting vibrant sector enterprises.***

- i. Creating enabling conditions for the sector organizations to stay market-oriented, to improve efficiency and productivity, to foster networks and convergence, to set benchmarks to meet global competitive standards with common branding. It encourages identification of cooperative economic zones with sector specific cluster development to remain vibrant.

16. The policy has the following structure to focus on the goals stated above. Each section introduces the relevant dimension contributing to revitalizing cooperation, deepening cooperative movement, and bringing vibrancy in the sector. This also enumerates the multiple steps taken so far by the Ministry of Cooperation (MoC) to strengthen and deepen cooperative movement in the country. Each section also presents a list of indicative recommendations.

- i. Section **one** introduces the background by explaining the evolution and progress of cooperative movement, outlining issues and challenges, and underscoring the need for a new National Policy on Cooperation.
- ii. Section **two** discusses the vision, mission, and objectives of the policy.
- iii. Section **three** brings out the significance of the cooperative movement and reflects on the ways and means to strengthen and deepen the movement in India.
- iv. Section **four** discusses the rationale for a policy push to promote level playing field for ensuring all round development of cooperation and collective enterprises.
- v. Section **five** reviews the existing credit structure, analyzes cooperative financing support for the sector and recognizes the need for strengthening the existing cooperative credit network and overarching roles of cooperative development financing organizations.
- vi. Section **six** focuses on the policy recommendation on setting up of infrastructure for the sector and technology adoption.
- vii. Section **seven** focuses on the need for establishing and promoting good

- governance, networks, and operational effectiveness in the sector enterprises. It discusses ways to establish the practices to strengthen governance and management, ensure member welfare and foster intra and inter-sector networks, linkages, and partnerships.
- viii. Section **eight** focuses on the need for creating a National Cooperative University (NCU) with pan-India network of affiliated institutions to strengthen education, research, training, capacity building, creating pool of sector ready human resources and entrepreneurs, promoting extension services, and establishing SEIs to innovate and incubate sector enterprises in emerging areas.
 - ix. Section **nine** emphasizes upon larger role of youth, women, and other weaker sections of the society in promoting cooperation.
 - x. Section **ten** encourages promotion of vibrancy in the sector and the sector enterprises.
 - xi. Section **eleven** presents the pathways for the sector for the “Amritkaal and Beyond.” The policy envisions an emerging ecosystem where all the forms of social enterprises and supporting organizations across sectors, are able to come together to strengthen the cooperative movement and deepen its reach to the grassroots levels. In this section, indicative implementable pathways to achieve the stated vision, mission and goals are also discussed.

17. Salient Recommendations:

17.1 Strengthening and Deepening Cooperative Movement

- i. Form and promote new cooperatives in areas not covered so far
- ii. Form and promote cooperatives in new and emerging sectors
- iii. Promote sector enterprises through a viable and integrated system of cooperation to effectively address and progressively deepen the cooperative movement in India.
- iv. Revitalize existing cooperatives by making them multi-purpose

17.2 Legal Framework & Promoting Level Playing Field for Cooperatives

- i. Rationalize legal provisions to encourage uniform spread of cooperative movement across States with transparency in governance and management.
- ii. Facilitate progressive cooperative legislation for good governance, fiscal discipline, establishing mechanisms to protect members, and IPR for cooperatives, enabling trade.
- iii. Rationalize the process of winding up / liquidation in cooperative societies where revival is not viable within a reasonable timeframe.
- iv. Create enabling conditions for the collective enterprises to compete with business enterprise counterparts.
- v. Facilitate market access and value chain integration.

17.3 Credit Structure & Financing of Cooperatives and Collectives

- i. Strengthen and expand rural and urban cooperative credit system by encouraging credit, banking, and financing structural convergence to support primary cooperatives, and other forms of sectoral enterprises.
- ii. Set up national-level umbrella entities for rural and urban cooperative banking sector for promoting internal financial stability and growth and ensuring adequate credit support to sector enterprises.
- iii. Set up fund to assist ‘sick’ cooperatives and provide support for reviving/strengthening cooperatives and for building infrastructure.

17.4 Infrastructure and Technology Adoption

- i. Facilitate and fund Infrastructure for business diversification.
- ii. Promote global collaborations in cooperatives through exclusive trade corridors, setting up Export Oriented Units (EOUs) and Cooperative Economic Zones (CEZs) to boost exports.
- iii. Emphasize technology induction, adoption and enforce digital transformation in the sector with adequate funding support.
- iv. Adopt and use transformative technologies to promote innovation for achieving smart governance having interlinkages fostering rural-urban continuum.

17.5 Governance and Networks of Sector Organizations

- i. Enforce governance reforms, adopt prudential norms, set up cooperative election authority, establish good governance and management practices, involve members in decisions, enforce audit protocols and standards, ensure strong financial management, transparency, and accountability.
- ii. Plan, design, and implement social security programs for members by periodically assessing their needs.
- iii. Establish a mechanism to protect the members from business cycle risks.
- iv. Create a national “Umbrella Brand” with traceability of products and services
- v. Develop clusters based on the local/regional production and inherent skills available and/or based on the emerging areas through innovation and incubation.
- vi. Promote technology-induced infrastructure, process automation, supply-chains, and networks.
- vii. Establish new and revitalize existing National Cooperatives / Federations / Cooperative Institutions.

17.6 Education, Training, Research and Extension Services

- i. Establish National Cooperative University (NCU) –a Higher Educational Institution with pan-India network of affiliating institutions, to promote unified education and capacity building infrastructure and services with quality assurance and to create a stable supply of skilled, affordable, trained & aware members, office bearers in the sector.
- ii. Create a national educator and trainer database of researchers, academicians and qualified trainers and introduce scientifically designed standard courses on cooperation and collective action to the students at all levels.
- iii. Create a Research Fund with research prioritization to promote high quality research in the sector.
- iv. Create a future-ready talent pool & to promote entrepreneurship in the sector and emphasize establishing incubation centers to have innovative business plans for the sector enterprises.
- v. Make efforts to establish network with national, regional, state, and local level organizations involved in extension services to achieve convergence for effective channelization.
- vi. Establish SEI programs that provide support, mentorship, and shared infrastructure to cooperative start-ups.
- vii. Extend supports to SEIs through creation of a “national cooperative innovation and incubation fund”.

17.7 Membership and Social Inclusion

- i. Encourage youth, and women to join the movement through strong extension

network and awareness building activities. Inculcate leadership qualities for business continuity and succession plan in the enterprises.

- ii. Encourage participation of youth, gender, specially abled, and weaker sections of the society to be a part of the cooperative membership and governance.
- iii. Create and nurture sector organizations on priority in the areas of green production and circular economy.

17.8 Promotion of Vibrancy in the Sector and the Sector Enterprises

- i. Encourage start-ups and incubation eco-system in the sector to align with market conditions and to ensure business continuity of the existing organizations through continuous innovation.
- ii. Focus on Urban Areas and Rural-Urban Continuum by encouraging cooperative and collective enterprises to set up linkages between rural and urban areas (like service cooperatives), establishing networked rural and urban supply chains, economic zones, start-ups, and infrastructure.
- iii. Promote youth, women, weaker section and specially-abled cooperative societies and sector enterprises.
- iv. Help cooperatives in benefitting from various government programs through convergence and increased awareness.
- v. Infuse credit support based on credit worthiness and financial discipline of the enterprises and increase balanced spread of credit, non-credit, farm and non-farm sector-based organizations.

Section 1: Introduction

1.1 Cooperation, which advocates '*Vasudhaiva Kutumbakam* [the world is one family], has remained a way of life in India. Cooperation is an act or instance of working or coming together for a common objective of a group of people with the purpose of production, purchase, and distribution for their equitable shared benefits. It touches the frontiers of society with the motivation to stay together and interconnected. Cooperation, therefore, means self-help, and mutual dependence to shape lives of those who come together. Through the spirit of cooperation, various forms of enterprises have emerged including cooperatives, Joint Liability Groups (JLGs), Self-Help Groups (SHGs), and Farmer Producer organizations (FPOs).

1.2 Cooperatives became legal entity way back in 1904 in India. Various Acts have come into existence since the formal interventions in 1904:

- i. The cooperative movement in India started in the year 1904 with the introduction of the "Cooperative Credit Societies Act". Subsequently, 'Cooperative Law' of 1912 was enacted to regulate cooperatives. The then Bombay State Act of 1925 was developed based on the Cooperative Societies Act of 1912 following the passing of the Government of India Act of 1919. Amendments and reforms in Cooperative Societies Acts were undertaken by various State Governments during 1960s.
- ii. The Gol enacted the Multi-Unit Cooperative Societies Act, 1942 for promotion and regulation of co-operatives having membership from more than one Province. The Act delegated the power of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. Later, the Multi-State Co-operative Societies Act, 1984 was enacted by the Parliament with a view to consolidate different laws governing the same types of cooperative societies.
- iii. With the objective of introducing a comprehensive central legislation to facilitate the organization and functioning of multi-state cooperative societies and to bring uniformity in their administration and management, the MSCS Act of 1984 was repealed and replaced with MSCS Act of 2002.
- iv. Mutually Aided Cooperative Society Act, 1995 was enacted in a few States as a parallel legislation to State Cooperative Societies Act.
- v. The Gol enacted special provision for creation of Producer Company, in the year 2003 as an amendment to the Companies Act, 1956. This Act is based on the principles of cooperative spirit with corporate governance capabilities.
- vi. The MSCS Amendment Act 2023 and MSCS Amendment rules were enacted to align the existing legal provisions in line with 97th Amendment part IX(B) of the constitution of India and to strengthen the governance, improve transparency and bring structural reforms among the MSCS.

1.3 Globally, cooperatives are widespread. A cooperative society is also termed as a "user-owned enterprise" – set up through active member cooperation to own and use the services, production, and operations. These user members govern their enterprises to serve both members and the community as well, serving the dual purpose of cooperation.

- i. The International Cooperative Alliance (ICA) defines Cooperatives as people-centred enterprises owned, controlled, and run by and for their members to realise their common economic, social, and cultural needs and aspirations
- ii. The International Labour Organisation (ILO) defines the role of cooperatives as formally established institutional units, controlled democratically by their members, having voluntary and non-restrictive membership; and distributing their profits or surplus among members, and not directly linked to the capital contributed by each member.
- iii. The ILO recommendation 193 emphasizes the need to promote the business potential of cooperatives so that they can contribute to sustainable development and decent employment.
- iv. The United Nation (UN) recommends the role and commitment of the governments to improve social development and social cohesion through well-defined sustainable development goals (SDG). The governments need to ensure a fine balance between its role as an enabler of cooperative development and its function to reduce exposure to risk. It needs to reduce barriers of entry, enabling cooperatives to be formed and encourage people to join cooperatives as members.
- v. There is a need to recognize and value institutional and organizational diversity within the context of business and market and play a supportive role.
- ii. Globally, growth of cooperatives across sectors is varied depending on the way members could find the pathway to forge ahead. As per the World Cooperative Monitor (WCM), the major contributions in the cooperative sector are from agriculture cooperatives. Japan presented less focus on growth in agriculture cooperatives and second to SME. UK agriculture cooperatives in number are in second position to retail. Australia agri-business cooperatives in number are in second position to health insurance.

Box 1.1: Contribution of Cooperatives in key sectors

Contribution in GDP of Key Sectors- World

Sr. No.	Sector	Contribution in GDP (in %)
1	Agriculture	33.7
2	Insurance	28.3
3	Wholesale and Retail	19
4	Financial Service sector	13.7
5	Education, health, and Social work	3.0
6	Industry and Utilities	1.7
7	Other (including housing)	0.7

Source : World Cooperative Monitor, 2022

- At world level, Agriculture cooperatives tops amongst all the sectors with 33,7% contribution in GDP followed by Insurance Cooperatives with 28.3%.

Share of Cooperatives in Key Sectors - Japan

Sr. No.	Sectors	Number of cooperatives	% share
1	SME	34971	86
2	Fisheries	1779	4.4

3	Agricultural	1206	3.0
4	Consumer	820	2.0
5	Forest owner	617	1.5
6	Worker	442	1.1

Source : Japan Co-operative Alliance (JCA) 2021

- SME cooperatives make up the largest category accounting for 86.9% of the total number of cooperatives in Japan followed by Fisheries & agricultural at 4.4 % & 3% respectively.

Share of Cooperatives in Key Sectors by turnover – United Kingdom			
Sr. No.	Sectors	% share of coverage in total cooperatives	% share of contribution by turnover
1	Retail	24	73.03
2	Agriculture	15	21.45
3	Sports/Recreation	19	2.0
4	Education	10	1.36

Source : UK-2021, of Coop4Dev mapping report

- Retail sector cooperatives contribute the most at 73% in terms of turnover in the United Kingdom followed by agriculture at 21%. The country also has cooperatives in sports and education sector.

Share of Cooperatives in Key Sectors by turnover – Australia		
Sr. No.	Sectors	% share of contribution by turnover
1	Health insurance	24.43
2	Agribusiness	23.43
3	Finance Service	19.15
4	Motoring service	5.5
5	Purchasing	3.19

Source : National Mutual economy Report, Australia, 2023

- Health Insurance & agribusiness sector cooperatives constitute around 48% together, in terms of turnover in Australia followed by finance service sector at 19.15%.

1.4 The Indian Cooperative sector has witnessed diverse progress from the formal legal interventions in 1904.

- Nineteen numbers of apex bodies have come up including NCUI, IFFCO, KRIBHCO, NCOL, BBSSL, NCEL, and NCDFI and duly got notified under schedule II of MSCS Act, 2002.
- Two types of cooperatives in India have flourished – credit and non-credit cooperatives. Currently, there are 8,54,000 cooperative units in India, of which 1,77,000 units (20%) are credit cooperatives as in 2018. The remaining units engaged in a variety of non-credit cooperative activities, such as textiles, hospitals, services, industrial, producer, processing, dairy, fisheries, sugar, marketing, consumer, labour, housing, etc. The outreach of the cooperatives in farm sector is quite high. About 98,000 PACS are spread across 91% of total villages of India. It is estimated that around 30 crore people including 13 crore framers in India are directly connected to cooperatives.

- iii. As per WCM,2022 report, based on 'Turnover over GDP Per Capita' ranking, India has sixteen cooperatives among 300, globally. They are, IFFCO, New Delhi; GCMMF, Anand, Gujarat; KRIBHCO, New Delhi; seven State Cooperative Banks (Kerala, Maharashtra, Karnataka, Andhra Pradesh, Madhya Pradesh, Gujarat, and Uttar Pradesh); four Urban Cooperatives Banks (Saraswat Cooperative Bank, Mumbai; TJSB Cooperative Bank, Thane; Cosmos Cooperative Bank, Pune; and SVC Cooperative Bank, Maharashtra), and two primary societies (Buldhana Urban Cooperative Credit Society, Maharashtra, and ULCCS, Kerala).
- iv. As per NCUI,2018, the share of housing cooperatives in terms of number stands at 22.51%, followed by dairy (22.45%), labour (7.38%), and others (24.09%). Other sectors including consumer, fishery, textiles, handloom, handicrafts, industrial, livestock, marketing, sugar, and services are below 5% each. In the credit cooperative ecosystem, PACSs constitute 55.16% of the total cooperatives whereas, employee thrift cooperatives are 43.35%, UCB (0.88%), PCARDB (0.37%), DCCB(0.21%), StCB(0.02%) and SCARDB(0.01%).

1.5 There exist other forms of rural enterprises. There are more than 10,000 FPOs operating in India. SHG based tier structure of NRLM has 83,49,030 SHGs with 4,50,686 VO's, and 29,708 CLFs. Commercial banks, private banks, NBFCs, MFIs and RRBs provide credit support to such entities.

1.6 The subject of cooperation was earlier being administered through the Cooperation Division of the erstwhile Department of Agriculture, Cooperation & Farmers Welfare. By a decision of the Union Cabinet and through the notification dated 6th July, 2021, a new Ministry – the Ministry of Cooperation (MoC) was created. The MOC aims at deepening co-operative movement and reaching up to the grassroots and developing a cooperative based economy model to realize "*Sahakarita-se-Samridhi*" and to provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country.

- 1.7 As per the Allocation of Business Rules, the MoC is mandated with:
- i. General Policy in the field of Co-operation and Co-ordination of co-operation activities in all sectors
 - ii. Realisation of vision "from cooperation to prosperity"
 - iii. Strengthening of cooperative movement in the country and deepening its reach up to the grassroots
 - iv. Promotion of cooperative-based economic development model, including the spirit of responsibility among its members to develop the country
 - v. Creation of appropriate policy, legal and institutional framework to help cooperatives realise their potential
 - vi. Matters relating to National Co-operative Organisation and National Co-operative Development Corporation
 - vii. Incorporation, regulation and winding up of Co-operative societies with objects not confined to one State including administration of 'the Multi-State Co-operative Societies Act, 2002. (Provided that the administrative Ministry or Department shall be 'the Central Government' for the purpose of exercising powers under the Multi-State Co-operative Societies Act, 2002 (39 of 2002) for Co-operative units functioning under its control)
 - viii. Training of personnel of co-operative departments and co-operative institutions (including education of members, office bearers and non-officials).

1.8 The following are the challenges and opportunities identified for the growth and development of cooperative sector in India:

- i. Regional/ state level and sectoral imbalances in the cooperative movement.
- ii. Regulatory complexities.
- iii. Governance, leadership, and operational issues.
- iv. Lack of professional management in cooperative units.
- v. Need of time-tested structural reform measures.
- vi. Lack of cooperation amongst cooperatives.
- vii. Lack of initiatives in availing ample domestic and global opportunities to foray into innovative and emerging areas.
- viii. Lack of consolidation of sector and inter-sector cooperatives and sector enterprises in terms of their business, assets, supply chains and services.
- ix. Need of effective rural-urban continuum among cooperatives and sector enterprises.

1.9 Cooperatives in India can transform themselves to realize full potential as powerful agents of change, driving economic growth, social development, and community empowerment to contribute to the National GDP.

1.10. The MoC embarked on many initiatives to give a big push to the cooperative movement in India. It has been working in close coordination with all stakeholders including state governments/UT administrations, various ministries of central governments, and institutions of central and state governments, federations of cooperatives to realize the vision of "*Sahakarita-se-Samridhhi*". Following are the major initiatives of the Ministry of Cooperation:

- i. Drawing up and circulating Model Byelaws for making PACS multipurpose.
- ii. Strengthening of PACS through computerization.
- iii. Creating multipurpose PACS/Dairy/Fisheries cooperative societies covering every panchayat/ village.
- iv. Implementing world's largest decentralized grain storage program in cooperative sector.
- v. PACS to function as Common Service Centres (CSCs).
- vi. Formation of new Farmer Producer Organizations (FPOs) by PACS.
- vii. Involving PACS in oil & gas business.
- viii. Converging PACS with renewable energy initiatives.
- ix. PACS to function as Jan Aushadhi Kendras.
- x. PACS to function as fertilizer distribution centre.
- xi. PACS to function as Bank Mitra.
- xii. Rupay KCC for members of primary cooperative societies.
- xiii. PACS to function as Paani Samiti (Water User Association);
- xiv. Relief and benefits offered to cooperatives.
- xv. Redressal of difficulties faced by cooperative banks.
- xvi. New national level Multi-State Cooperative Society for Exports registered.
- xvii. New national level Multi-State Cooperative Society for Seeds registered.
- xviii. New national level Multi-State Cooperative Society for Organic Products.
- xix. Establishment of the world's largest cooperative university proposed
- xx. National cooperative database created.
- xxi. Inclusion of cooperative societies as 'buyer' on Government e-Market (GeM) Portal.
- xxii. Role and activity expansion of National Cooperative Development Corporation (NCDC).

- xxiii. Strengthening central registrar's office including its computerization, new office space and provision of additional technical manpower
 - xxiv. The Multi-State Co-operative Societies (Amendment) Act and Rules, 2023 notified.
 - xxv. Computerization of Agriculture and Rural Development Banks (ARDBs) initiated.
 - xxvi. Scheme for computerization of offices of Registrar of Cooperative Societies (RCSs) in States/ Union Territories.
- 1.11 The need for a new National policy on Cooperation stems from the following facts:
- i. The Prime Minister of India gave a clarion call – *Sahkar-se-Samriddhi* and carved out a separate administrative Ministry – Ministry of Cooperation on 6th July 2021. His vision – *Sahkar-se-Samriddhi* emphasized on sharpening the means as well as the goals of the government, offering a clear message of cooperation as a tool to achieve economic freedom, self-reliance, and social justice, through community-led and community-owned entrepreneurial exertions.
 - ii. The extant national policy on cooperative is two decades old and since then there has been a renewed impetus on the growth and development of the Cooperative sector.
 - iii. Presently, the cooperative movement in the country has a skewed distribution as there exists regional/state level imbalances in the spread and outreach of cooperative.
 - iv. Many States are yet to devise their cooperative policy. Some States have more than one Cooperative Acts.
 - v. The scope, coverage and enforcement provisos of such multiple acts need to be taken into consideration to understand and evolve a regulatory landscape which facilitates and strengthens the cooperative movement in the country.
 - vi. The realization of the vision “*Sahkarita-Se-Samriddhi*” necessitates an efficient technology-driven and integrated strategy to good governance. This approach aims to promote competitiveness of the community-owned cooperative business units, enabling them to navigate the evolving challenges of the new economic and social landscape. The challenge involves improving the operational effectiveness, enhancing business performance of cooperatives, ensuring future membership growth and strategic diversification at the grass-root level without compromising the cooperative principles.
 - vii. There is a need to provide equal impetus across farm and non-farm credit and non-credit sectors
 - viii. There is also an emerging need for expansion of various cooperative institutions in credit, consumer, marketing, industrial, housing, storage/ warehousing, value chain and processing sectors etc. for enhancing members' income
 - ix. There is a need to emphasize on cooperative education, training, research and development, consulting, innovation, and incubation to foray into emerging frontiers in cooperative sector and to provide stable supply of skilled and affordable manpower to meet the needs of the sector
 - x. There is a need to foster engagement of youth, women and promote cooperatives to be socially inclusive across all social strata. There is also a need to create level playing field for the sector enterprises
 - xi. There is a need to revive weak/defunct cooperative/collective enterprises and define the role of governments (states and centre), apex bodies, public and private sectors.
 - xii. To devise methods for financing the social enterprise start-ups, to create a new breed of vibrant cooperatives and collective enterprises in emerging areas that prioritize circular economy and climate resilience. and
 - xiii. To find pathways to support the sector for business continuity.

1.12 With these objectives, the MoC notified constitution of a 49-member National Level Committee under the Chairmanship of Sh. Suresh Prabhakar Prabhu for drafting the new National Cooperation Policy, vide notification no. S-11016/14/2021-CPC(PT-1) (115688) dt. 2nd September 2022 (**Annexure - I**). The Committee was responsible for drafting the new National Cooperation Policy Document in line with the co-operative principles to provide an enabling framework to realise the vision of '*Sahakarita-se-Samriddhi*', strengthen the cooperative movement in the country and promote cooperative-based economic development models.

1.13 Experts from the cooperative sector, representatives of National / State/ District & Primary Cooperative Societies and their federations; Secretaries of Cooperation Department & Registrars of Cooperative Societies of States / UTs; from academia, and Officers from Central Ministries / Departments, as its members constituted the Committee. The details of meetings held with the committee members and other stakeholders are placed at **Annexure - II**.

Section 2: Vision, Mission, and Objectives

Vision

To realize “*Sahakarita-se-Samriddhi*” (prosperity through Cooperation) by strengthening movement of cooperation in the country through collaboration and deepening its reach to promote economic development for equitable and inclusive growth and to aid in making Bharat Atmanirbhar.

Mission

To create enabling legal, institutional, and collective ecosystem to promote cooperatives and other collective enterprises ensuring member centrality, enhancing good governance, competitiveness, social inclusivity, reducing economic disparities, adopting technology to enable reach up to the last mile in the delivery system of governance and to contribute collectively to realizing the vision of “*Atmanirbhar Bharat*” through “*Sahakarita-se-Samriddhi*”.

Objectives

- i. Strengthen cooperative movement in the country and deepen its reach at the grassroots by adopting collaborative processes and procedures by creating an environment for prudential regulation and supervision
- ii. Promote cooperative-based economic development models for the sector to realize its potential.
- iii. Ensure a robust financial capital and resource base for economic transformation.
- iv. Create level playing field and legal framework for cooperatives and sector enterprises.
- v. Promote vibrant cooperatives and collectives.
- vi. Establish pathways for strengthening Good Governance, Training, Management and Networks of cooperatives & collectives.

Section 3: Strengthening and Deepening Cooperative Movement

Cooperatives, have tremendous potential to promote social capital and contribute substantially to the national economy. The role of strong cooperatives and federations in handholding and mentoring of weaker ones is quite essential for the nation to forge ahead to become a developed nation with holistic development. Such mentoring, besides emphasizing on the revamping of the existing capacity building mechanism, shall create enormous scope for the cooperatives to diversify their product or service offerings. To further deepen by foraying into emerging areas, support through continuous research, development, and innovation in the sector is also essential.

3.1 The policy underscores the need to identify areas where cooperatives are either absent or are unevenly spread. NCUI 2018 data indicates that there are 98,000 PACS operating in India against about 2.55 lakh Gram Panchayats in the country. The uneven and skewed spread of cooperative movement can also be discernible when one compares the cooperative spread across the States. Only six States of India viz. Maharashtra, Gujarat, Karnataka, Telangana, West Bengal, and Kerala, have 49.5 per cent of total 8.54 lakh cooperatives. The skewed spread of cooperative movement across the States offers immense opportunity to realize the power of collectives by registering diversified activity-based primary cooperatives in uncovered areas and untouched sectors.

Box 3.1: Creating Multipurpose PACS/Dairy/Fisheries Cooperative Societies in every Panchayat/Village

- Scheme approved by the Union Cabinet on February 15, 2023, which aims at creating two lakh new multi-purpose PACS or Dairy/Fisheries Cooperative Societies to cover all 2,54,000 Panchayats in next 5 years.
- Linking PACS/dairy/fishery cooperatives with respective State and District level Federations.
- Converging various schemes of the Government of India and the State Governments at the level of primary Cooperative Societies.
- Inter-Ministerial Committee, National Level Coordination Committee, State Level Cooperative Development Committees and District Level Cooperative Development Committees have been formed for smooth and collaborative implementation of this scheme.

3.2 The policy envisages deeper engagements and well-coordinated actions of the Government of India and the State governments for equitable growth and development of the cooperative sector by creating an environment of prudential regulation, supervision, and implementation.

1.3. The policy further advocates a collaborative approach between the Department/Ministries of GoI, State Governments and other stakeholder agencies to deepen the movement of cooperation in the country.

3.4 The policy considers development of cooperation as a people's movement where outcome is designed to address challenges, to create enabling environment, and to capitalize on available opportunities for ensuring sustained vitality and effectiveness of cooperatives and collectives across various sectors.

3.5 The policy notes that India has 8.5 lakh cooperative units, 80% of which are non-credit cooperatives involved in diverse activities such as fishery, dairy, producer, processing,

consumer, industrial, marketing, tourism, hospital, housing, transport, labour, farming, service, livestock, multi-purpose cooperatives, etc. The remaining 20% are credit cooperatives.

3.6 The policy recognizes emerging roles of the tier-structure of the cooperatives and other forms in the sector, and the need for continuous credit-flow to be commensurate with the demand of each tier to ensure market development, value chain integration, collective marketing, and enhancement of competitiveness. Especially, the second and third tiers of cooperatives and forms of collective enterprises need to strengthen the network to ensure sustainable institutions in the sector.

3.7 To energize and revitalize the sector, the policy recognizes the importance of a continuous engagements with existing and prospective members, especially, youth and women as well as stakeholders throughout the value chain. , In addition to imparting training, it is essential to have a policy push on extension services ensuring that the benefit reaches to the grass-root level in a timely and adequate manner. Policy provisions need to prioritize on spreading public awareness to familiarize them about the sector, its philosophy, principles, potential prospects, and the possible opportunities.

3.8 Khadi & Village Industries Commission (KVIC), a statutory organization under the aegis of the Ministry of MSME, plans and organizes training of persons employed or desirous of seeking employment in khadi and village industries, to encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and otherwise facilitate production and marketing of khadi or products of village industries, along with other activities. Vibrancy of MSME sector will have a positive effect on the growth of cooperatives and collective enterprises.

3.9 Entities including Coir Board, Rubber Board, National Small Industries Corporation Limited (NSIC) and National Institute for Micro, Small and Medium Enterprises (NIMSME) are also engaged in promoting the overall development of the related industries, cooperatives for improvement of the living conditions of the workers engaged through extension services including entrepreneurship development, technology up-gradation & transfer, environment concerns, cluster development, management consultancy, quality management services, financial services, and information services. Apart from these national level efforts, District Industries Centres (DICs) of the states provide extension services.

3.10 The policy recognizes the potential of the cooperation and the need to transform cooperative movement in the country. It wishes to leverage its huge latent potential across sectors to contribute to the GDP.

Box 3.2: New National Level Multi-State Cooperative Societies

National Cooperative Exports Limited (NCEL)

- Under the Multi-State Cooperative Societies Act, 2002, a new National Cooperative Exports Limited set up as an Umbrella organization to promote exports from the cooperative sector.
- Cooperative societies from Primary to National level including District, State, National level federations and Multi-State Cooperative Societies can become its members.
- Through this Society, the Export of farmers' products will be facilitated, and the farmers will get better price for their products.

Bhartiya Beej Sahakari Samiti Limited (BBSSL)

- Under the Multi-State Cooperative Societies Act, 2002, a new Bhartiya Beej Sahakari Samiti Limited has been set up as an Umbrella organization for cultivation, production, and distribution of improved seeds under a single brand name.
- Cooperative Societies (Primary, District, State level) of States/Union Territories can become its members.
- This Society will increase availability of improved seeds to the farmers, boost productivity of crops and enhance the income of the farmers.

National Cooperative Organics Limited (NCOL)

- The National Cooperative Organics Limited established under the Multi-State Cooperative Societies Act, 2002 as an Umbrella organization.
- It will work for production, distribution, and marketing of certified and authentic organic products.
- Primary to National level cooperative societies including District, State, National level federations, Multi-State Cooperative Societies, and Farmer Producer Organizations (FPOs) can become its members.
- This initiative will increase production of organic products and increase profitability and income of farmers.

3.11 Recommendations:

- i. Form, promote, strengthen and handhold multi-purpose cooperatives in each Panchayats of the country.
- ii. Promote new cooperatives in rural and urban areas and facilitate market access and value chain integration.
- iii. Explore and promote formation of cooperatives in new and emerging sectors of the economy.
- iv. Establish incubation programs that provide support, mentorship, and shared infrastructure to cooperative start-ups and facilitate incubators in emerging sectors through creation of "National Cooperative Innovation and Incubation Fund"
- v. Federated cooperative and collective enterprises must lead market development, value chain integration, and collective marketing for member organization.
- vi. Transform cooperatives for enhancing its contribution in India's GDP
- vii. Develop a rating and ranking framework to recognize and incentivize the cooperative institutions to encourage better performance, monitoring, and course correction.
- viii. Establish new and revive existing national level apex cooperatives / federations/ institutions.

Section 4: Legal Framework & Promoting Level Playing Field for Cooperatives

Collectives including cooperatives, form the baseline of local development. These entities, though member-governed, are expected to remain market oriented. Therefore, these entities must be sensitive to the principles of cooperation and good governance with the support of progressive statutory legal reforms. There is also a need to promote ease of doing business for all the forms of enterprises and with active cooperation of all related stakeholders. A close coordination among states and central agencies to unify the processes for transparency, quality assurance, competence enhancement and other services for inclusive development are the emerging needs. The legal frameworks coupled with the support of credit, business-oriented knowledge, and course correction through monitoring, are needed for having a level playing field for the cooperatives and other forms. Such support shall also create the desired environment for these cooperatives and other related sector enterprises to encourage institutional and collective competitiveness.

4.1 Cooperatives with objects not confined to one State are governed under entry 44 of List I, Union List of the Seventh Schedule to the Constitution and the provisions as contained in the Multi-State Cooperative Societies Act 2002. Cooperative societies with objects confined to a single State are administered under Entry 32 of the List II, State List of the Seventh Schedule to the Constitution and the provisions as contained in the respective State Cooperative Societies Act. The Constitution 97th Amendment Act, 2011 granted constitutional status to the cooperative societies and made the following provisions viz.: (i) right to form cooperative societies was included as a fundamental right by insertion of words 'cooperative societies' in Article 19(1) (c) in Part III of the Constitution (ii) Article 43B was inserted in Part IV of the Constitution as Directive Principle of State Policy for promotion of cooperative societies (iii) Part IX B 'The Cooperative Societies' was inserted with provisions for incorporation, regulation and winding up of cooperative societies. However, in a Special Leave Petition, the Supreme Court of India, vide its majority judgement, dated 20.07.2021 held that Part IXB of the Constitution of India is operative insofar as it concerns Multi-State Cooperative Societies.

4.2 In accordance with the constitutional provisions, the legal framework is in place through various State and Central Acts like the Cooperative Society Act, , Companies Act etc. Various forms of organizations are registered through these Acts and such organizations are primarily market driven. Provisions under such Acts provide scope for cooperatives to benchmark the governance, unique identification criteria, and transparent controls.

Box 4.1: The Multi-State Co-operative Societies (Amendment) Act/Rules, 2023

- The Multi-State Co-operative Societies (Amendment) Act and Rules, 2023 notified on 03rd and 04th August 2023 respectively.
- The amendment/Rule incorporates the provisions of the 97th Constitutional Amendment to strengthen cooperative governance, increase transparency, increase accountability, improve election process etc. in Multi-State Cooperative Societies.

4.3 Though there are multipronged approaches to support the sector through constitutional, legal, and institutional frameworks, the policy recognizes the need for converged efforts to harmonize the rural-urban cooperative ecosystem. The policy underscores the necessity for synergy amongst sector-specific organizations, prioritizing sectoral growth, and facilitating coordination among entities involved such as rural-urban credit provisioning agencies (like RRBs, PACS, StCB, DCCB, Urban Banks, Commercial

Banks, MFIs, and other financial institutions). The policy also recognizes the capacity constraints regarding expertise, human resources, and non-performing assets (NPAs) management.

4.4 Short-term credit structure in the cooperative sector is formal through StCB, DCCB, and PACS. The credit policy emphasized on the disbursement of rural credit through a multi-agency network consisting of Commercial Banks, RRBs and credit cooperatives. While NABARD supports the rural and agriculture sector, NCDC provides the desired impetus in promoting the cooperative development. Rural credit and related services, mostly in agriculture sector are formalized through PACS.

4.5 The policy recognizes that PACS through policy supported convergence, have the potential to work as extension service centres. The policy encourages to create effective ecosystem in the backend to network with all such organizations at all levels to converge their approaches and channelize the extension services.

Box 4.2: Model Bye-Laws for Making PACS Multipurpose

- Model bye-laws prepared by MoC and circulated to States/UTs for appropriate adoption.
- 25 business activities ranging from fisheries, dairy, storage, warehouses, Common Service Centres (CSCs), banking correspondence to activities pertaining to new and renewable energy and other emerging areas.
- Model byelaws have required potential to enhance operational efficiency, transparency and responsibility toward collective community development.
- This initiative aims at creating a vibrant and strong multi-purpose and multi-dimensional cooperative culture at the community level.

4.6 The cooperatives and other forms of collectives need to be at par with other corporate and business sectors. They also need to maintain functional autonomy to have flexibilities in terms of locations, capital infusion, collaborations, and partnerships. The policy recognizes the necessity for institutionalizing performance evaluations of cooperatives and other forms of collective enterprises to stratify the sector enterprises and to determine the extent of support to be provided by the Gol and States.

Box 4.3: Initiative/Relief and Benefit Offered to Cooperatives after the formation of new Ministry of Cooperation (2021- 2023)

- Surcharge on Income Tax (IT) for cooperatives reduced from 12% to 7% for co-operatives (for annual income between Rs 1 cr. and Rs 10 cr.), Minimum Alternate Tax (MAT) reduced from 18.5% to 15% ensuring parity with companies and supporting initiatives for strong cooperation spread with lower tax burden & higher capital base for business activities
- Limit of cash deposits and cash loans by PACS and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) increased from Rs. 20,000 to Rs. 2 lakh/member helping cooperatives to take more community economic activities with increased rural business opportunities
- Flat tax rate of 15% announced against 30% on new cooperatives starting manufacturing by 31st March 2024 ensuring parity between cooperatives and companies
- Limit of Tax Deduction at Source for cash withdrawal increased from Rs 1 cr. to Rs. 3 cr. per year without deducting tax at source and Clarification issued to

remove difficulties on cash transactions carried out by cooperative societies under section 269ST of IT Act to ensure hassle-free tax compliance with ease of doing business for co-operative societies

- Tax relief granted to cooperative sugar mills where these will not have to pay additional IT on payment of higher prices of sugar cane up to the fair and remunerative prices or the price as advised/administered by the state. This will help making sugar mills viable.
- Long pending Income Tax issues of sugar cooperative mills resolved and estimated total relief of Rs. 10,000 cr. provided to free sugar cooperatives from decades-old IT arrears and related penalties.
- Rs 1,000cr. scheme - 'Grants-in-aid to NCDC launched for Strengthening of Cooperative Sugar Mills Grant of loan to cooperative sugar mills for setting up ethanol plant, cogeneration plant, or for meeting working capital needs
- Cooperative Sugar Mills will be put at par with private companies for ethanol procurement by the Ministry of Petroleum under the Ethanol Blending Programme (EBP). Plans prepared to set up Cogeneration Power Plants from sugarcane bagasse.

4.7 This policy views it to be important to rationalize major provisions under respective state cooperative Acts and Multi-state Cooperative Societies Act for ensuring appropriate measures to be taken for member centric beneficial interventions.

4.8 Recommendations:

- i. Rationalization of major provisions by various States under their respective cooperative Acts to ensure member centric beneficial interventions and diversification along with a transparent and vibrant governance and management architecture.
- ii. Rationalize the process of winding up / liquidation in cooperative societies where revival is not viable within a reasonable timeframe.
- iii. Facilitate progressive cooperative legislation for good governance, fiscal discipline, establish mechanisms to protect members, and IPR for cooperatives, enable trade.
- iv. Encourage promotion of cooperative federations and associations as self-regulating organizations.
- v. Make cooperatives & collectives eligible for scheme benefits / incentives offered by the Government.
- vi. Create enabling conditions for the collective enterprises to compete with business enterprise counterparts. Till these cooperative and collectives come to the level playing field, support structure like subsidy, tax moratorium, capacity building, working capital at lower rates should be extended.
- vii. Encourage strategic partnership and collaborations within cooperatives and any other entities.

Section 5: Credit Structure & Financing of Cooperatives and Collectives

Collectives, including cooperatives, mandate their members to pool in surplus money for onward lending to borrower members. Some of these adhere to the principle of self- help where the products and services are used entirely by their members. Emerging collectives, including credit cooperatives, carry out bulk of their business with non- members. Credit Cooperatives – both banks and credit societies are the lifeline for all economic activities of members. A strong urban and rural cooperative banking and credit sector can play a catalytic role for growth of cooperatives in various segments of economy.

5.1 The policy noted that urban cooperative credit structure comprises of 1,514 UCBs & 76,997 cooperative credit societies. 52 of the UCBs are scheduled and 50 are operating in more than one state. A few credit societies also operate in more than one states. While all the multistate UCBs and multistate credit societies are registered under the Multistate Cooperative Societies Act, all others are registered under the respective State Acts.

5.2 The policy recognizes the importance of credit cooperatives as they play a very important role at the bottom of the pyramid, particularly in urban & semi-rural areas. Credit cooperatives shall be promoted through establishing prudential regulation and supervision norms which will play a significant role in serving the lower/economically weaker sections of the society.

5.3 The policy views that rural credit cooperatives are to provide credit at affordable cost and to address twin issues of rural indebtedness and poverty. To address these issues, rural cooperative banks provide both short-term and long-term credits. Rural short-term credits are channeled through StCB, DCCBs and PACS. Rural long-term credits are disbursed through SCARDBs and PCARDBs. The ecosystem has 34 StCBs, 371 DCCBs and 98,000 PACS; and 16 SCARDBs and 653 PCARDBs for meeting short term and long-term rural cooperative credits, respectively. PACSs are the front-end channels to disburse short-term credit on demand to farm and allied sectors. NABARD is an authorized body to inspect the PACS, DCCB and StCB to meet the short-term credit need of rural sector organizations. NCDL is a nodal agency to provide long-term funding support to sector organizations. The policy views that rural sector enterprises still have limited access to capital. PACS have the potential to upscale their activities, not limited to channel credits, and remain vigilant to support rural enterprises to escape from the vicious cycle.

Box 5.1: Primary Cooperative Societies as Bank Mitras

- Cooperative societies like Dairy, Fisheries have also been made Bank Mitra of District Central Cooperative Banks.
- To ensure ease of doing business, transparency and financial inclusion, Micro-ATMs are being given to these Bank Mitra Co-operative Societies with support from NABARD.
- This will provide 'Doorstep Financial Services' to the members.

5.4 To support the ecosystem, DCCBs, at the district level, aggregates the demand of PACS, while StCBs aggregate the demands of DCCBs under its jurisdiction. NABARD advises on credit cycle for different activities and a few non-credit cooperatives depend on DCCBs for institutional credit.

5.5 The policy notes that in the absence of any regulatory compulsion for DCCBs to channelize certain minimum percentage of their aggregate loan amount to cooperatives,

rural cooperative societies that are not in direct agriculture production often get starved of finances. Thus, there is a need for a well-structured 3-tier system in rural cooperative credit to largely take care of financing of rural cooperatives.

Box 5.2: Rupay KCC for Members of Primary Cooperative Societies

- With the support of NABARD, Rupay-Kisan Credit Cards are being distributed to the account holders of DCCBs.
- Through Rupay-Kisan Credit Card, loans will be available to members of the Cooperative Societies at reasonable rate.
- This pilot project is targeted to be implemented nationwide.

5.6 The policy envisages increasing role of PACS as it would emerge as a multi-purpose society while extending complementary services. The PACS, therefore, would need support to meet the needs of farm and non-farm domain specific knowledge and skill to examine credit worthiness and extend credit on medium and long term.

5.7 The policy recognizes the challenge that PACS might face to extend long-term finance for the enterprises, for which Detailed Project Reports(DPRs) may be necessary. Thus, there might be an emerging need to have funding support. DPR is an instrument for a cooperative enterprise to seek funding support across its business/operations life cycle (entry and exit) and in different magnitude. NCDC shall support in preparation of model DPRs and bankable project reports for cooperative institutions.

Box 5.3: Redressal of Difficulties faced by Cooperative Banks after formation of MoC

- Rural Co-operative Banks are permitted to lend to commercial real estate - residential housing sector, thereby diversifying their business.
- RBI permitted UCBs to open new branches.
- UCBs permitted to make one-time settlement of outstanding loans like Commercial Banks.
- Additional time limit granted to achieve the Priority Sector Lending (PSL) targets.
- RBI permitted UCBs to provide door-step banking services.
- Individual housing loan limit for Rural and Urban Co-operative Banks more than doubled by RBI.
- A Nodal Officer designated in RBI for regular interactions with UCBs.
- Co-operative Banks have been included as Member Lending Institutions [MLIs] of CGTMSE enabling Co-operative Banks to take advantage of risk coverage up to 85 percent on the loans given to members. The cooperative sector enterprises will be able to get collateral free loans up to Rs 5 crore from Co-operative Banks.
- License fee for on boarding Co-operative Banks to the modern 'Aadhaar Enabled Payment System' (AePS) has been reduced by linking it to the number of transactions.

5.8. Recommendations:

- i. Maintain three tier short-term rural cooperative credit structure.
- ii. Strengthen and expand long-term cooperative credit structure.
- iii. Strengthen Rural Cooperative Banking (RCB) to enhance reach, accessibility, and affordability, improving financial products and services.
- iv. Strengthen PACS as a central hub for business convergence at the village level.
- v. Encourage DCCBs for channelizing their total loan portfolio essentially to cooperative societies and to others after meeting requisite needs of the cooperatives
- vi. Set targets to have minimum “One UCB in every Urban Centre” in consultation with RBI.
- vii. Set targets to have “One DCCB in every District” in consultation with RBI and NABARD
- viii. Encourage credit, banking, and financing structural convergence to support primary cooperatives, and other forms of sectoral enterprises.
- ix. Enforce digital transformation in the sector with suitable support and incentive structure.
- x. Expand the activities of NCDC beyond funding and enhance re-financing.
- xi. Create a structure analogous to NRLM-SRLM to support PACS which are to emerge as multi-purpose.
- xii. Encourage reinvesting surplus funds and its allocation for capital expenditures, infrastructure development, or revamping under-performed cooperatives.
- xiii. Form national-level umbrella entities for extending financing/refinancing and mentoring services to rural and urban cooperative banking sector.
- xiv. Encourage cooperative federations and resource pooling through creation of workable conglomerates.
- xv. Facilitate and fund infrastructure and business diversification activities in the sector.
- xvi. Introduce new financial instruments and broad base stakeholder network to meet long-term capital needs for cooperatives & collectives.
- xvii. Constitute a taskforce to examine creation of a separate platform for raising funds for cooperatives & collectives.
- xviii. Constitute an expert committee to study financial risks in cooperative & collectives and consider establishment of a deposit insurance and credit corporation for cooperatives
- xix. Promote financial inclusion, digitalization and establish national payment gateway.

Section 6: Infrastructure and Technology Adoption

Cooperatives and collective enterprises in India should be mainstreamed to orient their operations and activities as per established Environmental, Social and Governance (ESG) norms. Role of infrastructure and technologies in meeting the commitments and sustaining business lifecycles is quite critical in the present-day competitive environment. It is important to note that technology backstopped infrastructure supports decision making and enhances organizational competitiveness. To achieve this objective, infrastructure systems need to have plans, designs, development, and deployment by inducting and adopting right technologies.

6.1 The policy recognizes varying needs for development and deployment of infrastructure and technologies. The cooperatives and collective enterprises have varied dependency on infrastructure as they move forward. These member-driven entities extend services to non-members too. Thus, there is a need to ensure a well-planned infrastructure along with input and related services to be available on demand, at affordable cost, near their production/ service locations and with least interruption.

Box 6.1: World's largest Decentralized Grain Storage Program in Cooperative sector

- Scheme approved by the Union Cabinet on May 31, 2023
- This is the world's largest community food grain storage movement through PACS
- This would enhance food-grain storage capacity, reduce wastages, reduce logistic costs, strengthen food security, improve efficiency of Public Distribution System, ensure remunerative price discoveries for farmers' produce and eliminate distress sales

6.2 Moving from member requirements to the enterprise level, aggregation of demand and emerging requirements for value additions necessitates adequate and technology enabled infrastructure, logistics and services. This is the first hub-spoke based requirement for the enterprise to establish infrastructure and render services to the members. Cooperatives and collective enterprises need supporting infrastructure to handle aggregated volume, to access shared logistics, supply chains, and value chains.

6.3 Cooperatives and collective enterprises need further thrust for networks, clusters, and economic zones to supplement their core and complementing support activities. Appropriate identification, induction, and productive use of technologies across all the activities are necessary for the cooperatives to continue their business and stay vibrant.

6.4 Transformative approaches are necessary for the sector and sector networks to work on standards, unification, quality assurance, member centricity, customer orientation, market aligned processes, brand building and contributing to climate sensitive circular economy. This ecosystem requires digital transformation by infusing appropriate digital infrastructure and services.

Box 6.2: New National Cooperative Database

- A comprehensive, authentic, and updated National Cooperative Database is being developed in a phased manner by the Ministry of Cooperation with the assistance of State Governments, National Cooperative Federation, and other stakeholders.
- The database would be first of its kind for the entire cooperative sector and would help Union and State Governments to formulate accurate futuristic policies on cooperative development

6.5 The policy recognizes the need for improved professional management and efficiency in the cooperative and collective enterprises as these are formed with small equity bases, low skill-base having lack of market awareness to handle volume and quality specifications. The policy prioritizes professionalization of these cooperative and collective enterprises by suitably networking and aggregating through clusters to reduce unit costs. The policy, by leveraging economies of scale and scope and through effective financial models focuses on cost optimization through induction and adoption of appropriate technologies. The policy also focuses on the SEIs to assess the need for education, training, and capacity building to adopt technology supported processes for enhancing effectiveness of the enterprises and deliver the designed programmes.

Box 6.3: Technology Interventions in Cooperatives

Strengthening PACS through Computerization

- 63,000 functional PACS/LAMPS are being linked with NABARD through a single National Software Network.
- Complete digitized transactions of rural short-term cooperative credit ensured.
- Single and uniform national software developed to connect all tiers of credit cooperatives with the NABARD.
- Ability to diversify and enhance business profitability
- Transparency in PACS operation, governance, financing/ refinancing.
- This initiative will enhance efficiency and transparency in PACS

PACS as Common Service Centers (CSCs)

- Ministry of Electronics and Information Technology, MoC, NABARD and CSC e-services signed an MOU on 02.02.2023 to register PACS/Large Area Multi-Purpose Societies (LAMPS) as CSCs
- Aim is to provide more than 300 e-services to common citizens through PACS.
- Services, inter alia, would include banking, insurance, Aadhar enrolment/update legal services, agri-input management, PAN card, bus/air/rail ticket services etc.

Inclusion of Cooperative Societies as 'Buyer' on GeM Portal

- The Union Cabinet approved Cooperative Societies to be registered as 'Buyer' on Government e-Marketplace (GeM) on 1st June, 2022.
- Cooperative Societies will now be able to buy from around 60 lakh authentic sellers/service providers available across the country on the single platform of GeM.

6.6 Enterprise network through federations is needed to create active infrastructure to establish efficient, predictive, and responsive supply chains. The policy prioritizes an ecosystem for active and unified asset management, process automation, and market intelligence with adoption of appropriate technologies for business continuity. Such an ecosystem shall be able to manage life cycles of assets, infrastructure, products, and services of enterprises. Business continuity needs intervention to revitalize the underperforming cooperative and collective enterprises and incentivize high performing cooperative and collective enterprises to support these underperforming ones.

6.7 The policy advocates establishing a robust yet transparent fund management for infusing fiscal discipline and enforcing audits and controls. The fund management needs to be overarching to ensure smooth inflow of funds for continuous livelihood centric production

systems, establishing supporting infrastructure and supply and value chains logistics. The fund should also support the transaction cycle-based economy in which the primary producers and entrepreneurs operate with a need of credit flow and working capital. Networking of existing cooperative banking system with commercial banking systems and universal enterprise systems are necessary.

Box 6.4: Computerization of Agriculture and Rural Development Banks (ARDBs)

- A project of computerization of Agriculture and Rural Development Banks (ARDBs) is being- taken up with various components viz. hardware procurement, comprehensive Enterprise Resource Planning (ERP) solutions, digitization, training and support provisions, and maintenance of software, etc.
- 25 percent of the expenditure incurred in this scheme will be borne by the ARDBs and the remaining 75 percent by the Central and State governments.
- Computerization will provide various benefits to ARDBs, such as increased efficiency, faster loan disbursement, reduced transaction costs, increased transparency, and lower imbalances of payments, etc.

6.8 The policy emphasizes digital transformation in the sector to meet the hybrid nature of the cooperative and collective enterprises. Enterprise systems are necessary for the clusters, federated networks, and the umbrella brand to enforce professionalism. Adequate infusion of fund in line with digital India policy, is required. Digital transformation in the sector should focus on digital infrastructure, networks, applications, and services to serve the dual purpose, i.e., to meet the needs of the business and the members / customers. The policy emphasizes on common digital transformation assets including a national cooperative database, protocols and SoPs for audits, monitoring, and control of the digital assets to dynamically manage the asset life cycles.

6.9 Recommendations

R1. Infrastructure

- i. Set up shared infrastructure to provide input and related services to be available on demand, at affordable cost, near their production/ service locations of members and with least interruption.
- ii. Establish sector wise required infrastructure for extending services and enhancing and expanding business operations. For example, warehouse, packhouse, processing plant, community health centers and medical facilities, utilities, etc.
- iii. Create infrastructure to support for networks, clusters, and economic zones to supplement core and complementing activities of the sector enterprises.
- iv. Encourage business-driven infrastructure responsive to dynamic requirements of the sector to establish efficient, predictive, and responsive supply chains.
- v. Maximal utilization of the National Cooperative Database as a planning and implementation tool by all stakeholders
- vi. Develop sustainable energy infrastructure, enabling cooperatives to reduce operational costs, promote environmental leadership, and contribute to local energy independence

R2. Technology Adoption and Digital Transformation

- i. Set up shared infrastructure for clusters and economic zones to extend efficient supply chain and logistics support.
- ii. Establish protocols for active and unified asset management, process automation, market intelligence with adoption of appropriate technologies to manage life cycles of the assets, infrastructure, products, and services.
- iii. Establish efficient logistics and distribution networks to help cooperatives reach broader markets
- iv. Develop forecasting models to proactively assess needs to leverage the benefits of innovative and emerging technologies.
- v. Create suitable and unified digital infrastructure and digital services to support the enterprise activities. Create common digital transformation assets including a national database, enterprise resource management, protocols and SoPs for audits, monitoring, and control of the digital assets.
- vi. Encourage cooperatives & collectives to provide technology enabled services to meet the local needs.
- vii. Create a fund to support cooperative institutions for installing enterprise digital infrastructure, networks, applications, and service.
- viii. Promote SEIs to focus on technology-based incubations and entrepreneurship.
- ix. Incentivize renewable energy solutions for cooperatives and collective enterprises

Section 7: Governance and Networks of Sector Organizations

Principles of cooperation advocate for collaborative good governance in sector organizations to ensure benefits to its members. The policy recognizes that all forms of cooperative and collective enterprises, including cooperatives, are open to all persons who want to collectivize their efforts and to avail services by accepting responsibilities of membership. The membership is open to all without gender, social, racial, political, or religious discrimination. The governance in these enterprises needs to ensure democratic control by their members and to maintain their autonomy. The policy acknowledges the existence of Acts of the respective States, Multi-State cooperatives, producer companies, etc. to enforce democratic and transparent elections. The Acts have provisions of audits and management controls. Good governance needs a policy push to make it transparent through introduction of digital transformation protocols in line with available best governance practices. Role of the individual members and elected members in the governance systems and employees in management system need unified interpretations. Governance needs to be sensitive to its member's need to participate actively for ensuring continued patronage.

7.1 The policy recognizes the role of competent and professional employees in sector organizations to achieve their goals. The employees need sensitized role clarity to support greater autonomy, facilitate participatory decision-making, respect member expectations, enforce efficiency and productivity of the process with a motive to have closer attention to customers and member requirement. The governance, therefore, needs to be effective in allocating resources for member education, training and development of leaders and employees.

7.2 The emerging markets need good governance to earn trust of user members and customers in cooperative and collective enterprises while meeting the market demand. Therefore, it is crucial to develop a comprehensive Good Governance Measurement Framework (GGMF) which would be applicable to all types of sector organizations.

7.3 The policy recognizes the role of primary producer and/or service provisioning members of the cooperative and collective enterprises, aggregating role of the upper tiers of the enterprises to assume larger responsibilities to shield the primary members from market risks, encourage quality production and services. The enterprise's upper tiers need to design, plan, and establish supply chains and value chains by leveraging the infrastructure / logistics networks of the government, network partners, and agents. The policy recognizes the need for a higher level of professionalism and competence in fostering responsive governance and leadership, employee's competence, receptive and efficient supply chain networks. To promote good governance, use of technologies is mandatory for process improvement, to remain cost effective, to assess market dynamics and to decide on entry/exit of products and services with quality assurance.

Box 7.1: Scheme for computerization of Offices of Registrar of Cooperative Societies (RCSs) in States/Union Territories

- A scheme for computerization of State Registrar Offices is being prepared by the Ministry of Cooperation.
- The objective of the scheme is to (a) increase ease of doing business for Cooperative Societies and (b) create a digital ecosystem for transparent paperless regulation in all States/Union Territories.
- The software developed under this scheme will be compliant with the Cooperative Acts of the respective States/UTs.
- The Ministry of Cooperation is in dialogue with the RCSs of all the States/UTs to firm up this scheme to be implemented as a Centrally Sponsored Scheme.

7.4 The cooperatives are functioning under federal structure. Cooperatives as self-regulated entities are supported by federations to help member cooperatives govern themselves effectively and democratically. Cooperatives have a strong presence at ground level in banking, dairy, and housing sectors. There are 98,000 PACS, 2, 00,000 village level dairy cooperative societies and 1.2 lakh Primary Cooperative House Building Societies.**(Annexure III)**

7.5 The sectoral spread, though non-uniform, establishes the strength of the tier-structure based cooperative sector. The other forms include FPOs, SHGs, and JLGs etc. The policy emphasizes the need to consolidate the sector-based governance, human resource, infrastructure, and services with clustered supply chains while establishing inter-sector convergence. Establishing convergence across network agents, providing complementing services and inventory for the core value-added products for marketing are also the felt need to ensure the sector to grow.

7.6 The network needs to develop competence for establishing export-oriented units (EOUs) and social enterprise clusters and economic zones to compete globally. The cluster development needs to be based on local/regional production and inherent skills available and/or on emerging areas through innovation and incubation. The policy encourages larger roles of the state governments and the GoI and invite collaboration and private / public participation to promote EOUs, economic zones and clusters of the sector enterprises. The policy also considers it important to develop and nurture an “Umbrella Brand” with traceability of products and services rendered by member sector organizations with common protocol for process and quality assurance standards.

7.7 Computerization of the office of the Central Registrar has started with the launch of a portal to create a digital ecosystem for Multi-State Cooperative Societies.

Box 7.2: Strengthening of Central Registrar’s Office (1.9 section)

- Computerization of the office of the Central Registrar has started with the launch of a portal.
- This drive is to create a digital ecosystem for Multi-State Cooperative Societies.
- The software will assist in processing applications and service requests in a time bound manner through electronic workflow at the Central Registrar’s Office.
- It will have provisions for OTP based user registration, verification check for compliance with MSCS Act and Rules, hearing through VC, issue of registration certificate and other communication, electronically.
- This computerization project will help significantly in registering new MSCS and promote their ease of doing business.

7.8 Computerization of State Registrar Offices is being prepared by the Ministry of Cooperation to increase ease of doing business for Cooperative Societies and create a digital ecosystem for transparent paperless regulation in all States/Union Territories.

7.9 Recommendations:

R1. Strengthening Governance and Management

- i. Enforce governance reforms, adopt prudential norms, set up cooperative election authority, establish good governance and management practices, involve members in decisions, ensure audit protocols and standards, strengthen financial management, transparency, and accountability.
- ii. Educate, sensitize, and increase awareness among members for their rights, responsibilities, and accountability.
- iii. Educate and train leaders for effective governance to promote diversity, inclusivity, and succession planning.
- iv. Educate, sensitize leaders, and establish mechanisms for timely, fair, and transparent election reforms, recruitment reforms, and grievance redressal and dispute resolution.
- v. Devise Good Governance Measurement Framework for all forms of sector organizations to recognize and reward cooperatives and collectives at different levels.
- vi. Build human resources capabilities to strengthen governance and management.

R2. Ensuring Welfare of Members

- i. Plan, design and implement social security programs for members by periodically assessing their needs.
- ii. Conduct need-based capacity-building programs.
- iii. Establish a framework to protect the members from business cycle risks

R3. Foster Intra and Inter-Sector Networks, Linkages and Partnerships

- i. Create and promote a national "Umbrella Brand" with traceability of products and services along with regional / sector specific brands.
- ii. Develop clusters based on the local/regional production and inherent skills available and/or based on the emerging areas through innovation and incubation.
- iii. Establish convergence across network agents providing complementing services and inventory for the core value added products for marketing.
- iv. Develop competence for establishing EOUs and cooperative economic zones to compete globally.
- v. Encourage larger roles of the state governments and the GoI, and invite collaboration, private / public participation to promote EOUs, economic zones and clusters of the sector enterprises.
- vi. Promote technology-induced infrastructure, process automation, supply-chains, and networks.
- vii. Ensure mandatory partnerships with sector-based federations and others to create need-based education, research, consulting, training, and placement.
- viii. Nurture cooperatives and other forms of collectives through various Departments and Ministries of the state governments and the GoI, public and private sector organizations including NGOs. Establish strong networks among existing collectives including emerging sectors like electricity, and services (Water distribution, health, insurance, education, waste management, transportation, and logistics etc.).

Section 8: Education, Training, Research, and Extension Services

Education, training, and extension services for member-driven social enterprises including cooperatives are essential as their members need continuous capacity building support for sustenance. Continuity in supporting these enterprises is important to make them sustainable and market oriented. Academic, research, training and extension service provisioning organizations are required to be empowered to enforce such continuity. Cooperatives and sector enterprises have capabilities to transform their challenges to growth into opportunities through quality capacity building efforts. Thus, education, training and extension services need to align with the diverse requirements. The sector needs a succession plan for its members to inherit and support the movement of cooperation and ensure the business continuity in the enterprises. Foraying into emerging areas also need continuous innovation, research, development, and incubation with mentorship for market studies, product and process alignment, creation of skilled and educated sector-oriented professionals. To address these complex dimensions, a national level organization with pan-India outreach is required to unify and strengthen the existing ecosystem and to cater to the emerging needs of the sector.

8.1 The policy recognizes the scope for growth and diversity in cooperatives and other forms of sector enterprises.

8.2 The policy underlines the need for quality improvement to meet the present and future demand for qualified manpower and capacity building of existing employees in cooperative societies.

8.3 The policy recognizes the best practices available in terms of education, training, skill enhancement, incubation, and innovation to manage business and organization life cycles in a business environment. These are in the forms of technology business incubators (TBIs) of the Department of Science & Technology (DST) available at Indian Institutes of Technologies (IITs), Indian Institutes of Management (IIMs), and Universities. These entities create market ready youth for employment and entrepreneurial activities. As regards skill and related competence enhancement, entities like skill universities, National Council for Vocational Training (NCVT), National Skill Development Corporation (NSDC), Ministry of Micro, Small & Medium Enterprises (MSME), the Ministry of Textiles, and the Ministry of Consumer Affairs etc. support to create desired manpower. Various institutional supports through central Ministries like the National Dairy development Board (NDDB), NABARD, the National Rural Livelihood Mission (NRLM), and Boards including KVIC, Coir Board, Rubber Board, and Coffee Board are in place. In agriculture sector, agri-business incubators are available at Indian Council of Agricultural Research (ICAR) affiliated institutions and agriculture universities. Facilities of extension through ATMA, and KVKs also exist.

8.4 Promotion of social enterprise incubators (SEI) in new and emerging areas is the need of the sector to support continuity. There is also a need to encourage associated nodal agencies under various Union Ministries and State Departments to find pathways for coordination for scale up. In existing sectors, the associated federations need to extend support to SEI promoted cooperative incubatees for scale up.

8.5 To ensure such enabling ecosystem and to address the challenges, there is a need for setting up of NCU – a national level Higher Educational Institution (HEI) with pan-India spread to create quality human resources to be sector ready. The proposed NCU needs to network with all training and education institutions for cooperative extension services, developing standard curricula in tune with the requirements of the sector and creating SEIs. There is a need for adequate fund to support the SEIs. To ensure the sector is sensitive to climate action, circular economy, technology induction, process optimization, market-

oriented product portfolio enhancement, the proposed NCU needs to create and nurture a national educator and trainer database with certifications to take up the related tasks. The affiliating institutions with the NCU shall also undergo this process to ensure quality education and training.

Box8.1: Establishment of the National Cooperative University

- Proposal moved by the Ministry to establish National Cooperative University (NCU) for consolidating efforts on cooperative education, training, consultancy, research, and development and ensuring quality in education, training, and research in the fields of cooperation.
- NCU will be first of its kind, a specialized University in cooperative sector.
- NCU will ensure a sustainable, adequate, and quality supply of trained manpower and work for capacity building of the existing personnel and ensure supply of quality manpower to govern, manage and operate cooperative enterprises.

8.6 The policy notes that cooperative institutions of the State government / Unions / other stakeholders should be affiliated to the proposed NCU to ensure standardization of education, training, extension, and research in cooperation.

8.7 To revitalize the sector, extension services, associated policies and practices do exist across sectors. Most of the leading policies and actions thereon are predominantly in farm sector. The ministry of agriculture, department of animal husbandry, dairy and fishery have supported this through policies and implementation frameworks like Agriculture Technology Management Agency (ATMA) and Krishi Vigyan Kendras (KVKs). It provides an enabling ecosystem where states and the central authorities collaborate to channelize policy driven extension services. Cooperative Unions, national/ state cooperative federations, agriculture universities, National Dairy Development Board (NDDB), National Cooperative Union of India (NCUI), NCCT, VAMNICOM, LINAC and alike have formalized the training and education services. The GoI, through a network of MSME-development institutes, regional testing centres, footwear training institutes, production centres, field testing stations and specialized institutes provides extension services.

8.8. The policy envisages creation of a comprehensive, integrated, and standardized structure for education and training by establishing a national entity to ensure stable, adequate, and quality supply of professionally qualified manpower for different categories of jobs in cooperatives. This shall include human resources at managerial, supervisory, administrative, technical, operational levels.

8.9 The policy notes that cooperative education and training institutes spread across the country need a strong organizational network to carry out capacity building responsibilities of the sector enterprises.

8.10 The policy recognizes the provisions of the MSCS (Amendment) Act/Rules, 2023, to support the sector with the resources from "Cooperative Education Fund (CEF)". It also notes the enabling provisions as contained in "The Anusandhan National Research Foundation Bill, 2023".

Box 8.2: Cooperative Education Fund - MSCS (Amendment) Act/ Rules, 2023

- Every multi-State cooperative society shall credit a sum calculated at one per cent of its net profits every year as contribution to the CEF.
- The contribution shall be made to CEF within six months from the closing of the respective financial year.
- The CEF shall be maintained by the Central Government.
- The fund will be used, *inter alia*, for education of the members, directors including office-bearers and employees of multi-State co-operative societies and the public, enhancing human resources, developing the societies, promoting professionalism, advancing technology, research, publications, overall cooperative movement growth.

8.11 Recommendations:

R1: Sector Specific Education, Training, and Research

- i. Establish National Cooperative University – an HEI with pan-India spread to foster research and knowledge creation, facilitate knowledge-sharing platforms and networks for researchers, establish platforms for extension services by creating/converging with extension centres.
- ii. Develop a standardized course-curricula for education, research, training programmes to meet emerging needs of the sector and keep the human resource future ready through NCU.
- iii. Establish a strong network among NCU and its affiliating institutions, federations, CSR entities, state and national recruitment agencies, public and government departments/ministries to foster employment, training, research and consulting opportunities for the students, mid-career employees, cooperators, and scholars.
- iv. Enhance cooperative education in schools/ higher education institutions and universities.
- v. Create and nurture a national educator and trainer database with certifications to take up the related tasks.
- vi. Create a Research Fund with research prioritization to promote high quality research in the sector.
- vii. Mandate competence enhancement and capacity building assignments for all associated cooperative capacity building institutions.
- viii. Access the funds available under CEF, and other agencies like DST, and CSIR to strengthen delivery and infrastructure for training and skill development
- ix. Create Centre of Excellence in the higher educational institutions to encourage quality research in the area of cooperative development.
- x. Ensure continuous member education programs.

R2. Extension & Awareness

- i. Identify, review, and strengthen capabilities of existing institutions engaged in cooperative extension activities
- ii. Make efforts to establish network with national, regional, state, and local level organizations involved in extension services to achieve convergence for effective channelization.
- iii. Support commonly engaged cooperative extension centers with subject matter specialists through networked organizations for providing need-based services on demand across sectors.
- iv. Ensure adoption and usage of technologies to increase the cooperative awareness and outreach.

- v. Assume the responsibilities to use innovative approaches, technology enabled multi-media channels to disseminate knowledge and enhance awareness through vernacular cooperative extension literature.
- vi. Implement a robust monitoring and evaluation system to track the impact of extension and awareness progress and to take corrective actions to ensure that the initiatives achieve their intended outcomes.
- vii. Establish SEI programs that provide support, mentorship, and shared infrastructure to cooperative start-ups and facilitate SEIs in emerging sectors.

Section 9: Membership and Social Inclusion

India has the largest youth population in the world. Around 66 per cent of its total population is below the age of 35. As per National Youth Policy, 2014, nearly 40 per cent of the Indian population is in the range of 13 to 35 years. The Indian labour force is set to grow by over 8 million per annum over the coming decade, most of which will be driven by youth entering the labour market. This is a major challenge for policymakers in terms of creating decent work opportunities for the increasingly educated cohorts.

9.1 The cooperation policy recognizes the emphatic role of the cooperatives and other forms of collective enterprises to focus on social entrepreneurship by encouraging youth, women, and weaker sections to join the movement leading to gainful employment.

9.2 The policy highly favours institutionalization of innovation and incubation processes in line with TBIs of the DST and create fund to promote SEIs under the overall guidance of the NCU and its affiliating institutions. The incubatees need to get support for operationalizing the social enterprise start-ups to enter the market with the least entry barriers.

9.3 The policy prioritizes inclusion of youth and women across all sections of the society to be a part of the start-up movement of the sector. These start-ups need to get holistic support of established cooperative enterprises where federations need to be a part of their supply chains and contribute to the emerging areas with value additions as complementing entities.

Box 9.1: Formation of New Farmer Producer Organizations (FPOs) by PACS

- PACS to promote Farmer Producer Organizations (FPOs).
- Government of India has decided to allot additional 1,100 FPOs to NCDC under the existing 10,000 FPO Promotion Scheme of the Ministry of Agriculture and Farmers Welfare.
- Integration of the FPOs Scheme in cooperatives would help PACS to extend their scope of activities in agriculture production, input management, agri-equipment, processing, packaging, storage, marketing, and transportation etc.
- The integration also enables PACS to take up high income enterprises like Beekeeping, Mushroom cultivation etc.
- This initiative will also be helpful in providing the members of the cooperative societies with the necessary market linkage to get fair and remunerative prices for their produce.

9.4 The policy recognizes the larger roles of women in promoting cooperative and collective enterprises. Various NGOs, CSR entities do support such initiatives. Empowering women through organizing leadership programmes should be the key to ensure their representation and active participation.

9.5 The policy notes the importance of promoting weaker sections cooperatives. The weaker sections of the society are involved in employment generating sectoral societies viz. fisheries, dairy, handloom weavers, handicrafts, women, tribal etc. The policy recognizes the need for improving their functional efficiency through management excellence, enhanced financial health, modernization, and technology adoption etc.

9.6 The policy prioritizes convergence to complement the “umbrella brand” with women-managed enterprises. Special attention under this policy is to encourage youth, women, and

weaker sections social enterprise start-ups to focus on circular economy-based movement and contribute to climate resilient action.

9.7 The policy recognizes existence of support for ease of doing business for the enterprises.

9.8 The policy provides special attention to support the specially-abled, youth and women to leverage the provisions of the innovation and incubation fund

9.9 The policy notes the specific roles of NCU with pan-India network to cater to the specific needs of such incubatees and design education, research and training programmes with appropriate pedagogy and andragogy. This effort should aim to make the youth and women employment-ready, self-employment-ready and social-enterprise-ready to join the sector. The NCU needs to lead the movement in imparting training and capacity building by periodically assessing the training needs and developing emerging market-oriented courses and programmes. All the training organizations affiliated with the NCU need to be part of this exercise and to extend support.

9.10 Recommendations:

- i. Develop leadership and entrepreneurship programs for youth and women representing all section of society including specially-abled to join the cooperative movement leading to gainful employment and creation of social enterprises start-ups.
- ii. Design, develop and deliver appropriate programmes to enhance skills, competencies, leadership and entrepreneurship acumen among youth, women, specially abled citizens across all sections of the society to be part of the movement of cooperation.
- iii. Use the national cooperative database appropriately to have generative and predictive intelligence to forecast the trends.
- iv. Institutionalize innovation and incubation processes in line with TBIs of the DST and create fund to promote SEIs under the overall guidance of the NCU and its affiliating institutions.
- v. Provide special attention to weaker sections and the specially-abled people to leverage the provisions of the innovation and incubation fund and create social enterprise start-ups.
- vi. Periodically assess capacity building needs and develop emerging market-oriented courses and programmes.
- vii. Formulate a unified approach to converge and complement the entities to emerge as a women-initiated brand nationally which could be a part of the proposed “umbrella brand”.
- viii. Encourage established cooperative enterprises and federations to support start-ups to be part of their supply chains and contribute to the upcoming areas with value additions as complementing entities.
- ix. Encourage youth, women, and weaker sections social enterprise start-ups to focus on circular economy-based movement and contribute to climate resilient action.

Section 10: Promotion of Vibrancy in the Sector and the Sector Enterprises

Vibrant cooperative enterprises need to be connected to its market and be responsive to its members' needs and strive for customer satisfaction. These enterprises need to be adaptive and shall be opened to reengineering existing processes with adoption of contemporary technology. They need to enforce good governance, part of a responsive and efficient supply chain network. The sector, therefore, needs leading enterprises, responsive clusters, and economic zones. The vibrancy in the sector shall be attained through successful sector enterprises, member centrality, member satisfaction with secured livelihoods, professional management, and continuous innovations and improvement in products, processes, and market.

10.1 The policy recognizes the challenges faced by these social enterprises to become vibrant. The policy views that sector-specific professional management is a must through induction of professionals, introduction of national-level education, accreditation, and certification.

10.2 The policy recognizes the need for improved professional management efficiency in the cooperative and collective enterprises as these are formed with small equity bases, low skill-base having lack of market awareness to handle volume and quality specifications.

10.3 The policy prioritizes professionalization of these social enterprises by suitably networking and aggregating through clusters to reduce unit costs. The policy, by leveraging economies of scale and scope, focuses on cost optimization through induction and adoption of appropriate technologies, and through effective financial models.

10.4 Business continuity is a challenge that policy considers to be important to address. Business continuity needs establishment of pathways for the youth in the governance to realize the prospects to take the enterprise forward. Secondly, the policy considers it important to enhance competencies in the enterprise to proactively read the market sentiment to align the product and service lifecycles through continuous innovation.

10.5 Enterprise network through federations is needed to create active infrastructure to establish efficient, predictive, and responsive supply chains. Business continuity also needs active value chain management. The policy prioritizes an ecosystem for active and unified asset management, process automation, and market intelligence with adoption of appropriate technologies. Such an ecosystem shall be able to manage life cycles of the enterprises' assets, infrastructure, products, and services. Business continuity needs intervention to revitalize the underperforming cooperative and collective enterprises and incentivize high performing cooperative and collective enterprises to support these underperforming ones.

10.6. The policy considers establishing a robust yet transparent financial management for infusing fiscal discipline and enforcing audits and controls. The fund management needs to be overarching to ensure smooth inflow of funds for continuous livelihood centric production systems, establishing supporting infrastructure and logistics for effective supply and value chains.

10.7 Developing strong entry strategies, including clear and feasible business plans with market assessments prior to enterprise formation, is crucial. Streamlining procedures and support mechanisms for sector enterprise establishment, both in existing and emerging fields, is essential.

10.8 Collaboration between sector enterprises and cooperative educational institutions will promote skill development and entrepreneurship within these enterprises. The policy advocates for cooperative startup grants, access to social business incubators, and mentorship to boost the success of cooperative startups.

10.9 Financial support is critical at every stage of an enterprise life cycle. There is a need to develop tailored financial solutions, such as seed funding, expansion capital, and working capital loans, including low-interest loans and grants to cooperative and collective enterprises. This policy recommends the establishment of collective enterprises-focused venture capital funds to encourage innovation, expansion, and growth within the sector.

10.10 To ensure the stability of cooperatives during the maturity phase, policy promotes the development of strong governance structures, transparent decision-making processes; effective leadership succession plans and need based capacity-building programs. These programs need to cater to various stages of the organizational life cycle and focus on enhancing members' entrepreneurial skills, cooperative management expertise, and adaptability to market changes.

10.11 To promote and retain vibrancy in the sector, policy advocates for risk management of the enterprises during their entry and exit levels. The roles of the network leaders in the sector, government and non-government agencies are important. Adequate safeguard mechanisms with funding, support of domain experts and rehabilitation protocols are also essential.

10.12 The policy views strong presence of market analytics, market intelligence for diversification, process automation, adaptive forecasting models, digitally transformed infrastructure and assets. It also encourages innovative learning, skilling, training, and research to develop future ready human resources for the sector to manage the enterprises and develop entrepreneurship.

10.13 The policy emphasizes partnerships with state governments and other agencies to develop district export hub (DEH), in line with new foreign trade policy 2023 and MSCS Act 2023.

10.14 The policy recognizes the opportunities for all forms of sector-based enterprises and cooperatives to join the cluster networks, economic zones, and leading network enterprises to foster the movement of cooperation.

10.15 The policy notes that the MSME sector in India has shown balanced growth in number of rural (51%) and urban (49%) enterprises. This provides the scope to encourage cooperative sector enterprises to grow in future, fostering rural-urban continuum.

10.16 Recommendations:

- i. Promote entrepreneurial and business development capabilities of the enterprises.
- ii. Encourage partnerships and collaborations with external organizations to foster innovation, to access new markets and capital and financial resources.
- iii. Establish a well-functioning cooperative ecosystem that encourages the formation, growth, and sustainability of cooperative and collective enterprises across sectors, fostering entrepreneurship and self-reliance.
- iv. Ensure that sectoral enterprises have equitable access to diverse financial resources enabling them to invest in innovation, expansion, and market competitiveness.

- v. Promote gender, youth, and weaker sections inclusivity within sectoral enterprises, resulting in diverse leadership, increased representation, and greater socio-economic equity.
- vi. Encourage the cooperatives to identify export-worthy products and services and develop district-specific export action plans for each district.
- vii. Focus on Urban Areas and Rural-Urban Continuum by encouraging cooperative and collective enterprises to set up linkages between rural and urban areas (like service cooperatives), establishing networked rural and urban supply chains, economic zones, start-ups, and infrastructure.
- viii. Develop a rating and ranking framework to recognize and incentivize the cooperative institutions to encourage better performance, monitoring, and course correction.
- ix. Encourage identifiers for products/services with geographical indication (GI), by registering them as part of IPRs, etc.
- x. Establish transparent recruitment systems to ensure transparency in supply of quality human resources
- xi. Increase balanced spread of credit, non-credit, farm and non-farm sector-based organizations.

Section 11: Implementation Pathways

The policy recognizes that there has been varied growth in sector enterprises, including cooperatives. There are associated challenges and opportunities the sector has faced over last 119 years. It is observed that creation of collective enterprise is voluntary, and people must have the desire to form so. The members of the sector enterprises engage in multiple activities, including activities inherited, and acquired to manage their livelihoods. Members also face the challenges of low equity to form the enterprise and yet to compete in the market. Thus, policy notes the need for a concerted effort with the motivation to create level playing field, promote ease of doing business, the establishment of enabling infrastructure and assets, service deliveries, policy-driven credit support, promoting excellence through education and training, enabling growth in membership and sector enterprises, instilling good governance and leadership, working for creating vibrant sector enterprises.

11.1 The policy views that an all-out effort needs to be made to have balanced growth across sectors by taking note of the global trend. Globally, growth of cooperatives across sectors is varied and depended on the way members could find the pathway to forge ahead.

11.2 This policy views that the country needs revitalization, transformation, growth, and a strong network to promote cooperation among all the forms of collective enterprises including cooperatives.

11.3. This policy encourages cooperatization of unregistered collective enterprises to attain a legal / formal status to facilitate transition to the next level of their growth cycle.

11.4 The progress of cooperative movement across sectors provides learning to also foray into other forms of social enterprises. To proceed, the policy views the villages and people in villages are the fundamental cornerstones and the collective enterprises in the villages need to evolve as Strategic Business Units(SBU). The PACSs need to transform as multi-purpose service hub for all the social enterprises as their presence is quite high. Converging all services through PACSs shall provide the right ambience to address information asymmetry and optimization of delivery channels. Thus PACSs, as hubs, shall encourage and nurture the movement. PACS can become the hub for implementation of state and central government schemes by convergence.

11.5 The SBUs in villages need further support to network, complement and consolidate their factors of production and services. The role of the PRI establishments, line departments, development intermediaries like NGOs and other CSR outlets, training, and institutes, ATMA, and KVK types of organizations for extension services is crucial. The backend support for credit, PSU and private banks, NABARD, NCDC, DST, umbrella federations like IFFCO, GCMMF, KRIBHCO, education, training, research organizations including proposed NCU, NCUI, Cooperative Unions and its affiliating institutions, CAUs, SAUs Agriculture Universities IIFD, NID, supply chain operators, agencies for digital transformation is also equally important. The SBUs shall find ways with a policy push to enter the market with fewer entry barriers, conduct their business, compete globally with a local/national brand, and encourage business continuity with inclusive participation.

11.6 The policy focuses on the sector enterprises in urban areas as well. The cooperative sector in urban areas is mostly service and consumer oriented. Thus, mutual dependency of urban and rural sectors to promote the sector enterprises is essential. The rural-urban continuum needs to be promoted with a sectoral policy push.

11.7 Implementation Pathway – Amritkaal and Beyond:

11.7.1 Strengthening and Deepening Cooperative Movement

- i. Review existing sectoral spread of cooperatives, identify, and explore opportunities for formation and promotion of cooperatives in uncovered areas, new and emerging sectors.
- ii. Encourage primary societies to become active members of higher tier organisations including the sectoral federations/national cooperatives such as the three national level cooperatives for export, seeds and organizing farming.
- iii. Develop a performance measurement index for cooperative and sector enterprises to encourage better performance monitoring.

11.7.2 Legal Framework & Promoting Level Playing Field for Cooperatives

1. Constitute a Taskforce with members representing all stakeholders with ToRs and timelines to prepare an action plan for:
 - i. effectively addressing and progressively eliminating imbalances and disparities by rationalizing and bringing in uniformity in cooperative legislative provisions,
 - ii. creating a level playing field for sector enterprises vis-à-vis other business enterprises and
 - iii. promoting ease of doing business.

11.7.3 Credit Structure & Financing of Cooperatives and Collectives

- i. NDCDC needs to be adequately capitalized for ensuring the flow of funds for financing and refinancing cooperatives.
- ii. Establish umbrella organizations under the regulatory oversight of the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD).
- iii. Set up one multipurpose PACS/LAMPs/Dairy in each gram panchayat and fishery cooperative in coastal panchayats.
- iv. Establish grain storage infrastructure with ancillary activities such as custom hiring centres, processing, etc. at the PACS level
- v. Enhance the spread of multi-purpose PACS/LAMPs in collaboration with states with activities such as LPG/NG/Diesel/Storage/Jan Aushadhi Kendra/PM Kisan Samruddhi kendra/Paani Samitis/crop processing/FPS, etc. to diversify their income streams.
- vi. Computerize all PACS/LAMPs and other primary cooperative societies with uniform interface to achieve core banking solutions. PACS to also function as CSCs at the panchayat level.
- vii. Set targets to ensure “One DCCB in every District” in consultation with RBI and NABARD
- viii. Set targets to have minimum “One UCB in every Urban Centre” in consultation with RBI.
- ix. Constitute a taskforce to examine creation of a separate platform for raising funds for cooperatives to introduce new financial instruments in cooperatives and broad basing the stakeholder base to meet long term capital needs of cooperatives.
- x. Create “National Cooperative Innovation and Incubation Fund” to establish SEI programs that provide support, mentorship, and shared infrastructure to cooperative start-ups.

11.7.4 Infrastructure and Technology Adoption

A. *Infrastructure*

- i. Create infrastructure with adequate fund assistance to support for networks, clusters, and economic zones to supplement core and complementing activities of the sector enterprises.
- ii. Encourage business-driven infrastructure to be responsive to dynamic requirements of the sector.

B. *Technology Adoption and Digital Transformation*

- i. Set up shared infrastructure for clusters and economic zones to extend efficient supply chain and logistics support.
- ii. Create national cooperative database with supporting dashboards for all stakeholders.
- iii. Encourage cooperatives to adopt and leverage new age technologies.
- iv. Infuse funds in line with digital India policy, to install enterprise digital infrastructure, networks, applications, and service.
- v. Create a central and state website detailing various goods and services required by cooperative institutions.
- vi. Envisage a shared e-commerce platform for cooperatives for selling products and services

11.7.5 Governance and Networks of Sector Organizations

A. *Strengthening Governance and Management*

- i. Devise a framework to facilitate governance and legal reforms in the cooperative sector by setting up Cooperative Election Boards/Commissions, information officers, ombudsmen etc.
- ii. Emphasize member education for leadership and management.
- iii. Design “Good Governance Index” to rank the sector enterprises and establish course correction mechanism.
- iv. Adopt and develop a model cooperative village in each district displaying overall development.
- v. Develop a portal for providing a single window system for registration, renewal, and other functional services.

B. *Ensuring Welfare of Members*

- i. Establish a framework to protect the members from business cycle risks
- ii. Plan, design, and implement social security programs for members by periodically assessing their needs.
- iii. Establish a mechanism to manage various risks in the cooperative life cycle.

C. *Foster Intra and Inter-Sector Networks, Linkages and Partnerships*

- i. Promote an “Umbrella Brand” for the sector
- ii. Develop clusters based on the local/regional production and inherent skills available and/or based on the emerging areas through innovation and incubation. Encourage the spread of federations across all sectors
- iii. Establish new and revitalize existing National Cooperatives / Federations /

Cooperative Institutions.

- iv. Revitalize cooperatives and sectoral enterprises by networking with the best-performing cooperative federations and apex bodies.
- v. Encourage balanced spread of credit, non-credit, farm and non-farm sector-based organizations.
- vi. Establish convergence across network agents providing complementing services and inventory for the core value added products for marketing.

11.7.6 Education, Training, Research and Extension Services

A. Sector Specific Education, Training, and Research

- i. Establish NCU for unified education, research, training, and capacity building infrastructure and services to serve the sector.
- ii. Ensure quality supply of manpower at leadership and governance, managerial, supervisory & operational levels in the cooperative sector.
- iii. Create and nurture a national educator and trainer database with certifications to take up the related tasks.
- iv. Create a Research Fund with research prioritization at the national level for providing financial support to high quality research on cooperatives.
- v. Introduce scientifically designed standard courses on cooperation and collective action to the students at all levels.
- vi. Establish strong networks among proposed NCU and its affiliating institutions, federations, CSR entities, state and national recruitment agencies, public and government departments/ministries to foster employment, training, research and consulting opportunities for the students, mid-career employees, cooperators, and scholars

B. Extension & Awareness

- i. Constitute a task force to review the cooperative extension and awareness programmes and suggest course correction
- ii. Establish SEI programs at the NCU and its affiliate networks to provide support, mentorship, and shared infrastructure to sectoral start-ups.
- iii. Set up a “national cooperative innovation and incubation fund

11.7.7 Membership and Social Inclusion

- i. Encourage NCU and its affiliate institutes to develop, design and deliver programmes for existing members and employees, prospective members, and employees irrespective of age, caste, gender, and qualification.
- ii. Provide special attention to weaker sections and the specially-abled people
- iii. Formulate a unified approach to converge and complement the entities to emerge as a women-initiated brand nationally which could be a part of the proposed “umbrella brand”.
- iv. Institutionalize innovation and incubation processes in line with TBIs of the DST and create fund to promote SEIs under the overall guidance of the NCU and its affiliating institutions
- v. Encourage sector enterprises to focus on circular economy-based movement and contribute to climate resilient action

11.7.8 Promotion of Vibrancy in the Sector and the Sector Enterprises

- i. Establish a robust system of cooperative recruitment to ensure transparency and quality by setting up of Cooperative Service Commission/ Recruitment board should be set up to formalize the recruitment process with transparency and quality.
- ii. Set up a monitoring and evaluation cell with appropriate roles and responsibilities at MoC.
- iii. Nurture cooperatives and other forms of collectives through various Departments and Ministries of the state governments and the Government of India (GoI), public and private sector organizations including NGOs.
- iv. Establish strong networks among existing collectives and any such collectives in emerging sectors like electricity, and services (health, insurance, education, teachers, waste, transportation, and logistics etc.)
- v. Encourage identifiers for products/services with geographical indication (GI), and by registering them as part of IPRs, etc.
- vi. Develop performance ratings to award outstanding organizations and formulate performance index of the sector organizations to ensure periodical assessment and prescriptions for course correction.
- vii. Encourage the cooperatives to identify export-worthy products and services and develop district-specific export action plans for each district.

Annexure I: Notification of the Committee for Drafting National Cooperation Policy

S-11016/14/2021-CPC (PT - 1) (115688)
Government of India
Ministry of Cooperation
Atal Akshay Urja Bhawan, New Delhi

Dated: 2nd September, 2022

OFFICE ORDER

Subject: Constitution of a National Level Committee for drafting the new National Cooperation Policy Document – reg.

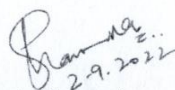
A National level Committee under the Chairmanship of Sh. Suresh Prabhakar Prabhu, comprising experts of the cooperative sector; representatives of National / State / District & Primary Cooperative Societies; Secretaries (Cooperation) & Registrars of Cooperative Societies of States / UTs; and Officers from Central Ministries / Departments, is hereby constituted to draft the new National Cooperation Policy Document. The list of members is enclosed at **Annexure**. Ministry of Cooperation will be represented by Additional Secretary (Cooperation).

2. The Committee shall be responsible for drafting the new National Cooperation Policy Document in line with the co-operative principles to provide an enabling framework to realise the vision of 'Sahakar se Samridhhi', strengthen the cooperative movement in the country and promote cooperative-based economic development model. The committee shall submit the final draft within 3 months from the date of its first meeting.

3. VAMNICOM, Pune shall render necessary secretarial assistance, logistical and technical support to the Committee.

4. This issues with the approval of competent authority.

Encl: As above


(Sucheta Sharma)
Deputy Director (Cooperation)

To:

- i. Chairperson & Members of the Committee, as per list attached
- ii. Additional Secretary, Ministry of Cooperation
- iii. Director, VAMNICOM, Pune

Copy to:

- i. OSD to Hon'ble Minister of Cooperation
- ii. APS to Hon'ble Minister of State for Cooperation
- iii. PSO to Secretary, Ministry of Cooperation
- iv. PPS to Joint Secretaries, Ministry of Cooperation
- v. PS to Central Registrar of Cooperative Societies

Annexure II: List of Members Committee for drafting the New National Cooperation Policy Document

Name of the Members
1. Shri Suresh Prabhakar Prabhu , Former Union Cabinet Minister – Chairman
2. Shri Umakant Dash , Director, Institute of Rural Management Anand (IRMA)
3. Dr. H.K Mishra, Professor , Institute of Rural Management Anand (IRMA)
4. Dr. Sukhpal Singh , Professor, IIM Ahmedabad
5. Shri Satish Marathe , Director, RBI Central Board
6. Dr. Y. Dongre, Vice Chancellor , Chanakya University, Karnataka
7. Shri D. Krishna , Ex. CEO, National Federation of Urban Cooperative Banks and Credit Societies (NAFCUB)
8. Dr. C. Pitchai , Professor and Chief, Cooperative Department, Gandhigram Rural Institute, Tamil Nadu
9. Shri Sanjeev Kumar Chadda , Ex. MD, NAFED
10. Shri Dileep Sanghani, President, NCUI & Chairman, IFFCO
11. Shri Jyotindra Mehta , Chairman, NAFCUB
12. Shri Manoj Kumar Semwal , MD, National Cooperative Consumers' Federation (NCCF)
13. Shri k. K Ravindran, MD, National Cooperative Agriculture and Rural Development Banks' Federation Ltd. (NAFCARD)
14. Shri Rajan Chowdhry , MD, KRIBHCO
15. Shri Konduru Ravinder Rao , Chairman, National Federation of State Co-operative Banks Ltd. (NAFSCOB)
16. Shri prakash Naiknavare , MD, National federation of Co-operative Sugar Factories Ltd (NFCSF)
17. Shri R S Sodhi / Shri Jayen Mehta , MD, Gujrat Cooperative Milk Marketing Federation Ltd (GCMMF)
18. Shri A. Venkatachalam , Chairman, Tamil Nadu Handloom Weavers Cooperative Society (COOPTEx), Tamil Nadu
19. Shri P V Scaria Chairman, Kerala State Cooperative Rubber Marketing Federation (RUBBERMARK)
20. Shri Harinder Randhawa , Chairman, MARKFED, Punjab
21. Shri Ajaybhai H patel , Chairman, Ahmedabad District Co-operative Bank Limited, Ahmedabad, Gujarat
22. Mr Satya Prakash Thakur , Chairman, Bhutti Weavers Co-operative Society Ltd., Himachal Pradesh
23. Shri N Devaraj , Chairman, Horticultural Producers Cooperative Marketing and Processing Society (HOPCOMS), Karnataka
24. Shri K. Ravinder Rao Chairman, Karimnagar District Co-operative Central Bank, Telangana
25. Shri Vijay Ramola , Chairman, Dehradun Milk Producers Cooperative Union Limited, Uttarakhand
26. Shri Karam Singh , Chairman, Mullana Primary Agriculture Cooperative Society Ltd., Ambala, Haryana
27. Mr Praveen Reddy , Chairman, Mulkanoor Cooperative Rural Credit and Marketing Society Ltd., Telangana
28. Shri Deverapalli Muthayya Garu , Chairman, T.Narasapur Primary Co-operative Society, Andhra Pradesh
29. Shri Vallabh Salkar , Chairman, Deendayal Multipurpose Cooperative Society,

Goa
30. Smt Karam Abe Devi , Chairman, Karam Awang Leikai Handloom and Handicraft Cooperative Society, West Imphal, Manipur
31. Shri Virender Singh , Chairman, The Sandhole Agri Service Cooperative Society Ltd., Himachal Pradesh
32. Shri Raghavan V , Chairman, Thimiri Service Co-operative Bank Ltd., Kerala
33. Shri B L Meena , Principal Secretary, Cooperation, Government of Uttar Pradesh
34. Shri Anoop Kumar/Shri Rajesh Kumar Meena Additional Chief Secretary, Cooperation, Government of Maharashtra
35. Dr J Radhakarishnan , IAS, Secretary, Cooperation, Government of Tamil Nadu
36. Shri A.C. Diwakar , OSD & Ex-Officio, Joint Secretary to Government of Karnataka, Cooperation Department
37. Shri Maninder Singh , Additional Chief Secretary, Cooperation, Government of Assam
38. Shri Shashi Shekhar Sinha , Joint Registrar, Cooperative Societies, Bihar, Patna
39. Dr Uddhav Chandra Manji Registrar of Cooperative Societies, Government of Odisha
40. Shri Veerabramaiah Registrar of Cooperative Societies, Government of Telangana
41. Shri Alex Varghese , Registrar of Cooperative Societies, Government of Kerala
42. Shri Atonu Chatterjee , Registrar of Cooperative Societies, Government of West Bengal
43. Sh. M. P. Tangirala , IAS, Additional Secretary, Department of Financial Services, Ministry of Finance
44. Shri Ritesh Chauhan , Joint Secretary (Credit), Department of Agriculture & Farmers' Welfare, Ministry of Agriculture and Farmers' Welfare
45. Shri Subodh Kumar Singh , Joint Secretary (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution
46. Smt Nita Kejriwal , Joint Secretary, Department of Rural Development, Ministry of Rural Development
47. Shri K V Shahji , Chairman, NABARD
48. Smt Geeta Patel , Chairperson, Udaipur Milk Producer Co-operative Federation

National Cooperation Policy (NCP) Secretariat

1. Dr Hema Yadav , Director, VAMNICOM
2. Ms Kalyani Sahoo , Programme Officer, Team NCP Secretariat, VAMNICOM
3. Shri P K Agarwal , Financial Advisor, Department of Cooperatives, Govt of Uttar Pradesh
4. Ms Vaishali Singh , Assistant Commissioner & Assistant Registrar, Department of Cooperatives, Govt of Uttar Pradesh

Annexure III: Meetings Conducted for the Drafting of National Cooperation Policy

The **first meeting** for drafting the new National Cooperation Policy Document under the Chairmanship of Shri. Suresh Prabhakar Prabhu, comprising experts of the cooperative sector, representatives of National/ State/ District & Primary Cooperative Societies; Secretaries (Cooperation) & Registrars of Cooperative Societies of States/ UTs; and Officers from Central Ministries/ Departments was held at VAMNICOM on 3rd October, 2022. 37 Committee Members attended the meeting and shared their views on new National Cooperation Policy.

Post first meeting, on the basis of discussion held between committee members and under the guidance of Shri. Suresh Prabhakar Prabhu, themes were created and members were divided according to their interests in themes. Out of 47 members, 2 convenors were selected for each theme (total 16 convenors were selected).

The **second meeting** held between the Convenors under the Chairmanship of Shri. Suresh Prabhakar Prabhu at National Cooperative Development Corporation (NCDC), New Delhi on 7th November, 2022. 15 members attended the second meeting along with the team of NCP Secretariat from VAMNICOM, Pune. The inputs received during this meeting were compiled.

On 25th November, 2022, **the third meeting** was held under the Chairmanship of Shri. Suresh Prabhakar Prabhu, Shri. Dileep Sanghani, President, NCUI, the top officials of National Level Cooperative Federations & the team of NCP Secretariat from VAMNICOM, Pune virtually. It was initiated by Shri. Dileep Sanghani, President, NCUI. Issues and recommendations were received from National Level Cooperative Federations after this meeting.

The **fourth meeting** was held between convenors at Jio World Center, Mumbai on 19th December, 2022 under the guidance of Shri Suresh Prabhakar Prabhu. Shri Vijay Kumar, IAS, Additional Secretary, MoC along with 11 committee members and 5 representatives of the committee members attended the meeting.

The **fifth meeting** was held between Shri Satish Marathe, Director, CBIT, RBI & NCP Committee Member & Dr Hema Yadav, Director, VAMNICOM along with the team of NCP Secretariat at VAMNICOM, Pune. Issues and recommendations pertaining to Theme 2 were discussed in the meeting.

The **sixth meeting** for drafting the new National Cooperation Policy Document was conducted at Haryana Institute of Public Administration (HIPA), Gurgaon, under the Chairmanship of Shri Suresh Prabhakar Prabhu on 6th January 2023 . It was attended by 20 committee members & 5 representatives from the committee members along with the team of NCP Secretariat from VAMNICOM, Pune.

On 12th January 2023, **the seventh meeting** for drafting the new National Cooperation Policy Document was held with Honorable Shri Amit Shah, Home Minister & Minister of Cooperation, Shri. Suresh Prabhakar Prabhu, Chairman, NCP, few committee members & the team of NCP Secretariat from VAMNICOM, Pune on 12th January 2023 at Ministry of Cooperation in New Delhi. Shri Amit Shah ji provided guidance, suggestions and shared the vision of prosperity and progress of the cooperatives through the New National Cooperation Policy document.

On 19th January 2023, **the eighth meeting** was held between Drafting committee members & Dr Hema Yadav, Director, VAMNICOM along with the team of NCP Secretariat from VAMNICOM, Pune was held to identify the policy prescriptions in the policy document and incorporation of suggestions.

The **ninth meeting** for drafting the new National Cooperation Policy Document was conducted at NCUI, New Delhi under the Chairmanship of Shri Suresh Prabhakar Prabhu on 24th January 2023 . It was attended by 21 committee members & 5 representatives from the committee members along with the team of NCP Secretariat from VAMNICOM, Pune and the draft document was discussed.

The **tenth meeting** for drafting the new National Cooperation Policy Document was conducted at NABARD headquarters, Mumbai was conducted on 13th& 14th February 2023 with Dr Hema Yadav, Director, VAMNICOM & NCP Secretariat, Ms Kalyani Sahoo, Programme Officer & Team NCP Secretariat, Officials from NABARD & Consultants from Grant Thornton. The meeting was held to re-work on the articulation of the draft policy document.

On 16th February 2023, **the eleventh meeting** was held under the Chairmanship of Shri Suresh Prabhakar Prabhu, Shri Gyanesh Kumar, IAS, Secretary, MoC, Shri Vijay Kumar, IAS, Additional Seceretary, MoC, Other Officials from MoC, Drafting Committee Members, Dr Hema Yadav, Director, VAMNICOM along with the team of NCP Secretariat from VAMNICOM, Pune to review the policy document and provide inputs/suggestions.

On 31st March 2023, **the twelfth meeting** was held with Shri Shaktikanta Das, RBI Governor, Shri Suresh Prabhakar Prabhu, Chairman, few Committee Members & Dr Hema Yadav, Director, VAMNICOM& NCP Secretariat along with the team of NCP Secretariat from VAMNICOM, Pune at RBI Headquarters, Mumbai to discuss the cooperation policy from banking point of view.

The **thirteenth meeting** for drafting the new National Cooperation Policy Document was conducted at NABARD headquarters, Mumbai was conducted on 16th May 2023 under the Chairmanship of Shri Suresh Prabhakar Prabhu, few Committee Members, NABARD officials, Dr Hema Yadav, Director, VAMNICOM & NCP Secretariat ,Officials from NABARD Consultants from Grant Thornton & Ms Kalyani Sahoo, Programme Officer & Team NCP Secretariat. The meeting was held to re-work on the articulation of the draft policy document.

The **fourteenth meeting** for drafting the new National Cooperation Policy Document was conducted at Ministry of Cooperation, Gol, New Delhi. A Special Seniors Officers Meeting(SOM) was held on 1st June 2023 at 10 AM at New Delhi was conducted on 16th May 2023 under the Chairmanship of Shri Gyanesh Kumar, IAS, Secretary, Moc, Shri Vijay Kumar, IAS, Additional Secretary, MoC, other officials of MoC & Dr Hema Yadav, Director, VAMNICOM & NCP Secretariat & Ms Kalyani Sahoo, Programme Officer & Team NCP Secretariat. The meeting was held to re-work on the articulation of the draft policy document. Dr Hema Yadav made presentation on the draft policy document in the Special SOM. Inputs and suggestions were also received in the meeting.

On 5th June,2023 the **fifteenth meeting** for drafting the new National Cooperation Policy Document was held with Hounourable Shri Amit Shah, Home Minister & Minister of Cooperation, Shri. Suresh Prabhakar Prabhu, Chairman, NCP, Shri Gyanesh Kumar, IAS, Secretary, Moc,Shri Vijay Kumar, IAS, Additional Secretary, MoC,Dr K K Tripathi, IES,OSD to Home Minister & Minister of Cooperation, few committee members & the team of NCP Secretariat from VAMNICOM, Pune at North Block, Rashtrapati Bhawan, New Delhi. Shri. Suresh Prabhakar Prabhu made presentation on the draft policy document. Shri Amit Shah ji

provided guidance, suggestions, and shared insights on the draft New National Cooperation Policy document.

The **sixteenth meeting** for drafting the new National Cooperation Policy Document was conducted at VAMNICOM, Pune was conducted on 21st & 22nd June 2023 with Drafting Committee members, Consultants from PWC & Grant Thornton along with Dr Hema Yadav, Director, VAMNICOM & NCP Secretariat, Ms Kalyani Sahoo, Programme Officer & Team NCP Secretariat, Officials, Dr Aditya Dinkar, Research Officer, Team NCP Secretariat. The meeting was held to incorporate the suggestions received from Honourable Shri Amit Shah ji on 5th June 2023 on the draft policy document.

The **seventeenth meeting** for drafting the new National Cooperation Policy Document was conducted at Yashvantrao Convention Centre, Mumbai was conducted on 26th August 2023 under Chairmanship Shri. Suresh Prabhakar Prabhu, Chairman, NCP, with all the Committee members, Shri Vijay Kumar, IAS, Additional Secretary, MoC, Dr Hema Yadav, Director, VAMNICOM, Ms Kalyani Sahoo, Programme Officer & Team NCP Secretariat. The meeting was held to finalize the National Cooperation Policy Document and discussion for its final submission to the Ministry of Cooperation, Government of India.

Annexure IV : Sectoral Presentation of Cooperatives in India

Sectors	Federations	Members	No. of Members
Apex federation	NCUI	National Level Federations	19
		State Level Cooperative Unions	33
		State Federations	129
		MSCs	118
State Cooperative Banks	NAFSCOB	STCBS	34
		DCCBS	371
		PACS	97,961
Agricultural & Rural Development Banks	NAFCARD	SCARDBS & PCARDBS	19
Urban Cooperative Banks(UCBs)	NAFCUB	State Federation Of Urban Cooperative Banks	22
		UCBs	1562
		Urban Credit/ Thrift And Credit Societies	76,997
Agri Inputs	IFFCO & KRIBHCO		
Sugar	NFC SFL	State Federations Of Cooperative Sugar Factories	9
		Cooperative Sugar Factories	258
Diary	NCDFI	State Cooperative Dairy Federation	27
		District Cooperative Milk Union	223
		Village Dairy Cooperative Societies	196,000
Fisheries	FISHCOPFED	State Federation Of Fishermen's Cooperatives	21
		Central Fishermen's Cooperatives Societies	141
		Primary Fisheries Cooperative Societies	21741
Labour	NLCF	State Level Federation Of Labour Contract Cooperatives And Forest Labour Cooperatives	18
		District Labour/ Forest Labour, And Primary Labour Contract/ Forest Labourers Societies	237
Marketing	NAFED	State Level Marketing Federations	29
		Regional/ District/ Block Level Marketing Federations	173
		Primary Marketing Cooperative Societies	7506
Consumer	NCCF	State Cooperative Consumers' Federations	30
		Central/ District Wholesale Consumers' Cooperative Stores	512
		Primary Consumers' Stores	25043
Housing	NCHF	State Cooperative Housing Finance Societies/ Federation	23

Sectors	Federations	Members	No. of Members
		Primary Cooperative House Building/ Group Housing Societies	120,000
Handloom	AIHFMCSL	State Level Handloom Cooperative Societies/ Federations	53
		Regional/ District Handloom Cooperative Federations	1581
		Primary Handloom Weavers' Cooperative Societies	15,296
Tribal	TRIFED	State Level Tribal Cooperative Development Corporation/ Federations	53
Credit and Non-Credit Sectors	MSCS	Multi-State Co-Operative Societies	1555