

Re-invent Cooperatives as Robust Platform for Growth, Jobs & Wealth

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MODI

Government has done well to resurrect the 1950-60s cooperative zeal. We hope the Government succeeds in turning Cooperation into a robust and vibrant platform for inclusive growth.

It has constituted Ministry of Cooperation (MoC) to realize vision: **"from cooperation to prosperity"**

(FCTP). This is similar to Nehru Government constituting Ministry of Community Development and Cooperation (CDC) in January 1961.

As Cooperatives continued to be a mixed bag of success and failures as was the case under British India, CDC's glitter faded. It was merged with Agriculture Ministry during March 1967 and renamed as Ministry of Agriculture & Food and CDC. The new Ministry, however, retained two separate Departments - one for CD and another for cooperation.

Somewhere down the line CD became a worn-out idea and was rebranded as Ministry of Rural Development. The Department of Cooperation was scaled down more and merged with agriculture department. The new avatar was named as Department of Agriculture and Cooperation (DAC). It has been existing for many years with focus on agriculture.

Now cooperation has been carved out of DAC into MoC by amending the Government of India (Allocation of Business) Rules on 6th July 2021.

The Minister for Home Affairs, Amit Shah would hold Cooperation portfolio. Mr. Shah has rich experience in realm of cooperative banking. Mr. Shah thus has the credentials to get the job of overseeing reboot of cooperative movement. We wish him success in this challenging assignment.

We, however, doubt whether any leader, even if blessed with Herculean stature, can do equal justice to both home affairs and cooperation. There is a lot of ground to be covered in home affairs at present right from civil police reforms to improving border security to tackling Naxalism and terrorism.

Add to this challenge of sending back lacs of illegal immigrants and resolving citizenship issue. Factor in Mr. Shah's commitment to BJP that takes his time and energy.

With this reality in mind, we urge Prime Minister Narendra Modi to consider appointing a Cabinet Minister exclusively for Cooperation. Simultaneously, we deplore the Opposition's unwarranted concern over creation of MoC with Mr. Shah as its face as probable intrusion into States' turf. It is unfair to prejudge an administrative reform purely from political lens.

"Cooperative Societies"

as a subject is mentioned in the State List under the Constitution. Notwithstanding this, the Centre has been aiding promotion of cooperatives through central schemes as well as its institutions such as National Bank for Agriculture and Rural Development (NABARD) and National Cooperative Development Corporation (NCDC).

Vajpayee Government had framed National Policy on Cooperatives (NPC) in 2002. How many analysts have bothered to read it and judge whether it has been implemented well. NPC requires revision to realize the FCTP vision efficiently and in varied ways. The Union Government has to also amend Multi-State Cooperative Societies Act, 2002 [MSCS Act, 2002] to overcome deficiencies faced during its implementation.

The Centre would have to scale up its initiative of aiding cooperatives through grants/equity and loans. We expect MoC to unveil a roadmap for development of cooperatives. It should identify priority areas including sunrise sectors. These can be automobile repair cooperatives, farm

machinery hiring/renting-cum-service centres, A to Z home care services, e-commerce services and other labour-intensive services.

The Government should fire all cylinders to tap cooperatives' potential as job creators. Backed with government equity and hand-holding (without interference or controls), cooperatives can open a parallel stream of start-ups. Labour Cooperatives & other service cooperatives might help bridge trust deficit between local population and promoters of big mining projects.

The roadmap should specify the number of MSCS that different ministries would promote in their domains. The roadmap should set target to replicate Amul, Mother Dairy and Safal models for marketing and value-addition of perishable farm produce. The Centre should reform mismanaged or ailing cooperatives at state, district and primary levels by offering performance-based monetary help.

The Government should also revisit all reports on cooperative reforms submitted over the last 100 years. A tabular statement on recommendations/conclusions and action taken or not take would be beneficial in preparing the roadmap.

Had successive Governments paid heed to the wisdom buried in these reports, India's growth trajectory would have been in a sustained, double-digit mode. Take the case of The Committee on Cooperative Administration that submitted its report in October 1963.

The Committee suggested:

"It must be ensured that the statutory duties like audit, inspection, arbitration and liquidation, rectification of defects and prompt action to remove irregularities do not get neglected".

No Government cared to imbibe this advice as dharma with the result that we see failure of cooperative credit societies and banks as commonplace occurrence. The liquidation process drags for years. The liquidation itself is prone to frauds.

MoC should also consider creating a stock exchange for the cooperatives and by the cooperatives. The Government should encourage cooperatives to take over sick cooperatives. This decision should be taken keeping in view the fact that two leading fertilizer cooperatives separately acquired two large fertiliser plants from a private sector group. They have expanded the acquired plants over the years.

As put by Mr. Modi at Gujarat Cooperative Congress held during July 2013,

"Ample of new opportunities and possibilities are there with the cooperative sector. The sector should expand its horizon, thinking beyond the profit and bringing about qualitative change in the society."

We hope PM would take special interest to get his ideas implemented through MoC.