

Cooperatives in India

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What are Cooperatives?

- Cooperatives are autonomous associations of people united voluntarily to meet common economic, social, and cultural needs through a jointly-owned and democratically controlled enterprise.
- In India, cooperatives play a vital role in fostering inclusive economic development, particularly in rural areas.

History of Cooperatives in India

- **Pre-Independence Era:**

- **1904:** The **Cooperative Credit Societies Act** was passed to address rural indebtedness by enabling the formation of credit cooperatives.
- **1912:** The **Cooperative Societies Act** extended the scope of cooperatives to non-credit sectors, encouraging their establishment across various industries.
- Early cooperatives focused on agricultural credit, marketing, and consumer goods.

- **Post-Independence Era:**

- Cooperatives were integrated into India's Five-Year Plans to support rural development and self-reliance.
- The **National Cooperative Development Corporation (NCDC)** was established in 1963 to provide funding and promote cooperatives.
- The **White Revolution (1970s)** spearheaded by **Amul**, a dairy cooperative, demonstrated the transformative potential of cooperatives in rural economies.

Features of Cooperatives

- **Democratic Structure:** Each member has an equal say, irrespective of their capital contribution.
- **Member-Owned:** Cooperatives are owned and controlled by their members.
- **Profit Sharing:** Profits are distributed equitably among members or reinvested for the organization's benefit.
- **Community-Oriented:** They aim to serve the interests of members and improve local economies.

Types of Cooperatives

- **Agricultural Cooperatives:** Provide credit, inputs, and marketing support to farmers. Examples include **Primary Agricultural Credit Societies (PACS)** and Marketing Cooperatives.
- **Credit Cooperatives:** Facilitate affordable loans to members, often in rural and semi-urban areas. Examples are Urban Cooperative Banks (UCBs) and Cooperative Credit Societies.
- **Consumer Cooperatives:** Operate stores to supply essential goods at reasonable prices.
- **Housing Cooperatives:** Help members acquire affordable housing.
- **Worker Cooperatives:** Owned and managed by workers, they provide employment and equitable income distribution.
- **Dairy Cooperatives:** Promote milk production and marketing. The National Dairy Development Board (NDDB) is a prominent example.

Legal Framework & Regulations for Governing Cooperatives

- **Legal Framework:**

- **Cooperative Societies Act, 1912:** The first comprehensive law for cooperative societies in India.
- **State Cooperative Acts:** Since cooperatives are a state subject, individual states have their own legislation for regulating cooperative societies.

- **Multi-State Cooperative Societies Act, 2002:** Governs cooperatives operating in more than one state.
- **Regulatory Bodies:**
 - **Registrar of Cooperative Societies (RCS):** Oversees registration, administration, and functioning at the state level.
 - **Reserve Bank of India (RBI):** Regulates Urban Cooperative Banks and credit cooperatives.
 - **Ministry of Cooperation:** Established in 2021 to strengthen and streamline the cooperative movement at the national level.

Challenges Faced by Cooperatives

- **Lack of Professional Management:** Limited expertise often hampers operational efficiency.
- **Political Interference:** Over-reliance on government support can lead to external control.
- **Limited Access to Capital:** Difficulty in raising funds restricts growth and diversification.
- **Inefficient Governance:** Internal conflicts and weak leadership impact decision-making.
- **Lack of Modernization:** Many cooperatives lag in adopting technology and innovative practices.

Successful Cooperatives in India

- **Amul:** A world-renowned dairy cooperative that transformed rural livelihoods through the White Revolution.
- **Indian Farmers Fertiliser Cooperative (IFFCO):** One of the largest fertilizer cooperatives in the world.
- **Self-Employed Women's Association (SEWA):** Empowering women through cooperative-led initiatives.

About International Cooperative Alliance (ICA) Global Conference

- The **ICA Global Conference** is organized by the **International Cooperative Alliance (ICA)**, founded in **1895** to promote and unite cooperatives worldwide.
- The conference is held periodically to discuss global cooperative challenges, opportunities, and strategies for growth and sustainability.
- It has evolved as a key platform for knowledge sharing and policy advocacy in the cooperative sector.
- **Objectives:**
 - To strengthen the global cooperative movement by fostering collaboration and sharing best practices.
 - To align cooperative initiatives with global goals, such as the **United Nations' Sustainable Development Goals (SDGs)**.
 - To address emerging issues like climate change, digital transformation, and economic inequality through cooperative frameworks.
- **Members:**
 - The ICA represents over **315 cooperative organizations from more than 110 countries**.
 - Members include cooperatives from diverse sectors like agriculture, banking, housing, consumer services, and worker cooperatives.
 - Participants in the global conference include cooperative leaders, policymakers, academics, and representatives from international organizations.

News Summary

- India inaugurated the **International Cooperative Alliance (ICA) Global Cooperative Conference 2024** in New Delhi on November 25, with Prime Minister Narendra Modi leading the event alongside Bhutan's Prime Minister Tshering Tobgay.
 - The five-day conference, hosted by Union Home and Cooperation Minister Amit Shah, has brought together 3,000 delegates, including 1,000 representatives from over 100 countries.
 - **Key Highlights from PM Modi's Speech:**
 - **Global Cooperative Movement:** PM Modi emphasized the role of cooperatives in addressing global challenges, noting that India has over **eight lakh cooperatives** active across the country.
 - **Global Financing for Cooperatives:** He advocated for the creation of large international financial institutions to fund cooperatives worldwide.
 - **Circular Economy and Startups:** He called for linking cooperatives to the **circular economy** and promoting **startups** within the cooperative framework to ensure innovation and climate resilience.
 - **Opportunities in Crisis:** Highlighting current global challenges, he stated that these crises offer significant opportunities for the cooperative movement to thrive and adapt.
 - **Bhutan's Gelephu Mindfulness City:** Bhutanese PM Tobgay highlighted the **Gelephu Mindfulness City**, a 2,500 sq. km zero-carbon smart city project. The city aims to embody cooperative values, with all Bhutanese citizens as shareholders.
 - **India-Bhutan Collaboration:** The project seeks Indian investments in sectors like infrastructure, IT, hospitality, and wellness, with active discussions involving Indian companies such as the Adani Group.
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Q1. What are Farmer Producer Organizations (FPOs)?

Farmer Producer Organizations (FPOs) are collective entities formed by farmers to improve their bargaining power, enhance their income, and strengthen their overall position in the agricultural value chain. FPOs are registered as legal entities, typically as cooperatives or companies, and are owned and managed by farmers themselves.

Q2. What is IFFCO?

Indian Farmers Fertiliser Cooperative Limited, also known as IFFCO, is a multi-state cooperative society engaged in the manufacture and marketing of fertiliser.

News: 'Cooperatives part of India's culture and lifestyle, not just a model': PM Modi at ICA Global Conference | PIB

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