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## COOPERATIVE SCENARIO IN INDIA - AT A GLANCE

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### Abstract:

Cooperatives occupy an important place in the rural economy of India. Cooperatives societies in India operate across various sectors such as Agriculture, Credit and Banking, Housing and Women's Welfare. They are instrumental in promoting financial inclusion by providing credit to farmers and small entrepreneurs who may have difficulty accessing conventional banking services. India's cooperative movement deeply rooted in its cultural and socio economic landscape, has evolved into a powerful vehicle for inclusive growth, community empowerment, rural development and reducing socio-economic disparities. The paper mainly focused on the scenario in India. This paper is an attempt to study of historical evolution of cooperative sector in India, principles of cooperatives, cooperative scenario and challenges faced by cooperative sector in India.

**Keywords :** Cooperative movement, evolution and principles of Cooperatives, challenges of Cooperative.

### Introduction:

"A cooperative is an autonomous association of person united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically - controlled enterprise." Cooperative are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. The Cooperatives play a major role in India's economy. with 98%. coverage in rural India, cooperatives are the mainstay of rural economy ensuring sustainable livelihoods and income for people. Present in diverse sectors including agriculture, dairy, forestry, fisheries, credit and banking, housing and construction, cooperatives in India serve vast sections of society including farmers, women, youth, poor and the marginalised. Indian cooperatives are governed by the Central Act for national cooperatives and cooperatives which operate in more than one state. In case of cooperatives which have the area of operation within the state, they are governed by the Cooperative Societies Act of the respective States.

**Objectives of the Research study :** The present research study is carried out with the following objective in view-

- 1) To understand the cooperative scenario in India.
- 2) To study historical evolution and principles of cooperative movement in India.
- 3) To analyse the challenges faced by cooperative sector in India.

### Hypothesis of Research Study :

The hypothesis of present research study is as under :

"Indias Cooperative sector play a vital role in fostering in inclusive economic development, empouring local communities and rural development."

### Research Methodology:

The main focus of the present research study is on cooperative sector in India. This study is descriptive as well as analytical in nature and is being carried out with the help of secondary data availed from reference books, various National and International Research Journals which are related to Commerce, Management and Economics. The researcher also

used some important secondary data source like various websites, NABARD's publications, Governments publications, magazines, and Annual Reports to go crucial information about concerned literature required to support this study.

### **Conceptual Background:**

#### **1) Historical Evolution of the Cooperative Movement in India:**

##### **❖ Pre-independence era :**

- In the madras presidency, mutual loan association known as 'Nidhis' were formed to offer financial assistance\
- In Punjab a cooperative society was created in 1891 to oversee common village land for the benefit of all co sharers.
- In 1904, the Cooperative Credit Societies Act legally recognized cooperatives in India, setting guidelines for their formation membership profits and dissolution.
- The Cooperative Societies Act 1912 expanded to include marketing, handloom, and artesian societies.
- In 1914 the Maclagan Committee proposed a three-tire cooperative banking system for the centre, province and district levels.
- The Government of Indian Act, 1919 empowered provinces to legislate on cooperatives resulting in the Bombay Cooperative Society Act, 1925 the first provincial cooperative law.
- In 1942 India enacted the Multi-Unit Cooperative Societies Act to regulated multi province cooperatives, delegating. Central registrar power to state registrars for practically.

##### **❖ post-independence era:**

- Cooperative become key in First Five Year Plan (1951-56) coordinating with village panchayats.
- The establishment of National Cooperative Development Corporation in 1963 and NABARD in 1982 were crucial milestones for supporting rural credit and cooperative development.
- In 1984 India passed the Multi-State Cooperative Organisations Act to unify cooperative laws, Further consolidated by the 2002 National Policy on cooperative for legal harmonization.
- 97th Constitutional Amendment Act of 2011, established the right to form cooperative societies as a fundamental right.
- The Ministry of Cooperation established in 2021 has further reinforced the governments commitment to supporting cooperatives as a key driver of economic progress.
- The Multi State Cooperlive Societies Amendment Act 2023 aims to enhance governance transparency and structural changes in multistate cooperative Societies.

#### **2) Principles of cooperatives:**

The cooperative principles are guidelines by which cooperatives put their values into practice.

- **Voluntary and Open Membership:** Cooperative are voluntary organizations, open to all people able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

- **Democratic Member Control:** Cooperatives are democratic organizations controlled by their members Those who buy the goods or use the services of the cooperative who actively participate in setting policies and making decisions.
- **Member Economic Participation:** Members contribute equally to and democratically control the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.
- **Autonomy and Independence:** Cooperatives are autonomous self-help organizations controlled by their members. If the co-op enters into agreement with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the cooperative's autonomy.
- **Education Training and Information:** Cooperative provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative.
- **Cooperation Among Cooperatives:** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
- **Concern for Community:** While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.

### 3) Cooperative Scenario in India:

#### I. Sectoral distribution :

The cooperatives in India cover wide array of activities, including credit and banking, fertiliser, sugar, dairy, marketing, consumer goods, handloom, handicraft, fisheries, housing, etc. Housing (24%), dairy (17.7%) and PACS - FSS-LAMPS (13%) account for over 54% of all the cooperatives in the country. (PACS - Primary Agricultural Credit Society, FSS - Farmers - Service society, LAMPS - Large Area Multipurpose Cooperative Society. Dairy Cooperatives and their Federations have been especially successful in India, contributing to equitable growth of their members.

**Table No 1 : Overview of the Cooperative Sector  
In India (As on November 2024)**

Sr. No.	Cooperative Sector Name	Total No.
1	Agricultural and Allied cooperative	27,296
2	Agro processing / Industrial cooperative	22,965
3	Bee Forming Cooperative	337
4	Consumer Cooperative	21903
5	Credit and Thrift Society	80995
6	Dairy Cooperative	143867
7	Education and Training Cooperatives	463



8	Farmers Service Societies	752
9	Fishery Cooperative	25733
10	Handicraft Cooperative	5187
11	Handloom Textile and Weavers Cooperative	19666
12	Housing Cooperative Society	192472
13	Jute and Coir Cooperative	63
14	Labour Cooperative	44673
15	Large Area Multipurpose Society	5561
16	Livestock and Poultry Cooperative	16785
17	Marketing Cooperative Society	9250
18	Miscellaneous Credit Cooperative Society	5870
19	Miscellaneous Non-credit	30977
20	Multipurpose Cooperative	20480
21	Primary Agricultural Credit Society	99931
22	Sericulture Cooperative	500
23	Social Welfare and Cultural Cooperative	2080
24	Sugar Mills Cooperative	286
25	Tourism Cooperative	485
26	Transport Cooperative	4180
27	Tribal SC/ST Cooperative	1553
28	Urban Cooperative Bank	1411
29	Woman Welfare Cooperative Society	25256
	<b>Total</b>	810977

Source: <https://pib.gov.in>)

## II. Regional distribution :

Though India has a very large number of Cooperatives the spread of the Cooperative movement has not been uniform across states. Maharashtra alone accounts for over a fourth of the total cooperatives in the country. the top five states with the largest number of the cooperatives accounting for over 57% of the cooperatives in the country are Maharashtra, Gujarat, Telangana, Madhya Pradesh and Karnataka.

Among the big states, cooperative membership as a percentage of estimated total population is much higher in the state in the southern and western region than the eastern and

north-eastern cooperative membership as a percentage of total population was highest in Kerala (77%) followed by Karnataka (50%) and lowest in Mizoram (4%). There are still 18497 gram panchayats not Covered by a PACS in India and the government launched a central plan to establish a cooperative society in each of these.

#### **4) Challenges of cooperative sector in India:**

The challenges which are frequently observed in cooperative sector such as follows -

- Many cooperatives lack professional management structures leading to inefficient operations and decision making.
- Political interference in the functioning of cooperatives undermine their autonomy and impact their ability to serve members interests effectively.
- Cooperatives often struggle to access sufficient capital for expansion, modernization and development of new ventures.
- Lack of proper storage facilities, processing units and market linkages hinder the growth and competitiveness of small cooperatives, particularly in rural areas.
- Lack of awareness about the cooperative model and its benefits among potential members limits Their participation.
- In some cases, social hierarchies and caste - based divisions create barriers for equitable participation and representation within cooperatives.
- The majority of cooperative societies lack the financial stability to provide innovative goods and services and maintain their market dominance.
- Lack of good leadership in small size of business and because of this societies are unable to at obtain financial viability, working culture and environment not set suitable to the growth And development of cooperatives as a business enterprise.

#### **5) Key recommendations for improvement of cooperative sector :**

- Approving the by laws, the Registrar of Cooperative Societies needs to look into the provision of the Cooperative Society Act only.
- Cooperative being an autonomous and independent organisation the structure and staff remuneration needs to be decided by the concern cooperative.
- The cooperatives should have discretion over their expenditure and investment. Law should not mandate expenditures on specific functions or require government approval of basic decisions.
- There are a lot of variations in the Cooperative Societies Act of various states. There is a need to adopt the features that provide enabling provisions in the State Cooperative Societies Act.
- There is a need for greater investment in the development of infrastructure such as warehouse, cold storage facilities, and processing unit to strengthen value chains and enhance market access for cooperative products.
- There is a need to promote the adoption of technology and digitalization to improve efficiency in cooperative operations and management.
- There is a need to highlight cooperatives working with cutting-edge agricultural techniques and focusing on renewable energy.
- There is need to giving training to the members on management and skills which can be used to them in professionally management of the society.
- There is need to increase the members contribution so that society can become a financially strong enough.



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## 6) Conclusion:

India's cooperative movement is a cornerstone of the country's inclusive growth strategy. By promoting financial inclusion, socio-economic empowerment and rural development. Cooperatives have contributed significantly to reducing inequalities and fostering sustainable livelihood. India witnessed the largest network of cooperative in the world. It play an important role in different sectors of the economy like credit and non-credit. As we see the recent amendments has overcome the various challenges faced by Cooperative Sector in India. Government needs to take the initiatives to overcome the challenges which will help to push the Cooperative Sector on higher level.

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