



# Sambhav

## Day 19

**Question 1.** Discuss what are co-operative societies. What are the measures need to be taken to strengthen the cooperatives? (250 Words)

**Question 2.** Caste based reservation and affirmative action can bring social upliftment of the person in the society. Analyse the statement in the light of recent verdict of Supreme Court on the affirmative action based on economic disadvantage. (250 Words)

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## Approach / Explanation / Answer

### Answer 1

#### Approach

- Introduce the Constitutional and legal provisions for the cooperative society.
- Discuss the challenges faced by cooperatives in India and several steps need to be taken to harness the potential of cooperative movement in India.
- Conclude suitably.

#### Introduction

- A co-operative society is a voluntary association of individuals having common needs who join hands for the achievement of common economic interest. They aim to provide support to its members mainly poorer sections of society, through the principle of self-help and mutual help.
- More than 12 percent of the world's population is associated with cooperatives through more than 30 lakh cooperatives. Different types of cooperatives working in India: Consumers' cooperative societies; Producers' cooperative societies; Housing Cooperative Society. Globally recognized, two societies of India are **Amul**, and **IFFCO**.

#### Body

##### Constitutional and legal provisions for the cooperatives:

**Constitutional provisions related to cooperatives societies are:** The 97<sup>th</sup> Constitutional Amendment Act of 2011 gave a constitutional status and protection to co-operative societies.

- It made the right to form co-operative societies a fundamental right (Article 19).
- It included a new Directive Principle of State Policy on promotion of co-operative societies (Article 43-B).
- It added a new Part IX-B in the Constitution which is entitled "The Co-operative Societies" (Articles 243-ZH to 243-ZT).
- Cooperatives at state levels are under the State List of the 7<sup>th</sup> schedule and multi-state cooperatives are under the Union List of the 7<sup>th</sup> schedule.

**The legal provisions are:** Multi-State Co-operative Societies Act, 2002 and several laws passed by the respective states to regulate the cooperative societies.

Although there are several globally acclaimed cooperatives in India but cooperative spirit and cooperative culture at the ground level is missing among the Indians due to following challenges faced by the cooperatives:

### **Challenges faced by cooperatives in India:**

- **Absence of democratic spirit:**
  - **Government Interference** because of being a major source of finances for the cooperatives and sole regulator through various rules.
- **Politicization** of cooperatives due to dominated by locally powerful members of the society, with strong political affiliations.
- **Regional imbalance in growth:** The cooperatives mostly dominate in Maharashtra and Gujarat. Vis-a-vis northeastern and northern areas.
- **Absence of Economics of Scale:** Most of them confined to a few members and their operations extend to only one or two villages.
- **Inadequate human resource:** Shortage of skilled workforce and inability of cooperative institutions to attract efficient personnel is one of the biggest challenges and suffering from lack of professionalism.
- **Cooperative regulation specific challenges**
  - **Dual regulation:** Regulation by **state registrar of societies and the Reserve Bank of India** have resulted in lack of accountability.
    - Example, poor governance and accountability resulted in failure of the Punjab and Maharashtra Co-operative Bank (PMC).
  - **Sinking balance sheet:** Many of the cooperative banks have higher Non-Performing Assets (NPA) than commercial banks.

To mitigate several challenges some of the steps have been taken by the govt to mitigate these challenges are:

- **Ministry of Cooperation has been established** to "provide a separate administrative, and policy framework for strengthening the cooperative movement"
- **The Banking Regulation (Amendment) Act, 2020** to gives the RBI powers to supersede boards of the Cooperative banks and allows Cooperative banks to raise money via public issue and private placement, of equity or preference shares.

Although there are several steps need to be taken to harness the potential of cooperative movement:

- **Promote democratic spirit** to reduce the political influence and inclusivity of the cooperatives.
- **Bringing Cooperative societies under the purview of the Right to Information Act, 2005.**
- Mandating the **director of the cooperatives to declare their assets** every year.
- **Creating awareness among members about their rights** as well as the purpose of Cooperatives.
- **Imparting value-based education to ensures ethical behavior & spirit of cooperation** among members of the society from very early age.
- **Promoting Multipurpose societies** to have a balanced and integrated view about the needs of its members and can meet them accordingly and merge weaker and inefficient societies with strong and efficient societies.
- **Skilled employees** of cooperatives and training to those who want to form cooperatives.

- **Need self-regulating body for cooperative societies** like Bar Council for Advocates and The Institute of Chartered Accountants of India for regulating the profession of Chartered Accountancy in the country.

## Conclusion

Co-operative societies like other organizational setups need apt regulation better infrastructure and skilled human resources to thrive in the dynamic and cutting-edge world to fulfil the need of its people.

## Answer 2

### Approach

- Introduce the concept of reservation in India.
- Mention the constitutional provisions for the reservations and arguments in favour and support of reservation based on economic status.
- Conclude suitably

### Introduction

- Reservation is a form of affirmative action whereby a percentage of seats are reserved in the public sector units, departments and in all public and private educational institutions, except in the religious/ linguistic minority educational institutions, for the socially and educationally backward communities and the Scheduled Castes and Tribes who are inadequately represented in these services and institutions.
  - The reservation policy is also extended for the Scheduled Castes and Scheduled Tribes for representation in the Parliament of India.

### Body

**There are several constitutional provisions for the reservations like:**

- **Article 15(4) and 16(4)** of the Constitution enabled governments to reserve seats in public services for the members of the SC and ST.
- **Article 16(4A):** It makes provisions for reservation in the matter of promotion to any class or classes of posts in the services under the State in favour of SCs and STs.

**103<sup>rd</sup> Constitution Amendment Act** providing for **10% quota for the economically weaker sections (EWS)** from unreserved categories. It brought certain provisions in the constitution like:

- It amends Article 15 to enable the government to take special measures (not limited to reservations) for the advancement of “economically weaker sections” (EWS).
  - Up to 10% of seats may be reserved for such sections for admission in educational institutions.
- The amendment adds Article 16(6) which permits the government to reserve up to 10% of all posts for the “economically weaker sections” of citizens.
- The reservation of up to 10% for the EWS will be in addition to the existing reservation cap of 50% reservation for SC, ST and OBCs.

The caste-based reservation implemented since very long time and have its own pro and cons. The recent verdict of the Supreme Court which upheld 10% reservation of EWS based on the economic criteria, have initiated debate that, is economic status could be a sole criterion for reservation?

**Arguments to support reservation based on economic status:**

- **Need for new deprivation assessment criteria:** In Ram Singh v. Union of India (2015), SC asserted that social deficiencies may exist beyond caste (e.g., economic status/gender identity as in transgenders).

- Hence, there is a **need to evolve new yardsticks to move away from the caste-centric definition of backwardness**, so that the list remains dynamic and the most distressed can get the benefit of affirmative action.
- **Growing economic disparity is evident from the agrarian crisis** (due to low productivity & wages) & demands for reservation by dominant peasant castes. **E.g., Patidar in Gujrat, Jaat Reservation in Haryana, etc.**
- **Class-Caste Dichotomy: Class** (created by economic conditions) and **identity** (created by birth identity caste) **politics have been in conflict increasingly in recent times**, as benefits from affirmative action and class movements have been cornered by middle class and elites. This has created a sense of **dissatisfaction amongst communities with similar or poorer economic status but excluded from caste-based reservation.**

Although there is enough evidence that caste-based reservation is not the solution for inclusive development, at the same time accepting economic status as a sole criterion for reservation can't be justified because of factors like the socio-historical, etc.

- **Against equality norm:** To balance the equality of opportunity of backward classes 'against' the right to equality of everyone else, a cap of 50% was put on the reserved seats. When the quota exceeds 50% limit, it breaches the equality norm.
- **No under-representation:** Upper caste is adequately represented in public employment.
- **Problem with the ceiling:** By fixing income ceiling for eligibility at Rs. 8 lakh a year — same as 'creamy layer' limit above which OBC candidates become ineligible for reservations — a parity has been created between socially & economically backward classes.
- **Challenges in the identification of beneficiaries** due to misrepresentation of income, implementing economic eligibility criteria would be a bureaucratic nightmare.
- **Pandora's box' of demands** from sections of the SCs/STs and OBCs to introduce similar subcategorization, based on economic criteria, within their respective quotas.
- **Anti-Merit:** In common perception, reservation has also become synonymous with anti-merit, which might get further ingrained in public psyche post EWS reservation.
- **Tool of populism:** Offering reservations has increasingly become tool for political gains in politics.

## Way Forward

Independent and transparent verification, improving job creation in private sector are among the only way out of the quota system to create an enabling environment for the formalization and creation of more and better jobs in the private sector to cater to a more aspirational India.

PDF Reference URL: <https://www.drishtiias.com/sambhav-daily-answer-writing-practice/papers/2023/gs-paper-2-polity-and-governance-co-operative-societies-measures-need-taken-strengthen-caste-reservation-affirmative-action-social-upliftment-person-society-verdict-supreme-court-economic-disadvantage/print>