



Agenda For The Ministry of Cooperation

This article is based on [An agenda for the ministry of cooperation](#) which was published in the Hindustan Times on 04/08/2021. It talks about the challenges and work ahead for the newly framed ministry of Cooperation.

Cooperatives, as an organic idea and an organisational platform, are relevant, if re-imagined and implemented skilfully.

Carving out a **ministry for cooperation** must be understood in the context of the cooperative sector's immense transformative power that has not been optimally realised so far.

The objective of the new ministry is to **strive towards creating a legal, administrative and policy framework**, facilitating the **"ease of doing business" for cooperatives** and helping the emergence of **"multi state cooperative societies"**.

The emphasis is on transforming cooperatives from small entities to big enterprises, facilitated and sustained by enabling businesses to address the problem of entry and growth barriers.

However, the ministry of cooperation will have to take various measures to bring the most benefits of the cooperative societies.

Significance of Cooperatives

- **Protect Vulnerable From Market Distortion:** Cooperation is essential because the market cannot take care of the needs of the vulnerable. Wherever cooperatives have succeeded, they have addressed the issue of market distortions.
 - They have also compressed the supply chain by removing intermediaries, ensuring better prices for producers and competitive rates for consumers.
- **Prevent Distress Sales:** Cooperative societies, equipped with basic infrastructure and financial resources, prevent distress sales and ensure bargaining power.
- **Decentralised Development:** They have the potential to realise the paradigm of decentralised development.
 - Just as [panchayati raj institutions \(PRI\)](#) carry forward decentralised rural development, cooperative societies can become the medium to cater to business requirements.
- **Successful Business Models:** Exist in at least two sectors — [dairy](#) and [fertilisers](#).
 - Organic leadership, the involvement of members, techno-managerial efficiency, economies of scale, product diversification, culture of innovation, commitment to customers and sustained brand promotion are factors that account for their success.
 - These practices can be replicated for other sectors as well

Challenges With Cooperative Society

▪ **Mismanagement and Manipulation:**

- A hugely large membership turns out to be mismanaged unless some secure methods are employed to manage such co-operatives.
- In the elections to the governing bodies, money became such a powerful tool that the top posts of chairman and vice-chairman usually went to the richest farmers who manipulated the organization for their benefits.

▪ **Lack of Awareness:**

- People are not well informed about the objectives of the Movement, rules and regulations of co-operative institutions.

▪ **Restricted Coverage:**

- Most of these societies are confined to a few members and their operations extended to only one or two villages.

▪ **Functional Weakness:**

- The Co-operative Movement has suffered from inadequacy of trained personnel.

Way Forward

▪ **Caters Local As Well As National Need:** At the local level, cooperative societies should continue to cater to the needs of their members across segments of the primary sector.

- At the national level, they must emerge as organisations capable of competing with the behemoths of the private sector.

▪ **Scale of Economy:** Segments of the primary sector can be successfully scaled up and turned into cooperatives, followed by segments of secondary and tertiary sectors.

▪ **Promote Brand of Cooperative:** There will also be a need to promote the brand of cooperatives through upgradation and value addition to the quality of products and services delivered by them.

- This will entail expanding production, operation, distribution and scale of the economy.

▪ **Flexibility to Keep Abreast With Business Environment:** The Act, rules and by-laws will be required to provide flexibility to keep abreast with the business environment.

- Further, the management of multi state cooperative societies will have to be vested in the hands of market-driven managers capable of ensuring efficiency.
- The board of directors of multi state cooperative societies will have the responsibility to oversee business decisions to ensure they don't lose sight of ethics and social responsibility.

▪ **Avoiding Overregulation:** The equation between the government and cooperatives, **between control and autonomy**, is fraught with dilemma.

- With over-regulation, cooperatives will end up losing their autonomous character.
- With the government leaving cooperative societies to fend for themselves, these societies can flounder. It is difficult but desirable that this dichotomy is resolved.

▪ **Transparency:** The government will have to ensure that processes are transparent. The integrity of the managing committees and their operational autonomy is necessary.

▪ **Training And Capacity Building:** Cooperative departments will have to evaluate the training needs of cooperatives, along with designing and imparting training interventions to ensure that they are at par with the current business environment.

Conclusion

All stakeholders including the government, institutions for cooperative development and the entire cooperative movement will need to collaborate to achieve the aim of community- and people-centric development involving modern business practices at the local and national level.

It is hoped that the new ministry will create the necessary synergy in the system and will act as a force multiplier.

Drishti Mains Question

Cooperative society, as an organic idea and an organisational platform, are relevant, if re-imagined and implemented skilfully. Comment.

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