

## NATIONAL COOPERATION POLICY 2025 – ECONOMY

NEWS: Recently, the **Union Home and Cooperation Minister** unveiled the **National Cooperation Policy 2025** in marking a major reform step for inclusive rural development.

- The declaration aligns with the **UN-designated International Year of Cooperatives 2025**, emphasizing the global recognition of cooperatives in achieving **inclusive and resilient growth**.
- The **International Day of Cooperatives** is celebrated annually on the first Saturday of July; in 2025, it was observed on **July 5**.
- **2025 theme: “Cooperatives: Driving Inclusive and Sustainable Solutions for a Better World”**, highlighting their role in sustainable development and social equity.
- The Government of India introduced the first **Cooperation Policy in 2002**.

### WHAT’S IN THE NEWS?

#### About National Cooperation Policy 2025

- **Visionary Reform:** The policy embodies **PM Modi’s vision** of ‘**Sahkar Se Samriddhi**’, promoting prosperity through cooperative efforts.
- **Formation Process:** Drafted by a **40-member committee** led by former Union Minister **Suresh Prabhu** including stakeholders including **RBI and NABARD**.
- **Objective:** To build an **inclusive, tech-driven, and future-ready cooperative sector** that supports **India’s Viksit Bharat vision by 2047**.
- **Goals of National Cooperation Policy 2025:**
  - **Expand Scale and Impact:** Increase the **number of cooperatives by 30%** and **triple their GDP contribution by integrating 50 crore active members by 2034**.
  - **Achieve Universal Coverage:** Establish **at least one primary cooperative unit in every panchayat** to ensure grassroots-level outreach.
- **Six pillars of the National Cooperation Policy 2025** to achieve the goal for the cooperative sector were also included.

#### Key Provisions of National Cooperation Policy 2025

- **Model Cooperative Villages:** Establishment of five model cooperative villages in every tehsil, beginning with a pilot in **Gandhinagar (NABARD-led)**.
- **Sectoral Expansion:** Promotion of cooperatives in **tourism, taxi services (Sahkar Taxi), insurance, and green energy**; profits to benefit **Primary Agricultural Credit Societies (PACS)**.
- **Employment & Youth Linkages:** Policy aims to generate jobs by establishing one cooperative in every village and increasing youth participation.
- **Technology Integration:** Focus on computerisation and tech-driven transparent management, especially in PACS, to improve accountability.

- **Inclusivity Focus:** Prioritizes villages, rural women, Dalits, and tribals; aims for equitable growth via member-centric development.
- **Training & Education:** Establishment of **Tribhuvan Sahkari University** to build skilled manpower for the cooperative ecosystem.
- **Implementation Roadmap:** 83 intervention points identified; work completed on 58, with legal updates planned **every 10 years**.
- **Global Aspirations:** **National Cooperative Exports Limited** established for international trade and global market access of Indian cooperative products

### About Cooperative Societies

- Cooperative societies are **voluntary associations of individuals** who join together to meet their common economic, social, and cultural needs and aspirations.
- They **operate on the principle of mutual help** and self-help, prioritising the well-being of their members over profit maximisation.
- **Status of Cooperative Societies In India:**
  - Currently there are **more than 8 lakh cooperative societies registered** in various fields like Housing, Dairy, Agriculture, Finance, etc.
  - In 2021, the **Ministry of Cooperation was created** by the Government of India for realising the vision of ‘**Sahkar se Samriddhi**’.
- **Jurisdiction:** Cooperatives are a state subject under the Constitution.
  - The **subject ‘Cooperative Societies’** is mentioned in entry 32 of the State List under the Seventh Schedule of the Constitution.

### Types of Cooperative Societies in India

- **Consumer Cooperatives:** These societies aim to provide quality goods and services to their members at affordable prices. **Examples** include Kendriya Bhandar and Apna Bazar.
- **Producer Cooperatives:** These societies support small producers by providing them with resources, technology, and market access. **Examples** include Amul Dairy Cooperative and Karnataka Handloom Weavers’ Cooperative Society.
- **Marketing Cooperatives:** These societies facilitate the collective marketing of agricultural and other products, ensuring better prices for their members.
- **Credit Cooperatives:** These societies offer financial services like loans and savings to their members, particularly those from rural and marginalised communities. **Examples** include Urban Cooperative Banks and Rural Cooperative Banks.
- **Housing Cooperatives:** These societies provide affordable housing solutions to their members by pooling resources and collectively developing housing projects.
- **Multi-State Vs Single-State Cooperative Societies in India**
  - Multi-State Cooperatives **operate across multiple states** and are governed by the **Multi-State Cooperative Societies Act, 2002**, while **Single-State Cooperatives**

operate within one state and follow the **respective State Cooperative Societies Act**.

- **IFFCO, Amul, and NCDFI are Multi-State Cooperatives; State Cooperative Banks and PACS are State Cooperatives.**

### **Status of Cooperatives in India**

- **Current Numbers:** India has 8.3 lakh cooperative societies.
- **Diverse Activities:** Over **4,000 PACS** approved to **open PM Jan Aushadhi Kendras**.
  - Other Cooperatives are involved in **fuel retail, LPG distribution, and rural water and solar schemes**.

### **Constitutional Provisions for Cooperatives in India**

- **97th Constitutional Amendment :** Added Part IXB (The Co-Operative Societies) to the Constitution.
  - The Right to Form Cooperative Societies was included as the **Right to Freedom under Article 19 (1)**.
  - **Article 43-B** that deals with **Promotion of Cooperative Societies** was also inserted as one of the Directive Principles of State Policy.
- **Multi-State Co-operative Societies (Amendment) Act, 2023:** Amendment has been brought in the **MSCS Act, 2002** to strengthen governance, enhance transparency, increase accountability, reform electoral process and incorporate provisions of **97th Constitutional Amendment** in the **Multi State Cooperative Societies**.

### **The Role of Cooperatives in India**

Cooperatives have played a pivotal role in India's socio-economic development, particularly in rural areas. They have **empowered millions of people, improved livelihoods, and contributed to national growth**.

#### **Rural Development**

- **Increase credit availability:** Cooperative banks and credit societies provide **affordable credit to farmers and rural entrepreneurs**, enabling them to invest in their businesses and improve productivity.
  - **Cooperatives provide 20% of the total agricultural credit** in the country, ensuring access to **finance for farmers**.
- **Agriculture Input Supply:** Cooperatives procure and distribute quality agricultural inputs like seeds, fertilisers, and pesticides at reasonable prices, ensuring timely access for farmers.
  - **E.g. IFFCO (Indian Farmers Fertiliser Cooperative)** supplies fertilisers and agricultural products to millions of farmers at **reasonable prices**.
- **Market Access to farm produce :** Cooperatives facilitate market access for farmers by aggregating their produce, negotiating better prices, and connecting them to domestic and international markets.
  - For example **Sahyadri Farms, Maharashtra** have successfully demonstrated how cooperatives can increase market access for farmers.

- **Rural Infrastructure Development:** Cooperatives often invest in rural infrastructure, such as irrigation systems, roads, and storage facilities, which benefits the entire community.
  - For Example , **NABARD** provides **refinancing for cooperative infrastructure projects** like cold storage and processing units

### Poverty Reduction

- **Income Generation:** Cooperatives provide employment opportunities, both directly and indirectly, to a large number of people, especially in rural areas.
  - For instance, the **Amul Dairy Cooperative** has provided **livelihoods to millions of dairy farmers in Gujarat**.
- **Skill Development:** Cooperatives often organise **training programs to enhance the skills** of their members, enabling them to improve their productivity and income.
  - **SEWA (Self-Employed Women's Association)** is a cooperative that helps women develop skills in handicrafts, garment making, and more, enabling them to increase their income and economic independence.
- **Social Safety Nets:** Cooperatives can act as social safety nets, providing support to their members during times of economic hardship or natural disasters.

### Social and Economic Empowerment

- **Women's Empowerment: Women's self-help groups**, which are often cooperative-based, empower women by providing them with financial resources, training, and a platform to voice their concerns.
  - **Lijjat Papad Founded in 1959** is a successful case study in **women's employment, demonstrating how a cooperative business model can empower women and promote their economic independence**.
- **Community Development:** Cooperatives contribute to community development by investing in education, healthcare, and other social welfare activities.
  - For example, the **Krishak Bharati Cooperative Limited (KRIBHCO)** has built schools and hospitals in rural areas to improve the quality of life for its members and the broader community.

### Food Security

- **Increased Agricultural Productivity:** Cooperatives promote the adoption of modern agricultural practices, leading to higher yields and improved quality.
  - Cooperatives contribute to **31% of the total sugar production** in the country and more than **10% of the total milk** produced in India.
  - They contribute to more than **21% of the fishermen's business**, supporting the fishing industry and coastal communities.
- **Efficient Food Distribution:** Cooperatives ensure the efficient distribution of food grains and other agricultural products, reducing wastage and ensuring food security.

- **Price Stabilisation:** Cooperatives can help stabilise prices by acting as both buyers and sellers of agricultural products.
  - Cooperatives procure more than **13% of wheat and 20% of paddy** produced in the country, ensuring fair prices for farmers. **E.g. National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED)**

### **Present Challenges Faced by Cooperatives in India**

- **Weak Governance and Accountability:** Many cooperatives suffer from **ineffective governance structures, limited transparency, and low member participation**, leading to mismanagement and corruption.
  - The **Punjab and Maharashtra Cooperative Bank (PMC Bank)** faced a major crisis due to **Crony Capitalism** leading to a severe liquidity crunch and inconvenience to its depositors.
- **Financial Instability and NPAs:** Access to finance remains limited, especially in rural areas. **High interest rates and growing non-performing assets (NPAs)** have weakened many cooperatives.
  - **RBI cancelled the licences of 53 cooperative banks** across India **between 2021 and 2025.**
- **Skill Deficits and Capacity Constraints:** Lack of trained personnel, weak financial management, and insufficient training institutions limit the operational efficiency and leadership quality of cooperatives.
- **Limited Technological Adoption:** Only **45% of cooperative members are familiar with digital tools**, slowing modernisation and reducing competitiveness in an increasingly tech-driven economy.
- **Political Interference and Internal Conflicts:** Cooperatives often **face political influence, internal rivalries, and lack of awareness among members**, which **erode democratic functioning and collective decision-making.**
- **Regional and Functional Imbalances:** Cooperatives remain **underdeveloped in the eastern and northeastern regions**, with many societies remaining small, single-purpose, and poorly coordinated at different levels.

### **Other Government Initiatives to Strengthen Cooperatives**

- **Ministry of Cooperation:** The establishment of the **Ministry of Cooperation in 2021** has provided a dedicated platform for addressing the needs and challenges of the cooperative sector.
- **Financial Support:** The government provides financial assistance to cooperatives through various schemes and programs.
  - For Example under **Computerization of Primary Agricultural Credit Societies (PACS) scheme** government has allocated ₹2,516 crore to computerize nearly **63,000 PACS.**
- **Targeting different Sectors:**

- **Digital Services:** PACS are being transformed into **Common Service Centers (CSCs)** to deliver a wide range of e-services to rural citizens.
- **Healthcare:** **PM Bhartiya Jan Aushadhi Kendras** are being operated by PACS to improve access to affordable medicines in rural areas.
- **Energy:** Under the **PM-KUSUM Convergence scheme**, PACS are promoting solar energy adoption among farmers for sustainable agriculture.
- **Fisheries:** **Fish Farmer Producer Organizations (FFPOs)** are being formed to empower fish farmers and enhance their market access.

### **Conclusion**

The **National Cooperation Policy 2025** envisions a **self-reliant and inclusive cooperative economy** through legal reforms, sectoral diversification, and grassroots empowerment. By promoting **transparency, tech integration, and equitable participation**, it aims to **make cooperatives a key driver of India's socio-economic transformation** and the **Viksit Bharat vision by 2047**.

Source: <https://www.thehindu.com/news/national/amit-shah-unveils-national-cooperation-policy-2025/article69851891.ece>