

GIST OF KURUKSHETRA

COOPERATIVES: TOWARDS NEW HEIGHTS



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CHAPTER 1- RISING IN UNISON: REALIZING SAHKAR SE SAMRIDDHI

Cooperation, based on ‘Sah’ (together) and ‘Karya’ (action), holds **transformative potential** for community-led growth. As India targets a **\$5 trillion economy**, cooperatives must be repositioned as **democratic, multi-sectoral business entities**. The vision of “Sahkar Se Samriddhi” demands **unified, time-bound efforts** for **inclusive socio-economic development**.

Philosophical Roots and Historical Evolution

The Cooperative Spirit



Definition
A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Cooperative Values
Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

- India’s ancient texts—**Rigveda, Manusmriti, and Arthashastra**—emphasize **collective trusteeship**. The **Rigveda** advocates unity: “May we be of one mind...”. Arthashastra mandates shared responsibility in cooperatives.
- The **Cooperative Credit Societies Act, 1904** formalized grassroots economic cooperation. **Mahatma Gandhi** called Charkha the “greatest voluntary cooperation,” linking it to **self-reliance** and **rural empowerment**.

Cooperative Values and Principles

Indian cooperatives function on **7 global principles**—voluntary membership, democratic control, economic participation, autonomy, education, inter-cooperation, and community focus. These foster **people-centric development**.

Seven Cooperative Principles

<div style="background-color: #4CAF50; color: white; padding: 5px; margin-bottom: 10px;"> <p>1 VOLUNTARY AND OPEN MEMBERSHIP</p> <p>Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.</p> </div> <div style="background-color: #FF9800; color: white; padding: 5px; margin-bottom: 10px;"> <p>2 DEMOCRATIC MEMBER CONTROL</p> <p>Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.</p> </div> <div style="background-color: #009688; color: white; padding: 5px;"> <p>3 MEMBERS' ECONOMIC PARTICIPATION</p> <p>Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.</p> </div>	<div style="background-color: #FF9800; color: white; padding: 5px; margin-bottom: 10px;"> <p>4 AUTONOMY AND INDEPENDENCE</p> <p>Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.</p> </div> <div style="background-color: #4CAF50; color: white; padding: 5px; margin-bottom: 10px;"> <p>5 EDUCATION, TRAINING AND INFORMATION</p> <p>Cooperatives provide education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.</p> </div> <div style="background-color: #009688; color: white; padding: 5px; margin-bottom: 10px;"> <p>6 COOPERATION AMONG COOPERATIVES</p> <p>Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.</p> </div> <div style="background-color: #FF9800; color: white; padding: 5px;"> <p>7 CONCERN FOR COMMUNITY</p> <p>While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.</p> </div>
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Status of the Cooperative Movement

- India has **814,575 cooperatives** with **29 crore members**, covering **98% of villages**. Over **810,000 are Primary Cooperatives**, and **19 are national-level federations**, making this a **critical pillar** of India's economy.

PACS: Strengthening Rural Cooperatives

Primary Agricultural Credit Societies (PACS) in **32 States/UTs** can now conduct **25+ business activities**, including: **Fisheries, Dairy, Warehousing, Banking, Insurance, Legal Services, Renewable Energy Initiatives, PM Bhartiya Janaushadhi Kendras (PMBJKs), Common Service Centres (42,080 PACS, 300+ e-services)** and **Fertilizer & Panchayat-level Maintenance Services**

Additional Initiatives: As part of the ongoing cooperative sector reforms, **7.43 lakh RuPay Kisan Credit Cards (KCCs)** have been distributed under the **Gujarat pilot**, **716 Primary Agricultural Credit Societies (PACS)** are now functioning as **Pradhan Mantri Bhartiya Janaushadhi Kendras (PMBJKs)**, **36,193 PACS** have been converted into **Kisan Samridhi Kendras**, and **286 PACS** have applied for **Oil/LPG dealership**, further strengthening rural service delivery and financial inclusion.

Cooperatives Driving Atmanirbhar Bharat

To reduce **pulse and maize imports**, GoI launched:

- e-Samyukti portal (NCCF):** 12.64 lakh farmer registrations
- e-Samridhi portal (NAFED):** 6.75 lakh registrations



- These portals ensure **MSP procurement**, boost **income security**, and promote **ethanol production** under the **Ethanol Blending Programme**.

Promoting Cooperative FPOs and FFPOs

Strategic integration of **Farmer Producer Organizations (FPOs)** and **Fishery Farmers Producer Organizations (FFPOs)** within the cooperative framework has enhanced income diversification and rural entrepreneurial capacities. The National Cooperative Development Corporation (NCDC) has successfully formed:

- 730 cooperative FPOs
- 70 FFPOs (initial phase)

Expansion into Oil and Energy Sector

PACS are now eligible for:

- **Retail Petrol/Diesel and LPG Dealerships**
- Participation in **MNRE renewable energy schemes**
- Promotion of **solar pumps and PV modules** on farms

Strengthening the Cooperative Credit Structure

With **13 crore farmers** linked to PACS, GoI is modernizing the **3-tier credit system**:

- **StCB → DCCB → PACS**
- Focus on **computerizing ARDBs, SCARDBs, and PCARDBs**
- Strengthening **DCCBs (middle tier)** to ensure **credit efficiency**

Cooperative Education and Skill Building



- The establishment of **Tribhuvan Sahkari University** institutionalizes **cooperative learning**, promoting **leadership, professionalism, and sustainability** in the sector.

Conclusion

As India moves toward *Viksit Bharat@2047*, the **cooperative movement** is key to achieving **inclusive and equitable development**. The vision of “*Sahkar Se Samridhhi*” is a **national call-to-action** for **grassroots entrepreneurship, self-reliance, and social equity**.

Strengthening cooperative institutions, enabling multi-sectoral participation, and aligning them with national missions can turn **cooperatives into engines of prosperity**—ensuring that **growth reaches the last mile** through the **spirit of collective action**.

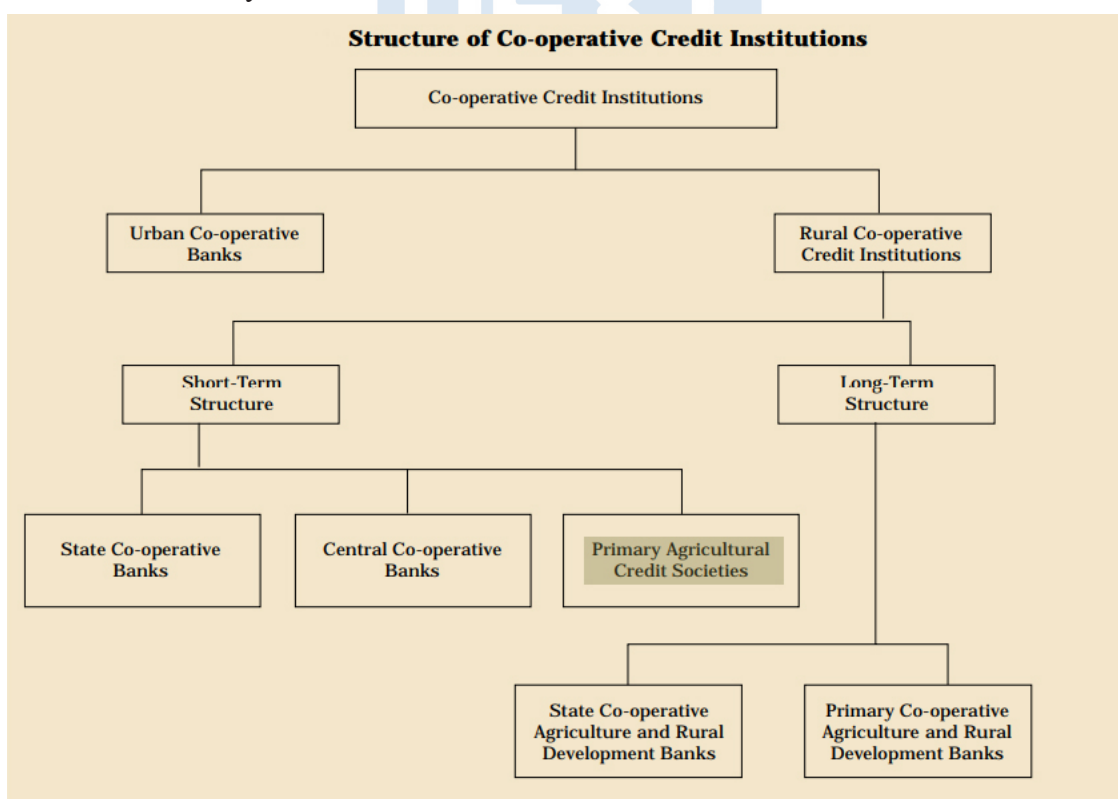
CHAPTER 2- PACS AS COMMON SERVICE CENTERS (CSCS)

Rural India has long relied on **Primary Agricultural Credit Societies (PACS)** as the backbone of its **agricultural credit system**. With over **1 lakh PACS** spread across the country and catering to more than **13 crore farmer members**, these institutions form **one of the largest cooperative networks globally**.

- Traditionally, their role has been limited to providing **short-term and medium-term credit** to farmers. However, the evolving needs of rural India—spanning **digital inclusion, e-governance, financial literacy, and access to basic services**—necessitate a broader institutional transformation.
- In this context, the **integration of PACS into the Common Service Centers (CSC) framework** represents a pivotal policy shift toward **inclusive, digitally-enabled rural development**.

What are PACS?

- **Definition:** PACS are the **lowest tier** in the **short-term cooperative credit structure** (comprising PACS at the village level, District Central Cooperative Banks (DCCBs), and State Cooperative Banks (StCBs)).
- **Role:** They offer **agricultural credit, fertilizers, seeds, and procurement services**.
- **Structure:** Registered under respective **State Cooperative Societies Acts**, PACS operate as member-driven institutions, democratically governed and financially supported by cooperative banks and NABARD.
- **Challenges:** Manual record-keeping, limited diversification, lack of digitization, and poor governance hampered their efficiency.



PACS-CSC Integration: A Policy Shift

Recognizing their deep rural penetration, the Government signed an **MoU on 2nd February 2023** between the **Ministry of Cooperation, Ministry of Electronics & IT, NABARD, and CSC e-Governance Services India Ltd** to integrate PACS into the **Digital Seva Portal** of CSCs.

This initiative transforms PACS into **one-stop service hubs**, offering **300+ e-services**, such as:

- **Banking, insurance & digital payments**
- **Aadhaar updation, PAN card & passport services**
- **Rail, bus, and air ticket bookings**
- **Health services (e.g., telemedicine, diagnostics)**
- **e-Commerce access for both purchasing and marketing rural produce**
- **Legal literacy & investor awareness**
- **Government scheme enrollments (e.g., DBT, welfare registrations)**
- **Online education, skilling & vocational training**

Advantages of the Transformation

- **Empowering Farmers Beyond Credit:** The transformation **reduces dependence on intermediaries** by **facilitating direct access to markets and government schemes**. It promotes **financial inclusion** through digital banking and faster loan disbursement, while enhancing **awareness and decision-making** among members via targeted education and information services.
- **Strengthening Governance and Efficiency:** The adoption of **ERP systems, cloud storage, CAS, and MIS** has enabled **real-time integration** with higher cooperative banks, ensured **transparency and financial accountability**, and strengthened **disaster resilience** by ensuring continuity through digital infrastructure.
- **Facilitating Inclusive Development:** As **digital service hubs**, PACS-CSCs deliver welfare and e-governance services in remote areas, operate on a **sustainable pay-per-use model**, and foster **collaborative networks** across cooperatives to enable best practice exchange and capacity building.

Case Studies of Transformation

- **Maharashtra – Kharsai Vividha Karyakari Society:** Transitioned from **manual to digital systems**, resolving issues like data inaccuracy and inefficiencies. Full-scale **ERP adoption** enhanced transparency, reduced workload, and improved member satisfaction—demonstrating the potential of digital modernization in rural cooperatives.
- **Tamil Nadu – Arakandanallur PACS, Villupuram:** Despite **severe flood damage**, the society ensured **uninterrupted services** through prior partial computerization and **cloud-based data access**. This highlights the **resilience and disaster-readiness** of digitally enabled PACS.
- **Implementation Priorities:** To ensure the success of the PACS-CSC transformation, it is essential to **strengthen HR capacity, training, and administrative systems**, focus on **welfare delivery through e-PACS**, and promote **digital and financial literacy**. Additionally, building **cooperative ecosystems** for innovation and best-practice sharing, along with ensuring **financial sustainability** through service-based revenue models, are critical for long-term impact.

Conclusion

The **computerization and integration of PACS into the CSC framework** is not just a digital upgrade—it is a **transformative strategy** aimed at revitalizing India's rural cooperative institutions. By combining financial services with e-governance, skilling, and healthcare, PACS are being reimaged as **multi-functional, community-centric institutions**. This reform aligns with the vision of 'Sahkar Se Samridhi', strengthening rural prosperity through cooperative development.

Through **enhanced transparency, accountability, and service delivery**, the PACS-CSC model will play a central role in building a **digitally empowered, economically resilient, and inclusive rural India**—in sync with the larger goals of **Digital India, financial inclusion, and cooperative federalism**.

CHAPTER 3- NCDC: POWERING INDIA'S COOPERATIVE REVOLUTION

The **National Cooperative Development Corporation (NCDC)** has emerged as a **key driver of India's cooperative resurgence**, playing a pivotal role in **rural transformation** through support to **cooperative sugar mills, Farmer Producer Organizations (FPOs), Fish Farmer Producer Organizations (FFPOs), and marine fishing cooperatives**. As India pushes for **inclusive economic growth**, NCDC's proactive financial and technical interventions have strengthened **grassroots economic institutions**.

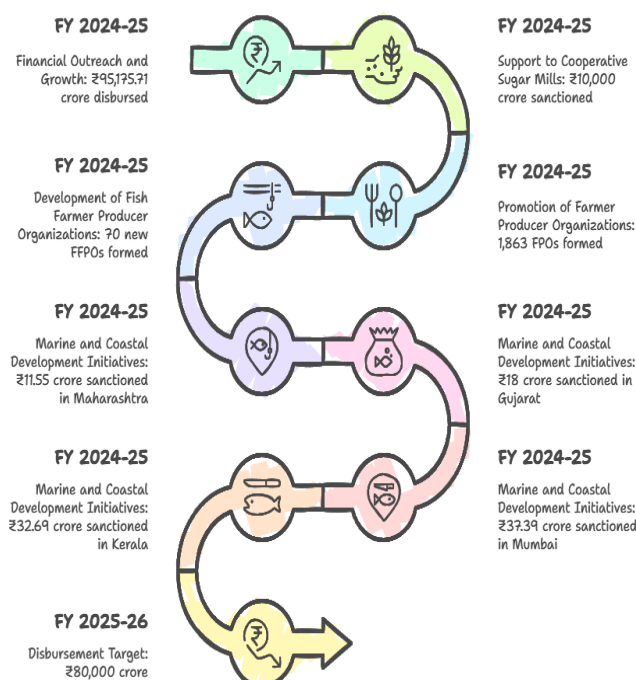
About NCDC

- The **National Cooperative Development Corporation (NCDC)**, a **statutory body** under the **Ministry of Cooperation**, was established in **1963** under the **NCDC Act, 1962** to promote the **cooperative movement** and rural economic development.
- It supports **farmer cooperatives** by financing activities like **agricultural marketing, processing, storage, cold chains, and input supply**.
- NCDC also promotes **non-farm cooperative sectors** such as **dairy, handloom, sericulture, poultry, and fisheries**, with a focus on **SCs, STs, and women cooperatives**. It implements various **Central Sector Schemes**, aiming to empower cooperatives and drive **inclusive and sustainable rural growth**.

Key Achievements and Highlights

- **Financial Outreach and Growth:** In FY 2024–25, NCDC disbursed **₹95,175.71 crore** benefiting 2.76 lakh cooperative societies and 1.27 crore members, achieving a net profit of **₹750 crore** with **zero NPAs** and a **loan recovery rate of 99.76%**. Cumulative disbursement till March 2025 stood at **₹4.08 lakh crore**, marking a **33% CAGR** since 2015–16. The disbursement target for FY 2025–26 is **₹80,000 crore**.

NCDC's Achievements and Future Goals (FY 2024-25)



- **Support to Cooperative Sugar Mills (CSMs):** A one-time grant of ₹1,000 crore was provided by the Ministry of Cooperation, enabling NCDC to sanction and release ₹10,000 crore to **56 cooperative sugar mills** for ethanol production, cogeneration units, and working capital, thereby enhancing rural employment and operational viability.
- **Promotion of Farmer Producer Organizations (FPOs):** Under the **Formation and Promotion of 10,000 FPOs Scheme**, NCDC formed **1,863 FPOs**, including the targeted 1,100 additional FPOs, and disbursed ₹165.37 crore to FPOs and **Cluster-Based Business Organizations (CBBOs)** to strengthen collective farming and market linkages.
- **Development of Fish Farmer Producer Organizations (FFPOs):** Under the **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**, NCDC formed **70 new FFPOs** and converted **1,000 existing fisheries cooperatives**, disbursing ₹77.07 crore. Under the new **PM Matsya Kisan Samridhi Sah-Yojana (PMKSSY)**, a target has been set to transform **2,348 fisheries cooperatives** into FFPOs to boost the blue economy.
- **Marine and Coastal Development Initiatives:** Through the **Deep-Sea Trawlers Initiative**, NCDC sanctioned ₹11.55 crore in Maharashtra (14 trawlers) and ₹18 crore in Gujarat (30 trawlers). It also sanctioned ₹37.39 crore to **Rajmata Vikas Macchimar Sahkari Sanstha**, Mumbai, for a seafood processing unit, and ₹32.69 crore (₹20.83 crore released) for the **Integrated Fisheries Development Project** in Kerala to improve marine infrastructure and processing capacity.

Significance

The NCDC plays a critical role in **rural economic empowerment** by enabling small farmers, fishers, and rural entrepreneurs to access **affordable credit, infrastructure, and market linkages**. It directly contributes to the goal of **doubling farmers' income** through **value addition, ethanol production, and collective marketing**.

- By supporting **weaker sections** such as SCs, STs, and women via **cooperative-led models**, it promotes **inclusive development**. NCDC also encourages **sustainable practices** like eco-friendly fisheries and community resource management. Its initiatives are well-aligned with the Ministry of Cooperation's vision of "Sahkar se Samridhi."

Challenges and Way Forward

Despite its achievements, the cooperative sector faces **regional disparities, inadequate digital infrastructure** at the PACS and FPO levels, and a **lack of trained cooperative leadership**.

- To address these gaps, there is a need to **strengthen human resources and digital systems**, promote **multi-purpose PACS** through the **Common Services Centre (CSC) model**, and expand **credit access to non-agricultural cooperatives**. Additionally, ensuring **transparency, accountability, and proper fund utilization** is crucial for sustaining long-term cooperative growth.

Conclusion

The NCDC has firmly positioned itself as a **cornerstone of India's cooperative growth strategy**. Its **financial prudence, technical capacity, and grassroots engagement** have helped it become a **model public financial institution**. As the **cooperative sector expands** into newer domains like **ethanol production, digital agriculture, and blue economy**, NCDC's role will remain crucial in **making cooperatives vibrant, sustainable, and self-reliant**.

CHAPTER 4- MULTI-STATE COOPERATIVE SOCIETIES (AMENDMENT) ACT, 2023

The **cooperative movement** has played a pivotal role in **India's rural and agricultural development**, promoting **self-reliance, collective action, and inclusive growth**. Recognizing the need for reform in **multi-state cooperative societies (MSCS)**, the Government of India enacted the **Multi-State Cooperative Societies (Amendment) Act, 2023**, a comprehensive legislation to improve **governance, transparency, and accountability** in the cooperative sector.

Background and Rationale

- The **Ministry of Cooperation**, established on **6th July 2021**, aims to realize the vision of “**Sahkar se Samridhi**” by providing an **exclusive policy, legal, and administrative framework** for cooperatives.
- Widespread issues such as **financial mismanagement, delayed elections, lack of transparency, and weak grievance redressal** in MSCS prompted legislative intervention.
- The original **MSCS Act, 2002**, lacked adequate safeguards to address emerging challenges, making amendments imperative.

Salient Features of the MSCS (Amendment) Act, 2023

- **Cooperative Election Authority (CEA):** Established under **Section 45** to ensure **timely, regular, and transparent elections** in **Multi-State Cooperative Societies (MSCS)**. As of **April 2025**, it has conducted **113 elections** and **33 more in progress**, with **proactive coordination** for election preparedness.
- **Grievance Redressal Mechanism:** Provision for **Cooperative Ombudsman** under **Section 85A** and **Cooperative Information Officers (CIOs)** under **Section 106** to handle **member grievances**, ensure **accountability**, and improve **information transparency**.
- **Financial Transparency and Accountability:** Introduction of **Concurrent Audit (Sec 70A)** for societies above a defined **turnover threshold** to detect **fraud early**. **Audit reports** of apex MSCS to be **tabled in Parliament**. Central Government empowered to define **auditing standards** and **prudential norms** for **thrift and credit societies**.
- **Ethical Governance:** Mandatory **Audit and Ethics Committee** and **POSH Committee** (Prevention of Sexual Harassment) for each MSCS board. **Stricter disqualification norms** for directors and **expulsion period extended** from **1 year to 3 years (Section 30)**.
- **Social Inclusion:** Ensures **mandatory representation** of **1 SC/ST** and **2 women members** on MSCS boards in line with **Article 243ZJ**, promoting **social justice, inclusivity, and gender equity**.
- **Digitization and Ease of Doing Business:** Enables **digital filing** of applications, returns, and fees. **Registration timeline reduced** from **4 months to 3 months**, with a **2-month extension** for correcting deficiencies.
- **Professional Leadership:** Defines **minimum eligibility criteria** for appointment of **Chief Executive Officers (CEOs)** to ensure **qualified and capable leadership**.
- **Enhanced Regulatory Oversight:** Authorizes the **Central Registrar** to conduct **inquiries** into **fraudulent or illegal activities**. Updates **investment norms** by eliminating **colonial-era instruments** and adopting **modern financial standards**.

Significance:

- **Democratic Governance:** Ensures free, fair, and timely elections in Multi-State Cooperative Societies (MSCS) through the Cooperative Election Authority (CEA).



- **Transparency & Accountability:** Introduces real-time audits, public disclosures, and digital filing to promote good governance.
- **Inclusive Growth:** Empowers Scheduled Castes (SCs), Scheduled Tribes (STs), women, and rural communities through mandatory board representation and cooperative leadership.
- **Ease of Doing Business:** Simplifies registration timelines, enables online submissions, and reduces compliance burdens.
- **Grievance Redressal:** Institutionalizes a robust Ombudsman framework and Cooperative Information Officers (CIOs) for member protection.
- **Policy Alignment:** Reinforces the Ministry of Cooperation's vision of "Sahkar se Samridhhi", linking cooperatives with rural empowerment and economic justice.

Challenges

- **Capacity Gaps:** Need for training and upskilling of MSCS officials, CIOs, and elected board members.
- **Digital Divide:** Uneven digital infrastructure across regions limits access and efficiency.
- **Regional Disparities:** Wide gaps in cooperative penetration and performance, especially in eastern and northeastern India.

Way Forward

- **Training & Sensitization:** Conduct targeted capacity-building programmes for CIOs and cooperative boards.
- **Digital Expansion:** Ensure last-mile digital connectivity, especially for rural and tribal cooperatives.

- **CSC Model Integration:** Promote **multi-purpose PACS** as **Common Service Centres (CSCs)** to offer **government-to-citizen (G2C) services**.
- **Strengthened Oversight:** Establish robust **monitoring and evaluation (M&E)** mechanisms for **fund utilization** and **service delivery outcomes**.

Conclusion

The **MSCS (Amendment) Act, 2023** marks a **transformational step** in revamping India's cooperative landscape. By embedding **transparency, democratic functioning, financial prudence, and social equity**, it lays a robust foundation for making **cooperatives a vibrant engine of rural development and economic empowerment**. For UPSC aspirants, this amendment is a **critical reform** in **governance, rural economy, and policy execution**, with far-reaching implications for **inclusive growth**.

UPSC Mains Practice Questions-(Around 250 words)

- Q1. How can cooperative institutions strengthen grassroots democracy and inclusive governance in India? Discuss the role of digitalization and the "Sahkar se Samridhi" initiative in this regard.
- Q2. Discuss the role of cooperatives in achieving the goals of Doubling Farmers' Income and rural entrepreneurship. Suggest measures to address regional disparities and governance issues in the cooperative sector.

