



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Cooperative Movement in India: Digital Transformation Strengthening Cooperative Institutions and Governance Framework

Published On: 09-07-2026

Recent Developments:

- The Ministry of Cooperation celebrated its **5th Foundation Day** on **6 July 2026**, highlighting major reforms aimed at modernising India's cooperative sector.
- **Key announcements included** the launch of **50,000 e-PACS**, foundation stones for **47 grain storage godowns**, and the **Milk Supply Review Dashboard Portal** for the **National Dairy Development Board**.
- The Ministry, established on **6 July 2021**, has launched more than **152 initiatives** to strengthen governance, digitalisation, infrastructure, agricultural marketing, dairy, fisheries, and cooperative institutions.
- The cooperative movement is guided by the vision of "**Sahkar Se Samridhi**" and inspired by "**Vasudhaiva Kutumbakam**", emphasising inclusive development through collective participation.

Cooperatives in India:

Meaning and Features:

- A **Cooperative Society** is a **voluntary, democratic, and member-owned organisation** established to meet the common economic, social, and cultural needs of its members.
- **Every cooperative functions** on the principle of "**One Member, One Vote**", ensuring democratic decision-making irrespective of capital contribution.
- The cooperative model promotes **collective ownership, mutual assistance, inclusive growth, and community participation** rather than profit maximisation.

Constitutional and Legal Framework:

Constitutional Provisions:

- The **97th Constitutional Amendment Act, 2011** granted constitutional recognition to cooperative societies.
- **Article 19(1)(c)** guarantees citizens the **Fundamental Right** to form cooperative societies.
- **Article 43B**, under the **Directive Principles of State Policy**, directs the State to promote voluntary, democratic, autonomous, and professionally managed cooperative societies.
- **Part IXB (Articles 243ZH–243ZT)** provides the constitutional framework for governance, elections, auditing, accountability, and management of cooperative societies.

Regulatory Framework:

- **State Cooperative Societies** are governed by respective **State Cooperative Societies Acts** and supervised by **State Registrars of Cooperative Societies**.
- **Multi-State Cooperative Societies** are regulated under the **Multi-State Cooperative Societies Act, 2002** and administered by the **Central Registrar of Cooperative Societies**.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

- **The Ministry of Cooperation**, established in **2021**, functions as the nodal ministry for strengthening the cooperative ecosystem at the national level.

Present Status of Cooperatives in India:

Scale and Significance:

- **India possesses one of the world's largest cooperative ecosystems**, comprising more than **8.5 lakh cooperative societies** with nearly **32 crore members** across about **30 sectors**.
- **Cooperatives collectively cover nearly 98% of rural India**, making them important instruments of rural development and financial inclusion.
- **The cooperative sector supports farmers, dairy producers, fishers, artisans, labourers**, and other rural producers through credit, marketing, storage, processing, and essential services.
- **Nearly 10 crore women** participate in cooperatives through **Self-Help Groups**, strengthening women-led development and financial inclusion.

Institutional Presence:

- **Primary Agricultural Credit Societies** operate in more than **2.55 lakh Gram Panchayats**.
- **Dairy cooperatives** function across over **87,159 Gram Panchayats**, while **fisheries cooperatives** are present in nearly **29,964 Gram Panchayats**.
- **Cooperatives have expanded** beyond agricultural credit into retail, healthcare, warehousing, fuel distribution, digital services, fisheries, exports, seeds, organic products, and mobility services.

Institutional Financing:

- **The National Cooperative Development Corporation** sanctioned **₹1.55 lakh crore** and disbursed **₹1.27 lakh crore** during **FY 2025–26**.
- **It also disbursed ₹2,320 crore** for **Farmer Producer Organisations** and **Cluster-Based Business Organisations** under the scheme for promoting **10,000 Farmer Producer Organisations**.

Major Government Initiatives:

Institutional Reforms:

- **The Ministry of Cooperation** has introduced more than **152 reforms** to modernise cooperative governance and improve transparency, accountability, digitalisation, and business diversification.
- **Model Bye-laws** have enabled **Primary Agricultural Credit Societies** in **32 States and Union Territories** to undertake more than **25 business activities**, including healthcare, retail, warehousing, fuel distribution, and digital services.
- **A total of 37,454 new** multipurpose **Primary Agricultural Credit Societies**, dairy cooperatives, and fisheries cooperatives have been registered to expand cooperative coverage.

Digital Transformation:

- **50,000 Primary Agricultural Credit Societies** are being transformed into **e-PACS** through end-to-end digitalisation.
- **54,117 Primary Agricultural Credit Societies** are functioning as **Common Service Centres**, while **39,177** operate as **Pradhan Mantri Kisan Samridhi Kendras**.
- **The National Urban Cooperative Finance and Development Corporation** has introduced **Sahakar CBS**, a centralised **Core Banking Solution**, and **Sahakar Sahyogi**, an **Artificial Intelligence-enabled** customer support platform for **Urban Cooperative Banks**.

Infrastructure Development:

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

- **India is implementing the world's largest decentralised grain storage programme** through cooperatives.
- **Grain storage godowns** have been completed in **145 Primary Agricultural Credit Societies**, creating more than **68,702 metric tonnes** of storage capacity.
- **Foundation stones for 47 additional grain storage facilities** were laid during the **5th Foundation Day** celebrations.

Agricultural and Rural Development:

- **Primary Agricultural Credit Societies** are evolving into integrated rural service centres providing credit, agricultural inputs, storage, healthcare, fuel, digital services, and public service delivery.
- **1,863 Farmer Producer Organisations** have been established within the cooperative sector, including **1,117 through Primary Agricultural Credit Societies** and **1,070 fisheries Farmer Producer Organisations**, supported through financial assistance of **₹98 crore**.

Tax and Financial Reforms:

- **Surcharge** for cooperatives with taxable income between **₹1 crore and ₹10 crore** has been reduced from **12% to 7%**.
- **Minimum Alternate Tax** has been reduced from **18.5% to 15%**.
- **The Tax Deducted at Source threshold** for cash withdrawal has been increased from **₹1 crore to ₹3 crore**.
- **Higher cash transaction limits** have also been permitted for **Primary Agricultural Credit Societies** and **Primary Cooperative Agriculture and Rural Development Banks**.

White Revolution 2.0:

- **The initiative aims** to increase milk procurement by **50%** by **2028–29** through expansion of dairy cooperatives.
- **25,282 dairy cooperative societies** have already been established with special emphasis on **women-led dairy cooperatives**.

National Cooperative Institutions:

- **National Cooperative Exports Limited** promotes cooperative exports and has exported **15.4 lakh metric tonnes** of products worth **₹6,295 crore** to **38 countries**.
- **National Cooperative Organics Limited** promotes certified organic products through **14,286 member cooperatives**.
- **Bharatiya Beej Sahakari Samiti Limited** supplies quality seeds under the "**Bharat Beej**" brand through **38,665 member cooperatives**.

Education and Capacity Building:

- **Tribhuvan Sahkari University**, India's first dedicated cooperative university, has been established to promote cooperative education, research, leadership, and skill development.
- **Capacity building programmes** are conducted through the **National Council for Cooperative Training** and the **National Bank for Agriculture and Rural Development**.

Mobility Cooperative:

- **Bharat Taxi** has emerged as India's first cooperative-based mobility platform under **Sahakar Taxi Cooperative Limited**.
- **The platform has 6.37 lakh registered drivers, 35.77 lakh registered customers**, and is expanding across major cities.

National Cooperation Policy 2025:

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

Major Objectives:

- **The policy replaces the National Cooperative Policy, 2002**, and provides a long-term roadmap up to **2045**.
- **The policy aims to establish 2 lakh Multipurpose Primary Agricultural Credit Societies** across the country.
- **The policy promotes convergence** with schemes such as the **Dairy Infrastructure Development Fund, Pradhan Mantri Matsya Sampada Yojana**, and the **National Programme for Dairy Development**.
- **The policy emphasises cooperative education** through **Tribhuvan Sahkari University** and stronger institutional capacity.

Major Challenges:

Institutional and Governance Challenges:

- **Overlapping jurisdiction** among cooperative registrars, financial regulators, and other authorities creates regulatory fragmentation.
- **Weak governance**, limited transparency, delayed elections, elite capture, and inadequate accountability reduce institutional efficiency.
- **Many cooperatives** continue to suffer from inadequate capital, weak market access, poor infrastructure, and insufficient storage and processing facilities.
- **Limited digital adoption**, poor enterprise resource planning systems, weak logistics, and inadequate e-commerce integration reduce competitiveness.
- **Social inequalities**, including caste, gender, and local power imbalances, continue to affect inclusive participation.
- **Increasing competition** from commercial banks, private agribusinesses, fintech firms, and organised retail has intensified market pressures.

Way Forward:

Suggested Reforms:

- **A harmonised regulatory framework** should improve coordination among the **Ministry of Cooperation, State Registrars, the Reserve Bank of India, and the National Bank for Agriculture and Rural Development**.
- **Democratic governance** should be strengthened through regular elections, transparent audits, professional management, social audits, and greater member participation.
- **Financial support and infrastructure investment** should be expanded by linking cooperatives with government credit guarantee schemes, warehousing, cold chains, processing facilities, and common facility centres.
- **Technology adoption** should be accelerated through digital accounting, enterprise resource planning systems, digital payments, e-commerce platforms, and online governance.
- **Inclusive participation** should be promoted through greater representation of women, marginalised communities, and youth in cooperative leadership.
- **Professional branding**, value addition, diversification, and market integration should improve the competitiveness of cooperatives in domestic and global markets.

Value Addition for UPSC:

Important Constitutional Provisions:

- **Article 19(1)(c)** – Right to Form Cooperative Societies.
- **Article 43B** – Promotion of Cooperative Societies under the Directive Principles of State Policy.
- **Part IXB (Articles 243ZH–243ZT)** – Constitutional Framework for Cooperative Societies.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

Important Institutions:

- **Ministry of Cooperation**
- **National Cooperative Development Corporation**
- **National Cooperative Exports Limited**
- **National Cooperative Organics Limited**
- **Bharatiya Beej Sahakari Samiti Limited**
- **Tribhuvan Sahkari University**
- **National Council for Cooperative Training**
- **National Bank for Agriculture and Rural Development**

Notable Cooperatives in India:

- **AMUL**
- **IFFCO**
- **Shri Mahila Griha Udyog Lijjat Papad**