

Ministry of Cooperation

Presentation for plenary session

Theme- Sahkarita se Samridhi

(Towards a journey to a New Business Model)

By

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PM's Vision for Cooperatives

- Develop cooperatives as vibrant business enterprises
- Micro-finance institutions also to fund FPOs like organisations
- Special focus on start-ups and creating a conducive ecosystem
- Special focus on branding, packaging and marketing
- Linking SMART Agriculture to SMART Sahakarita

Computerization of PACS

Challenges:

- Weak infrastructure (uninterrupted power and internet availability), Poor skill level and adaptability issues.
- Incomplete and inconsistent books and records of PACS.

Strategies:

- Availability of computer infrastructure and internet.
- Data preparation by conducting Special Audit to update the Books and Records and to establish Opening Balances.
- Dedicated trained manpower to enter legacy data – follow double entry system
- Customization of ERP.
- Mandating End of Day (EOD) process for all the PACS to ensure continued usage of ERP.

National Cooperative Database

- **Challenges:**

- Large number of Cooperatives, diverse data set, multiple Acts and various stakeholder like Central Ministries, State Governments, Federations & Autonomous bodies.

- **Strategies:**

- To have database policy with special focus on users to choose different database services
- **Identification of the unit of data source as first step**(member, household, services/activities)
- **Adoption of data warehouse approach with cloud capability-** to receive data as they are uploaded to determine sector based performances, demands and supplies.
- **Create internal steering group**
- **To have a stakeholders workshop**
- **Creation of user interfaces** to own, upload, validate the data received with user access to be granted to the public, members, collectives, agents, governments.
- **Convergence of data-sets** across sources with adoption of national data sharing and accessibility policy.

Cooperative Education and Training

- Challenges

- Large number of membership and leadership – approx. 29 cr.
- Mostly low awareness
- Less participation from youth and women
- Lack of skillset to make business plans and adoption of latest technology

Suggested strategies

- Transform VAMNICOM into National Center of excellence and accord it deemed university status.
- Other RICMs and ICMs should be converted into Center of excellence and to be modelled on IRMA pattern.
- Massive awareness campaign to be launched.
- A strong professional base to be created by training all functionaries.

Cooperative Credit Guarantee Fund

- Challenges:

- Multiple credit guarantee trusts but very few cooperatives are eligible lending institutions
- Collateral based and risk averse lending by commercial banks leading to liquidity crunch.

- Strategies:

- A separate entity like national cooperative credit guarantee trustee company to be set up.
- To study and learn from international experiences.

Prosperity through Cooperatives –

- **Cooperatives are the best Bharat Model** – connecting Small Farmers, Small Traders and Small Consumers- taking prosperity to the last person.
- In India **dairy cooperative gives around 75% of consumer rupees back to primary producers** compared to around 30 -35% in developed nations.

Suggested strategies

- In India, dairy cooperatives depends on **building brand while in Western world it depends on bulk commodities.**
- Creating dedicated leadership for small cooperatives
- **Cost savings** through route optimization, usage of solar energy at village and plant level, focus on renewable energy source, rain water harvesting.
- **Technology intervention** at entire supply chain by cooperatives, viz insulated milk tankers, automated milk processing, implementation of SAP etc.
- **Diversification of the business activities** like AMUL is now diversifying into organic products, wheat-atta, honey, take home ration, peanut spread, bakery and confectionary items.
- Aggregation of small farmers, traders and service providers **to be adopted in Urban areas as well.**
- Focus on Exports.

Prosperity through Cooperatives

Suggested strategies

Several NCUI initiatives can be adopted at national level strategies

1. **NCUI Haat** – can be replicated to provide market for cooperative products
2. **Cooperative Enterprise Development Cell and Advisory council** - for finding solution of different cooperative issues and challenges
3. **Incubation centers**
4. **Coop connect** – Its an initiative where more than five thousand students of reputed schools in NCR have been exposed to cooperative concepts. Activities like dance and skits proved fruitful.
5. **Dedicated cooperative programmes in aspirational districts**
6. **Adopting international good practices**
7. **NCUI is getting a study done on contribution of cooperatives in GDP**
8. **Nano fertilizers is a good example of R&D**

Prosperity through Cooperatives

Challenges for Credit

- Against 2.5 lakh panchayats/6.5 lakh villages in the country only 65000 active PACS are in operation which is required to be enhanced to 3.5 Lakhs.
- Out of more than 700 districts in the country only 350 DCCBs exist today out of which many are loss making
- Skewed geographical distribution of UCBs.

Suggested strategies

- Necessary amendments in Acts and Rules to empower cooperatives to expand, professionalize, raise capital and long term funds
- New business model to be formulated for DCCBs and StCBs.
- Need for new deposit insurance scheme for all PACS, primary milk societies and all types of credit cooperative societies (as in USA)
- All PACS, primary milk societies and all types of credit cooperative societies should be computerized and be linked to payment gateways.
- A separate division dealing with cooperatives should be created in Department of Financial Services

Conclusion

- Cooperative is the backbone of the socio-economic structure of the country
- All policies of the government should help bring new cooperative based economic model
- This is the only model which brings inclusive growth.
- A new National Cooperation Policy is under preparation which will incorporate various suggestions given by stakeholders

Thank you