

# **REVAMP LAWS GOVERNING COOPERATIVE SECTOR IN VIEW OF THE CHANGED TECHNO-ECONOMIC SCENARIO: VICE PRESIDENT**

Relevant for: Government Policies & Welfare Schemes | Topic: Role of Institutional and other Stakeholders in Development Process

Vice President's Secretariat

## **Revamp laws governing cooperative sector in view of the changed techno-economic scenario: Vice President**

**Address challenges such as politicization of cooperatives & bureaucratic control of cooperatives;**

**Take steps to make agriculture viable;**

**Cooperative sector must play key role in strengthening rural economy;**

## **Delivers Laxmanrao Inamdar Memorial Lecture on Cooperatives**

Posted On: 15 NOV 2018 4:03PM by PIB Delhi

The Vice President of India, Shri M. Venkaiah Naidu has called for a revamp of laws governing cooperative sector in the context of changed techno-economic so that it becomes viable and vibrant enterprise. He was delivering the Laxmanrao Inamdar Memorial Lecture on Cooperatives, organized by Sahakar Bharati, in Mumbai, today. The Governor of Maharashtra, Shri Ch. Vidya Sagar Rao, the Minister for Higher and Technical Education of Maharashtra, Shri. Vinod Tawde and other dignitaries were present on the occasion

The Vice President said that lack of awareness, vagaries of monsoon, lack of access to market and storage facilities is making agriculture un-viable there by forcing people to migrate from rural areas to urban areas.

The Vice President called up on the cooperative sector to play key role in strengthening rural economy and also help the farmers raise their income. To achieve this, he asked Research institutions and government agencies to support Cooperatives in their efforts to educate farmers and encourage them diversify into allied vocations like horticulture, fishery, bee-keeping, rural



Competition ( ) , , , : Competition scope -

India's cooperative movement is the biggest movement in the world and has made tremendous progress in several sectors of the Indian economy. I am told that 75 percent of rural households have been covered through a network of over 8.50 lakh cooperatives with membership of well over 25 crores.

The cooperatives command significant share in cotton, fertilizer and sugar processing and production in the country.

The iconic success of Amul has inspired the White Revolution in India with the country becoming the top milk producer in the world today.

Friends,

In recent years, however, the cooperative sector has faced structural challenges like dormant membership, lack of active participation of members in the management of cooperatives, politicization of cooperatives and bureaucratic control. Similarly, low level of participation by women and youth is a challenge and needs to be addressed.

Mounting dues in cooperative credit institutions, inadequate mobilization of own resources, over dependence on Governmental and institutional support, lack of professional management have proved harmful to their growth. There have been instances of mismanagement and absence of monitoring.

Probably the time has come to bring the requisite changes in the relevant laws governing cooperative sector in the context of changed techno-economic and business scenario to make the cooperatives viable and vibrant enterprises.

Friends,

Today we are self-sufficient in foodgrain production. Rather, we are faced with the crisis of abundance. Yet, our agriculture sector suffers from structural constraints. At present 85% agricultural land holdings are small, measuring less than 2 hectares. Only 5.2% agricultural families own tractors. Drip irrigation is available to only 1.6% agriculture households.

The Government has resolved to double the farmer's income by 2022. For which a number of interventions are necessary.

The Government has raised the Minimum Support Price for most of the crops. Cooperatives can help small and marginal farmers in realizing the benefit of higher MSP.

The Cooperatives can help in reducing the cost of production by sensitizing farmers about judicious use of chemical fertilizers and pesticides, by encouraging and training farmers in the use of organic manure and efficient use of water and by collective procurement of capital-intensive equipments and inputs.

Friends,

The Government has launched several progressive programmes like Pradhan Mantri Fasal Bima Yojna, Krishi Sinchayi Yojna, Jan Dhan and MUDRA Yojna. The benefits of these

schemes must reach farmers. Cooperative societies should become important conduit between Government and the farmers to deliver the benefits of these schemes.

This year, the Government has allocated Rs 2000 crores for upgrading and building new rural markets/mandis. Your active cooperation in this scheme is essential.

The Government of India has given a substantial budgetary support to computerize more than 63000 Primary Agriculture Cooperatives (PACs). Strengthening the PACs through application of appropriate technology is the need of the hour. Cooperative should train farmers to use e-marketing platform E-NAM, to access a wider market for their produce.

In our country the rural economy is still largely dependent upon agriculture. Cooperatives, with the assistance from research institutions and government agencies, can educate and train farmers to diversify into allied vocations like horticulture, fishery, Bee-keeping, rural logistics and transportation, food processing etc. which is essential to raise the income of farmers.

Friends,

The Cooperative sector remains a vibrant and viable business model in the world. Worldwide, the Cooperative sector has about one billion members in over 100 countries. There are some 52,000 Cooperative Banks and Credit Unions, serving 177 million members in 100 Countries. It is estimated that cooperatives account for more than 100 million jobs around the world. We must learn from the new experiments taking place around the world in the cooperative sector.

Even in the service sector, the Cooperative model has been successfully adopted. 55 per cent of the retail market in Singapore and 36 per cent in Denmark is held by cooperatives. Consumer cooperatives have prominent presence in Scandinavian countries, Japan and Switzerland.

Countries like Japan, Germany, France and Netherlands, provide affordable health care to common people based on cooperative model.

Similarly, in countries like US and Bangladesh, Electricity Cooperatives have been successful in making rural electrification a viable enterprise. We must learn from their experiences and see if we can adopt some best practices in our own national context.

In India, the Government is promoting innovation and entrepreneurship in every field. There is immense scope of innovation in cooperative sector especially in rural and agro-economy cooperatives. You can bring about the long-awaited disruptive innovation with the help of research and linkage with professional institutions.

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