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## Strengthening cooperatives

### Building capacity will increase opportunities

**E**ver since cooperatives became legal entities in India in 1904, member-owned enterprises have worked towards enabling marginalised communities to secure livelihoods and participate in the economy. Members pool resources to derive shared benefits and create institutions that empower local communities. In this context, a recent report released by Primus Partners, a consulting firm, does well to look at the sector's potential to fuel growth in India. The report suggests that cooperatives can create up to 55 million direct jobs and 56 million self-employment opportunities by 2030. Their impact on gross domestic product is expected to be 3-5 per cent by 2030, and even surpass 10 per cent when both direct and self-employment opportunities are considered.

The data from the National Cooperative Database shows of the more than 800,000 cooperatives in the country, around 41 per cent are in the primary sector, particularly in agriculture and allied activities. These include dairy cooperatives, primary agricultural credit societies (PACS), fishery, livestock and poultry cooperatives, and agro-processing cooperatives. Nearly 20 per cent of the cooperatives operate in the credit sector, including PACS, cooperative banks, and credit as well as thrift societies. In this sense, cooperatives are an important institutional mechanism to augment farm incomes and dispense credit to people who may not otherwise have access to them, thereby addressing the twin problems of rural indebtedness and poverty. However, despite this huge potential, limitations are holding back cooperatives. The report suggests that they face problems, including inadequate capacity building, both human capital and institutional capacity; technology and market access challenges; and financing constraints. This sector is currently plagued by a low adoption of technology and a general aversion to digital transformations, limiting access to digital banking and online markets. Moreover, 40 per cent of the PACS lie defunct, implying that many of the rural poor are still cut out of banking. Problems related to marketing and branding products, coupled with governance and regulatory challenges, further lower their chances of success.

At this juncture, it is critical to extend support to cooperatives for their long-term survival and sustainability. Accordingly, as the report suggests, introducing professional training for members of cooperatives, equipping them with computers and digital mobile-banking solutions, mandating maintenance of digital records, and taking them on board as sellers in online marketplaces will help a great deal. In this regard, the National Council for Cooperative Training is developing courses and targeted training programmes that incorporate best industry practices, helping cooperatives stay competitive and informed. The sector should also mould its compensation structure suitably to attract talent. The government has also undertaken multiple initiatives to strengthen the cooperative sector. These include unveiling the world's largest grain storage facility, distributing Rupay Kisan Credit Cards to cooperative members at relatively low interest rates, relaxing expansion and lending norms for cooperative banks, and formulating a new National Cooperative Policy, which is set to be launched in the coming months. Clearly, to keep up with the changing times, cooperatives need to adopt technology and build capacity.