

Ministry of Cooperation

Brief on new Ministry of Cooperation

Introduction

Before the reshuffling of the Cabinet Ministers in India, Prime Minister Narendra Modi announced the creation of a new Ministry of Cooperation. This announcement follows the Finance Minister's budget announcement in February 2021, where the concerned minister referred to a "separate administrative structure." The subject, 'Cooperatives' earlier came under the aegis of the Ministry of Agriculture. Amit Shah is the first Minister of Cooperation 2021.

Need for the New Ministry

Cooperative institutions get capital from the Centre, either as equity or as working capital, for which the state governments stand guarantee. This formula had seen most of the funds coming to a few states such as Maharashtra, Gujarat, Karnataka while other states failed to keep up. Over the years, the cooperative sector has witnessed drying out of funding. Under the new Ministry, the cooperative structure would be able to get a new lease of life

Facts

- The new ministry is created to realize the vision of **'Sahkar se Samriddhi' (Prosperity through cooperatives)**. In Hindi, the Ministry of Cooperation is known as **'Sahakarita Mantralaya'**.
- A Co-operative based economic development model in our country is very important, where each member works with a spirit of responsibility.
- The Central Government with the creation of the Ministry of cooperation has signalled its deep commitment to **'Community based Developmental Partnership'**.

Significance

- New ministry will provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country.

- It envisages deepening Co-operatives as a true people-based movement reaching up to the grassroots.
- The ministry will work to streamline processes for ‘**Ease of doing business**’ for co-operatives and enable development of **Multi-State Co-operatives (MSCS)**.

Way Forward

- Cooperative societies can play a huge role in making people familiar with advanced and emerging technologies.
- The cooperative movement has the capacity to solve people’s problems as its principle focuses on uniting everyone, even while remaining anonymous.
- Strict rules need to be implemented to check the irregularities in cooperatives
- There is a need to strengthen the cooperatives by providing market linkages for agricultural farmers as well as cooperative societies

Conclusion

Many stakeholders are arguing that in attempting to harness cooperatives, the union government seems to erode federalism. However, since the focus is on enhancing ease of doing business for Cooperatives, it is likely that the government will come up with specific schemes to strengthen the credit and financing mechanism for cooperatives across the country. This would also mean the setting up of newer markets for cooperative credit in newer regions across the country.