

## National Cooperative Policy 2023

### Policy Recommendations to the Committee on Drafting New National Cooperation Policy by SEWA Cooperative Federation

SEWA Cooperative Federation, a thirty-year old cooperative and state-level organization of 110 primary women's cooperatives of informal women workers welcomes the fresh impetus to cooperatives and their importance to the Indian economy through the Committee on the New Cooperative Policy instituted by the Union Ministry of Cooperation.<sup>1</sup> It is a forward-looking document that stresses on maintaining the spirit of cooperative principles, while recognizing cooperatives as essential business entities that need improved investments in technology, capital, education, and human resources. We appreciate that the policy emphasizes the need to transform the perception of cooperatives from charitable entities to economic contributors promoting equitable and inclusive growth, and promotes the entrepreneurial approach to cooperative management and development.

We are very pleased to see that the grassroots women cooperators<sup>2</sup> and their cooperatives have been included in the policy document, along with key recommendations. The inclusion of women, SC/ST, and other usually unreached and marginalized groups is crucial for their empowerment and in furthering the goal of an inclusive and sustainable cooperative movement.

### Key Recommendations for the draft policy

1. The policy should put equal emphasis on developing and strengthening cooperatives for livelihood generation and bottom-up and inclusive growth for both rural and urban workers, especially those engaged in the informal economy. Though the urban sector is mentioned (p.8 & p.45), there is a need to highlight this more in light of the growing urbanization of the country and the growth of the urban informal economy. Cooperatives will serve to formalize the informal in both urban and rural areas. Further, in the policy document, the current contributions of non-credit cooperatives to urban livelihoods is missing. The plan of action and investments required to strengthen the urban infrastructure for cooperative promotion needs to be added (p.19).

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<sup>1</sup> The SEWA Cooperative Federation was set up by Ela Bhatt, Founder of the Self-Employed-Women's Association, SEWA and the SEWA movement.

<sup>2</sup> SEWA Cooperative Federation, in partnership with SEWA Bharat, NCUI and ICA-AP, organized a 2-day National Workshop titled 'Strengthening Solidarity: Enabling Women's Cooperatives and Collective Enterprises to Thrive' on 13th and 14th of December in New Delhi, and around 100 women cooperators from 18 states had participated in the event. It concluded with a Delhi Declaration for Women's Cooperators that highlighted key policy recommendations from the deliberations held in the two-day workshop on themes of ease of doing business, and access to finance, markets, and digital technologies for women's cooperatives.

2. Along with mitigating regional imbalances, it is important to mention the need to focus on hitherto unreached and marginalized groups like women, SC/ST etc in the very objectives (Chapter 2) to promote social and economic inclusion.
3. The policy envisages self-regulation of cooperatives with minimal but effective government support and monitoring. However, some measures such as centralized registration, recruitment, and elections processes can lead to increased control and interference in the functioning of a cooperative, affecting the autonomy that the policy hopes to protect and preserve.
4. We welcome the proposal of a multi-stakeholder committee under the leadership of NCUI for creation of an integrated implementation framework. We recommend that the committee be inclusive, with diverse representation, especially of women leaders from the grassroots, and young people.

## **Chapter-wise Recommendations**

### **Chapter 1 - Introduction**

The policy document highlights that there are 8.5 lakh cooperatives providing livelihoods to 29 crore population in the rural areas. Mention of the urban cooperatives should also be made, as mentioned above.

### **Chapter 2 - Vision, Mission, and Objectives of the policy**

Vision - The vision of the policy document should include 'democratic functioning' as one of the features for becoming vibrant entities.

*"Establish cooperatives as vibrant entities at par with public and private enterprises by partnering with grassroot and global entities through better branding, digitization, education, transparency, accountability, inclusivity, **democratic functioning**, and governance for achieving the goals of economic development and welfare of society. To achieve collective welfare of society through inclusion and participation of members through self-motivation and inspiration."*

Section 1 - We second the aim to double the contribution of cooperatives to GDP, and suggest that the current contribution be highlighted in the document.

- The point on mitigation of regional imbalances while welcome needs to be expanded to include social imbalances, including those who are normally excluded as mentioned above.

### **Chapter 3 - Structural Reforms and Governance**

Section 7 - The formation of an election body for elections at the state and central level comprises the autonomy of the cooperative. We suggest that elections should be left to state jurisdiction, as per the current laws.

Section 12 - The role of Federations envisaged in the policy is a good step. This should be complemented with recommendations for strengthening of Federations through public and private investments. One way could be the setting up of a special fund for Federations to disburse as loans and working capital to their affiliated cooperatives.

Section 13 - The policy outlines that certain tax benefits are already provided to the cooperatives. However, we recommend a moratorium on taxes till a turn-over of Rs 10 crore is reached and thereafter suitable taxation slabs may be considered so that cooperatives build up their reserve funds to grow their businesses.

#### **Chapter - 4 - Cooperatives as Vibrant Entities**

Section 2 - While we encourage support in development of quality standards for reference of the cooperatives, the sectoral rating system should not disproportionately affect resource and market access to cooperatives run by women and other marginalized groups and disincentivize them. In fact, there is a rating system currently in place through statutory audits. Those obtaining a favourable rating through audits, may be considered in fast track for financial services and marketing opportunities.

Section 4 - Investments in urban infrastructure are equally important to strengthen livelihoods through cooperatives for the urban informal workers and other low and middle income groups in towns and cities.

Section 7 - Recognition of changing markets and need for cooperatives in new sectors is a welcome step, and such cooperatives should be supported and facilitated in registration and in ease of doing their new and innovative businesses.

#### **Chapter - 5 - Establishing Level Playing field**

We welcome the suggestions for export through one window and simplified procedures.

#### **Chapter - 6 - Finances**

Section 2 - The mechanism for accessing various categories of funds listed in the policy becomes a challenge for primary cooperatives, especially women's cooperatives. Cooperatives owned by grassroots workers, especially those in the informal economy, are unable to access electronic platforms like Cooperative Exchange without external support and hand-holding to navigate the systems. They also do not always have business plans to attract finance. Thus, the policy needs to outline specific government support to enable capital access by primary cooperatives owned and

run by informal workers and other low income groups. The policy can enable this through either cooperative federations or local credit societies.

### **Chapter 7 - Inclusion of priority sections**

Section 5 - In addition to PACS, women's cooperatives should be promoted on priority to act as common service centres for distribution and retail points for various cooperative products and services.

### **Chapter 8 - Bharat Cooperative Tech Stack**

Section 2 - Cooperative Database - It is essential to outline the importance of data privacy norms in the policy. Additionally, the database should be maintained at the state level with view rights to the centre.

### **Chapter 9 - Upskilling, Training and Development**

Section 2 - The integration of cooperative education in schools and universities is a positive step, along with creation of campus cooperatives as experiential learning tools. In addition to these, the Ministry of Cooperation can initiate a fellowship programme on cooperativism wherein young people, people those from rural districts and low income urban neighborhoods, are placed in cooperatives and assist and support them in their work. Wherever possible they should be encouraged to undertake professional courses on cooperative management so as to manage cooperatives. This will also address the issue of shortage of professional managers for cooperatives.

### **Chapter 10 - Commitment to Sustainability**

We welcome the commitment to sustainability. We would like to suggest that special support and encouragement be given to women's cooperatives like their farmers' cooperatives or forest produce collection groups that are actively protecting our environment and mitigating climate change. Afforestation programmes of the Ministry of Environment should pro-actively be entrusted to these cooperatives and groups, enabling them to both obtain a livelihood and also protect the environment and promote sustainable and green economies and protection of the environment.

### **Chapter 11 - Implementation Committee**

We welcome the proposal of a multi-stakeholder committee under the leadership of NCUI for creation of an integrated implementation framework. As mentioned above, we recommend that the committee be inclusive with diverse representation of social groups like women, dalit, and tribals, and state-wise geographical representation.