



## CURRENT AFFAIRS



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### **A judgment that must be taken in the right spirit (The Hindu, GS-1, GS-2)**

**Context:-** A constitutional amendment which is a rare event happens in 104 such cases. In the Union of India vs Rajendra N.Shah case, the Supreme Court of India was struck down in a limited manner. The 97th Constitutional Amendment which came into effect from February 15 2012 made many changes to the legal regime of cooperative societies. The amendment added “cooperative societies” to Article 19(1)(c) and also inserted Part IXB in the Constitution which laid down the terms.

- Our constitution provides the procedure provided in Article 368.
- The amendment procedure which has been included under 368 requires a majority of the total strength of each of the Houses of Parliament and two thirds majority of those present and voting and at the same time the special procedure requires that the amendment will also have to be ratified by the legislatures of half of the States.

- It is on these above grounds of violation of this additional requirement that the 97th Constitutional Amendment was challenged in Gujarat High court and in supreme court..

## **Issue:-**

- Cooperative sector ought to be controlled at the State level this goes back to the Government of India Act, 1919
- Entry 32 of the State List in the Seventh Schedule of the Constitution conferring power on the State legislatures regarding cooperative sector.
- The Union government has been acquiring greater control bit by bit on cooperative societies for example cooperative banks have been brought under the purview of the Reserve Bank of India.
- Established Union Ministry for Cooperation is one example.

## **Let's have a Big Picture about Cooperative movement**

- **What is cooperative?**
  - According to ILO, The Cooperative Societies are defined as an autonomous association of people united voluntarily to meet their common goals in economic, social, and cultural areas and aspirations through a jointly-owned and democratically-controlled enterprise.

# Co-operative Movement in Post-Independence Era:

- Cooperatives became an integral part of Five-Year Plans, the idea of cooperatives finding legitimacy from the USSR where cooperatives succeed in making the USSR an economic power.
- The National Development Council (NDC) in 1958 had recommended a national policy on cooperatives.
  - This council also recommended for training of personnel and setting up of Co-operative Marketing Societies.
- National Cooperative Development Corporation Act in 1962 formed National Cooperative Development Corporation (NCDC) which is a statutory corporation.
- Parliament of India enacted the Multi-State Cooperative Societies Act in 1984 which consolidated different laws governing the same types of societies.
- National Policy on Cooperatives came in 2002.

## Constitutional Angle:-

The 97th  
Constitutional  
Amendment Act  
(2011)

This amendment gave constitutional status and protection to the co-operative societies.

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Fundamental right	Article 19 (1) (c) as 'Right to form cooperatives.'
Directive Principle of State Policy	Art. 43-B "The state shall endeavour to promote voluntary formation, democratic control, autonomous functioning and professional management of cooperative societies".
Part IX-B	"The Co-operative Societies" (Articles 243-ZH to 243-ZT).
State List	State Subject under entry No.32 (7th schedule) of the of the Constitution of India

- Part IX B and form Art 243ZH – 243ZT talks about Cooperatives

**Why do we need cooperatives? :-**

- Cooperatives provide agricultural credits and funds where state and private sectors have not been able to reach the nooks and corners.
- Cooperatives provide strategic inputs for the agricultural-sector as well as consumer societies that meet their consumption requirements at concessional rates.
- Cooperatives penetrate down to remote places where state and private sectors could face trouble to do much.
- Cooperatives remove intermediaries and they help farmers to have a direct interaction with the consumer. e.g. – NAFED
- Co-operative societies are helping in building up infrastructure such as storage godowns which includes cold storages, rural roads and in providing facilities like irrigation, electricity, transport and health.

## **Challenges in cooperatives in India:-**

- Co-operative movement lacks spontaneity for example Co-operative has not been emanated from the people themselves.
- Co-operative is not able to ensure active membership, speedy exit of non-user members, lack of member communication and awareness building measures.
- There are Serious inadequacies in governance which includes related to boards' roles and responsibilities.
- There is a general lack of efforts for capital formation in cooperatives particularly concerning enhancing member equity and thus member stake.
- Indian cooperatives are lacking in cost competitiveness which is arising out of issues such as overstaffing, and overall competitiveness due to the entry of MNCs in Indian market.

# Success of Cooperative movement in India and the World:-

- Amul is an example of Cooperative success.
- The BHOODAN Movement is a mix of success and failure.
- USSR success in cooperative farming is a milestone.

## Way forward:-

To secure the autonomy, independence and progress of the cooperatives **we must take the following steps :-**

- There is a need to incorporate provisions in the law which quantify the minimum level of participation required by a member of a cooperative annually.
- There should be encouraging democratic participation by members, developing effective leadership who can even influence policy formulation by the government favourable to cooperatives.
- Cooperative must be Infused by professionalism as it is a key requirement for conversion of ideas/policies into tangible outcomes.

**Swarn Singh**