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**MULTI-STATE CO-OPERATIVE
SOCIETIES (AMENDMENT) BILL, 2010**

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RGICS Legislative Brief

Multi-State Co-operative Societies (Amendment) Bill, 2010

2

CONTENT

Sl. No.	Topic	Page No.
1	Part I : Background	3
2	Part II : Multi-State Co-operative Societies Bill	5
3	Part III : India's Scenario	10
4	Part IV : International Scenario	13
5	Part V : References	16

PART I : Background

“The cooperative movement is one of the largest organised segments of civil society, and plays a crucial role across a wide spectrum of human aspiration and need. Cooperatives provide vital health, housing and banking services; they promote education and gender equality; they protect the environment and workers’ rights.”

—United Nations Secretary-General Kofi Annan

Cooperatives in India : A brief Evolution

In an evolving global economy of new order, it has become major driving force in many sectors other than the agriculture in recent decades. Moreover, cooperatives are very powerful financial instrument for poor and marginalized sections of people for overcoming many impediments in social and economic pursuit of livelihoods. As the President of India very aptly put it that India has “a net-work of six lakh cooperatives and a membership base of 24 crores, the Indian cooperative movement has proved to be an effective economic instrument for ensuring growth with equity and inclusiveness...The cooperative sector today covers about 99% of our villages and 71% of rural households. Cooperatives are perhaps the best way of reaching out into the vast hinterland of this country where the poor and the marginalized sections live”. However, cooperatives in India face many functional challenges and their performance across sectors and regions vary. Hence the cooperative sector needs to be re-oriented in order to improve their efficiency at functional level. As a first step, it’s important to look at the evolution and the framework of policy changes undertaken by the Central government so far.

The cooperative movement in India owes its origin to agriculture and allied sectors. Towards the end of the 19th century, the problems of rural indebtedness and the consequent conditions of farmers created an environment for the chit funds and cooperative societies. The farmers generally found the cooperative movement an attractive mechanism for pooling their meager resources for solving common problems relating to credit, supplies of inputs and marketing of agricultural produce. The experience gained in the working of cooperatives led to the enactment of Cooperative Credit Societies Act, 1904. Subsequently, a more comprehensive legislation called the Cooperative Societies Act was enacted. Under the Montague-Chelmsford Reforms of 1919, cooperation became a provincial subject and the provinces were authorised to make their own cooperative laws. Under the Government of India Act, 1935, cooperatives were treated as a provincial subject. The item "Cooperative Societies" is a State Subject under entry No.32 of the State List of the Constitution of India.¹

In order to cover Cooperative Societies with membership from **more than one province**, the Government of India enacted the Multi-Unit Cooperative Societies Act, 1942. This Act was an enabling legislative instrument dealing with incorporation and winding up of cooperative societies having jurisdiction in more than one province. With the emergence of national federations of cooperative societies in various functional areas and to prevent the surplus of different laws governing the same types of societies, a need was felt for a comprehensive Central legislation to consolidate the laws governing such cooperative societies. Therefore, the **Multi-State Cooperative Societies Act, 1984** was enacted by Parliament under Entry No. 44 of the Union List of the Constitution of India.¹

With the advent of the planning process, cooperatives became an integral part of the Five Year Plans. As a result, they emerged as a distinct segment in our national economy. There has been a substantial growth of this sector in diverse areas of the economy during

Multi-State Co-operative Societies (Amendment) Bill, 2010

the past few decades. The number of all types of cooperatives increased from 1.81 lakh in 1950-51 to 4.53 lakh in 1996-97. The total membership of cooperative societies increased from 1.55 crore to 20.45 crore during the same period.¹

Operational Effectiveness of Cooperatives in India

The cooperatives have been operating in various areas of the economy such as credit, production, processing, marketing, input distribution, housing, dairying and textiles. In some of the areas of their activities like dairying, urban banking and housing, sugar and handlooms, the cooperatives have achieved success to an extent but there are larger areas where they have not been so successful. The failure of cooperatives in the country is mainly attributable to: dormant membership and lack of active participation of members in the management of cooperatives. Mounting overdues in cooperative credit institution, lack of mobilisation of internal resources and over-dependence on Government assistance, lack of professional management, bureaucratic control and interference in the management, political interference and over-politisation have proved harmful to their growth. Predominance of vested interests resulting in non-percolation of benefits to a common member, particularly to the class of persons for whom such cooperatives were basically formed, has also retarded the development of cooperatives. These are the areas which need to be attended to by evolving suitable legislative and policy support.¹

Multi-State Co-operative Societies (Amendment) Bill, 2010

PART II : Multi-State Co-operative Societies Bill

Multi-State Co-operative Societies Act, 2002 : Highlights

The objective of Multi-State Co-operative Societies (MSCS) Act 2002 is to **facilitate the organization and functioning of the cooperative societies having jurisdiction in more than one States**. This Act which came in force with effect from 19.8.2002 was enacted to replace the Multi-State Cooperative Societies Act, 1984. The Act facilitates voluntary formation and democratic functioning of multi-state cooperative societies as member driven institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and provides for functional autonomy.²

Based on the experience of implementation of the MSCS Act, 2002, interaction and feedback received from various stakeholders including the multi- state co-operative societies and recommendations made by the High Powered Committee on Cooperatives constituted by the Government of India under the chairmanship of Shri S.O. Patil, a need was felt to further amend the Multi-State Co-operative Societies Act, 2002 to keep the legislation in tune with the changing economic policies and to facilitate the multi-state co-operative societies to take advantage of the new and emerging opportunities. These amendments are intended to enhance the public faith in the cooperatives and to ensure better accountability of the management towards its members and the law of the land.² Some of problems highlighted by the High Powered Committee on Cooperatives, 2009 are as follows:³

- Inability to ensure active membership, speedy exit of non-user members, lack of member communication and awareness building measures
- Serious inadequacies in governance including that related to Boards' roles and responsibilities
- A general lack of recognition of cooperatives as economic institutions both amongst the policy makers and public at large
- Inability to attract and retain competent professionals
- Lack of efforts for capital formation particularly that concerning enhancing member equity and thus member stake
- Lack of cost competitiveness arising out of issues such as overstaffing, a general top-down approach in forming cooperatives including the tiered structures
- Politicization and excessive role of the government chiefly arising out of the loop holes and restrictive provisions in the Cooperative Acts
- In addition, the problem with the existence of a large number of cooperatives that are sick/non viable.

Thus MSCS (Amendment) Bill, 2010 was introduced in Lok Sabha on 15.11.2010 intended to strengthen the Cooperatives by making them more member-driven and professional.

MSCS (Amendment) Bill, 2010 : Highlights

- The Bill amends the Multi State Cooperative Societies Act, 2002, which regulates multi-state cooperative societies i.e. cooperatives which serves the interest of members in more than one state. This includes federal cooperative societies whose membership is available only to a cooperative society or a multi-state cooperative society and 21 national cooperative societies specified.
- The central government may appoint a Central Registrar of Cooperative Societies. A multi-state cooperative society may be registered if its main object is to serve the interest of members in multiple states, its bye-laws provide for social and economic betterment of its members in accordance with the cooperative principles.

Multi-State Co-operative Societies (Amendment) Bill, 2010

- The key amendments to the Act pertain to time limit for disposal of application for registration, distribution of shares, constitution of interim board, holding of elections, constitution of fund and dispute settlement.
- Disposal of registration: The Act states that the Central Registrar has to dispose off an application for registration within four months. The Bill adds that the time may be extended to five months after giving reasons in writing.
- According to the Act an application shall be refused within four months. If it is not disposed within that period, the application shall be deemed to have been refused. The Bill increased the time period to five months and adds that if an application is not disposed off within the time period, it shall be deemed to have been accepted as a member.
- Distribution of shares: The Act states that the shares of a cooperative society are redeemable by a member according to the provisions of the bye-laws. The redemption of shares shall on face value of shares. The Bill adds the proviso that the cooperative society may refund the share capital held by the government. The redemption of shares shall be on face value or book value of shares, whichever is higher.
- Constitution of interim board: The Bill allows the Central Registrar to declare any multi-state cooperative society as sick. The central government may, on the recommendation of the Registrar appoint an interim board for a maximum of five years. The Central Registrar can also declare a cooperative to be viable within the five years. The board of directors before the cooperative was declared sick shall be reinstated.
- Elections: The Act states that elections shall be conducted by the existing board. The Bill amends this to state that the central government may appoint a Cooperative Election Authority to conduct elections in cooperative societies to be prescribed.
- Constitution of Fund: The Bill states that the central government shall set up the Cooperative Rehabilitation and Reconstruction Fund. A cooperative society shall credit 0.005% to 0.1% of its turnover to the fund, provided it does not exceed Rs 3crores per year.
- Dispute settlement: Under the Act, all disputes shall be referred to arbitration under the Arbitration and Conciliation Act, 1996. The Bill amends it by stating that all disputes shall be referred to the Central Registrar. If there is a question as to whether a dispute touches the constitution or management of a society, it shall be decided by the Central Registrar and shall not be questioned by the court.⁴

Bill was referred to Standing Committee on Agriculture for examination and report. The Parliamentary Standing Committee on Agriculture (Chairperson: Basudeb Acharia) submitted its 41st Report on the Multi-State Co-operative Societies (Amendment) Bill, 2010 on December 20, 2012.

The Committee have been informed that the Multi-State Co-operative Societies Act, 2002 repealing the earlier law, that is, the Multi-State Co-operative Societies Act, 1984 was enacted with a view to consolidating the provisions relating to the multi-state co-operative societies registered with objects not confined to one State and serving the interests of members in more than one State; to facilitate the voluntary formation and democratic functioning of co-operatives as people's institutions based on self-help and mutual aid; to enable them to promote their economic and social betterment; and to provide functional autonomy. The Multi-State Co-operative Societies Act, 2002 came in force with effect from the 19th August, 2002.⁵

With the passage of time and developments in the co-operative movement in the country, certain difficulties have been experienced by the multi-state co-operative societies in the implementation of the Multi-State Co-operative Societies Act, 2002.

Multi-State Co-operative Societies (Amendment) Bill, 2010

The Department have informed the Committee that the said Act should be amended to keep the legislation in tune with the changing economic policies and to facilitate the multi-state co-operative societies to take advantage of the new and emerging opportunities and to keep pace with other economic entities and facilitate raising of resources by the multi-state co-operative societies more efficiently and effectively by making appropriate provisions for promoting their functional autonomy.⁵

During the course of briefing by the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation (DAC)) on 4 January, 2011 on the various clauses of the Bill, the Committee observed several commonalities and contradictions between some of the proposed clauses of the Bill under examination and “The Constitution (One Hundredth and Eleventh Amendment) Bill, 2009” on which the Committee had already presented their Twelfth Report to Parliament on 30 August 2010. The Committee, therefore, felt that unless and until the final shape of The Constitution (One Hundredth and Eleventh Amendment) Bill, 2009 was known, a thorough and in-depth examination of MSCS (Amendment) Bill, 2010 would not be possible. Accordingly, the Committee decided to defer the examination of the MSCS (Amendment) Bill, 2010 till the enactment of “The Constitution (One Hundredth and Eleventh Amendment) Bill, 2009”.⁵

Standing Committee Recommendations

- The Bill amends the Multi-State Co-operative Societies Act, 2002, which regulates multi-state cooperative societies i.e., cooperatives which serve the interest of members in more than one state. Some key amendments to the Act pertain to the time limit for disposal of applications for registration, distribution of shares, constitution of an interim board, and holding of elections.
- The Committee found that some provisions of the Bill contravened the Constitution. The Bill empowers the Central Registrar to declare a multistate co-operative society to be sick under certain conditions. A society is declared sick if it “has at the end of any financial year accumulated losses equal to or exceeding the total of its paid-up capital, free reserves and surpluses and has also suffered cash losses in such financial year and the financial year immediately preceding such financial year.” Once a society has been declared sick, the central government, on the recommendation of the Central Registrar, can supersede the board of directors and appoint an interim board for a period of up to five years. This provision was found to contravene Article 243ZL of the Constitution.
- Article 243ZL of the Constitution provides that the board of a multi-state co-operative may be superseded or kept in suspension only in the following conditions: (a) persistent default; (b) negligence in performance of duties; (c) the board has committed any act prejudicial to the interests of the co-operative society or its members; (d) stalemate in the constitution or functions of the board; or (e) the authority provided by Parliament has failed to conduct elections in accordance with the Act. Moreover, Article 243ZL provides that a board can be superseded for a maximum of six months or one year (in case of a co-operative society that carries on the business of banking).
- The Committee found that the Bill contravened the Constitution in the following ways. First, the Bill allows for the supersession of a board of a co-operative society if it is declared sick under certain conditions. Article 243ZL lays out five conditions under which a board can be suspended. The Committee found that the conditions under the Bill do not appear to be the same as any of the five cases permitted by the Constitution. Therefore, it felt that this provision exceeded the limits set out in the Constitution.
- Second, the length of time for which a board may be superseded in the Bill (maximum of five years) is longer than that allowed for in Article 243ZL (maximum six months or one year).⁶

In light of these findings, the Committee returned the Bill to the DAC and suggested that it review the Bill to ensure it does not contravene the Constitution.

Multi-State Co-operative Societies (Amendment) Bill, 2010

Amendment to the Constitution in respect of Cooperatives

Pursuant to the Common Minimum Programme of the UPA Government to ensure the democratic, autonomous and professional functioning of cooperatives, it was decided to initiate a proposal for amendment to the Constitution for the purpose. Accordingly, the Constitution Amendment Bill was introduced in 14th Lok Sabha. However, the same could not be discussed for passing. The Bill lapsed upon dissolution of the 14th Lok Sabha. Thereafter, the Constitution (One Hundred and Eleventh Amendment) Bill, 2009 was introduced in Lok Sabha on 20.11.2009. The Bill was passed in Lok Sabha on 21.12.2011 and in Rajya Sabha on 28.12.2011 as “The Constitution (Ninety Seventh Amendment) Act, 2011” and Hon’ble President of India have her assent to the aforesaid Act on 12.01.2012. The Act came into force w.e.f. 15.02.2012 vide Gazette Notification dated 08.02.2012.⁷

The object of The Constitution (Ninety Seventh Amendment) Act, 2011 is to ensure that the cooperative societies in the country function in a democratic, professional, autonomous and economically sound manner. The amendment in the Constitution, inter alia, seeks to empower the Parliament in respect of multi-State Cooperative Societies and the State Legislatures in case of other cooperative societies to make appropriate law, laying down the following matters, namely:-

- (a) Right to form cooperative societies as a Fundamental Right by insertion of the words “cooperative societies” in sub clause (c) of clause (1) of Article 19.
- (b) Provisions for incorporation, regulation and winding up of co-operative societies based on the principles of democratic member-control, member-economic participation and autonomous functioning.
- (c) Insertion of Article 43B in part IV of the constitution as directive principle of State Policy for Voluntary formation of cooperative societies.
- (d) Specifying the maximum number of director of a co-operative society to be not exceeding twenty-one members.
- (e) Providing for a fixed term of five years from the date election in respect of the elected members of the board and its office bearers; and an authority or body for the conduct of elections to a cooperative society.
- (f) Providing for a maximum time limit of six months during which a board of directors of co-operative society could be kept under supersession or suspension.
- (g) Providing for independent professional audit.
- (h) Providing for right of information to the members of the co-operative societies.
- (i) Empowering the State Governments to obtain periodic reports of activities and accounts of co-operative societies.
- (j) Providing the reservation of one seat for the Scheduled Castes or the Scheduled Tribes and two seats for women on the board of every cooperative society, which have individual members from such categories.
- (k) Providing for offences relating to-operative societies and penalties in respect of such offences.

Amending the State Cooperative Societies Acts in tune with the provisions of the above amendments in the Constitution will not only ensure autonomous and democratic functioning of the cooperatives, but also ensure accountability of management to

Multi-State Co-operative Societies (Amendment) Bill, 2010

the members & other stakeholders and also enhance public faith in these institutions. The Constitutional amendment provides for a maximum period of one year from the date of its commencement to amend the state laws relating to cooperative societies, if required, to make them consistent with the provisions of the amendment.⁷

Cabinet's Approval to the official Amendments

The Union Cabinet on May 9th, 2013 approved moving official amendments to the Multi-State Co-operative Societies (Amendment) Bill, 2010 which is pending in the Lok Sabha. Among other provisions, the amendments provide for revival of sick societies. The moving of official amendments ensures that the provisions of the Bill were in conformity with the provisions of the Constitution (97th Amendment) Act, 2011, the government said.⁸

An amendment proposes that if the Central Registrar opines that a multi-State co-operative society has become sick, then it may declare such society as "sick". The Centre or any person authorised by it shall prepare a scheme for the rehabilitation and reconstruction of such sick a society and the society shall place it before its general body for approval. The amendments will also ensure better accountability of the management towards its members, official sources said. These amendments are intended to enhance the public faith in the cooperatives and to ensure better accountability of the management towards its members and law of the land. The Department of Agriculture and Cooperation has accepted the Committee's recommendation and has accordingly, proposed to move the official amendments to the Multi-State Cooperative Societies (Amendment) Bill, 2010.⁸

Multi-State Co-operative Societies (Amendment) Bill, 2010

PART III : India's Scenario

Current Scenario in India

Currently 15 States, namely, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Mizoram, Odisha, Rajasthan, Tripura, Uttar Pradesh and West Bengal have already amended their State Cooperative Societies Acts in consonance with the Constitution (97th Amendment) Act, 2011 while two States, namely, Maharashtra and Tamil Nadu have done so by issuing Ordinances.⁹

Initiatives by Government of India

Government of India has taken various steps for the promotion and development of cooperative sector to make them viable, vibrant and democratic organizations and promote active participation of members to face the challenges of competitive global economy. These include, inter-alia, framing of the National Policy on Cooperatives, Enactment of the Multi-State Cooperative Societies (MSCS) Act, 2002, Enactment of the Constitution (97th Amendment) Act, 2011 and implementing a package for revival of Short-term Rural Cooperative Credit Structure in the country. During 11th Plan Period, Rs.10050.44 crores amounting to around 49% of the total releases of Rs. 20649.87 crores have been disbursed by National Cooperative Development Corporation (NCDC) in cooperatively under developed/least developed states.⁹

North-Eastern Region (NER)

Separate budgetary allocation in the Plan scheme is made for North-Eastern States. Subsidy to the tune of 25% and 20% respectively is provided to Cooperative Societies in North-Eastern States and West Bengal under the Central Sector Scheme. Upto 31st March, 2013, cumulative assistance provided to North-Eastern States and West Bengal was to the tune of Rs.328.72 crores and Rs.1330.30 crores respectively. Further, the Government of India is implementing a special scheme for intensification of cooperation education in cooperatively under developed states including the North- Eastern region through National Cooperative Union of India (NCUI). NCUI has established 7 field projects namely Aizwal (Mizoram), Thobal, Jorhat, Kohima, Morigoan, Shillong, Sikkim are being running in the NER.⁹

Role of NCDC in India

The National Cooperative Development Corporation (NCDC) was established by an Act of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture.

The major functions performed by NCDC are planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilisers, insecticides, agricultural machinery, lac, soap, kerosene oil, textile, rubber etc., supply of consumer goods and collection, processing, marketing, storage and export of minor forest produce through cooperatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc.¹⁰

NCDC assistance is not individual beneficiary oriented but is meant for institutional development of Cooperatives. NCDC supplements the efforts of State Government. The State Governments recommend the proposal of individual society / project to NCDC in the prescribed schematic format. The Society may also avail direct funding of projects under various schemes of assistance on fulfillment of stipulated conditions. The proposals are examined in the concerned functional division and if need be on the spot field appraisal is undertaken. Thereafter, formal sanction of funds is conveyed to the State Govt. / Society. The release of funds depends on progress of implementation and is on reimbursement basis. The period of repayment of loan ranges from 3 to 8 years. The rate of interest varies from time to time.¹⁰

Multi-State Co-operative Societies (Amendment) Bill, 2010

Table 1: State wise funds sanctioned and released under NCDC in India (2010-11 to 2012-13)

States/Uts	(Rs. in Lakh)					
	2010-2011		2011-2012		2012-2013	
	Sanction	Release	Sanction	Release	Sanction	Release
Andaman and Nicobar Islands	270	202.5	0	57.5	0	10
Andhra Pradesh	29177.34	2223.01	10879.72	9630.96	58.3	1960.43
Arunachal Pradesh	1786.25	586.63	883.65	1049.53	705.37	632.69
Assam	61.43	0	-	-	30	20
Bihar	7311.32	2513.81	63897.92	22467.63	45183.96	35857.78
Chhattisgarh	100040	27607.39	107500	87544.27	175352.47	150000
Delhi	10	9.21	0.25	5.25	-	-
Goa	0	20.03	58.9	31.65	0	58.78
Gujarat	11457.35	10612.9	5671.15	7360.39	3007.31	6574.08
Haryana	4186.26	2529.18	854.4	1940.53	55762.44	15610.56
Himachal Pradesh	35876.81	33135.3	5264.61	2643.67	749.38	1244.57
Jammu and Kashmir	0	107.78	1832.52	251.81	0	916.26
Jharkhand	0	1582.72	1.2	1016.72	-	-
Karnataka	9740.01	6637.85	21250.18	9348.46	4682.34	10386.05
Kerala	110126.39	111002.33	142855.18	89505.8	42826.63	27442.62
Madhya Pradesh	13962.91	5072.41	10047.71	4824.45	23078.37	5571.58
Maharashtra	40496.11	65833.9	112424.71	117962.17	100561.37	127187.36
Manipur	0	3.55	0	6.83	0	1.63
Meghalaya	0	8.97	0	38.52	-	-
Mizoram	36.1	121.02	116.65	0	70	68.78
Nafed	-	-	-	-	272.69	0
Nagaland	218.85	1042.57	0	257.07	0	641.81
Odisha	102420.25	75489.66	100126.1	100003.07	150000	423.05
Punjab	78.3	3.53	11.49	67.07	-	-
Rajasthan	866.07	4591.56	26879.61	6157.06	11787.25	19399.97
Sikkim	0	104.9	50817.05	7253.76	-	-
Tamil Nadu	101209.99	94099.7	0	364.25	12417.42	13121.28
Uttar Pradesh	35693.7	21888.87	38845.58	18734.96	31033.74	16232.45
Uttarakhand	635.9	929	500	266.78	3470.94	262.66
West Bengal	23017.06	1859.75	7332.52	11759.42	0	553.25
Total	628678.4	469820	708051.1	500549.6	661050	434177.6

- In 2010-11, the largest amount of fund was sanctioned & released to **Kerala** followed by Odisha and Maharashtra, whereas the lowest amount of fund was sanctioned & released to Punjab followed by Manipur, Meghalaya and Delhi.
- In 2011-12, the largest amount of fund was sanctioned & released to Maharashtra followed by Odisha, Kerala and Chhattisgarh, whereas the lowest amount of fund was sanctioned & released to Delhi followed by Manipur, Goa and Meghalaya.
- In 2012-13, the largest amount of fund was sanctioned & released to Maharashtra followed by Chhattisgarh, Bihar and Kerala, whereas the lowest amount of fund was sanctioned & released to Manipur followed by Andaman and Nicobar Islands, Assam and Goa. Also, there were 5 states namely Delhi, Jharkhand, Meghalaya, Punjab and Sikkim to whom no funds were sanctioned or released during 2012-13.

Multi-State Co-operative Societies (Amendment) Bill, 2010

Table 2: List of Multi-state Co-operative Societies as on 31st May, 2012

S. No.	State	No. of Multi-State Co-operative Societies
	National Level Federations	20
1.	Andhra Pradesh	16
2	Assam	5
3	Bihar	8
4	Chattisgarh	1
5	Chandigarh	9
6	Dadar Nagar Haveli	1
7	Delhi	62
8	Goa	4
9	Gujarat	17
10	Haryana	10
11	Himachal Pradesh	1
12	Jammu & Kashmir	1
13	Jharkand	2
14	Karnataka	15
15	Kerala	16
16	Madhya Pradesh	8
17	Maharashtra	296
18	Manipur	1
19	Meghalaya	-
20	Mizoram	-
21	Nagaland	1
22	Odisha	4
23	Punjab	3
24	Pondicherry	4
25	Rajasthan	41
26	Sikkim	-
27	Tamil Nadu	85
28	Uttar Pradesh	48
29	Uttaranchal	2
30	West Bengal	32
	Total	713

- The highest number of Multi-state cooperative Societies have been reported in Maharashtra followed by Tamil Nadu, Delhi and Uttar Pradesh and West Bengal.
- Whereas, Meghalaya, Mizoram and Sikkim have not reported even a single multi-state cooperative societies.

PART IV : International Scenario

Co-operatives in International Scenario

The International Cooperative Alliance (ICA) in its Statement on the Cooperative Identity, in 1995, defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” It is a business voluntarily owned and controlled by its member patrons and operated for them and by them on a nonprofit or cost basis (UWCC, 2002). It is a business enterprise that aims at complete identity of the component factors of ownership, control and use of service, three distinct features that differentiate cooperatives from other businesses (Laidlaw, 1974). Since its creation, the ICA has been accepted by cooperators throughout the world as the final authority for defining cooperatives and for determining the underlying principles, which give motivation to cooperative enterprise. World membership in ICA gives some idea of the size of the cooperative movement today. In 1895, the founding congress had 194 members; in the mid-1980s the ICA recorded a membership of about 355 million individuals; in 1999, the ICA’s organisations represented 750 million people; and since 2002 it was estimated that more than 800 million people are members of worker, agriculture, banking, credit and saving, energy, industry, insurance, fisheries, tourism, housing, building, retailer, utility, social and consumer cooperatives societies (Levin, 2002; Encarta, 2005; and Wikipedia, 2006) . In India the cooperatives which are members of ICA are :-

1. Co-operative House Building & Finance Corporation Ltd. (Sahkari Awas Nirman Evam Vitt Nigam Ltd.)
2. Indian Farmers Fertiliser Co-operative (IFFCO)
3. Indian Farm Forestry Development Co-operative Ltd
4. Krishak Bharati Co-operative Ltd. (KRIBHCO)
5. National Agricultural Co-operative Marketing Federation (NAFED)
6. National Co-operative Agricultural & Rural Development Banks Fed. Ltd. (NCARDBF)
7. National Co-operative Consumers Federation (NCCF)
8. National Co-operative Union of India (NCUI)
9. National Federation of State Co-operative Banks (NAFSCOB)
10. National Federation of Fishermen's Co-operatives Ltd. (FISHCOPFED)
11. National Federation of Urban Co-operative Banks & Credit Societies Ltd (NAFCUB)
12. National Co-operative Development Corporation (NCDC)
13. National Labour Co-operatives Federation of India, Ltd. (NLCF Ltd.)

Multi-State Co-operative Societies (Amendment) Bill, 2010

Cooperatives are based on basic values and principles. Cooperative values are general norms that cooperators, cooperative leaders and cooperative staff should share and which should determine their way of thinking and acting (Hoyt, 1996). The values, which are articulated by the ICA in a statement in 1995, include self-help, self responsibility, democracy, equality, equity and solidarity. The values statement further articulates values of personal and ethical behaviour that cooperators actualize in their enterprises. They describe the kind of people cooperators strive to be and the traits they hope to encourage through cooperation. These are honesty, openness, social responsibility and caring for others.¹¹

Like other businesses, Co-operatives must also serve a market efficiently and effectively, they must be well managed, and they must survive financially. However, there are important distinctions that make cooperatives unique. Laidlaw (1974) examines the difference between cooperatives and other businesses in relation to three main groups of people responsible for bringing them into existence and keeping them in operation. The three groups are: the persons who own them (the shareholders, the investors), the persons who control them (the effective decision- makers) and the persons who use them (the customers). According to him, in typical capitalist business, especially large enterprise and multinational corporations, these three are separate and distinct groups. In small private business the situation is generally much better because of the close connection between shareholders (investors) and control. In a small retail business, for example, the first two components are often identical. But still the users, the customers, are a separate group. In a cooperative society, all three come together to form a unity; those who own, those who control, and those who use.¹¹

Worldwide more than 1 billion people are members of cooperatives. Cooperatives provide 100 million jobs worldwide, 20% more than multinational enterprises. There are various types of cooperatives functioning across the world. New forms of cooperatives, like fisheries, retail and housing cooperatives hold a promising future. Cooperatives also provide utilities in many countries, such as water and electricity.¹²

In different parts of the world, cooperatives have been used to forestall unemployment and to survive depressions. Social reformers of Europe, since the nineteenth century, consider cooperatives as a means of uplifting the less well-off citizens. Cooperatives have made many communities in Europe and North America better and, through strategic alliances, helped to change the economic and social fortunes of their people.¹²

Over 50 per cent of global agricultural output is marketed through cooperatives. Thomas Gray (2012), writing in the Rural Cooperatives magazine published by the US Department of Agriculture, “**Cooperatives have had a long history of being able to respond to farmers’ needs to gain higher prices. Farmers marketing together are often able to realize better prices and terms of trade through cooperative organization.**”¹²

Cooperatives: Data Card for Developing Countries

- In Africa, cocoa and coffee growing cooperatives, which have a considerable export market, re-invest profits in their communities to obtain potable water, sanitation facilities, and resources for local villages.
- In Kenya, 250,000 people are employed by cooperatives. In Kenya, cooperatives are responsible for 45% of the GDP and 31% of national savings and deposits. They have 70% of the coffee market, 76% dairy, 90% pyrethrum, and 95% of cotton.
- In Colombia, the 8,124 cooperatives were responsible for 4.96% of the GDP in 2009. They employ over 137,888 people - 46% of which are men and 54% women.
- In Indonesia, cooperatives provide jobs to 288,589 individuals.
- A water cooperative in a remote city in Bolivia has been cited as one of the best run water companies in Latin America and has served as a model in efforts to provide safe drinking water.¹²

Multi-State Co-operative Societies (Amendment) Bill, 2010

Cooperatives beyond Real sector : Financial Co-operatives & 2008 Recession

According to a new International Labour Organisation book, titled “Resilience in a downturn: The power of financial cooperatives,” financial cooperatives out-performed traditional investor-owned banks during the global financial crisis on almost every rating level.

“Financial cooperatives” includes cooperative banks, credit unions and building societies, as well as banks that are owned by agricultural or consumer cooperatives. Co-op banks and credit unions reach the poorest people and have a substantial economic impact.

Before the crisis : Credit unions also went into the crisis in a position of strength, with 177 million members in 96 countries- all experiencing increased savings, loans and reserves in the years prior to 2007.

Resilience in the crisis : Globally, credit unions saw significant increases in savings, reserves and loans between 2007 and 2010. The financial stability of cooperative banks was 'substantially higher' than the investor-owned banks in 2007, the ILO report says.

Cooperatives resilience during the crisis is owed to the fact that financial cooperatives are owned by members and are not driven by profits. Each member has a share, which entitles them to vote for the board of directors. Any surpluses they make are put into the reserves, which are eventually returned to members through annual dividends or cheaper financial products.¹³

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