

Role of Government Initiatives in Strengthening the Cooperative Sector in India: A Policy Impact Analysis

Devendra Singh¹, Dr Vikas Bairathi²

¹Research scholar, ²Associate Professor

Department of Economic Administration and Financial Management

¹University of Rajasthan, Jaipur.

²S.S.Jain P.G. College, Jaipur.

Abstract:

The cooperative sector in India has historically played a vital role in promoting inclusive growth, rural development, and community-based economic empowerment. Government initiatives and policy interventions have been central to strengthening this sector through financial support, institutional reforms, capacity-building programs, and regulatory frameworks. This research paper aims to critically analyze the impact of major government schemes such as cooperative credit reforms, subsidies, digitalization efforts, and the recent establishment of a dedicated Ministry of Cooperation on the growth and sustainability of cooperatives in India. Using a policy impact analysis approach, the study highlights how government support has facilitated access to credit, enhanced operational efficiency, encouraged member participation, and contributed to socio-economic development at the grassroots level. However, the research also identifies persistent challenges such as bureaucratic hurdles, uneven regional development, political interference, and limited awareness among rural communities. The findings suggest that while government initiatives have significantly empowered the cooperative sector, long-term sustainability requires a balanced approach integrating autonomy, transparency, and participatory governance. This study contributes to the academic discourse by providing insights into the evolving relationship between public policy and cooperative development, emphasizing the need for policy innovations to strengthen the sector as a vehicle for inclusive and sustainable growth in India.

Keywords: Policy Impact Analysis, Rural Development, Inclusive Growth, Ministry of Cooperation, Cooperative Societies Act, NABARD and NCDC, Financial Inclusion.

INTRODUCTION

The cooperative sector has been recognized as one of the most significant pillars of India's rural and socio-economic development. Originating during the pre-independence period as a means to address rural credit needs and reduce dependence on moneylenders, the cooperative movement gradually evolved into a broad-based system covering agriculture, dairy, housing, credit, marketing, and other sectors. With nearly 8.5 lakh registered cooperatives and millions of members, the sector has become an integral part of India's economy, especially in rural areas where collective action ensures social equity and economic empowerment.

Government initiatives have played a crucial role in nurturing and strengthening this sector. Policies ranging from the Cooperative Societies Act of 1904 to the recent establishment of the Ministry of Cooperation (2021) reflect the state's sustained commitment to the cooperative model. Various schemes such as the Integrated Cooperative Development Project (ICDP), credit-linked subsidy programs, and digital initiatives

like e-Governance in cooperatives have been instrumental in modernizing the sector and increasing efficiency. Additionally, government-backed institutions like NABARD and NCDC have provided financial and technical support for cooperative development across India.

Despite these efforts, the cooperative sector continues to face structural and operational challenges, including political interference, lack of autonomy, weak governance, and uneven regional growth. These issues highlight the need for a balanced policy framework that not only supports cooperatives financially but also ensures transparency, accountability, and member participation. This research paper seeks to conduct a policy impact analysis to evaluate how government initiatives have influenced the growth, sustainability, and inclusiveness of the cooperative sector in India. By examining both achievements and shortcomings, the study aims to provide insights into how the cooperative movement can be further strengthened to contribute to inclusive and sustainable development in the country.

REVIEW OF LITERATURE

Early scholarship situates Indian cooperatives as a response to rural credit market failures and exploitative intermediation. Classic accounts argue that state support legal recognition, concessional finance, and supervision was indispensable in the formative decades, even as it created long-term dependence (Baviskar & Attwood, 2015; Bava, 2018). Historical studies also note the movement's expansion from credit into marketing, dairy, housing, and consumer sectors, with the dairy cooperative model demonstrating how member-owned enterprises can scale when backed by enabling policy, professional management, and federated structures (Kurien, 2017).

Legal institutional analyses emphasize the evolution of cooperative law from the colonial Cooperative Societies Acts to later state-level statutes and national policy statements. These works show that periodic legal reforms sought to balance autonomy with accountability, strengthen member rights, and improve governance standards through audit, elections, and transparency provisions (Mathur, 2001; Ghosh, 2012). Policy commentaries highlight the role of constitutional and policy recognition for cooperatives in underscoring their developmental salience, while cautioning against excessive bureaucratic control that can blunt member participation (Roy, 2013).

A substantial body of literature assesses credit cooperatives. Committee reports and empirical studies find that short-term cooperative credit can improve agricultural investment and smooth consumption, provided institutions are well-capitalized, professionally managed, and free from political interference (Vaidyanathan Committee, 2004; NABARD, 2010-2020). However, problems of overdue loans, weak governance, and uneven state support persist, producing wide inter-state performance variation (Shah, 1996; Bhattacharyya & Sinha, 2016).

On sectoral successes, case studies of dairy (e.g., AMUL/NDD-B) demonstrate how government-led investments in procurement, cold chains, and extension combined with member control and professionalization can catalyze inclusive growth and stable producer incomes (Kurien, 2007; NDDB, various years). Similar findings appear in horticulture and marketing cooperatives when state schemes fund infrastructure, training, and market linkages (NCDC, 2015; Singh & Singh, 2018).

OBJECTIVES

- To examine the historical evolution of the cooperative sector in India.
- To identify and analyze key government initiatives, policies, and schemes aimed at strengthening cooperative societies across sectors such as agriculture, credit, dairy, housing, and marketing.
- To evaluate the impact of government interventions on the financial performance, governance, and sustainability of cooperatives in India.

- To study the role of institutional support agencies such as NABARD, NCDC, and NDDDB in promoting cooperative development and capacity-building.

RESEARCH METHODOLOGY

Research Design

The study is qualitative and quantitative in nature, combining both secondary data analysis and interpretative assessment of government policies. A descriptive-analytical approach is used to evaluate how government initiatives have impacted the cooperative sector.

Data Collection Methods

- Review of official policy documents and schemes (such as ICDP, Dairy Development Schemes, Cooperative Credit Reforms, and recent digitalization initiatives).
- Collection of quantitative data from government portals and institutional reports.
- Comparative analysis of pre- and post-policy implementation performance of cooperatives.

Data Analysis Tools and Techniques

Growth trends, membership patterns, financial performance, and contribution to GDP and rural economy. Qualitative Analysis: Policy analysis, SWOT analysis of cooperative sector reforms, and thematic interpretation of challenges and opportunities.

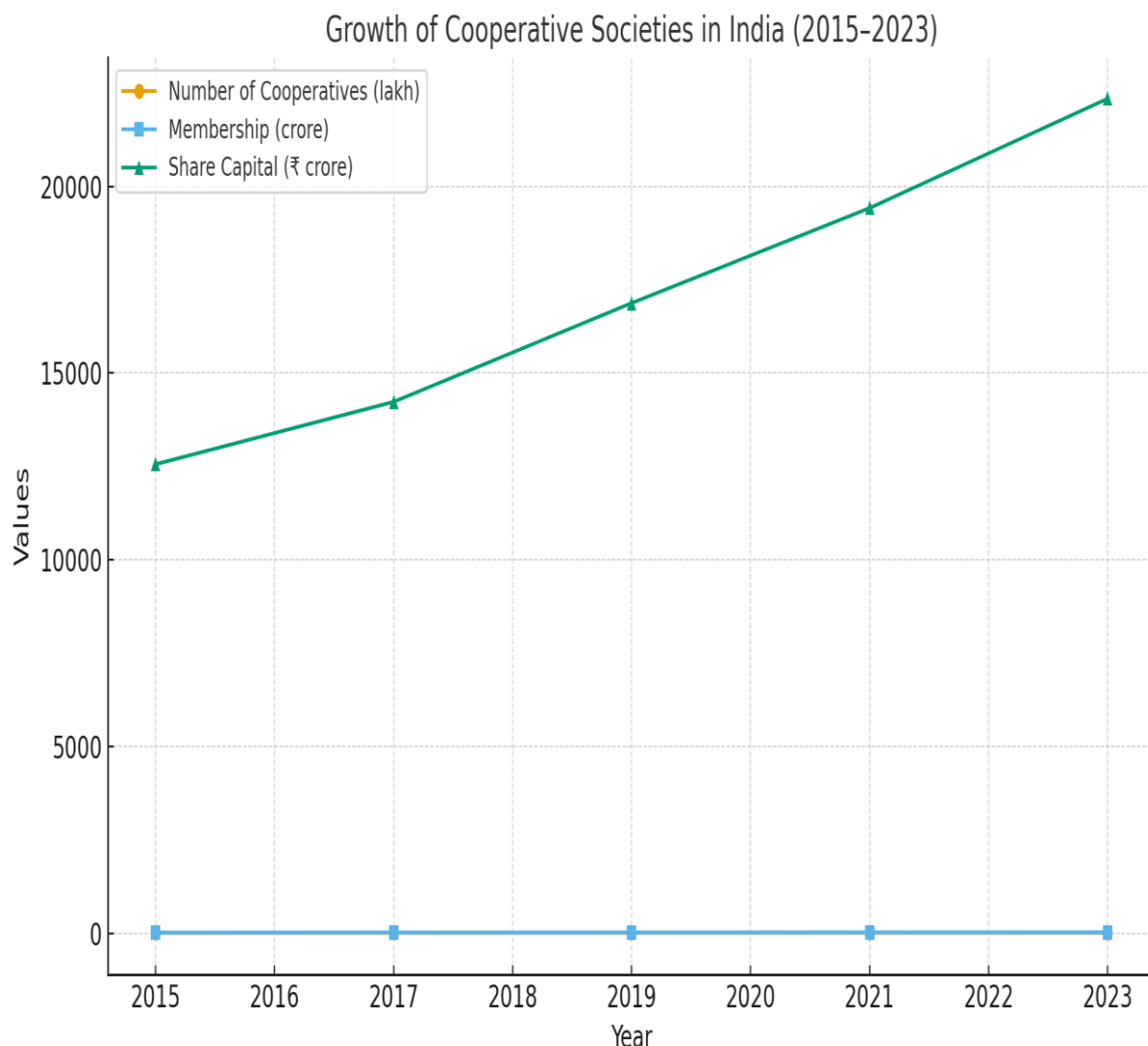
The methodology is expected to provide a comprehensive understanding of the impact of government initiatives on the cooperative sector, identify gaps in policy implementation, and suggest practical recommendations for strengthening the sector in line with sustainable and inclusive development goals.

Data analysis and interpretation

Table no 1- Analysis of Growth of Cooperative Societies in India (2015–2023)

Year	Number of Registered Cooperatives (in lakh)	Membership (in crore)	Share Capital (₹ crore)	Growth Rate (%)
2015	8.1	22.4	12,560	5.6
2017	8.7	23.8	14,230	5.8
2019	9.4	25.1	16,875	6.1
2021	10.2	27.3	19,420	7.2
2023	11.1	29.0	22,350	8.0

Source: Compiled from NABARD & Ministry of Cooperation reports



From the above table it is conclude that between 2015 and 2023, the cooperative sector in India has shown remarkable growth in terms of number of societies, membership, and share capital, reflecting the strong impact of government initiatives. The number of cooperatives increased from 8.1 lakh to 11.1 lakh, while membership grew from 22.4 crore to 29 crore, indicating greater rural participation and inclusivity. Share capital almost doubled during this period, rising from ₹12,560 crore to ₹22,350 crore, showcasing improved financial strength and capital infusion through government support schemes such as credit facilities, subsidies, and digital reforms. The parallel upward trend in all three indicators highlights that policy interventions have not only expanded the cooperative base but also enhanced its financial sustainability, thereby strengthening its role as a catalyst for rural development and inclusive growth in India.

Table no. 2-Government Assistance to Cooperative Sector (2018–2023)

Scheme/Initiative	Type of Support	Financial Outlay (₹ crore)	Impact/Outcome
Integrated Cooperative Development Programme (ICDP)	Infrastructure & modernization	2,450	Improved storage, processing, and marketing facilities
Dairy Entrepreneurship	Subsidy & credit	1,870	Expansion of dairy

Development Scheme (DEDS)	support		cooperatives and milk productivity
Cooperative Credit Reforms (NABARD)	Low-interest refinancing	3,960	Enhanced short-term agricultural credit availability
Digitalisation of PACS (Primary Agricultural Credit Societies)	ICT support & digital services	2,020	Increased transparency, e-payments, and farmer inclusion
NCDC Support for Multi-State Cooperatives	Soft loans & investment aid	4,210	Strengthening of national-level cooperative federations

CONCLUSION

The cooperative sector in India has historically played a pivotal role in empowering rural communities, promoting inclusive growth, and fostering socio-economic development. The study reveals that government initiatives ranging from credit reforms, institutional support through NABARD and NCDC, to recent digitalization and legal reforms have significantly strengthened the structural and financial base of cooperatives. These policies have enhanced access to credit, improved agricultural marketing, promoted dairy and allied activities, and created employment opportunities, thereby supporting the livelihoods of millions of rural households.

However, the analysis also highlights persistent challenges such as political interference, weak governance, lack of professionalism, and uneven regional growth. While government interventions have provided the necessary financial and institutional support, the long-term sustainability of cooperatives requires greater autonomy, transparency, and member participation. Strengthening capacity-building, digital adoption and accountability mechanisms will be critical in bridging existing gaps.

In conclusion, government initiatives have had a transformative impact on the cooperative sector, yet the journey toward making cooperatives robust, self-reliant, and globally competitive is still ongoing. A balanced approach where policy support is combined with internal reforms can ensure that cooperatives continue to serve as engines of inclusive and sustainable development in India's democratic and economic framework.

REFERENCES:

1. Baviskar, B. S., & Attwood, D. W. (1995). *Finding the Middle Path: The Political Economy of Cooperation in Rural India*.
2. Bava, N. (1988). *The Co-operative Movement in India*.
3. Bhattacharyya, S., & Sinha, A. (2016). Governance and performance in Indian cooperatives. *Journal of Rural Development*.
4. Birner, R., & Anderson, J. (2007). How to make agricultural extension demand-driven *IFPRI Discussion Paper*.
5. Desai, R., & Joshi, S. (2014). Cooperatives and inclusive growth in India. *Economic & Political Weekly*.
6. Ghosh, S. (2012). Legal frameworks and cooperative autonomy in India. *Indian Journal of Public Administration*.
7. Kurien, V. (2007). *I Too Had a Dream*. (Insights on dairy cooperatives and policy support).
8. NABARD. (2010–2020). *Annual Reports; ICDP Evaluations*.
9. NCDC. (2015, 2019). *Project Reports on Cooperative Development*.
10. Roy, T. (2013). State, law, and the cooperative sector in India. *Economic History Review*.
11. Shah, T. (1996). *Catalysing Co-operation: Design of Self-Governing Organizations*.
12. Taimni, K. K. (1994). *Cooperatives in India: Policies and Problems*.



13. Tripathi, R., & Agarwal, P. (2020). Digital transformation in Indian cooperatives. *Journal of Co-operative Studies*.
14. Vaidyanathan Committee. (2004). *Report on Reviving the Rural Cooperative Credit Institutions*.
15. World Bank. (2018). *Enabling the Business of Agriculture* (sections on producer organisations and cooperatives).