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The New Institutional Architecture of India's Cooperative Movement

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POLITY**GS2**

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The New Institutional Architecture of India's Cooperative Movement

■ Yojana Chapter 1 · 3 min read ·

Theme analysis for Yojana July 2026 (Cooperatives for a Viksit Bharat), built from verified PIB and ministry data.

India's cooperative sector is one of the largest voluntary economic networks on earth, yet for decades it lacked a dedicated national institutional home. That changed in **July 2021**, when the Union Government carved out a separate **Ministry of Cooperation** from the Ministry of Agriculture, with the motto **Sahkar se Samriddhi** (Prosperity through Cooperation). The fifth foundation day of this Ministry, observed on **6 July 2026**, is a natural anchor for reading the sector's reinvention.

FROM A STATE SUBJECT TO A NATIONAL MISSION

Cooperation is constitutionally a **State List** subject under **Entry 32** of the Seventh Schedule. This makes the sector a live case study in **cooperative federalism**. The Union cannot legislate for purely State level societies, so the Ministry of Cooperation works through model laws, advisories, financial incentives and multi state institutions rather than by displacing State registrars. The **97th Constitutional Amendment Act, 2011**, added **Part IX B** (Articles 243ZH to 243ZT) and made forming cooperative societies a fundamental right under **Article 19(1)©**. In 2021 the Supreme Court, in the **Union of India versus Rajendra N. Shah** case, struck down the portions of the 97th Amendment dealing with purely State cooperatives for lacking State ratification, while upholding the parts on multi state societies. This judgment sharpened the federal boundary the new Ministry must respect.

THE NATIONAL COOPERATION POLICY 2025

The centrepiece of the new architecture is the **National Cooperation Policy 2025**, the first refresh of national cooperative policy since the previous policy of **2002**, a gap of 23 years. It was shaped by a drafting committee chaired by former Union Minister **Suresh Prabhu**, and it sets a long horizon running from **2025 to 2045**, deliberately aligned with the **Viksit Bharat 2047** vision.

FEATURE	OLD POLICY (2002)	NATIONAL COOPERATION POLICY 2025
Time horizon	Short and undated	Twenty year vision, 2025 to 2045
Institutional anchor	Ministry of Agriculture	Dedicated Ministry of Cooperation
Technology focus	Minimal	Computerisation and digital PACS central
New institutions	None specified	National university, national cooperatives for exports, organics, seeds
Goal alignment	Rural credit	Viksit Bharat 2047 and inclusive growth

The policy is commonly described around a set of strategic pillars, including strengthening the cooperative base, promoting vibrant and future ready cooperatives, preparing cooperatives for the future through technology and skilling, deepening inclusivity and reach, and building supportive policy and legal frameworks. The consistent thread is professionalisation, transparency and scale, so that cooperatives shed their old image of weak governance and become credible economic vehicles.

SCALE OF THE SECTOR

The numbers explain why the Government treats cooperatives as a delivery platform rather than a niche.

- More than **8.6 lakh registered cooperative societies**.
- About **30 crore members**, meaning roughly one in five Indians is linked to a cooperative.
- Presence in close to **98 per cent of villages**.
- Strong share in **fertiliser distribution, sugar production and dairy procurement**.

A network of this size, if governed well, can push credit, inputs, storage and market access to the last village. If governed poorly, it can trap public money in unaccountable societies. The institutional reforms of 2021 to 2026 are essentially an attempt to tilt the sector decisively toward the first outcome.

WHY THIS MATTERS FOR UPSC

For **GS Paper 2**, this theme is a ready made illustration of cooperative federalism, the reach and limits of a Union Ministry over a State List subject, and the constitutional status of cooperatives after the 97th Amendment and the Rajendra Shah judgment. For **Mains answer writing**, a candidate can argue that the new architecture reconciles national ambition with State autonomy by using policy nudges and shared institutions instead of direct legislation. The framing of cooperatives as instruments of **decentralised economic democracy** also travels well into essay

and ethics answers on inclusive, self reliant development. The key discipline for aspirants is to keep the constitutional boundary clear, since the Union role is enabling and coordinating, not overriding, and that nuance is exactly what examiners reward.



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