

64th
ALL INDIA COOPERATIVE WEEK

14-20 NOVEMBER, 2017

GUIDELINES



NATIONAL COOPERATIVE UNION OF INDIA
3, SIRI INSTITUTIONAL AREA, AUGUST KRANTI MARG
NEW DELHI-110 016

Phones : 26512750, 26861472, 26861988, 26565146, 26568408

Fax : 011-26865350, 011-26863248

E-mail : ncuidel@ndb.vsnl.net.in

Website : www.ncui.coop

Guidelines for 64th All India Cooperative Week Celebrations*

"Empowering People Through Digitalisation of Cooperatives"

NCUI organizes every year Cooperative Week celebrations from 14 to 20 November. The objective of the weeklong celebrations is to highlight the achievements of the cooperative movement and chalk out future strategies. This year 64th All India Cooperative Week will be organized from 14th till 20th November, 2017. The main theme of this year's Cooperative Week celebrations is **"Empowering People Through Digitalisation of Cooperatives"**.

Digitalization has impacted nearly every person and business in some or in other way. For small and midsize cooperative societies, digital transformation has brought unimaginable opportunity to expand their business and turn the tables on much larger competitors. When everything is digitized and tracked, cooperative society can work directly with customers and members while gaining more control over their business.

We witness a clear connection between digital transformation and revenue growth. Fast-growing small and midsize cooperatives with about 10% annual revenue growth are significantly more likely to indicate major progress towards transformation than slower growing firms. By digitizing everything including finance, human resources, customer support and members communication, not only it is easier to run the business, but it also maximises the level of growth of a cooperative society.

It's hard to ignore the potential of digital transformation. Every day, we hear stories of how a small or midsize business achieves "overnight success" by disrupting an entire industry. Ola, Uber, Flipkart, Snapdeal, Paytm, Netflix etc – how did they do it? It's all starts with the digital transformation of the entire business model. Innovative ideas with digitization of business process can help a cooperative society to achieve huge success.

Digital economy can be either an opportunity or a threat for a cooperative society. The question is not whether a cooperative should engage its business in it. Rather, it's how to unleash the power of digital technology while maintaining a healthy business, leveraging existing IT investments, and innovating without disrupting themselves.

At this moment, we are witnessing an explosion of connections, data, and innovations. And even though this inter-connectivity has changed the scenario, customers are radically changing the rules – demanding simple, seamless, and personal experiences at every touch point.

Crores of people are using social and digital communities to provide services, share insights, and engage in commerce. All the while, new channels for engaging with customers are created, and new ways for making better use of resources are emerging. It is these

* S.C. Pradhan, Principal, Delhi State Cooperative Training Centre.

communities that allow companies to not only give customers what they want, but also align efforts across the business network to maximize value potential.

To seize the opportunities ahead, cooperatives must go beyond sensors, big data, analytics, and social media. More important, they need to reinvent themselves in a manner that is compatible with an increasingly digital world, social networking and its members.

Archiving all of internal information until the end of time is generally a good idea, as it gives the cooperative management the security that nothing will be lost. Meanwhile, enabling them to create bar graphs and pie charts based on sales trends – preferably in real time, of course – is even better.

Making the transition to the digital future is something that involves not only the management committee or the head of a cooperative society, but the entire cooperative organization.

Cooperative Sector and the Information Technology

The basic underlying theme that runs through this changing landscape is the ever increasing reliance on technology to cater to the needs of faster, accurate, and efficient credit/banking operations, both in volume and value terms, across the entire spectrum from routine backend operations to sophisticated front end multimedia interface with the customers.

In the recent times, almost all the business activities in the have undergone rapid changes due to various factors with IT being the most significant. The banking products, services, processes, delivery channels, etc, have largely moved from physical to electronic. So we have come to a stage in banking, where IT is an enabler, one of the most important business drivers and also a crucial component of the business process itself. In a way a large part of the ‘Internal Transformation’ of banking organizations can be attributed to IT adoption. Further, as all the stake holders for banks, including the regulators, are adopting more and more technology platforms, banking and credit sector has got an ideal IT ecosystem to flourish. Resultantly, now we are in a situation when not only the digital assets constitute a significant portion of a bank’s assets in comparison to the physical assets, its share is also growing day by day.

The recently launched Prime Minister Digital India initiative aims at integrating the government and related departments and the public with the objective of making public services available to citizens electronically by reducing paperwork. The digital India initiative aims at creation of nationwide digital infrastructure (broadband / high speed internet), delivery of government services digitally and also increasing digital literacy. Digitizing life and work—the mobile Internet, the cloud, the automation of knowledge work, digital payments, and verifiable digital identity are the focus points of Digital India.

Digital Payment Methods

Presently there are so many methods of cashless transactions for business and personal use. Use of e-banking systems like ECS, NEFT, RTGS, Internet banking, Cashless transaction using ATM/WLA, Mobile banking, Use of Credit/Debit or prepaid card at PoS, Mobile App like BHIM,UPI etc. are now-a-days very popular among the youngsters. Nearly

70% to & 80% of population are using atleast one of these cashless transaction methods for personal or business purpose.

India, which has about 100 crore active mobile phone connections, has one of the highest mobile users in the world. But mobile banking as a concept is yet to take off in a big way even among the educated masses. The comfort with which people use internet banking to perform various banking transactions is yet to be seen in using a mobile as a tool for banking. In 2008, some banks had started offering information based services like balance enquiry, transactions enquiry, cheque book request, mobile Top up, location of the nearest Branch/ATMs, SMS Alerts etc. But in the current scenario there are many products and services offered by the banks in a digital way.

In the last couple of years, mobile banking is gaining popularity and the concept is largely used for fund transfer (transfer of funds from one bank account to another) and merchant transactions (purchase of goods, travel and movie tickets, etc.). The pace at which mobile banking grows in India depends on the pace at which the banks prepare themselves to adapt to mobile banking technology.

Digitalisation can play an important role in enabling the growth India needs; also it has a direct impact on the country's economic and social challenges in the coming decade. The spread of digital technologies can raise the productivity of business and agriculture, redefine how services can be delivered, and contribute to higher living standards for millions of Indians. Cooperative societies have a big role in India's socio-economic growth. Digitalisation in the cooperative sector will increase this prospect manifold.

During the cooperative week celebrations following activities/programmes may be organised :

- Digital awareness campaigns/drive among cooperatives.
- Demonstration of digital transaction using mobile, internet, app base, SMS based, e-wallet, UPI, Aadhar based payment, micro ATM, etc.
- Interaction/queries session for cooperative banks regarding registration and implementation of various digital methods of payments. (An expert from NPCI or IDRBT may be invited).
- Poster drawing/essay competitions regarding digital payments may be organised.

Good Governance and Professionalisation[†]

Good Governance is an evolving, complex, multi dimensional concept. Governance refers to the set of process, customs, policies and structures that drive the way an organization is directed, administered and controlled. It usually also includes the relationship among stakeholders-members, management and the board of directors. In cooperatives, they include those who are directly involved in the management of cooperative members and the community at large. Hence, governance is a primarily process. Good governance is essential for all successful organizations and cooperatives are not an exception to it. Good governance also stands for transparency, justice and democracy which are intertwined in the principles of cooperatives.

The objective of good governance is to help cooperatives improve the governance process. The principles of good governance are based on openness, integrity and accountability. Cooperatives should combine these principles with cooperative principles of democratic and voluntary organizations and membership based on self-help and mutual help.

The governance in cooperatives is different from that of corporates. A cooperative exists for the members and in this context, the board of directors, salaried employees and regulatory government need to play their respective roles which need to be well defined. The All India Rural Credit Review Committee (1969) had observed that there should be a clear-cut defined demarcation of duties and responsibilities between the members and the salaried executives. Many a times cooperatives run into problem because of the ambiguity in stakeholders roles. The board is a policy making body and employees are there to implement it. The leadership also plays a very vital role in the development of cooperatives. In many countries, the state also plays a very important role in regulation and promoting development. Thus, in governance, the role of state and leadership has a direct bearing in the functioning of cooperatives.

A well conceived legal system is a pre-condition for good governance of economic enterprises including cooperatives. The cornerstone of good governance is adherence to the rule of law, that is, the impersonal and impartial application of stable and predictable laws, statutes, rules and regulations without regard for social status or political considerations.

Leadership is yet another cornerstone of good governance. Effective leadership contributes to effective governance by bringing on board varied stakeholders and creating space for them to participate and make their legitimate claims. It is opined that leaders play an important role in governance; they provide directions for governance through fostering shared understanding.

The vision, mission and goals of an organization set the framework for its functioning and the leaders are called upon to guide the organization in a set direction. In their role as

[†] Dr. Girish Mangleek, Director I/c, ICM, Dehradun, Uttarakhand.

heads of organizations, leaders take other stakeholders along and guide them to reach the goals. Leaders are the force around which the organizational elements revolve. Therefore, enlightened leadership ensures better governance of any structure, be it state, business organization or a civil society organization such as cooperatives.

There are many aspects of effective leadership and governance in cooperative enterprises that are common with that of other forms of enterprises. Ideally cooperative values and principles enable us to articulate a specifically cooperative management philosophy and practice.

Cooperative leadership is essentially a collective leadership. It is the board of directors who are leading the governance process in a cooperative. It may, therefore, be said that the leadership in cooperatives needs to have the professional acumen like any commercial organization, with understanding regarding cooperative principles such as democracy and member participation. It is imperative to understand that good governance in the context of cooperatives requires lasting leadership, commitment and willingness and acumen in identifying areas of reform and implementing reforms.

The nature of leadership in cooperatives is distinct both due to the nature of the cooperatives as well as the larger objectives cooperatives stand for. A supportive legal regime coupled with enlightened leadership can make cooperatives achieve what they stand for.

The main pillars of good governance are transparency, accountability, risk management and control. Cooperative governance regulates the relationship between members of cooperatives, the board of representative of members and management. The basic principles of good governance rest on accountability, transparency, informed decisions, decisions based on facts, non corrupt ways of doing things, respect for the merit of each case and regulatory reporting to higher bodies.

It is the responsibility of the leaders to interpret and explain the change to employees and to members. The vision of cooperatives under the changed environment may be created by the leaders and explained to the followers and employees. This helps in reducing uncertainty and consequent reduction in the resistance for change.

Governance structure of a Cooperative Organization:

Democratic governance and accountability are the key factors for the success of cooperative governance. The structure of a cooperative organization consists of (i) members (ii) general body (iii) elected executive (iv) appointed managers.

- (i) **Members:** Only those should be members who avail of and participate in the service provided by the cooperatives. The non-participative or bogus membership should not be encouraged. Members should be enlightened regarding the working of cooperative. Quality of cooperative Governance depends on quality of members and quality of their participation.
- (ii) **General Body:** General body should be held at least once in a year and lay down policy and guidelines. A member should continuously participate in general body meeting. The governance issue of cooperatives should be discussed in the general body meeting.

- (iii) **Elected Executive:** The General body should elect an executive committee. The executive committee members should diligently work in the interest of the cooperatives.
- (iv) **Appointed Managers:** The Executive Committee should appoint managers and other staff. They should be recruited on the basis of professional competence. The manager should be trained to perform his job.

The Good Cooperative Governance will

- (i) Ensure that board and management pursue objectives that are in the interest of cooperatives and members.
- (ii) Lead to effective monitoring of activities of societies.
- (iii) Ensure efficient and effective use of available resources
- (iv) Reduce conflicts and
- (v) Increase accountability and transparency in cooperatives.

Cooperatives through good governance and able leadership would not only be able to sustain themselves but also outperform and shine others. The objective of good governance is to help cooperatives to function professionally and effectively. The principles of good governance are based on openness, integrity and accountability. Cooperatives should combine the basic principles of good governance along with cooperative principles of democratic and voluntary organizations and membership based on self-help and mutual help. The combination of basic principles of good governance with cooperative principles will enable the cooperatives to function as professional units and they will be able to deliver the better results.

During the cooperative week following activities/programmes may be organized :

1. Seminars/workshops on cooperative governance, leadership, membership, women participation, etc.
2. Devising some measurement/rating mechanisms to measure the degree of cooperative governance.

Cooperatives : Producers to Consumers[‡]

The cooperative marketing societies assist the farmers members to secure reasonable prices for marketing their agricultural produce. They function as bridge between producers and consumers. The basic aim of cooperative marketing is to arrange for marketing of agricultural produce of the agricultural members at a remunerative price, to distribute inputs to the agriculturists, to advance loans on the pledge of agricultural produce, to undertake processing of the agricultural commodities and to help in better recovery of loans through linking of credit with marketing.

There are many benefits of cooperative marketing societies. If the farmers join hands and form a cooperative, they will be able to increase their bargaining strength because their produce will now be marketed by a single agency. The marketing cooperatives provide credit to the farmers to save them from the necessity of selling their produce immediately after harvesting. This ensures better returns to the farmers. This reduces the cost and botheration of transporting produce to the market. The societies have storage facilities. The farmers can wait for better prices, also there is no danger to their crop from rains, rodents, etc. The another benefit is that the cooperatives can arrange to obtain data on market prices, demand and supply and other related information from the markets on a regular basis and can plan their activities accordingly. These cooperative marketing societies can undertake processing activities like crushing oil seeds, ginning and pressing of cotton etc.

Two types of cooperative marketing structures are found in India. Under the 1st type, there is 2nd tier system with primary societies at the base and the state society at the apex. Under the 2nd type, there is 3rd tier system with primary societies at the village level, central marketing societies at district level, and state marketing societies at the apex. NAFED at the national level is the apex cooperative marketing organization dealing in procurement, distribution, export and import of agricultural commodities.

The produce marketed through agricultural cooperative marketing societies accounts for 8 to 10% of the marketed surplus. The important commodities marketed by these societies are foodgrains, sugarcane, cotton, oilseeds, fruits, vegetables and plantation crops. The progress of cooperative marketing societies has varied from state to state and within each state from commodity to commodity. Maharashtra, U.P., Gujarat, Punjab, Haryana, Karnataka and Tamil Nadu together account for more than 80% of the total agricultural produce marketed through cooperatives in the country. The progress of cooperative marketing societies has been far from satisfactory in most of the states because the farmers do not patronize these societies for the sale of their produce. Instead farmers use the services of commission agents in the regulated markets for various reasons such as easy access to commission agents, facility of advance loan, hassle free transactions and personalized services rendered by commission agents. State intervention through its nominated officials and politicization of these societies have also been responsible for their failure. The cooperative marketing societies lack finance. In order to increase the business volume of the societies, the members have to be paid advance money before the sale proceeds of the

[‡] Sanjay Kumar Verma, (Pub./PR), Dy. Director, NCUI.

agricultural product. Due to inadequate marketing finance, the societies are not in a position to increase the volume of business. The marketing societies do not have usually adequate storage and transport facilities, which are very important for the functioning of these societies.

To face the challenges of the competitive economy, cooperative marketing societies should develop sufficient storage facilities in the mandi as well as in the village. They should give adequate representation to small and marginal farmers in their organizational set up. The cooperative feeling among the members should be inculcated through proper education by organizing seminars and by distribution of literature. There is a need for bringing about proper coordination between credit and marketing cooperative societies to facilitate the recovery of loans advanced by the credit societies, and make available sufficient finance for marketing societies. They should acquire the transport facility to bring the produce of the members from villages to mandi in time and at a lower cost. These societies should diversify their activities, sell the produce and inputs, and engage in the construction of storage facilities. The public procurement and public distribution programme should be implemented through cooperative marketing societies to increase their business.

During the cooperative week celebrations, the following activities/programmes may be organized :

- Workshops/seminars on professionalization of cooperative marketing societies, and strengthening link between producers and consumers.
- Initiation of research projects/surveys on this subject.
- Awarding best marketing societies by devising necessary performance yardsticks.
- Undertaking technology initiatives to strengthen these societies.

Enabling Legislation for Cooperative Development[§]

Cooperatives were introduced in 1904 by passing the first Cooperative Credit Societies Act by the then British Govt. in India to provide institutional agriculture credit to farmers at low rate of interest than what was charged by the private money lenders. This Act was restricted to credit cooperatives as it was perceived that in country “among relatively backward population, the difficulties involved in the management of production and distribution business are likely to prove a stumbling block in the way of progress.” This cooperative Act was not restricted to agricultural credit, it made a distinction between rural and urban cooperative societies based on Raiffeison Model. A committee on cooperation under Chairmanship Sir Edward Maclagan was constituted by British Government in October, 1914 to recommend the future of cooperatives.

On the recommendation of Chemsford Reforms 1919 an Act was passed and cooperative as a subject was transferred to the provinces so that the cooperatives may grow in accordance with local condition and need.

After setting up of Reserve Bank in 1935, special attention was given on creating an agriculture credit department. Mehta Committee appointed in 1937 recommended to reorganize cooperative credit societies as multi-purpose cooperative societies so that their business turnover will increase, and more services can be provided to members to fulfill their needs under one roof.

The important issue was raised at the 11th Conference of the Registrars of cooperative societies held in 1934 and it was suggested that an all India cooperative legislation was necessary for societies which had the area of operation more than one province. But this suggestion was not taken up further.

After enactment of 1942 Multi-unit Cooperative Societies Act, several national level cooperative societies and federations were promoted by cooperatives in the country with the assistance of the central and state governments. The provisions in the cooperative law in different states governing these cooperatives (more than one state jurisdiction) varied from one another. The lack of uniformity and inadequacies in their existing arrangement rendered it necessary to replace the multi unit cooperative societies Act, 1942 by a common comprehensive central legislation namely the multi state cooperative societies Act, 1984 providing for a central authority to be responsible for their registration, promotion and supervision etc. Later on cooperative societies started demanding more autonomy and democratic management with less control from the central or state government.

Government of India embarked on the path of liberalization in 1990 with focus on privatization. In environment of liberalized economy, a few committees put their minds to find solutions to various cooperatives issues, so that they can compete in the liberalized economy. The Chaudhary Brahm Perkash Committee was appointed by the Planning Commission to suggest future directions for the cooperative development in present scenario.

[§] Dr. V.K. Dubey, Director, National Centre for Cooperative Education, New Delhi

Consequently, a Model Bill was submitted by the Committee in 1991 and it was circulated to all state governments and central govt. for their consideration and adoption but state governments did not accept the Model Cooperative Law.

The 8th Five Year Plan laid emphasis on building up cooperative organizations as self managed, self regulated and self reliant organisations. Till 8th five year plan there was a separate chapter on cooperatives, but no importance was given to cooperatives from 9th five year plan. Considering the need for autonomous, self reliant and democratically managed institutions, and keeping into account the accountability of members, the Central govt. modified Multi State Cooperative Societies Act in 2002 in keeping with spirit of the Model Cooperative Bill (Act) (Braham Prakash Chaudhary Committee Bill).

It is very interesting to mention that, the Govt. of India enacted a “Producer Companies Bill” in February, 2003, which provides an alternative or parallel structure in the country that is presently available in the cooperative organizations. Producer companies are also based on the principles of mutual assistance that emphasize voluntary membership, democratic decision making distribution of surplus, based on patronage rather than capital with a provision for education of members and permitting voluntary transformation of cooperatives into producer companies. There are more than 8 lakh cooperatives already in existence covering 100% villages in the country. What is the need to propagate parallel structure and invest huge of money for the same? The government can best initiate a change in provision of cooperative law and build up a strategy to strengthen the cooperative structure to meet the needs of masses. The provisions in cooperatives that support this contention include right to refuse registration and sole right to dissolve a cooperative, sole right to conduct audit, understand power to hold inquiry and inspection, supersession of elected managements and appointment of persons to take over management, requisitioning and calling a general meeting, arbitration, attachment and sale of properties, power to sanction investment by a cooperative, refusal to register amendment of bye-laws, power to force compulsory amendment of bye-laws etc.

It is a fact that democracy is the soul of cooperative organizations. The democratic management signifies institutional regulation by the members and their elected representatives in accordance with the bye-laws (under Act & Rules). It precludes control and interference by any out-side agency including Government except the usual penal action undertaken by the competent authority. The cooperative law has to respect this aspect of cooperative organizations. No doubt, after independence the growth of cooperatives was facilitated by Government aid and other support, but there was control over the movement through incorporating restrictive features in cooperative legislation, satisfying cooperative leadership while creating apathy among the members.

The cooperation is state subject under the Indian Constitution. Although the constitution guarantees the right to form associations or unions as a fundamental right, the cooperatives are not implicitly covered by this provision. In the order to bring uniformity in State Cooperative Acts, proper management, the Constitution Amendment Bill 111 was introduced on the recommendation of Standing Committee. This Amendment as 97th Constitution was passed in December, 2011. The Amendment gives a fundamental right to form cooperatives under Article 19(C). It is a big achievement for the cooperative sector. According to Article 43-BG, the State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of cooperative societies by skilled employees, innovative technology, etc. Article 243 has provided that the maximum number of directors of a cooperative society shall not exceed twenty one. It will

reduce the expenditure on meetings and other cost. To give preference to the weaker community, the legislation has provision for the reservation of one seat for scheduled castes/ scheduled tribes and two seats for women on board of every cooperative society consisting of individual as members. This provision will provide participation of all classes in the functioning of cooperatives.

Article 243ZK provides for constituting an authority which who shall be responsible for the superintendence, direction and control of the entire procedure to conduct of elections. This section will provide a system for fair election and true democracy in cooperatives. Article 243ZP, has the provision that the annual returns to be submitted to the authority specified by Govt. is listed and these returns shall be submitted within 6 months from the date of closing of the financial year. So, the documents must be maintained properly in a timely manner. This amendment will improve the working condition of the cooperatives, however, some states have taken stay in the court which must be vacated.

Considering the importance of cooperative law for growth of societies, the workshops, seminars, forum, expert discussion may be organized on the important issues related to cooperative legislation during the cooperative week. The matter pertaining to Constitutional Amendment Bill is very topical, and it should form a part of the discussions during cooperative week. The court cases, studies/ research in areas of cooperatives legislation should also be initiated.

Public, Private - Cooperative Partnership**

In today's era of competitive economy, forging effective collaborations and partnerships is the need of the hour for the vibrant functioning of any sector. A sector/organisation can not function effectively without the collaboration of like-minded organisations who understand, the aims, objectives, and values of the organisation with which they are collaborating. The cooperatives today face many challenges in India which are following :

- Need to enhance their efficiency, business and marketability.
- Need to diversify in new areas to expand business operations, earn more profits and build up a profile which is multi-dimensional.
- Need to explore funds in these areas of activities where other organisations can support.
- Strengthen their IT support with the support of like minded organisations which can provide this expertise.
- Expand their orbit of professionalism by collaborating with training/capacity – building organisations, so as to strengthen their training and education plank.
- Strengthen their business plank with support and alliance with other organisations who believe in mutual enhanced business growth.
- Expand their international dimensions to reap mutually beneficial advantages by aligning themselves with international organisations.

Viewed against the above perspective, the cooperative organisations in India, business as well as professional, are understanding the significance of forging partnerships with public and private sector. IFFCO, KRIBHCO, AMUL and other organisations have entered into various partnerships with public and private sector organisations. It is now being realised that though the nature, structure, principles/values of public/private sector may be different from cooperatives, however, the cooperative organisations feel that they need to benefit from the professional/technical/business nature of these organisations so that the cooperatives can be productive in their operations and are not inhibited by various problems which can affect their functioning. Similarly, the public/private sector organisations too understand the advantages of cooperative organisations, their strong community base, wide network and reach, their strong rural orientation, ability to cater to the interests of poor, weak and vulnerable sections of the society etc. So, it is a win-win situation for public, private and cooperative organisations so far as entering into viable partnerships with each other is concerned. The corporates understand that their business in

** Sanjay Kumar Verma, (Pub./PR), Dy. Director, NCUI.

the rural areas can net increase if they do not enter into collaboration with cooperative organisations which are strong in these areas.

In the digital era today the importance of partnership between public-private - cooperative sector has increased due to the ability of social media to expand its horizons far and wide through wider connectivity. The visibility of every organisation/sector is increased which enables development of partnerships based on mutual advantages.

During the cooperative week celebrations, following activities/programmes may be organised :

- ❖ Seminars/workshops/conferences may be held on various issues of public-private-cooperative partnership like functional efficiency, business expansion, digital literacy, etc.
- ❖ Case studies may be initiated in those areas where public-private-cooperative partnership in forged.
- ❖ During the cooperative week events/programmes, larger number of dignitaries may be invited from public/private sector organizations.
- ❖ Relevant literature on this vital issue of importance may be developed.

Role of Cooperatives in Financial Inclusion & Cashless Payment Through Technology Awareness and Cashless Payments^{††}

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. “Faceless, Paperless, Cashless” is one of the objectives of Digital India.

In today’s financial systems, usage of Information Technology (IT) is fundamental to the survival and at the same time growth of the institutions. IT usage not only helps banks hold and reduce their cost of operations, several developments in the information and communication technology (ICT) enable the institutions to offer highly profitable products and services to their constituents. IT has become not just an enabler, but also a distinguishing factor and differentiator. It also provides competitive advantage and edge to its users. Further current regulatory and supervisory compliance demands that the institutions have a very sound usage of IT systems for their operations.

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable. An estimated 2 billion working-age adults globally have no access to the types of formal financial services delivered by regulated financial institutions. For example, in Sub-Saharan Africa, only 24% of adults have a bank account even though Africa's formal financial sector has grown in recent years. It is argued that as banking services are in the nature of a public good, the availability of banking and payment services to the entire population without discrimination is a key objective of financial inclusion.

Role of Urban Cooperative Credit System in Financial Inclusion

Urban cooperative banks occupy an important position in Indian banking system. The credit societies cooperative were the first formal institution to be conceived and developed to purvey credit to rural India. The cooperatives credit societies therefore have been recognized a key instrument of financial inclusion in reaching out to the last mile in rural areas. The urban counterparts of rural cooperatives credit societies, the urban cooperative banks (UCBs) and Thrift and Credit Societies (TCs) too have traditionally been an important channel of financial inclusion for the middle and low income sections in the semi-urban and urban areas of the country.

As at end March 2016, India’s cooperative banking sector comprised of 1574 UCBs and 94,178 Rural Cooperative Credit Institutions including short term and long term credit institutions. The 1574 UCBs with 10091 branch network supplemented by 2961 ATMs and 238 Extension Counters (ECs) are helping in Financial Inclusion. They have more than 2.5 crore members and an equal number of customers extending banking services. Further since 90% of loans and advances granted by urban cooperative banks are up to Rs. 5,00,00 and

^{††} Subhash Gupta, Chief Executive, NAFCUB, New Delhi

they are recognized as the best institutions for the purpose of financial inclusion. Similarly, thrift and credit societies also give loans and advances ranging from Rs. 25,000 to Rs. 1,00,000 to poor and marginalized section of the society, thereby helping in the process of greater financial inclusion.

The multi-state cooperative credit societies which have area of operation in more than one state and are around 450 in number are also in forefront of financial inclusion.

Steps taken by UCBs in greater Financial Inclusion

The urban cooperative banks have initiated several measures to achieve greater financial inclusion. Some of these steps are:

- ❖ **Opening of no-frills accounts:** Basic banking no-frills account is with nil or very low minimum balance as well as charges that make such accounts accessible to vast sections of the population.
- ❖ **Relaxation on know-your-customer (KYC) norms:** KYC requirements for opening bank accounts were relaxed by RBI for small accounts in August 2005, thereby simplifying procedures by stipulating that introduction by an account holder who has been subjected to the full KYC drill would suffice for opening such accounts. The urban cooperative banks are following the guidelines and are opening more accounts, thus helping in financial inclusion.
- ❖ **Engaging business correspondents (BCs):** In January 2006, RBI permitted urban cooperative banks to engage business facilitators (BFs) and BCs as intermediaries for providing financial and banking services. The BC model allows banks to provide doorstep delivery of services, especially cash in-cash out transactions, thus addressing the last-mile problem.
- ❖ Use of technology
- ❖ Participation in DBT scheme of Government
- ❖ Providing insurance facilities
- ❖ Providing remittance facilities
- ❖ Opening of branches in unbanked centres
- ❖ **Participation in Pradhan Mantri Jan Dhan Yojna (PMJDY):** The government of India recently announced “Pradhan Mantri Jan Dhan Yojna,” a national financial inclusion mission which aims to provide bank accounts to at least 75 million people.
- ❖ Under PMJDY, so far the government has been able to open 240 million bank accounts and now except in certain remote and inaccessible areas, people have bank accounts.
- ❖ **MUDRA Yojna:** Urban Cooperative Banks are also participating in this financial scheme of national importance. UCBs through MUDRA schemes are helping in Financial Inclusion.

The Government in 2015-16 made a provision of Rs. 1.20 lakh crore under MUDRA Yojana and it has been increased to Rs. 1.80 lakh crore in the current financial year 2016-17. Major beneficiaries under the scheme were women and those from weaker section of the

society. Under MUDRA, small traders, businesses have access to banking finance without security.

Technology – Digital (Cashless) Banking

8th November 2016, was a red letter day for the Indian economy as PM Modi declared most of the money in our wallets would be devoid of value after the midnight hour. This was nothing short of a radical move that would help make the economy cashless, and a collection of experts at GBS deliberated on how a cashless Indian economy was becoming a reality.

The government is targeting 25 billion transactions in India through multiple facilities including platforms such as Aadhaar pay, Unified payment Interface, Immediate Payment Service and debit cards.

As technology dramatically alters the Indian banking landscape, cashless payments take centre stage as a crucial enabler

The road to going cashless is getting ready.

Urban Cooperative Banks & Digital Banking

Cashless or Digital banking is the digitization (or moving online) of all the traditional banking activities and programs that historically were only available to customers when physically inside of a bank branch. This includes activities like:

- Money Deposits, Withdrawals, and Transfers
- Checking/Saving Account Management
- Applying for Financial Products
- Loan Management
- Bill Pay
- Account Services

As technology dramatically alters the Indian banking landscape, cashless payments take center stage as a crucial enabler. The road to go cashless is getting ready. The government is targeting 25 billion transactions in India through multiple facilities including platforms such as Aadhaar Pay, Unified Payment Interface, Immediate Payment Service and debit cards.

Modes of Digital Banking

- ❖ RTGS / NEFT Facilities
- ❖ Member Of National Clearing House (NACH)
- ❖ Direct Benefit Transfers To Customers
- ❖ Internet Banking Facility
- ❖ Internet View Only Facility
- ❖ ATM/Debit/Credit Card Facility
- ❖ Onsite and Offsite ATMs

- ❖ Point of Sale (PoS)
- ❖ Aadhar Enabled Payment Systems (AEPS)
- ❖ Mobile Banking Facility
 - SMSs Facility
 - Missed call alerts
 - ATM transaction alerts
 - Account transaction alerts
 - BHIM Application
 - UPI (Unified Payment Interface)
 - E-Wallet
 - Cashless Banking

Benefits of Cashless / Mobile / Internet Banking

- ✓ It reduces counterfeit notes in the banking system;
- ✓ It reduces leakage in payment system;
- ✓ It helps in avoiding soiled notes ;
- ✓ It avoids risk of carrying cash which result in reducing transportation and also avoids theft and loot of money;
- ✓ It helps in maintaining of proper record of income and spending;
- ✓ It reduces corruption;
- ✓ It will help in reducing anti-national activities;
- ✓ Approx Rs. 16 lakh crore of cash is in the system. It will help in reducing use of paper thereby less cutting of trees.
- ✓ It will save in cost of printing, transporting and security etc.

Urban banks operate in cities/urban areas as well as in semi urban areas. They are therefore very much in a position to penetrate into adjoining villages to create awareness as well as provide necessary banking services in this regard. While in the rural areas there could be genuine lack of awareness, in the urban areas however, it is more about prevailing practices rather than awareness of digitalization of payment systems.

Recently, RBI in its 33rd meeting of Standing Advisory Committee for UCBs held on May 05, 2017 at Mumbai stressed upon the need for digitalisation of payments. The Deputy Governor stated that digitalisation should however, not be pursued at the cost of fundamental security. He expressed concern that IT systems of many bank have been hacked and the banks were not even aware that their systems had been hacked. **He urged the UCBs should raise the bar on IT capability of their staff and appoint qualified Chief Technical**

Officer (CTO) to provide support on an ongoing basis. Otherwise, the banks should opt for entering the payment system through a third party having requisite security in place.

Steps taken by RBI and Government to discourage use of cash

- Licensing of Payment banks
- Promotion of e-commerce by liberalizing the FDI norms for this sector.
- Government has also launched UPI which will make Electronic transaction much simpler and faster.
- Government has also withdrawn surcharge, service charge on cards and digital payments

Threats and challenges for online banking security

Online Banking offers users the convenience of managing one's finances anytime, anywhere. However, any online transaction can be vulnerable to security threats.

The current state of online banking

Some financial institutions today still employ simple security mechanisms that consist of a username and password combination for login and money transfers. These are easily breached by the increasingly sophisticated methods fraudsters use and have resulted in users having their account details compromised.

That being said, regulators and institutions are moving or planning to move away from simple passwords or single factor authentication and towards more advanced security solutions, such as Two Factor Authentication (2FA) with One-Time Passwords (OTP). OTP systems provide a mechanism for logging onto a network or service by using a unique password that cannot be reused for each transaction. This increases protection for online bank account management, corporate network access and other systems containing sensitive data.

The current threat landscape

Online banking is becoming increasingly popular as it brings convenience, simplicity and speed to consumers. Common techniques deployed by fraudsters today to obtain login credentials for users' online banking accounts include phishing, pharming, keylogging, man-in-the-middle and man-in-the-browser attacks.

Challenges for online banking security

However, implementing security measures for online banking is a task that's easier said than done. Securing an online banking channel has many aspects to it and each needs to be addressed individually. A key challenge faced by banks when upgrading their security infrastructure is identifying which technologies to adopt and which parts of their infrastructure to change or upgrade.

Other Challenges before Urban Cooperative Banks

1. Challenge of capital formation
2. Challenge of technology
3. Challenge of Governance

4. Challenge of Dual Control
5. Challenge of Branding & Identity

Formation of National Umbrella Organisation (UO)

Urban Cooperative Banks in India operate with following handicaps:

- Limited avenues for raising of capital
- Limited avenues for meeting short-term liquidity requirements
- Majority of the banks are small and are unable to compete effectively
- Weaknesses in the sector, mainly arising from inefficiencies in operations, lack of professionalism, weak governance.

Umbrella organization will facilitate:

- Efficient and sound banks
- Raising of capital by banks
- More effective regulation
- Stable sector contributing to financial stability
- Greater public confidence
- Fostering of cooperative spirit
- Greater public welfare

Formation of UO will equip UCBs to face competition with confidence. Following fund and non-fund based services will be provided by umbrella organizations:

Fund based activities includes:

- It should have ability to raise capital / funds on its own;
- Provide liquidity support
- Buy / Sell government securities
- Collect deposits from members and to pay interest
- Lend surplus fund
- Gateway of settlement

Non-Fund based includes:

- Product development
- Cross guarantee
- Securitization

- Recruitment services
- Research
- Training & capacity building
- Consultancy services in HR, ALM, other spheres of operations and regulatory compliance
- Treasury management IT support: consultancy, data centres, dedicated IT networks

Thus, we can conveniently say that urban cooperative banks and cooperative credit societies (T/C Societies) are playing a significant role in financial inclusion and cashless payment system by meeting banking and credit needs of poor and marginalized section of society which otherwise remained financially excluded.

The future of the Cashless India looks pretty promising as the response of the country people towards this move of the government and the support towards it is a clear indication that the government's move is likely to succeed. The transparency in the economy will increase through the e-commerce transactions and the digital payment gateways which will increase the GDP of the economy. This will increase the creditability of the country and make a rise in investments. This step of cashless is truly going to create ripples of big success.

During the cooperative week celebrations, following activities/programmes may be organised:

- Workshops/Seminars/Symposiums on cashless economy.
- Campaign for promoting cashless transactions in cooperatives.
- Publication of articles/papers on cashless economy in cooperative magazines/journals.

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Cooperatives for Disadvantageous and Economically Weaker Sections^{‡‡}

Cooperatives in the context of Weaker Section:

Tribals are the economically weaker sections of the society. They are the most disadvantageous sections' of our population. A cooperative is considered to be one of the most important modes of socio-economic upliftment of the most disadvantageous & economically weaker sections' of the society.

The state governments setup Tribal Cooperatives Corporations at state level, and societies at district level and village level for the socio-economic upliftment of tribal people, like Girijan Cooperative Corporation by Government of Andhra Pradesh, Tribal Development Cooperative Corporation of Orissa Limited of Odisha, Maharashtra State Cooperative Tribal Development Corporation of Maharashtra etc. The very purpose of these cooperatives was to provide them the essential commodities through the daily requirement depots and at the same time lift the stock of minor forest produce collected by them by paying the best possible remunerative price, and thus to protect them from exploitation by the middlemen. In order to facilitate and strengthen these state level cooperatives in terms of financial and marketing needs, Tribal Cooperative Marketing Development Federation of India Ltd. (TRIFED) was established through an act of Parliament on 6th of August 1987 and since then TRIFED has been engaged in Marketing Development of Minor Forest Produce and Tribal Handicraft Products.

Minimum Support Price Operation (MSP for MFP) for Minor Forest Produce by TRIFED – Intervention by Cooperative Model:

Minor Forest Produce (MFP) is a major source of livelihood for tribals who belong to the poorest of the poor section of society and live in the forest and forest fringe areas. The importance of MFPs for this section of the society can be gauged from the fact that around 100 million forest dwellers depend on MFPs for food, shelter, medicines and cash income. It provides them critical subsistence during the lean seasons, particularly for primitive tribal groups such as hunters' gatherers, and the landless. Tribals derive 20-40% of their annual income from MFP on which they spend major portion of their time. This activity has strong linkage to women's financial empowerment as most of the MFPs are collected and used/sold by women. MFP sector has the potential to create about 10 million workdays annually in the country.

Introduction regarding MSP from MFP Scheme:

In the case of agriculture products marketing the intervention of the Government through Minimum Support Price (MSP) operation insulates the farmers from income reduction whenever prices crash below remunerative level. On similar lines minimum support price for minor forest produce (MSP for MFP) has been introduced, as a social security for

^{‡‡} M. Bhav Singh, Dy General Manager, TRIFED, New Delhi

tribals whose livelihood greatly depends on MFP. Initially this scheme was introduced for 8 PESA states and for 12 MFP commodities. Later on the scope of this scheme has been extended to all the states and UTs wherever tribal people live, along with expansion of commodities up to 26. This scheme is being implemented through state level tribal development cooperatives corporations (TDCCS) and states forest cooperative corporation at the Apex level and district level cooperatives, minor forest produce unions in the district/tehsil.

The scheme has been started with the objective of providing fair price to MFP gatherers, enhance their income level and ensure sustainable harvesting of MFPs. The MSP scheme seeks to establish a framework to ensure fair prices for the produce collected by them, giving them assurance of buying at a particular price, etc. while ensuring sustainability of the resource base. It is a holistic scheme for development of MFP trade and covers 24 non-nationalized / non-monopolized MFPs namely, karanj seed, mahua seed, sal leaf, sal seed, lac (Rangini & Kusumi), chironjee, wild honey, myrobalan, tamarind, etc. The scheme is applicable for implementation in all the States across India.

A National Workshop on Minimum Support Price for Minor Forest Produce Scheme was organised by Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) on 25.9.2017 at Hotel Ashok. Senior officers from Government of India and several states of India participated in workshop which was inaugurated by Shri Jual Oram, Hon'ble Minister for Tribal Affairs. Shri Jaswantsinh Sumanbhai Bhabhor and Shri Sudarshan Bhagat Ministers of State for Tribal Affairs were guests of Honour. Smt. Leena Nair, Secretary (TA), Government of India delivered the key note address. She stated that tribals constitute 8.6% of our population. Minor Forest Produce is very important to their economy. They face several challenges as MFPs are perishable produces. There is lack of proper storage facility and logistics. It is, therefore, important that the Government must intervene to support them.

The MSP for MFP Scheme provides a safety net for these tribals. Although the scheme was launched in 2014 it had mixed result for various reasons. Some states have done well but in several other states the scheme is yet to take off. The State Govts have to play the role of an active player and not remain a mere spectator. This Scheme should be implemented through women's self help group because women play an important role in this business. The Scheme needs to be taken to the next level through value addition and synergy with the programmes of other departments.

Shri Jual Oram in his address said that MFP collection centers should also be depots of daily requirements to sell items of daily need to the tribals. He said that after minerals, MFP could be the largest generation of revenue. He emphasised on the use of social media and new technology to help the tribes to sell their produces at best prices. An MOU was signed between TRIFED and AMAZON for marketing of tribal handicrafts.

Retail Marketing Operations in TRIFED

The tribal population of the country, as per 2011 census, is 10.43 crore, constituting 8.6% of the total population, 89.97% of them live in rural areas and 10.03% in urban areas. Thus, there exists a vast potential for harnessing the supply of tribal handicraft products from the 705 Scheduled Tribes ethnic groups of 30 States/UTs in 590 districts across the country.

TRIFED has been working with the main objective of promoting tribal art and craft for the benefit of tribal artisans of the country, under the scheme "Institutional Support for

Development & Marketing of tribal products/produce” of the Ministry of Tribal Affairs, Government of India.

The brief of the Retail Marketing Activities of TRIFED is given below:

1. *Tribes India Retail Chain of Outlets*

TRIFED’s efforts for market development of tribal products envisage enhancing income of tribals by way of providing marketing support for the various products they produce. TRIFED opened its first store by the name of ‘Tribes India’ during April, 1999 at 9, Mahadev Road, New Delhi. Gradually, TRIFED has now established a chain of 42 Retail outlets out of which 29 are its own outlets and 13 outlets have been functioning in association with State level organizations on consignment basis. The sales have shown an increasing trend from 162.56 Lakhs in 2005-06 to Rs1117.85 Lakhs during 2016-17.

2. *Product categories for sale*

- Metal Craft
- Tribal Textiles
- Tribal Jewellery
- Tribal Paintings
- Cane & Bamboo
- Terracotta and Stone Pottery
- Gifts and Novelties &
- Organic and Natural Food products.

3. *Exhibitions*

In order to promote tribal art and craft and also boost overall sales, TRIFED has also been organising and participating in domestic and international exhibitions. The details of the same are appended below:

3.1 Aadishilp:

TRIFED started organizing National Tribal Craft Expo by the name of Aadishilp, in which individual tribal artisans, tribal SHGs, agencies/organizations working with tribals are invited to participate and showcase their rich tribal heritage. The main objective in holding these events is to provide an opportunity to tribal artisans to interact directly with art lovers for getting their feedback about their taste and preferences, which helps them in modifying their product designs and creations accordingly.

3.2 Aadichitra

TRIFED has started an exhibition by the name of Aadichitra since 2010, in which tribal paintings only like Gond from Madhya Pradesh, Saora from Orissa, Warli from Maharashtra and Pithora paintings from Gujarat, are exclusively displayed and sold. The tribal artists are also invited to demonstrate their skills during such exhibitions. The Aadichitra has received appreciations from all quarters for promoting tribal paintings.

3.3 OCTAVE

TRIFED also participates in the OCTAVE - a festival of North Eastern Region, organized by Ministry of Culture, Govt. of India. TRIFED is associated with this event since 2008-09.

3.4 International Exhibitions

TRIFED participates in International Exhibitions / Trade Fairs through Export Promotion Council for Handicrafts (EPCH) and India Trade Promotion Organisation (ITPO) in various countries for display and sale of tribal products sourced from tribal artisans.

4. *Sourcing of tribal products*

4.1 TRIFED has developed a system of sourcing products made by empanelled tribal suppliers. The suppliers comprise of individual tribal artisans, tribal SHGs, organisations/agencies/NGOs working with tribals, who are empanelled as suppliers of TRIFED as per the guidelines for empanelment of suppliers, a copy of which is available on TRIFED website.

4.2 Tribal Artisan Mela (TAM)

In order to increase the number of tribal suppliers and associate them into our Retail operation, TRIFED has initiated a concept of organizing Tribal Artisan Melas (TAMs) at district/tehsil levels, as an exercise to reach out tribals located in interior tribal areas and source tribal art and craft directly from the tribal artisans/group of artisans.

NEW INITIATIVES

In order to have a wider impact, TRIFED plans to scale up the Retail Marketing Activities for achieving a procurement goal of Rs.20 crores and sale goal of Rs.40 crores in the current financial year and procurement goal of 50 crores and sale goal of Rs.100 crores by the end of next financial year, through sustained efforts to ramp up supply and creation of demand, with a purpose of associating maximum number of tribal artisans through association and expertise of likeminded partners in the various States.

Sale goals to be achieved through following ways:

- **Sale through Franchise Outlets** – TRIFED plans to expand its Retail Operations by opening of Franchise Outlets for sale of tribal products. Under this model, TRIFED will get the stocks delivered at the franchisee premise as per the requirement. The Franchisee shall sell the products on the MRP fixed by TRIFED in the brand name of Tribes India with their manpower and other resources. Franchisee shall be paid a commission ranging from 10-25% on net sales and sales proceeds shall be payable once in a month. All the products supplied by TRIFED will carry “Tribal Craft Mark” in form of hologram/ label/tag for its genuineness and authenticity.
- **Sale through “Young Entrepreneur Development Programme”:** TRIFED plans to expand sale operations by empanelling young and smart sales boys/girls for undertaking house to house campaign for sale of our tribal products. These young sales boys/girls shall be known as “**Young Entrepreneurs of TRIFED (YET)**”, who shall undertake house to house campaign for sale of our tribal products.
- **Sale through e-commerce platforms:** The various e-commerce platforms offer a huge potential for promotion and sale of tribal products. TRIFED is already selling

tribal products through snapdeal.com and www.amazon.in. However, TRIFED is also expanding its operations through other e-commerce portals.

- **Sale through Tribes India Own Outlets:** By consolidating and upgrading the same by improving interiors and exteriors for making more presentable /attractive for visiting customers. The outlets to be fully stocked and staff posted in the Outlets made active and involved in shop operations.
 - **Sale through Mobile Vans:** For reaching to masses at their door steps.
 - **Festival Offers:** Offering of various discounts packages/schemes for promotion of tribal products, liquidation of stocks and enhancing overall sales.
 - ❖ **“Friend of Tribes”:** In order to promote tribal products and Tribes India as a brand and also to create a captive customer base, TRIFED is issuing “Friends of Tribes” Loyalty Card, offering discount of 20% on most of the products being sold through Tribes India Outlets located across country.
 - ❖ **Special discount scheme for Central/State Government Employees:** A special additional discount of 10% on prevailing discounts/offers is being offered to all the central/state government employees at all our outlets on production of their official identify card issued by their department.
 - ❖ **Festival discount:** Festival discount of 10% on Food and Natural products and 15% on all other products are being on specific festive/occasion.
 - ❖ **Upto 40% Discount Scheme Sale:** Maximum discount upto 40% are being offered on select stocks.
- (terms and conditions shall apply)*
- **Tribal Craft Mark:** For ensuring the authenticity of tribal source, all the products marketed by TRIFED will carry “Tribal Craft Mark” in form of hologram/ label/tag for its genuineness and authenticity.

Procurement goals to be achieved through following ways:

- TRIFED will concentrate in procurement operations. Each Regional Office of TRIFED has been assigned a goal for identification and empanelment of additional 100 potential tribal suppliers in each state having tribal population for supply good quality and quality tribal products
- Enhancing supplier base by leveraging the pool of tribal SHGs associated with Ministry of Rural Development (State Level Aajivika Mission/NRLM), Regional Offices of DC (handicraft & handloom), state forest departments, state handicraft/tribal department, reputed NGOs etc., by utilising the tribal SHGs formed by them and bringing them in ambit of procurement operations of TRIFED for supply of good quality tribal products.
- Identifying experts and master craftsperson, who can handhold TRIFED in identifying tribal artisans and their products for attaining captive supplier base.
- Involving tribal artisans imparted handicraft training by TRIFED and other agencies for supplying tribal products to TRIFED.

- The tribal artisans imparted training in selected MFP items to be roped in by converting them into tribal SHGs for supply of value-added products like honey, tamarind, hill broom, etc. to our retail outlets.
- Developing linkage between NSTFDC, banks and other financial institutions, who can provide concessional loans to the tribal artisans to support them in making the products for supplying to TRIFED.

Publicity campaign:

- Publicity campaign for promotion of tribal products would include making use of posters, banners, leaflets, standees, mobile vans, local TV Channels, stickers in cars and walls, Radio jingles, web based portals like YouTube, Facebook, Google, etc. which would reach to the masses and create impact.

During the cooperative week celebrations the following activities/programmes may be organized :

- Workshops/seminars on the theme “Disadvantageous and Economically Weaker Sections”, highlighting the role of TRIFED.
- Organisation of exhibitions/melas/farirs in which tribal products are displayed for sale.
- Success stories of tribal cooperatives must be popularized through print, electronic and digital media.
- Videos/documentary films on the subject of tribal cooperatives must be prepared.

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Cooperatives as Key Partner for Skill Development^{§§}

One of the biggest challenges HR managers across industry face today is finding candidates with the right skill-sets. Being qualified is one thing, being skilled for the job quite another. So how do we overcome the challenge of getting skilled professionals? Skill development training, if delivered in a balanced and well-defined manner, can help bring talent to industry. Against 1.28 crore new entrants to the country's workforce every year, the capacity of skill development in India is only around 31 lakh. The 12th Five Year Plan set out to increase this capacity to 1.50 crore, and to meet this, skill development through engagement with both the public and private sector stakeholders was thought necessary.

Skill India is an initiative of the Government of India which has been launched to empower the youth of the country with skill sets which make them more employable and more productive in their work environment. For the first time in 68 years of India's independence, a Ministry for Skill Development & Entrepreneurship (MSDE) has been formed to focus on enhancing employability of the youth through skill development. India is a country today with almost 65% of its youth in the working age group. Skill India offers courses across 40 sectors in the country which are aligned to the standards recognized by both, the government and industry and under the National Skill Qualification Framework. Skill India harbours responsibility for ensuring implementation of common norms across all skill development programs in the country so that they are all standardized and aligned to one object. The ITI ecosystem has also been brought under Skill India for garnering better results in vocational education and training. The courses help a person focus on practical delivery of work and help him enhance his technical expertise so that he is ready for day one of his job and companies don't have to invest into training him for his job profile.

National Skill Development Agency

National Skill Development Agency (NSDA) is an autonomous body (Registered as a society under the Society's Registration Act 1860) under Ministry of Skill Development and Entrepreneurship that anchors the National Skill Qualifications Framework and allied quality assurance mechanisms for synergizing skill initiatives in the country.

The NSDA will discharge the following functions:

- Take all possible steps to meet skilling targets as envisaged in the 12th Five Year Plan and beyond.
- Coordinate and harmonize the approach to skill development among various Central Ministries/Departments, State Governments, the NSDC and the private sector.
- Anchor and operationalize the NSQF to ensure that quality and standards meet sector specific requirements.

^{§§} **Dr. Kishore Kumar, Director, NCCT, New Delhi**

- Be the nodal agency for State Skill Development Missions;
- Raise extra-budgetary resources for skill development from various sources such as international agencies, including multi-lateral agencies, and the private sector.
- Evaluate existing skill development schemes with a view to assessing their efficacy and suggest corrective action to make them more effective.

National Skills Qualifications Framework

The National Skills Qualifications Framework (NSQF) organizes qualifications according to a series of levels of knowledge, skills and aptitude. These levels are defined in terms of learning outcomes which learner must possess regardless of whether they were acquired through formal, non-formal or informal learning. In that sense, the NSQF is a quality assurance framework. It is, therefore, a nationally integrated education and competency based skill framework that will provide for multiple pathways, horizontal as well as vertical, both within vocational education and vocational training and among vocational education, vocational training, general education and technical education, thus linking one level of learning to another higher level. This will enable a person to acquire desired competency levels, transit to the job market and, at an opportune time, return for acquiring additional skills to further upgrade their competencies.

National Skill Development Corporation

National Skill Development Corporation (NSDC) was created to promote skill development by catalyzing creation of large, quality and for-profit vocational institutions after approval of the Union Cabinet to stimulate and coordinate private sector initiative in the skill development sector. NSDC was formed (31 July 2008) as a “not for profit” public company with limited liability under Section 25 of the Companies Act, 1956 with an equity capital were subscribed by the private sector and Government of India respectively. It was conceived as a Public Private Partnership (PPP) in the skill development sector.

NSDC plays three key roles:

- **Funding and incentivising:** This involves providing financing either as loans or equity, providing grants and supporting financial incentives to select private sector initiatives to improve financial viability through tax breaks, etc. The exact nature of funding (equity, loan and grant) will depend on the viability or attractiveness of the segment and, to some extent, the type of player (for-profit private, non-profit industry association or non-profit NGO). Over time, the NSCD aspires to create strong viable business models and reduce its grant-making role.
- **Enabling support services:** A skills development institute requires a number of support or inputs services such as curriculum, quality assurance, technology platforms, student placement mechanisms, faculty training standards and so on. NSDC plays a significant enabling role in these support services, most importantly in setting up standards and accreditation systems in partnership with industry associations.
- **Shaping/creating:** NSDC will proactively seed and provide momentum for large-scale participation by private players in skill development. NSDC will identify critical skill groups, develop models for skill development and attract potential private players and provide support to these efforts.

Pradhan Mantri Kaushal Vikas Yojana

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development & Entrepreneurship. The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Individuals with prior learning experience or skills will also be assessed and certified under Recognition of Prior Learning.

National Skill Development Fund

National Skill Development Fund (NSDF) was incorporated on 23 December 2008 as a trust, under the Indian Trusts Act, 1882, by the Department of Economic Affairs, Ministry of Finance, to act as the receptacle of funds from Government sources, bilateral/ multilateral and other agencies. The Fund is contributed by various Government sources, and other donors/ contributors to enhance, stimulate and develop the skills of Indian youth by various sector specific programs. The Trust accepts donation, contribution in cash or kind from the Contributors for furtherance of objectives of the Fund. The Fund is operated and managed by the Board of Trustees. The Chief Executive Officer of the Trust is responsible for day-to-day administration and management of the Trust. NSDF received Rs. 3,300.74 crore, as on 31 March 2015, from the government sources.

The Fund meets its objectives through National Skill Development Corporation. Till 31st March 2015, NSDF has received Rs. 3,300.74 crore, as on 31 March 2015, from the government sources and has released Rs. 2333 crore to NSDC towards skill development programmes including National Skill Certification and Monetary Reward Scheme (STAR) and UDAAN Scheme.

Sector Skill Councils

Sector Skill Councils are set up as autonomous industry-led bodies by NSDC. They create Occupational Standards and Qualification bodies, develop competency framework, conduct Train the Trainer Programs, conduct skill gap studies and assess and certify trainees on the curriculum aligned to National Occupational Standards developed by them.

Till date, the NSDC Board has approved proposals for 38 Sector Skill Councils. There are approximately 450 corporate representatives in the Governing Councils of these SSCs.

Achievements of NSDC

Following are the main achievements of NSDC

- Over 5.2 million students trained
- 38 Sector Skill Councils (SSC) approved in services, manufacturing, agriculture & allied services.
- 235 private sector partnerships for training and capacity building.
- 1386 Qualification Packs with 6,744 unique National Occupational Standards (NOS). These have been validated by over 1000 companies.
- Vocational training introduced in 10 States, covering 2400+ schools, 2 Boards, benefitting over 2.5 lakh students. Curriculum based on National Occupational Standards (NOS) and SSC certification. NSDC is working with 21 universities,

Community Colleges under UGC/AICTE for alignment of education and training to NSQF.

- Designated implementation agency for the largest voucher-based skill development program, Pradhan Mantri Kaushal Vikas Yojana.
- Skill Development Management System (SDMS) with 1400 training partners, 28179 training centres, 16479 trainers, 20 Job portals, 77 assessment agencies and 4983 empanelled assessors. Hosting infrastructure certified by ISO 20000/27000 supported by dedicated personnel.

Role of Cooperative in Skill Development

The goal of building partnerships for skill development with cooperative sector is to increase the possibilities of skill development specially for rural and poor communities. Challenges for skill development delivery in countries are merely rooted in gaps in education and skill development. Cooperative can promote more efficient and effective relationships between stakeholders across the government, public, private and civil society sectors.

Cooperatives play an important role in the skill development field. However, as cooperative are part of both the private sector and civil society, they have unique impact on development processes. We believe cooperative are ideal engines for skill development since they represent people-centred business which empower citizens to fulfill their economic needs. Cooperative enterprises facilitate skill development process due to their specific model based on the cooperative principles, centred on self-help, democratic ownership and concern for the community. Therefore, cooperatives will be key partners for skill development, provide employment in the form of decent jobs, strengthen self-help and empower local communities, thus provide learning opportunities for the members.

During the cooperative week celebrations following activities/programmes may be organized :

- Workshops/seminars on various aspects of skill and entrepreneurship development.
- Initial steps must be taken to prepare a Training Manual on Skill Development in Cooperatives.
- Preparation of advocacy literature/case studies related to skill development and cooperatives.
- Research projects must also be undertaken.

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