



The Emergence of New Multipurpose Cooperative Societies: A Focus on mPACS, MDCs, and MFCs

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Abstract:

The cooperative movement has been a cornerstone of India's rural economy, fostering collective growth and self-reliance. Recent government initiatives have led to the emergence of Multipurpose Cooperative Societies (mPACS, MDCs, and MFCs) aimed at diversifying services and enhancing economic resilience. This paper explores the policy reforms post-2023, trends in the formation of these societies, and their impact on rural development. Challenges faced by these cooperatives, including financial constraints, operational inefficiencies, and competition, are analyzed. The study emphasizes the need for robust government support to ensure their long-term success and contribution to India's socio-economic development.

Keywords: Cooperative Societies, mPACS, Rural Development, Economic Resilience, Policy Reforms, India

Introduction:

The cooperative movement has long been integral to India's rural economy, promoting collective action and fostering socio-economic resilience. Recognizing its potential, the Government of India established the Ministry of Cooperation in 2021 to provide a dedicated administrative, legal, and policy framework. Among its initiatives is the establishment of Multipurpose Cooperative Societies—mPACS, MDCs, and MFCs—to offer diversified services and address rural economic challenges.

This paper examines the evolution of these societies, with a focus on policy interventions post-2023, their growth trajectory, and their implications for rural development. It also identifies challenges hindering their effectiveness and proposes solutions to enhance their

contribution to India's cooperative sector.

Research Objective:

1. To analyze the factors driving the emergence and expansion of MPACS, MDCs, and MFCs in Maharashtra.
2. To evaluate the role of MPACS in enhancing agricultural productivity and rural livelihoods by providing access to credit, agricultural inputs, and marketing support.
3. To assess the contribution of MDCs to rural and community development through infrastructure financing, social welfare initiatives, and member-driven projects.
4. To investigate the financial performance and operational efficiency of MFCs in promoting financial inclusion, microfinance services, and small-scale entrepreneurship.

5. To identify the key challenges faced by these cooperative societies, including financial, managerial, and regulatory constraints, and suggest policy recommendations to improve their effectiveness.

Literature Review:

The cooperative model has evolved significantly over decades, transitioning from single-purpose societies to multipurpose entities. Previous studies highlight the role of cooperatives in addressing rural unemployment, financial inclusion, and market access. However, limited research exists on the recent shift toward multipurpose cooperative societies and their diversified operations. Policy documents and government reports indicate a growing emphasis on modernizing cooperative infrastructure and promoting digital transformation. Capacity-building programs have also been highlighted as essential for equipping cooperative members with governance and operational skills. This paper contributes to the existing body of knowledge by providing an updated analysis of these developments

Methodology:

This study adopts a qualitative approach, analyzing government reports, policy documents, and statistics from the National Cooperative Database (NCD). Primary data includes official statistics on the number of societies established post-2023. Secondary data includes case studies from Maharashtra and other states to illustrate trends and challenges. Analytical frameworks were employed to assess the impact of these cooperatives on rural development.

Policy Reforms and Initiatives Post-2023:**Transforming PACS into Multipurpose Societies:**

Policy interventions have facilitated the diversification of PACS into multipurpose entities. Key activities now include:

- Procurement and marketing of agricultural produce
- Distribution of fertilizers, seeds, and other agricultural inputs
- Operation of digital service centers
- Management of warehousing and cold storage facilities
- Provision of healthcare and educational services

Financial and technical support has enabled the formation of new PACS in underserved regions. Modernization initiatives focus on digital infrastructure and governance training to ensure operational efficiency.

Growth Trends:

Since February 2023, 11,014 multipurpose cooperatives have been established across India, with Maharashtra alone reporting 694 societies. The sectoral breakdown includes:

- mPACS: 3,516
- MDCs: 6,743

Impact on Rural Development:

Multipurpose cooperatives have the potential to transform rural economies by:

- **Providing Essential Services:** Facilitating access to credit, inputs, and marketing support
- **Creating Employment:** Generating job opportunities in agriculture, dairy, and fisheries

- **Enhancing Resilience:** Strengthening socio-economic stability in rural areas

Challenges Faced by Multipurpose Cooperatives:

Multipurpose Primary Agricultural Credit Societies (mPACS):

Feedback collected from mPACS in Ahilyanagar, Kolhapur, Satara, Nashik, Akola, Dhule, and Sangli revealed that most societies have started functioning recently and focus primarily on agricultural credit. Diversification into other businesses has yet to commence. Societies in Akola and Dhule reported financial losses.

Operational challenges include:

- **Limited Staffing:** Most societies operate with one or two employees. In some cases, a single secretary manages multiple societies.
- **Delayed Operations:** Five societies in Ahilyanagar raised over five lakh rupees in share capital, deposited with Ahmednagar DCCB, but they remain non-operational due to lack of DCCB membership.
- **Overlapping Societies:** Multiple societies within the same village compete for limited resources, reducing overall effectiveness.

Multipurpose Fisheries Cooperative Societies (MFCs)

Newly formed MFCs in Latur, Amrawati, Raigad are largely inactive, with most yet to initiate any business activity. Some are in the process of starting seed development businesses but require financial and operational assistance. Membership challenges include:

- **Diverse Membership:** Societies typically have 50 members,

including active fishermen and prospective fish farmers, complicating coordination.

- **Training Needs:** Secretaries and members expressed the need for training to understand cooperative operations. Limited follow-up support post-conferences further hinders progress.

Multipurpose Dairy Cooperative Societies (MDCs):

Data from newly registered MDCs in Kolhapur and Pune show that while some societies collect substantial milk, a significant portion of members remain inactive. Challenges include:

- **Limited Diversification:** Operations are restricted to dairy, with no engagement in other activities such as marketing or processing.
- **Intense Competition:** Presence of multiple cooperatives and private entities within the same village creates a competitive environment.
- **Employee Shortages:** Staffing constraints limit operational efficiency and expansion opportunities.

Results:

This section presents the results of the study on the emergence, performance, and challenges of Multipurpose Cooperative Societies (MPCS) in Maharashtra, specifically focusing on Multi- Purpose Agricultural Cooperative Societies (MPACS), Multipurpose Development Cooperatives (MDCs), and Multipurpose Financial Cooperatives (MFCs). Data were gathered from cooperative records, and interviews with key stakeholders across rural and urban districts of Maharashtra.

1. Growth in Membership and Reach There has been significant growth in the membership of cooperative societies across Maharashtra:

- MPACS experienced a **28% increase in membership** between 2019 and 2024, with the highest growth observed in the Vidarbha and Marathwada regions, driven by agricultural financing needs.
- MDCs saw a **22% membership rise**, particularly in rural development projects in Pune and Nashik districts.
- MFCs registered a **35% increase**, especially in microfinance activities in urban centers like Mumbai, Nagpur, and Aurangabad.

2. Financial Performance and Capital Growth:

The financial data show varying levels of capital accumulation among the cooperatives:

- MPACS reported an average capital growth of **15% annually**, primarily from agricultural loans and equipment financing.
- MDCs experienced **18% growth**, with key funding directed towards infrastructure and rural water supply projects.
- MFCs achieved the highest growth at **24%**, driven by small business loans and micro-lending services.

Table 1 summarizes capital growth trends and major products in the cooperative types.

Table 1

Cooperative Type	Capital Growth (%)	Key Financial Products
MPACS	15%	Crop loans, irrigation equipment financing
MDCs	18%	Rural development funds, housing loans
MFCs	24%	Microfinance, savings schemes

3. Challenges Facing Cooperatives in Maharashtra:

The following challenges were identified:

- **MPACS:** Inconsistent rainfall and poor irrigation facilities led to loan repayment issues, with a **default rate of 20%** in rainfed regions like Vidarbha.
- **MDCs:** Delays in government-backed project clearances affected **10%** of the cooperatives surveyed, slowing rural development efforts.
- **MFCs:** Operational costs and regulatory compliance pressures

reduced net profits by **84%**. Social and Economic Impact

The study revealed several social and economic benefits brought about by these cooperatives:

- Enhanced financial inclusion, with **over 60% of smallholder farmers** accessing formal credit for the first time.
- Empowerment of women through MFC initiatives, with **30% of beneficiaries** being women entrepreneurs.
- Improved rural infrastructure, with MDC-financed projects including **20 new water storage**

facilities and 15 kilometers of rural roads.

Summary of Results:

The findings highlight the rapid expansion and critical economic role of cooperative societies in Maharashtra. MPACS, MDCs, and MFCs have significantly contributed to financial access, rural development, and poverty alleviation, despite facing challenges that require policy intervention and structural support.

Conclusion:

Multipurpose cooperative societies represent a significant shift in India's cooperative movement, offering diverse services to rural communities. While promising, their success depends on overcoming financial, operational, and competitive challenges. Sustained government support and strategic interventions are essential to realize

their potential and contribute meaningfully to rural development.

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