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NCDC: How India Funds Its Cooperatives

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NCDC: How India Funds Its Cooperatives

Think of a village milk society. It wants a chilling plant, but it has no big savings. Who lends it the money? Very often, it is the NCDC. In August 2026, Parliament changed the NCDC's law. Now it can fund more kinds of groups directly. This lesson explains what the NCDC does and what changed.

NCDC, at a glance

Four facts that clear up most exam questions

01
A statutory body

Set up in 1963 under the NCDC Act, 1962.

02
Ministry of Cooperation

Its parent ministry since 2021.

03
₹95,182.88 crore

Money it gave out in 2024-25.

04
2026 amendment

Direct loans and grants to any co-op society and to helper bodies.



Milk silos at Amul's plant in Anand, Gujarat. Amul is India's best-known cooperative. Photo: Notnarayan, Wikimedia Commons, CC BY-SA 3.0.

Cooperative societyA group of people who own and run a business together. People often call it a co-op.
Statutory bodyA body created by a law passed by Parliament.
GrantMoney given for a purpose that does not have to be paid back.
Share capital Money put into a business in return for part-ownership.

What is NCDC?

Must Know
NCDC stands for the **National Cooperative Development Corporation**. It is a money-lender built only for co-ops. It gives loans and grants. It also offers advice on planning projects.

- It was created by a law, the **NCDC Act, 1962**.
- It started work in **1963**.
- So it is a **statutory body**, not a company or a co-op itself.
- It works under the **Ministry of Cooperation**.
- Its head office is at Hauz Khas, New Delhi.

- The 1962 Act was changed in **1973, 1974 and 2002**. Each time, NCDC got new ways to raise money.

Why co-ops need it

- India has more than **8.44 lakh** co-ops.
- They have over **30 crore** members.
- Nearly **94% of farmers** are linked to a co-op in some way.
- Many of them need long-term loans to grow.
- NCDC gives loans meant only for co-op work.

A new ministry in 2021

- A separate **Ministry of Cooperation** was created on **6 July 2021**.
- Its motto is **"Sahkar se Samriddhi"**, meaning prosperity through cooperation.
- Before this, the Agriculture Ministry looked after co-ops.
- **Amit Shah** is the first Union Minister of Cooperation.
- NCDC moved under this new ministry.

> **Quick check 1.** Q1. True or False: NCDC is a co-op society registered under a State co-op law. *(True or False?)* See answer ↓

How does NCDC fund co-ops?

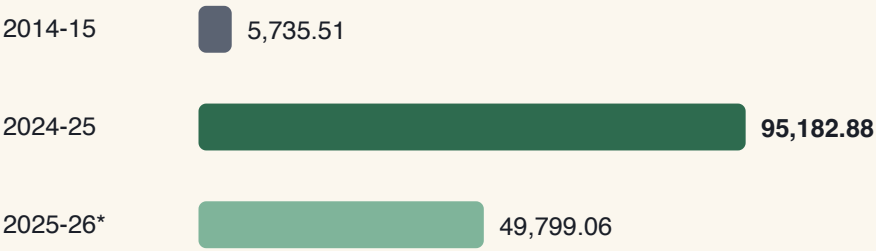
Must Know

NCDC funds both farm and non-farm co-ops. Its help covers the whole chain, from the field to the market.

- **Farm work:** production, processing, storage, cold chains and marketing of crops.

- **Farm inputs:** supply of seeds and fertilisers.
- **Non-farm work:** dairy, poultry, fishery, handloom and silk.
- **Weaker sections:** co-ops of women, Scheduled Castes and Scheduled Tribes.
- It also runs many Central schemes on behalf of the Government.

NCDC money given out (₹ crore)



*Only up to October 2025. Source: PIB, November 2025.

Lending grew more than 16 times in ten years.

- In **2014-15**, NCDC gave out **₹5,735.51 crore**.
- In **2024-25**, this rose to **₹95,182.88 crore**.
- By October 2025, it had already given out ₹49,799.06 crore for 2025-26.
- In 2025, the Cabinet approved a **₹2,000 crore** grant to NCDC for 2025-26 to 2028-29.
- That is ₹500 crore a year. NCDC plans to use it to raise about ₹20,000 crore from the market.

Example: sugar mills

- NCDC has lent **₹10,005 crore** to **56** co-op sugar mills.
- The loans help mills set up ethanol plants and meet daily costs.

- A mill now pays only **10%** of a project's cost. NCDC funds the other 90%.
- Earlier, the split was 70:30.
- The term-loan interest rate was cut to **8.5%**.

> **Quick check 2.** Q2. True or False: NCDC lending grew more than ten times between 2014-15 and 2024-25. *(True or False?)* See answer ↓

Which NCDC schemes matter most?

Good to Know

Many NCDC schemes end with the word **"Sahakar"**, which means cooperation. Exams like to ask which scheme does what. This table puts them side by side.

Scheme	Started	Who it helps
Yuva Sahakar	2018-19 (launched November 2018)	New co-op start-ups, running for at least 3 months
Ayushman Sahakar	2020-21	Cooperatives running hospitals and health services
Nandini Sahakar	2020-21	Women co-ops
Dairy Sahakar	2021-22	Dairy co-ops
Swayam Shakti Sahakar	2022-23	Credit co-ops that lend to women's self-help groups

- Two schemes are only for women: **Nandini Sahakar and Swayam Shakti Sahakar**.
- Yuva Sahakar gives extra support to the North-East and to Aspirational Districts.

Think it through, before reading on. A State agency builds cold storage for many dairy co-ops. It is not a co-op itself. Could NCDC fund it directly before 2026?

Show the explanation

No. Before 2026, NCDC could help eligible co-op societies directly, if they met its direct-funding guidelines. It could also help through State governments or UT administrations. A body that is not a co-op was not covered at all. The 2026 amendment changed who can be funded. The money must still be used for co-op societies.

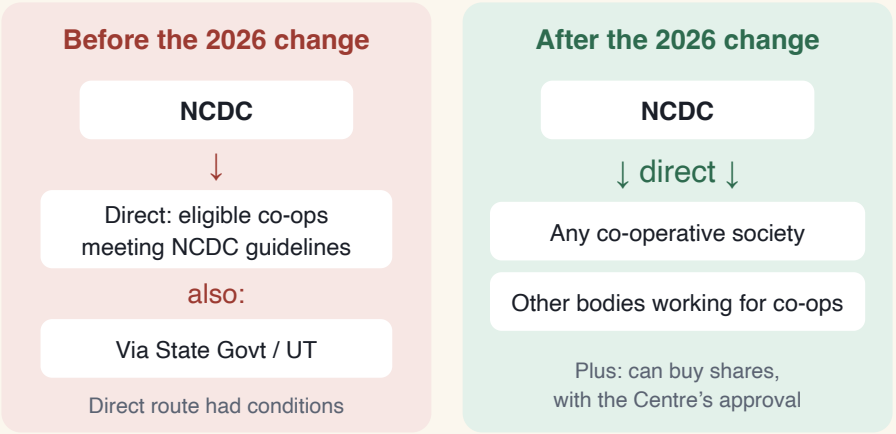
What changed in 2026?

Current Affairs

How the Bill became law

- The **NCDC (Amendment) Bill, 2026** came to the Lok Sabha on 10 August 2026.
- The Lok Sabha passed it on **11 August 2026**.
- The Rajya Sabha passed it on **12 August 2026**.
- It amends the NCDC Act, 1962.

How NCDC money reaches co-ops



Direct loans to co-ops already existed. The 2026 change widens who can be funded directly.

The main changes

- **Direct funding:** NCDC already lent directly to eligible co-ops under its guidelines. Now it can give loans and grants straight to any co-op society.
- **Helper bodies:** it can also fund other bodies that work for co-ops. The money must be used for co-op societies.

- **Shares:** with the Centre's approval, NCDC can buy shares in co-ops and such bodies.
- **Foodstuffs:** the meaning now includes any food item the Centre notifies.
- **Industrial goods:** the old limit on where such units must be located is gone.
- **Security:** NCDC may still ask borrowers to offer security for loans.

Why it was needed

- Many State agencies and expert bodies help co-ops with storage, technology or marketing.
- They are not registered as co-ops. So the old Act did not list them as eligible.
- Direct funding went to eligible co-ops that met NCDC guidelines. Help also reached co-ops through State governments or UT administrations.

What did not change

- Cooperative societies remain the **main users** of NCDC money.
- The law adds **no extra budget support** from the Government.
- Minister of State for Cooperation **Murlidhar Mohol** said this in Parliament.
- (The Hindu; DD News)

> **Quick check 3.** Q3. True or False: The 2026 amendment gives NCDC a large new budget grant from the Government. *(True or False?)* See answer ↓

Quick check 4. Q4. True or False: After the 2026 amendment, NCDC can buy shares in co-ops only with the Centre's approval. *(True or False?)* See answer ↓

Cooperatives in the Constitution

Good to Know
Cooperatives also have a place in the Constitution. The **97th Amendment, 2011** made three changes.

- It added the words "or co-operative societies" to **Article 19(1)(c)**. Forming one became a fundamental right.
- It added **Article 43B**, a Directive Principle. The State should promote co-ops.
- It added **Part IXB**, with rules for running co-ops.
- "Cooperative societies" is a **State List** subject.
- Part IXB was passed without approval from half the State legislatures.
- So on **20 July 2021**, the Supreme Court limited it.
- In Union of India v Rajendra N Shah, it said Part IXB now applies only to **multi-State co-ops**.
- Article 19(1)(c) and Article 43B were not affected.

Quick check 5. Q5. True or False: Part IXB of the Constitution deals with co-op societies. *(True or False?)* See answer ↓

Remember this: NCDC = statutory body, NCDC Act 1962, set up 1963, under Ministry of Cooperation (created 6 July 2021). Lent ₹95,182.88 crore in 2024-25. 2026 amendment (LS 11 Aug, RS 12 Aug): direct

loans and grants to any co-op society and helper bodies; shares with Centre's approval; no extra budget. Women schemes: Nandini Sahakar, Swayam Shakti Sahakar. 97th Amendment, 2011: Art 19(1)(c), Art 43B, Part IXB.

Exam Angle

How have exams tested this?

Quick Q&A

Under which law was NCDC set up?

The NCDC Act, 1962. It began work in 1963.

Which ministry does NCDC work under?

The Ministry of Cooperation.

When was the Ministry of Cooperation created?

6 July 2021.

How much did NCDC lend in 2024-25?

₹95,182.88 crore.

What is the biggest change in the 2026 amendment?

Direct loans and grants to any co-op society and to bodies working for them.

Related Topics

Ministry of Cooperation

The Short-Term Cooperative Credit Structure: PACS, DCCBs and NABARD

Decentralised Grain Storage Plan in Cooperative Sector

Urban Cooperative Banks in India: Regulation and Structure

Amul (Anand Milk Union Limited / GCMMF)

All Indian Economy Articles

MCQ on NCDC and Cooperatives

5 verified questions from this lesson.

More questions on cooperatives:

More Indian Economy Practice

Practice MCQs

1. Consider the following statements about the National Co-operative Development Corporation (Amendment) Act, 2026:

1. It allows NCDC to give loans and grants directly to cooperative societies and to other bodies working for cooperative development.

2. It allows NCDC to invest in the share capital of cooperatives without any approval from the Central Government.

3. It provides additional budgetary support to NCDC from the Government.

Which of the statements given above is/are correct?

A. 1 only

B. 1 and 2 only

C. 2 and 3 only

D. 1, 2 and 3

See answer ↓

2. Match List I (NCDC scheme) with List II (whom it mainly helps): List I: A. Yuva Sahakar B. Ayushman Sahakar C. Nandini Sahakar D. Swayam Shakti Sahakar List II: 1. Women cooperatives 2. New cooperative start-ups 3. Cooperatives running healthcare services 4. Credit cooperatives lending to women's self-help groups Select the correct answer:

A. A-2, B-3, C-4, D-1

B. A-3, B-2, C-1, D-4

C. A-2, B-3, C-1, D-4

D. A-1, B-3, C-2, D-4

See answer ↓

3. The National Cooperative Development Corporation (NCDC) was set up under which law, and which ministry does it now work under?

A. Companies Act, 1956; Ministry of Agriculture

B. NCDC Act, 1962; Ministry of Cooperation

C. NABARD Act, 1981; Ministry of Finance

D. Multi-State Co-operative Societies Act, 2002; Ministry of Cooperation

See answer ↓

4. Assertion (A): Before the 2026 amendment, NCDC could not directly fund State agencies that build storage or marketing facilities for cooperatives. Reason (R): Such agencies are usually not registered as cooperative societies.

Select the correct answer:

A. Both A and R are true, and R is the correct explanation of A

B. Both A and R are true, but R is not the correct explanation of A

C. A is true, but R is false

D. A is false, but R is true

See answer ↓

5. Consider the following statements:

1. The Ministry of Cooperation was created on 6 July 2021.

2. NCDC disbursed more than Rs 90,000 crore in 2024-25.

3. Part IXB of the Constitution currently applies to all cooperative societies, both State and multi-State.

4. The NCDC Act, 1962 had been amended three times before 2026.

How many of the statements given above are correct?

A. Only one

B. Only two

C. Only three

D. All four

See answer ↓

6. The National Co-operative Development Corporation (NCDC) functions under which ministry?

A. Ministry of Finance

B. Ministry of Agriculture and Farmers Welfare

C. Ministry of Cooperation

D. Ministry of Rural Development

See answer ↓

7. On what date was the Ministry of Cooperation established?

A. 26 January 2021

B. 6 July 2021

C. 15 August 2021

D. 1 April 2021

See answer ↓

8. The subject of 'Cooperative Societies' falls under which List of the Seventh Schedule?

A. Concurrent List

B. State List

C. Residuary powers of the Union

D. Union List

See answer ↓

9. Which Amendment inserted the term 'Cooperative Societies' into Article 19(1)(c), recognising the right to form cooperative societies as part of the freedom of association?

A. 73rd Amendment, 1993

B. 36th Amendment, 1975

C. 97th Amendment, 2011

D. 42nd Amendment, 1976

See answer ↓

10. Which body did the Multi-State Cooperative Societies (Amendment) Act, 2023 create to conduct and supervise elections to the boards of multi-state cooperative societies?

A. A National Cooperative Council, to draft new cooperative laws

B. A Cooperative Ombudsman, to resolve member complaints

C. A Cooperative Election Authority, to conduct fair elections for MSCS boards

D. A Cooperative Finance Commission, to set interest rates

See answer ↓

11. The Multi-State Cooperative Societies (Amendment) Act, 2023 was enacted on 3 August 2023. What is significant about this amendment?

A. It abolished all multi-state cooperative societies

B. It transferred cooperatives fully to state governments

C. It merged the Act with the Companies Act, 2013

D. It is the first amendment to the parent 2002 Act

See answer ↓

12. At which level of India's short-term cooperative credit structure does a Primary Agricultural Credit Society (PACS) operate?

A. State level

B. National apex level

C. Village or grassroots level

D. District level

See answer ↓

13. Which of these is outside the purview of the Banking Regulation Act, 1949, and so is not regulated by the Reserve Bank of India?

A. State Cooperative Banks

B. District Central Cooperative Banks

C. Primary Agricultural Credit Societies

D. Urban Cooperative Banks

See answer ↓

14. Which agency implements the Decentralised Grain Storage Plan at the ground level, through Primary Agricultural Credit Societies (PACS)?

A. Central Warehousing Corporation (CWC)

B. Food Corporation of India (FCI)

C. National Bank for Agriculture and Rural Development (NABARD)

D. National Cooperative Development Corporation (NCDC)

See answer ↓

Answer Key

1. **A.** Only statement 1 is correct. The amendment lets NCDC fund cooperatives and bodies working for them directly. Statement 2 is wrong: NCDC can take part in share capital only with the Centre's approval. Statement 3 is wrong: the minister said the law adds no extra budget support. ↑ Q1
2. **C.** Yuva Sahakar backs new cooperative start-ups. Ayushman Sahakar funds cooperative hospitals and health services. Nandini Sahakar is for women cooperatives. Swayam Shakti Sahakar lends to credit cooperatives for loans to women's SHGs. So the match is A-2, B-3, C-1, D-4. ↑ Q2
3. **B.** NCDC is a statutory body created by the NCDC Act, 1962. It began work in 1963. It works under the Ministry of Cooperation, which was created on 6 July 2021. ↑ Q3
4. **A.** Both are true, and R explains A. State agencies and expert bodies help cooperatives but are not cooperatives themselves. Before 2026 the NCDC Act did not let NCDC fund such bodies. Direct lending existed only for national or multi-state co-operatives. Other co-operatives were funded through State governments. The 2026 amendment widened direct funding. ↑ Q4
5. **C.** Statements 1, 2 and 4 are correct. The ministry was created on 6 July 2021. NCDC gave out Rs 95,182.88 crore in 2024-25. The Act was amended in 1973, 1974 and 2002. Statement 3 is wrong: in 2021 the Supreme Court held Part IXB operative only for multi-State cooperatives. ↑ Q5
6. **C.** NCDC is a statutory body set up in 1963 under the NCDC Act, 1962. It works under the Ministry of Cooperation. ↑ Q6
7. **B.** The Ministry of Cooperation was established on 6 July 2021, carved out of the Ministry of Agriculture, Cooperation and Farmers Welfare. ↑ Q7
8. **B.** Cooperative Societies is a subject placed in the State List of the Seventh Schedule. ↑ Q8
9. **C.** The 97th Amendment Act, 2011, inserted 'Cooperative Societies' into Article 19(1)(c) and added related provisions on their functioning. ↑ Q9
10. **C.** The Act creates a Cooperative Election Authority to conduct and supervise fair, timely elections to multi-state cooperative societies' boards. ↑ Q10
11. **D.** The 2023 amendment is the first significant change to the Multi-State Cooperative Societies Act since it was originally passed in 2002. ↑ Q11

12. **C.** The correct answer is village or grassroots level. RBI says PACS sit at the village level in the three-tier system. NABARD calls PACS grassroots institutions in villages. Their member shareholders are individual farmers, artisans and other weaker sections. DCCBs sit at the district level. StCBs sit at the state level. ↑ Q12
13. **C.** The correct answer is Primary Agricultural Credit Societies. RBI says PACS are outside the purview of the Banking Regulation Act, 1949. So RBI does not regulate them. RBI regulates the banking functions of StCBs, DCCBs and UCBs under Sections 22 and 23 of the Act. PIB's note of 27 June 2020 says the 2020 amendments do not apply to PACS. ↑ Q13
14. **D.** The National Cooperative Development Corporation (NCDC) implements the plan, with NABARD supporting through a refinance facility carrying a 3% interest subvention. ↑ Q14

Quick-check answers

1. **False.** ↑ 1
2. **True.** ↑ 2
3. **False.** ↑ 3
4. **True.** ↑ 4
5. **True.** ↑ 5

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