



COOPERATIVES IN INDIA

Members of a primary dairy cooperative, GCMMF, Ode village, Anand, Gujarat. PC: Times of India

Contribution of cooperatives to India's economy

- 854,355 cooperatives in India
- 290.06 million (21.7% of population) members in cooperatives
- 13.3% direct employment generated by cooperatives
- 10.91% self-employment for persons generated by cooperatives
- 98% rural India covered by cooperatives

(Figures as of 2018)

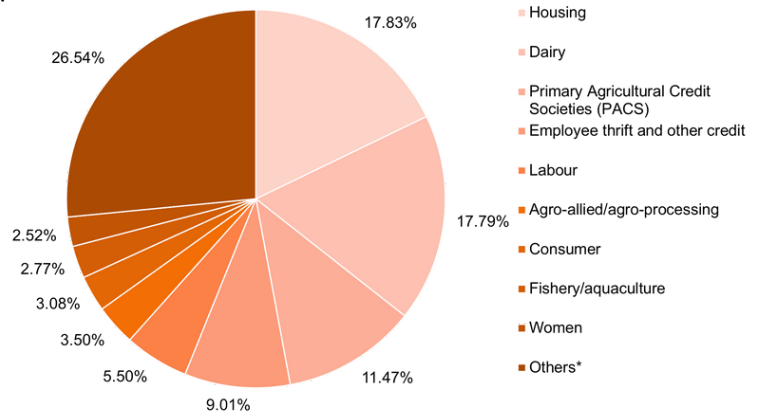
Did you know?

- The cooperative movement in India dates back to 1903!
- National Cooperative Union of India (NCUI) is the apex organisation representing the Indian cooperative movement.
- National Cooperative Development Corporation (NCDC) is a statutory corporation under the Ministry of Agriculture and Farmers Welfare which plans, promotes, coordinates and finances cooperative development programmes at national level.
- The Ministry of Co-operation was formed in 2021 by the central government to provide a separate administrative, legal and policy framework to strengthen cooperatives.
- State-level cooperatives are within the purview of State governments while Parliament can make laws related to multi-state cooperatives.
- Rao Bahadur Shripad Subrao Talmaki, a social reformer, is known as the father of India's cooperative movement.
- Saraswat Cooperative Housing Society (1915-present) is Asia's first and oldest housing cooperative.
- Dr. Verghese Kurien, Father of White Revolution in India was the first recipient of the ICA Rochdale Pioneers Award in 2001.
- Five cooperatives from India ranked among the top 300 largest cooperative and mutual organisations as per Turnover/GDP per capita in US\$, World Coop Monitor 2020: Gujarat Cooperative Milk Marketing Federation Ltd. (GCMMF), Indian Farmers Fertilizer Cooperative Ltd. (IFFCO), Uralungal Labor Contract Cooperative Society Ltd. (ULCCS), Krishak Bharati Cooperative Ltd. (KRIBHCO) and Saraswat Cooperative Bank.
- There are 17 ICA members from India (list on page 4).

Cooperatives play a major role in India's economy. With 98% coverage in rural India, cooperatives are the mainstay of rural economy ensuring sustainable livelihoods and income for people. Present in diverse sectors including agriculture, dairy, forestry, fisheries, credit and banking, housing and construction, cooperatives in serve vast sections of society including farmers, women, youth, poor and marginalised.

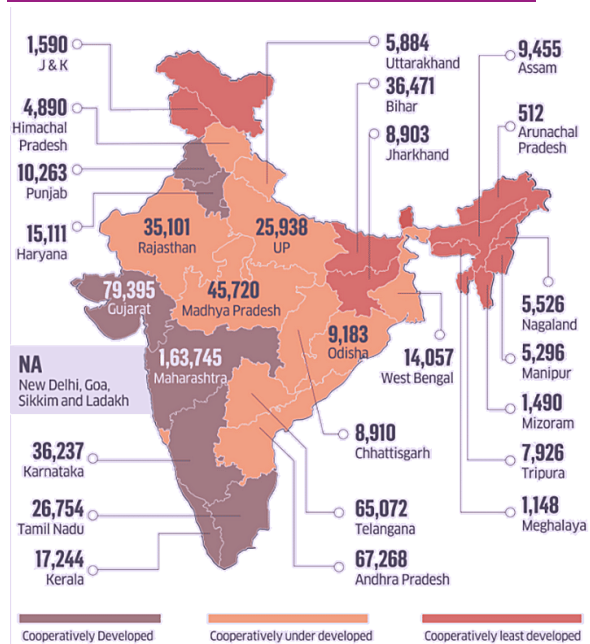
Types of cooperatives

Cooperatives are broadly present in credit and non-credit sectors. Overall, housing and dairy sectors have the highest number of cooperatives.



*Others include cooperatives in industrial, multi-purpose, handloom/textile/handcraft, livestock/poultry, sugar, marketing sectors, etc. (All figures as of 2018)

Geographical presence of cooperatives



Cooperatives are present in all 28 States and 8 Union Territories (UTs) of India. 60% of cooperatives are present in six States- Maharashtra (24%), Gujarat (9.1%), Andhra Pradesh (8.5%), Telangana (6.7%), Uttar Pradesh (5.6%), Madhya Pradesh (5.5%). (All figures as of 2018)

Source: Deccan Herald

Evolution of the cooperative movement

→ 1904-1946

- Cooperatives were introduced under the British colonial administration. The first credit cooperative society was formed in 1903 to safeguard poor farmers from the harassment of money lenders. The Co-operative Credit Societies Act of India was passed in 1904.
- In 1929, the All India Cooperative Institutes Association (later renamed to NCUI in 1961) was established as the apex organisation for cooperatives in the country.
- During World War II (1939-1945), non-credit cooperatives especially consumer cooperatives witnessed high growth to address rising prices of basic consumer goods. At this time, industrial cooperatives were also promoted to meet civilian needs.

→ 1947-2000

- Post-independence in 1947, the mixed-economy model and Five-Year Plans recognised cooperatives as the principal agency for democratic economic planning in the country.
- The Registrar of Cooperatives became the custodian of cooperatives with the enactment of State Co-operative Societies Act in 1962.
- With the adoption of liberalisation, privatisation and globalisation in the early 1990s, the central government started shifting its emphasis to private sector for national economic growth. As a result, in the Eighth Five Year Plan (1992 to 1997) subsidies to cooperatives were curtailed.
- New amendments in the Indian Constitution were proposed in 1990s to reduce government supervision and control to foster autonomy and independence in cooperatives.
- In mid 1990s, initiatives were taken by representatives and advocates of cooperatives to bring autonomy and independence in cooperatives. A dual legislative system was mooted with a new Mutually Aided Societies Act (1995). First adopted in Andhra Pradesh, the Act encouraged autonomous cooperatives that were not subject to government control or received government patronage.

→ 2001-present

- In 2002, a new National Cooperative Policy was introduced by the central government. It aimed at promoting cooperatives as an alternative institutional mechanism against market forces and to protect the weak. The policy laid down provisions for a regulatory role of the government- timely elections, auditing and safeguarding members' interest.
- As part of market reforms, primary producers and farmers to organise themselves into business entities. Producer Company was introduced by the central government in 2002 (under the Indian Companies Act) to encourage farmers to form a cooperative economic enterprise in the form of and/or convert an existing cooperative to a company.
- The 97th amendment of the Indian Constitution (2011) recognised forming of cooperatives as a fundamental right of citizens; State governments were mandated to make conducive legal environment for the promotion of autonomous cooperatives, etc. In 2021, the Supreme Court of India struck down parts of the Amendment which shrank the exclusive authority of States over cooperatives. However, provisions concerning the Multi State Cooperative Societies Act are to be continued.
- The Banking regulation Amendment Bill (2020) was passed to bring cooperative banks (except primary agricultural credit societies (PACS) and those cooperatives whose principal business is long term financing for agricultural development) under the direct supervision of the Reserve Bank of India (RBI).
- In 2021, the Ministry of Co-operation was formed by the central government to provide a separate administrative, legal and policy framework for strengthening multi-state cooperatives.

Laws on cooperatives

- Cooperatives are a State subject in India. States follow State Co-operative Societies Act and provisions vary from State to State. These Acts are based on the cooperative legal framework introduced under the Co-operative Societies Act II (1912).
- Eight States (Andhra Pradesh, Bihar, Chhattisgarh, Jammu and Kashmir, Jharkhand, Madhya Pradesh, Karnataka and Uttarakhand) also follow the Self Reliance Act. The Act is applicable to those cooperative societies which do not receive government assistance.
- The Multi-State Co-operative Societies Act (2002) is applicable to those cooperatives which operate in more than one State.

Key highlights

- Cooperatives can pursue any economic activity subject to approval from sector-based regulatory authority.
- Cooperatives are subject to dual regulation by the State government and sector-based regulatory authority (except cooperative banks which are under RBI's direct supervision).
- In for-profit cooperatives, dividends are distributed based on capital subscription and not transactions with the cooperative. Some cooperatives give patronage rebate in proportion to the business transactions by members.
- The capital and assets of a cooperative in case of dissolution are transferred to the State government. The capital and residual assets are not distributed to members.
- Cooperatives are liable to pay tax as per the general Income Tax Act. Provisions are available to reduce tax burden on cooperatives.
- The minimum membership for primary cooperatives varies from State to State (10- Gujarat, Karnataka, Maharashtra, Orissa, Sikkim, Tripura, Uttar Pradesh, West Bengal; 25- Kerala and Tamil Nadu; 15- Rajasthan; 20- Madhya Pradesh; 100- primary credit cooperatives and 50-non-credit cooperatives- Jammu and Kashmir, etc.)

Cooperative landscape of India

Cooperatives are present in diverse sectors- 20% of cooperatives are in the credit and banking sector and 80% in non-credit sector. Seven types of cooperatives are under the credit sector- state cooperative agriculture and rural development banks, state cooperative banks, district cooperative central banks, employee thrift and other credit societies, urban cooperative banks, primary cooperative agriculture rural and development banks, and PACS. The non-credit sector includes- tribal/SC-ST, service sector, women, multi-state, multipurpose, consumer, housing, industrial cooperatives, etc. There are 17 national level cooperative federations, 390 state level cooperative federations, 2,705 district level cooperative federations, and 1,435 multi state cooperative societies. Post the COVID-19 pandemic, the government is promoting cooperatives in the healthcare sector to build rural healthcare infrastructure.

Taste of India: Amul by GCMMF

Popularly known as the Taste of India, Amul, a household brand name has enabled India to secure the position of largest milk producing country in the world. The first dairy cooperative under GCMMF (set-up in 1973) was formed by small and poor dairy farmers in 1946 to free themselves from the control of middlemen. What began as a symbol of protest against the local trade cartel during the time of India's independence movement, grew into India's largest food product marketing organisation under the leadership of Mr. Tribhuvandas Patel and Dr. Verghese Kurien. With annual turnover of US\$ 5.1 billion (2019-2020), the milk procurement of GCMMF is about 23 million litre per day from 18,600 village milk cooperative societies, 18 member unions covering 33 districts and 3.6 million milk producer farmers. GCMMF is the largest exporter of dairy products and has the largest dealer and retail network in India with 61 sales offices, 10,000 dealers and 10 lakh retailers.



PC: AFA05

Saraswat Cooperative Bank: among the world's best banks



PC: Mumbai Mirror

Established in 1918, the Saraswat Cooperative Bank (SCB) is not only India's largest urban cooperative bank but also ranks high in the list of world's best banks according to the Forbes survey. Under the leadership of its founding members- Mr. J.K. Parulkar, Mr. N.B. Thakur, Mr. P.N. Warde, and Mr. Shivram Gopal Rajadhyaksha, SCB withstood two World Wars. In 2011, SCB was permitted to operate pan India by the RBI. SCB ranked second in the Forbes' 2020 list of top ten Indian banks, winning over popular private and public sector banks in the country. In global ranking, it secured ninth position in the list of world's best banks. SCB is operational in six Indian States, has over 280 branches with a total business of over INR 61,000 crores (over US\$ 8 billion).

ULCCS: model labour cooperative

Established in 1925 by 14 labourers, ULCCS is the one of the oldest labour cooperatives in the construction sector. The founding members catered to the needs of poor people from lower strata of society who were denied jobs based on their caste. From taking up small road works in its early years, ULCCS has grown to develop over 715,000 roads, 577 bridges/flyovers and 24,000 buildings in Kerala and provides direct employment to over 2000 workers from rural areas. The UL CyberPark by ULCCS is the first IT park in Kozhikode region and hosts 44 company offices. Recently, ULCCS partnered with University of Dundee (Scotland) to provide trainings on cooperative governance and management. It is a skilling partner of the Kerala Academy for Skills Excellence (Indian Institute for Infrastructure and Construction), under State Dept. of Labour. ULCCS is recognised by the United Nations Development Programme (UNDP) as a model cooperative.



PC: The Economic Times

PC: UL CyberPark

IFFCO: driving innovation in agriculture

Founded in 1967, IFFCO was set up with support of the government, Indian and American cooperatives (NCBA CLUSA) for fertiliser production in India. IFFCO has over 36,000 members with a network of 55 million farmers. It is engaged in manufacturing and selling of fertilisers and has diversified its business to general insurance and rural telecom. In 2000s, IFFCO became autonomous, expanding its presence and partnerships in India and abroad (Oman, Jordan, Dubai, Senegal and Canada). It has pledged towards Sustainable Development Goals (SDGs) 13 (Climate Action) and 1 (No Poverty). During COVID-19, IFFCO supported the community by establishing oxygen plants in the country and providing monetary support to the government for relief work. Under Dr. U.S. Awasthi's leadership, it launched the world's first nano urea liquid to promote soil productivity and farmers' income, and reduce soil, water, and air pollution. IFFCO has also partnered with cooperatives in Argentina and Brazil to set up Nano Urea Fertiliser Manufacturing Plants. In 2019, IFFCO collaborated with ICA Africa to promote cooperation among cooperatives and training of farmers in Africa and Asia.



PC: sify.com

PC: IFFCO



- National Agricultural Cooperative Marketing Federation of India (NAFED) is a key institutional partner of the government for import-export of agricultural commodities. During 2019–2020, NAFED shipped humanitarian aid/relief worth US\$ 2.163 million. During the COVID-19 pandemic, it supported the government in its international relations by exporting food grains to Afghanistan and Lebanon.
- NCDC organised the first India International Cooperative Trade Fair (IICTF) in 2019 to promote trade between cooperatives. Along with Indian cooperatives, foreign cooperative exhibitors from 35 countries participated.
- At the 65th United Nations Commission on the Status of Women 2021, Indian cooperatives including SEWA Bharat, Working Women's Forum (WWF) and Indian Cooperative Network for Women (ICNW) organised parallel events on women-led cooperatives/collectives in the informal economy.

Engagement with ICA-AP

- ICA's first Regional Office was established for the Asia and Pacific region and is located in New Delhi since 1960.
- ICA Domus trust was established in 1988, New Delhi to recognise the valuable contribution made by Dr. Mauritz Bonow to the development of cooperative movement throughout the world and particularly in developing countries.
- NCUI and NAFED were among the first to join the ICA from the region.
- Indian cooperatives have supported the ICA by strengthening the enabling environment for the Regional Office in India through government advocacy.
- The second, fifth and ninth Regional Directors of ICA-AP were from India- Dr. S.K. Saxena (1961–1968), Mr. G.K. Sharma (1986–1996), and Mr. Balasubramanian Iyer (2014–present).
- Indian cooperatives have hosted several ICA events from early 1960s that have benefitted both Indian and foreign cooperators. These include the Special Workshop on the ICA Statement of Cooperative Identity: From Theory to Practice (1997), Seventh Cooperative Minister's Conference (2004), ICA Global Trade Fair (2010), ICA-AP Regional Assembly (2016), ICA-AP Cooperative Forum (2016), Coopathon (2018 and 2019), International Conference on Cooperatives in the Changing World of Work (2018), International Workshop on Enhancing Gender Equality in Cooperative Business (2019), and National Workshop on Women's Cooperatives (2019), Training of Trainers on Digital Financial Inclusion for Women (2020), among others.
- ICA implemented a Post-Tsunami Cooperative Re-construction Project in 2007 to provide technical and financial support to affected cooperatives in the country.
- In 2021, Regional Office partnered with NCUI to create an international solidarity fund to support Indian cooperatives affected by the COVID-19 pandemic.
- India is actively represented at various levels of the ICA. Current representatives include: Dr. Chandrapal Singh Yadav (ICA-AP Regional Board), Mr. Aditya Yadav (ICA Global Board), Mr. Bhima Subrahmanyam and Mr. K. Sivadasan Nair (International Cooperative Banking Association, ICBA) and Mr. Tarun Bhargava (International Cooperative Entrepreneurship Think Tank, ICETT).

What are cooperatives?

Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

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About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 113 members from 32 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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