

# MAPPING: KEY FIGURES

## NATIONAL REPORT: India

ICA-EU PARTNERSHIP



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## **India- Key Figures National Report**

### **I. Introduction and context**

This report is part of a global mapping exercise launched by the International Cooperative Alliance (ICA) and its regional offices within a partnership signed with the European Commission for the period 2016-2020, which aims to strengthen the cooperative movement and its capacity to promote international development. Other research projects include a worldwide legal frameworks analysis, and several thematic researches on themes of significance for cooperatives.

Responding to challenges and existing knowledge gaps facing the cooperative movement, this research provides exhaustive information on cooperatives worldwide. This has been achieved by collecting the input of ICA members through an online questionnaire, and completing it with relevant national statistics, in order to obtain an accurate picture of the national situation. Mapping out cooperatives in each country provides a more precise picture of the cooperative context at national and regional levels, enhances the movement's visibility, networking, partnerships, opportunities, as well as advocacy, and empowers cooperators by providing them tools for positive change.

Within this framework, the present report showcases information about the cooperative landscape in India.

#### **i. Historical background**

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 India serve vast sections of society including farmers, women, youth, poor and the marginalised. Started under the British colonial administration, the Indian cooperative movement, its policies and legislations continue have served as a model for other cooperative movements in the Asia and Pacific region. Cooperatives have been a medium for democratic economic planning since India's independence in 1947. With the advent of liberalisation and globalisation in early 1990s, the focus of the Indian economy has shifted to privatization. Yet, cooperatives continue to flourish in key sectors such as housing, dairy, thrift and credit. The Indian cooperative movement is committed to addressing developmental issues and empowering the common man and woman in both the formal and informal economy.

Cooperatives were introduced in India under the British colonial administration in early 1990s. Credit cooperatives in rural India were promoted based on the Raiffeisen cooperative bank model to safeguard poor farmers from the harassment of money lenders. The first credit cooperative society was formed in 1903 with the support of Bengal government and was registered under the Friendly Societies Act of the British Government. Post that the Co-operative Credit Societies Act of India (1904) was introduced. In 1919, cooperation was introduced as a State subject which continued even after India's independence.

Between 1904 and 1930, the growth in the credit cooperative movement was followed by the rise of agricultural cooperatives. 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. The Great Depression from 1929 to 1939 led to a drastic decline in cooperatives due to liquidation and mergers in the cooperative movement. To revive cooperatives affected by the Great Depression, two major developments were undertaken (i) Agricultural Credit Department of Reserve Bank of India (RBI) was established in 1935 which studied the problems related to agricultural credit. (ii) And the concept of multi-purpose cooperative was introduced. From 1939 onwards, the RBI started refinancing cooperatives for Seasonal Agricultural Operations.

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.

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. Starting from the First Five Year Plan (1951 to 1956) to the Eighth Five Year Plan (1962-1991), cooperatives received huge emphasis from the central government. This included support to small farmers and weak primary cooperatives, organisation and re-organisation of rural credit cooperatives, cooperation between public sector banks and cooperative banks, re-organisation and consolidation of cooperative federal organisations, expanding the role of cooperatives in the public distribution system, among others. Focus was also on developing non-credit cooperatives including marketing, consumer, dairy, fishery and vegetable cooperatives. Post 1962, the Registrar of Cooperatives became the custodian of cooperatives with the enactment of respective State Co-operative Societies Acts.

With the adoption of liberalisation, privatisation, and globalisation as part of the Structural Adjustment Program 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) various subsidies that were supportive of the cooperative movement were curtailed. Subsequently, in the Ninth Five Year Plan

(1997-2002), there were no specific mention about cooperatives in the economic development plan by the central government as cooperation was a State subject. However, in early 1990s, new amendments in the Indian Constitution were proposed that would reduce government supervision and control in cooperatives to foster autonomy and independence in the cooperative movement.

In mid 1990s, initiatives were taken by representatives and advocates of cooperatives to bring autonomy and independence in the cooperative movement. A dual legislative system was mooted with a new Mutually Aided Societies Act (1995) first adopted in Andhra Pradesh that encouraged autonomous cooperatives that were not subject to government control or received government patronage.

In 2002, a new National Cooperative Policy was introduced by the central government. This new policy was developed to empower cooperatives and promote them as an alternative institutional mechanism against the market force and to protect the weak. The policy laid down provisions for a regulatory role of the government for timely elections, auditing and safeguarding members' interest. The government recognised the apolitical nature of cooperatives. Subsequently, some States followed suit and introduced their own State Cooperative Policy to promote autonomy in the cooperative movement, such as in Karnataka and Kerala.

As part of the ongoing market reforms and to allow primary producers and farmers to organise themselves into business entities, a new concept of Producer Company was introduced by the central government in 2002. It was made part of the Indian Companies Act (1956 later amended in 2013). This initiative encouraged farmers to form a cooperative economic enterprise in the form of and/or convert an existing cooperative enterprise to a private company. This was done to enable farmers to have better access to national and global markets.

With the support from NCUI and other advocates of the cooperative movement, the 97th amendment of the Indian Constitution (2012) was passed in favour of the cooperative movement. The Amendment recognised the formation of cooperatives as a fundamental right of Indian citizens; State governments were mandated to make conducive legal environment for the promotion of autonomous cooperatives, among other provisions. This amendment was contested by some State governments citing operational difficulties and has not been fully implemented yet. In 2021, the Supreme Court of India ruling struck down parts of this Constitutional Amendment which shrank the exclusive authority of States over its cooperatives. However, provisions concerning the Multi State Cooperative Societies Act were not struck down.

In 2018, NCDC launched the Yuva Sahkar Scheme (youth cooperative scheme) as a cooperative enterprise support and innovation scheme to promote cooperatives among young entrepreneurs. Through this scheme, youth can avail financial assistance for upto 80% of the project cost.

In 2020, the Banking regulation Amendment Bill was passed in the Parliament to bring cooperative banks (except 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). This Bill has been passed to protect depositors and ensure transparency and accountability in cooperative banks.

In 2021, the Ministry of Co-operation was formed by the Govt. of India to provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country.

## ii. Public national statistics

Public national statistics on cooperatives in India have been taken from the Statistical Profile by National Cooperative Union of India (NCUI) published for the year 2018.

### NUMBER OF COOPERATIVES

In 2018, there were 854,355 cooperatives.

### NUMBER OF MEMBERS

In 2018, there were 290.06 million members.

### NUMBER OF EMPLOYEES

In 2018, cooperatives generated 13.3% direct employment and 10.91% self-employment for persons.

## iii. Research methodology

The aim of the mapping research is to collect and make publicly available reliable and up-to-date data to understand what the cooperative movement represents in the targeted country. With this view, the data detailed in the present report has been collected using the methodology detailed below.

The methodological tools include a questionnaire used to collect the data, which was distributed online to the members, as well as a methodological note provided for further guidance. They were built jointly with all ICA regional offices with the support of external experts from the European Research Institute on Cooperative and Social Enterprises (Euricse) and are applied in a harmonised way in all the target countries.

The classifications used in the research are consistent with the internal system used within the ICA movement (e.g. on membership status and types of cooperative organisations) and with standards increasingly adopted in recent studies and by international organisations like the ILO – e.g. using international classifications of economic activities such as the International Standard Industrial Classification (ISIC)

rev. 4, which ensures the comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Regarding the target organisations, considering that a worldwide survey has very challenging goals, and while the value of directly collecting data from non-member cooperatives must be recognised, the present Mapping exercise targets cooperative organisations members of the ICA.

Furthermore, in order to complete the ICA members' data, the decision was taken to also look at external sources, to provide additional and more exhaustive cooperative statistics for the country. As a result, the data is collected following two strategies contemporaneously: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

The Mapping report for India was prepared using information available in the Statistical Profile by National Cooperative Union of India (NCUI) published for the year 2018 and India country snapshot prepared by ICA-AP.

## II. Key figures

India has seventeen ICA member organisations:

### 1. National Cooperative Union of India (NCUI)

NCUI is an apex organisation representing the Indian cooperative movement. NCUI was one of the first seven members of ICA from Asia in early 1960s. It became a member of the ICA in 1964.

### 2. National Cooperative Development Corporation (NCDC)

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 in India. It became a member of the ICA in 2005.

### 3. National Agricultural Cooperative Marketing Federation of India (NAFED)

NAFED was setup with the object to promote cooperative marketing of agricultural produce to benefit the farmers. Agricultural farmers are the main members of NAFED who have the authority to say in the form of members of the General Body in the working of NAFED. It became a member of the ICA in 1963.

### 4. National Federation of State Co-operative Banks Ltd. (NAFSCOB)

NAFSCOB was established in 1964 with a view to facilitate the operations of state and central cooperative banks and development of cooperative credit. It became a member of the ICA in 1976.

5. National Cooperative Agriculture and Rural Development Bank Federation (NAFCARD)

NAFCARD is the apex level organisation of agriculture and rural development banks at the national level. It became a member of the ICA in 1976.

6. Indian Farmers Fertiliser Cooperative Ltd. (IFFCO)

IFFCO's objective is to augment incremental incomes of farmers by helping them to increase their crop productivity through the balanced use of energy efficient fertilisers; maintain the environmental health; and to make cooperative societies economically and democratically strong for professionalised services to the farming community to ensure an empowered rural India. It became a member of the ICA in 1980.

7. Krishak Bharati Cooperative Ltd. (KRIBHCO)

KRIBHCO is a national level cooperative society of India engaged in fertiliser production and distribution. It was founded in April 1980, to produce and distribute high-quality agricultural inputs, mainly chemical fertilisers, through cooperatives and institutional agencies. It became a member of the ICA in 1986.

8. Indian Farm Forestry Development Cooperative Ltd. (IFFDC)

IFFDC came into existence formally in 1993 although its work had begun in 1986-87. Its promoter, IFFCO, had launched programmes of eco-restoration and wasteland development through farm forestry in the states of Uttar Pradesh, Madhya Pradesh and Rajasthan and these programmes were subsequently handed over to the IFFDC for being scaled up and integrated with rural livelihood development and poverty alleviation programmes in the country. It became a member of the ICA in 2009.

9. National Federation of Fishers Cooperatives Ltd. (FISHCOPFED)

FISHCOPFED is a national level federation of fisheries cooperatives and the apex institution of Indian fisheries cooperative movement. Its motto is to promote and develop the fishery cooperative movement in India, to educate, guide and assist fishers in their efforts to build up and expand the fishery cooperative sector and serve as an exponent of cooperative opinion in accordance with cooperative principles. It became a member of the ICA in 2009.



10. Cooperative House Building and Finance Corporation Ltd. (CHBFC, Sahakari Awas Nirman Evam Vitt Nigam Ltd.)

CHBFC commenced its operations in 1972 for the upliftment of the housing system and facilities in the State of Uttar Pradesh. It provides a range of services to members including financial help either directly or by acting as a mediator between financial institutions and cooperative members, development of colonies, etc. It became a member of the ICA in 2010.

11. Buldana Urban Co-operative Credit Society Ltd. (BUCCS)

BUCCS is an urban cooperative society that provides a range of services to its members including home, personal, education and vehicle loans. It became a member of the ICA in 2014.

12. National Federation of Farmers' Procurement, Processing and Retailing Cooperatives of India Ltd. (NACOF)

NACOF's objective is to organise, develop the cooperative societies engaged in procurement, processing, retailing, construction, mining related and akin activities. It became a member of the ICA in 2014.

13. Uralungal Labor Contract Cooperative Society Ltd. (ULCCS)

ULCCS was formed as a novel mass movement against the anarchies of the caste system. It has grown today as a name synonymous with quality, workmanship, precision and efficiency in Construction work, especially that of roads and bridges in Kerala. Participation in the work undertaken by the Society is mandatory for membership. Members are paid weekly wages as per the quantum of work undertaken by them. A part of the wage earned will be contributed towards strengthening the membership in the Society. It became a member of the ICA in 2019.

14. Tirumalla Tirupati Multi-State Co-operative Credit Society Ltd. (TTMSCC)

TTMSCC's primary objective is to uplift the social and financial status of its members by promoting/educating saving habits amongst them. It became a member of the ICA in 2019.

15. National Yuva Co-operative Society Ltd. (NYCS)

NYCS is a multistate, multipurpose youth cooperative society. They focus on creating opportunities for youth to be engaged in activities such as skill



improvement, entrepreneurship development, sports and thrift culture, leadership development, and positive civic actions. It became a member of the ICA in 2021.

#### 16. Centre for Cooperatives and Livelihoods – Autonomous (CCL)

CCL is a non-profit society at Lal Bahadur Shastri National Academy of Administration (LBSNAA). It undertakes capacity building of government servants and research related to the cooperative sector. It became a member of the ICA in 2021.

#### 17. Tamil Nadu Small Tea Growers ICTFs Federation Ltd. (INDCOSERVE)

INDOSERVE is India's largest tea cooperative federation whose members are 16 industrial tea factories. It became a member of the ICA in 2021.

### i. ICA member data

The data on ICA membership in this section was collected from the Statistical Profile by National Cooperative Union of India (NCUI) published for the year 2018. The numbers presented by NCUI are representative of all cooperatives in India.

#### i. General overview

In 2018, there were 854,355 cooperatives with 290.06 million members.

#### ii. Sector overview

The sectors used below correspond to the categories used in the ISIC rev. 4. to classify the economic activities carried out by the organisations concerned.

Cooperatives in India are broadly present in credit and non-credit sectors. There are seven types of cooperatives under the credit sector including 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 primary agricultural credit societies (PACS). The non-credit types of cooperatives include all others-tribal/SC-ST, service sector, women, multi-state, multipurpose, consumer, housing, industrial cooperatives, etc. Overall, housing and dairy sectors have the highest number of cooperatives.

Sectors	Number	Percentage
Housing	152,351	17.83 %
Dairy	151,956	17.79 %

Primary Agricultural Credit Societies (PACS)	97,961	11.47 %
Employee thrift and other credit	76,997	9.01 %
Labour	46,953	5.50 %
Agro-allied/agro-processing	29,901	3.50 %
Consumer	26,355	3.08 %
Fishery/aquaculture	23,670	2.77 %
Women	21,493	2.52 %
Others*	22,6718	26.54 %

Table 1: Cooperatives per sector in India (2018)

\*Others include cooperatives in industrial, multi-purpose, handloom/textile/handicraft, livestock/poultry, sugar, marketing sectors, 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.

### III. Graphs

#### i. Percentage of cooperatives per sector

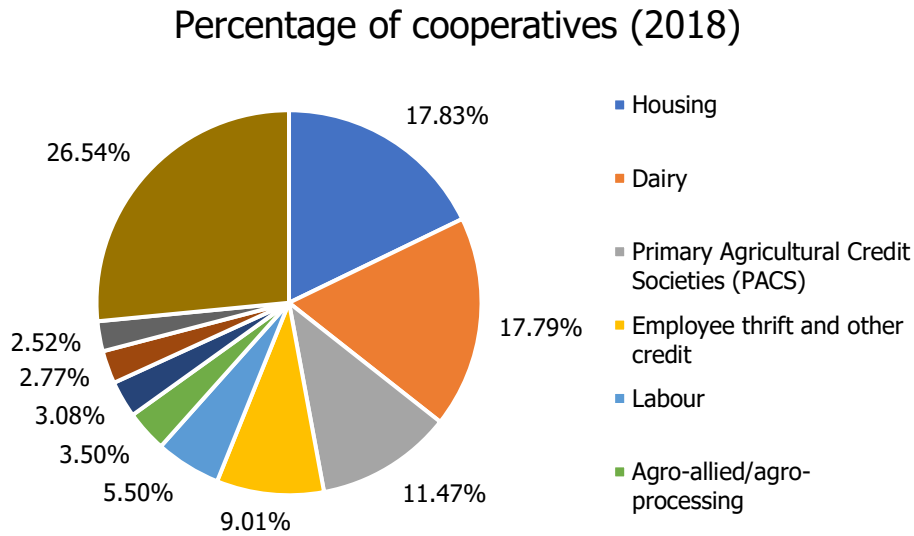


Figure 1: Cooperatives per sector in India (2018)

## IV. Annexes

Sources and contacts are listed below.

### Sources

1. ICA-AP (2021). India country snapshot.
2. NCUI (2018). [Statistical Profile](#).
3. ICA members' website.

### Contacts

Further details on the Mapping research and other country reports are available on [www.coops4dev.coop](http://www.coops4dev.coop)

The production of this report was overseen by staff from ICA-AP Office. For any further information or clarification, please contact [mappingresearch@ica.coop](mailto:mappingresearch@ica.coop)

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