

# Cooperative Centenary in India

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This year marks the centenary of the cooperative movement in India. Cooperatives of all sizes have geared themselves up for the big occasion. A people's movement totalling a 100 years of development signifies the strength of Indian democracy.

## **A diverse movement**

The seeds of cooperation in India were sown in 1904 when the first *Cooperative Societies Act* was passed. Since then, the cooperative movement has made significant progress.

Cooperatives have extended across the entire country and there are currently an estimated 230 million members nationwide. The cooperative credit system has the largest network in the world and cooperatives have advanced more credit in the Indian agricultural sector than commercial banks. In fertiliser production and distribution the [Indian Farmers Fertiliser Cooperative](#) (IFFCO) commands over 35 percent of the market. In the production of sugar the cooperative share of the market is over 58 percent and in the marketing and distribution of cotton they have a share of around 60 percent. The cooperative sector accounts for 55 percent of the looms in the hand-weaving sector. Cooperatives process, market and distribute 50 percent of edible oils. Dairy cooperatives operating under the leadership of the [National Dairy Development Board](#) and through 15 state cooperative milk marketing federations has now become the largest producer of milk in the world. The groundwork for this was laid in the early 1970's when the largest dairy development programme in the world - *Operation Flood* - was launched. *Operation Flood* was a national marketing strategy linked to a dairy infrastructure development programme that created a chain of dairy processing plants, collection stations and a national milk transportation grid.

## **Democratic reform and greater autonomy**

With the rapid growth of the cooperative sector, a supportive climate has been created for the development of cooperatives as democratic and autonomous businesses providing them with the opportunities for diversification. The cooperatives have long been demanding that the Central Government introduce democratic reforms in their regulation, supervision and functioning. With the persistent efforts of the [National Cooperative Union of India](#), the Central Government recently passed the *Multi-State Cooperatives Societies Act* and also formulated a national cooperative policy that provides greater autonomy to cooperatives.

The National Cooperative Union of India is the apex organisation promoting the cooperative movement in the country. With the passage of the Insurance Act,

cooperatives have been allowed to entry into the insurance business. Insurance is a field where the immense potential of cooperatives still remains untapped. The Indian Farmers Fertiliser Cooperative has recently teamed up with a Japanese company and formed a joint venture for undertaking general insurance business in India. This signifies that Indian cooperatives have come of age in formulating strategic alliances.

In the new economic environment, cooperatives at all levels are making efforts to reorient their functions according to the market demands. The failure of the public sector in several cases is a worrisome trend. Privatisation has also failed to make an impact in the rural areas. The government has therefore pinned a consider amount of hope on the cooperative sector. In comparison to the step-motherly treatment of the past, cooperatives are now considered an important plank of development. The government is committed to cooperative development and it wants cooperatives to succeed. The government knows that cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Cooperatives are also considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed.

### **Cooperative pitfalls and challenges**

There are however several pitfalls. Poor infrastructure, lack of quality management, over-dependence on government, dormant membership, non-conduct of elections, lack of strong human resources policy, neglect of professionalism, etc. are the limiting factors. Cooperatives are also unable to evolve strong communication and public relations strategies which can promote the concept of cooperation among the masses.

In the year of centenary celebrations, the cooperatives should look back at their achievements with pride. However, they should also push forward by developing effective strategies for overcome existing weaknesses and for continuing growth of the sector.