



## 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

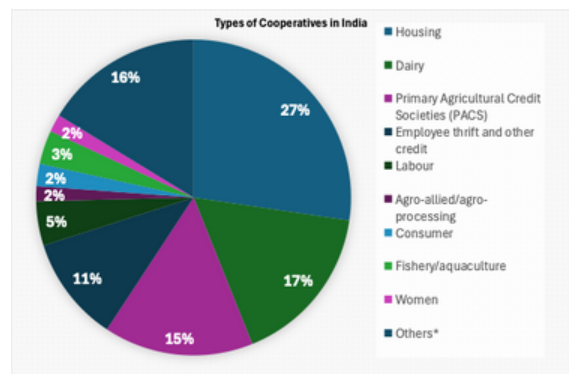
- 621,514 cooperatives in India
- 287 million (20.1% of population) members in cooperatives
- 11,227 women's service cooperatives composed exclusively of women members
- 13.3% direct employment generated by cooperatives
- 10.91% self-employment for persons generated by cooperatives
- 91% (village panchayats) rural India covered by cooperatives

(National Cooperative Database; Dec 11, 2024)

Cooperatives play a major role in India's economy. With 91% 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.

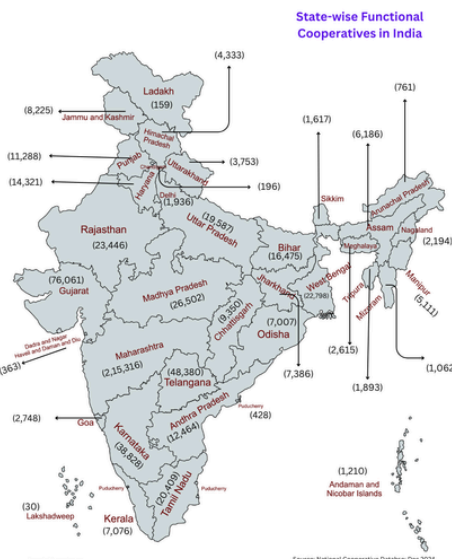


\*Others include cooperatives in industrial, multi-purpose, handloom/textile/handicraft, livestock/poultry, sugar, marketing sectors, etc. There are 19 national level cooperative federations, 206 state level cooperative federations, 482 district level cooperative federations, and 1,698 multi state cooperative societies. (National Cooperative Database; Dec 11, 2024)

### Did you know?

- The cooperative movement in India dates back to 1904.
- National Cooperative Union of India (NCUI) is the apex organisation in the country.
- The Ministry of Cooperation (MoC) was formed in 2021 by the central government to provide a separate administrative, legal and policy framework for strengthening cooperatives.
- National Cooperative Development Corporation (NCDC) is a statutory corporation under the MoC which plans, promotes, coordinates and finances cooperative development programmes in India.
- Vaikunth Lallubhai Mehta is known as the father of India's cooperative movement.
- Dr. Verghese Kurien, the Father of the White Revolution in India, became the first cooperator globally to receive the ICA Rochdale Pioneers Award in 2001. In 2024, Dr. U.S. Awasthi, Managing Director of the Indian Farmers Fertiliser Cooperative Limited (IFFCO), was also honored with this prestigious recognition.
- Saraswat Cooperative Housing Society (1915-present) is Asia's first and oldest housing cooperative.
- Hon'ble Prime Minister Shri Narendra Modi and Minister for Cooperation Shri Amit Shah graced the ICA Global Conference and General Assembly held in India in November 2024 for the first time in ICA's 130-year history.
- The World Coop Monitor 2023 has 15 cooperatives from India ranked among the top 300 largest cooperatives and mutuals as per Turnover/GDP per capita. Among these are the IFFCO, Krishak Bharati Cooperative Limited (KRIBHCO), Uralungal Labour Contract Cooperative Society (ULCCS) and Buldana Urban Cooperative Credit Society Ltd. (BUCCS).
- There are 18 ICA members from India (list on page 4).

### Geographical presence of cooperatives



Cooperatives are present in all 28 States and 8 Union Territories (UTs) of India. 61% of cooperatives are present in four States- Maharashtra (35%), Gujarat (12%), Telangana (8%) and Karnataka (6%). (National Cooperative Database; Dec 11, 2024)

## 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.
- Post 1962, the Registrar of Cooperatives became the custodian of cooperatives with the enactment of State Co-operative Societies Act.
- 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 supportive of the cooperatives movement were curtailed.
- New amendments in the Indian Constitution were proposed in 1990s to reduce government supervision and control in the cooperatives 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, 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. 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 were 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 MoC was formed by the central government to provide a separate administrative, legal and policy framework for strengthening multi-state cooperatives.
- In 2023, the Multi-State Cooperative Society (MSCS) Act 2002 was amended giving more control over cooperatives through shares and administrative control. It is now called the MSCS (Amendment) Act, 2023.

## Laws on cooperatives

- Cooperatives are a State subject in India. States follow the respective 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 applies to those cooperative societies which do not receive government assistance.
- The MSCS (Amendment) Act, 2023 applies to those cooperatives which operate in more than one State.

### Key highlights of the Indian Cooperative Law

- 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. 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.

### Looms of Ladakh: A Cooperative by Women in the Land of High Passes

Looms of Ladakh Women Cooperative Ltd., established in 2017, is a social enterprise that empowers women artisans in Ladakh. Operating across 15 villages with over 250 women artisans, the society produces pashmina shawls, stoles, and apparel from indigenous wool. By 2022-23, the cooperative achieved an annual turnover of \$70,000 and this has been growing. Collaborations with Indian Army Veterans Welfare Division and All Changthang Pashmina Growers Cooperative Marketing Society have further strengthened its supply chain and operations. The cooperative has garnered numerous accolades, including the NASSCOM Inspire Award for Technology Adoption. Its global influence was showcased at Times Square and UN Headquarters during New York Fashion Week 2022. Aligned with SDGs (Gender Equality, Economic Growth, and Sustainable Production), Looms of Ladakh balances tradition with innovation through advanced supply chain management and ethical practices.



PC: Looms of Ladakh

### SEWA Federation: Transforming Informal Economy Through Women Cooperatives

The Self-Employed Women's Association (SEWA) Cooperative Federation, established in Gujarat in 1992, has been a transformative force in supporting informal women workers. Focused on building resilient and sustainable enterprises, the federation strengthens over 112 women-led collectives, positively impacting the livelihoods of more than 300,000 women across sectors such as agriculture, trade, and artisanal crafts. It operates as a centralized support network, enabling grassroots cooperatives to overcome barriers in access to finance, markets, and technical expertise. Its innovative approach emphasizes self-reliance while fostering collaboration between cooperative members and external partners. One of its flagship initiatives, the SEWA Bank, offers accessible financial services to over 124,000 women, providing a critical pathway to financial independence. The federation's member cooperatives, which collectively achieved a turnover of \$14 million in 2022-23, stand as a testament to the power of collective action in driving sustainable economic growth and meaningful social change.



PC: SEWA

### ULCCS: Model Labour Cooperative

Established in 1925, ULCCS is the one of the oldest labour cooperatives in the construction sector, known for its enduring legacy and innovative contributions. Over the years, it has developed over 715,000 km of roads, 577 bridges/flyovers and 2,400 buildings in Kerala and provides direct employment to more than 13,000 workers. ULCCS ventured into the IT sector with the establishment of the UL CyberPark, the first IT park in the Kozhikode region, which now hosts 44 company offices and serves as a hub for technology and innovation. Recognized for its exemplary cooperative model, ULCCS has been acknowledged by the United Nations Development Programme (UNDP) as a model cooperative and holds accreditation from the National Skill Development Council, India, for its contributions to skill development and employment generation. The cooperative is also actively involved in various social welfare initiatives, including education, training, and environmental sustainability programs, further solidifying its role as a driver of inclusive development in Kerala and beyond. ULCCS works on 13 of the 17 SDGs.



PC: UL CyberPark

### IFFCO: Driving Innovation in Agriculture

Founded in 1967, IFFCO has grown into a cooperative powerhouse with over 36,000 members and a network of 55 million farmers across India. Initially focused on manufacturing and selling fertilizers, IFFCO has diversified its operations to include general insurance and rural telecommunications. Committed to achieving the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty) and SDG 13 (Climate Action), IFFCO has undertaken impactful initiatives. During the COVID-19 pandemic, it supported the community by establishing oxygen plants across the country and providing monetary assistance to the government for relief efforts. Recently, IFFCO introduced nano urea liquid and nano DAP –the world's first nanotechnology-based fertilizers. These innovations are designed to enhance nutrient efficiency and significantly reduce environmental impacts such as soil, air, and water pollution.



PC: IFFCO



- The National Agricultural Cooperative Marketing Federation of India (NAFED) is a vital institutional partner of the Indian government in the trade of agricultural commodities. In 2022-23, NAFED exported agricultural goods worth \$6.68 million to Mauritius. It played a significant role in supporting food security by supplying 50,000 tonnes of wheat to Afghanistan, 40,000 tonnes to Lebanon, 10,000 tonnes of rice and 200 tonnes of wheat to Myanmar, and 5,000 tonnes of rice to Madagascar. These efforts highlight India's commitment to global food security through cooperation among cooperatives.
- The 17th Indian Cooperative Congress, held on July 1-2, 2023, in New Delhi, centered around the theme "Amrit Kaal: Prosperity through Cooperation for a Vibrant India." The Congress highlighted the vital contributions of cooperatives to India's national development and provided a platform to discuss future strategies aimed at strengthening and expanding the cooperative movement in India.
- On July 9, 2024, at the United Nations Headquarters in New York, NCUI and IFFCO Chairman Shri Dileepbhai Sanghani, ICA-AP President Dr. Chandrapal Singh Yadav, and other Indian cooperators participated in the soft launch event for the 2025 UN International Year of Cooperatives (IYC 2025), highlighting India's strong commitment to the global cooperative movement.
- In November 2024, New Delhi hosted the ICA General Assembly and Global Cooperative Conference at Bharat Mandapam, organized by IFFCO, the MoC, and the Indian Cooperative Movement. Over 3,000 cooperators from 100+ countries gathered under the theme "Cooperatives Build Prosperity for All," with the official launch of IYC 2025 celebrated as "Cooperatives Build a Better World."

## 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 recognize Dr. Mauritz Bonow's contribution to the development of the cooperative movement throughout the world and particularly in developing countries.
- NCUI and NAFED were among the first to join ICA from the region.
- 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. Some of these include - Special Workshop on the ICA Statement of Cooperative Identity: From Theory to Practice (1997), 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), and 18th ICA-AP Regional Research Conference (2024).
- ICA implemented a Post-Tsunami Cooperative Re-construction Project in 2007 to provide technical and financial support to affected cooperatives in the country.
- India is actively represented at various levels of the ICA. Current representatives include Dr. Chandrapal Singh Yadav (ICA-AP President), Mr. Aditya Yadav (ICA Global Board), Mr. Bhima Subrahmanyam (President, International Cooperative Banking Association), and Mr. Santosh Shukla (International Cooperative Entrepreneurship Think Tank).

## 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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[Indian Cooperative](#)

[Livemint](#)

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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 110 members from 29 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

## Contact information

ICA-AP: [info@icaap.coop](mailto:info@icaap.coop)



[ICAAPAC](#)



[International Cooperative Alliance - Asia & Pacific](#)



[ICAAsiaandPacific](#)



[icaasiapacific](#)

1. NCUI: [ncuipresident@gmail.com](mailto:ncuipresident@gmail.com)
2. IFFCO: [mdoffice@iffco.in](mailto:mdoffice@iffco.in)
3. Buldana Urban Co-operative Credit Society Ltd. (BUCCS): [buldanaurban@rediffmail.com](mailto:buldanaurban@rediffmail.com)
4. Sahakari Awas Nirman Evam Vitt Nigam Ltd. (CHBFC): [awasnirman@gmail.com](mailto:awasnirman@gmail.com)
5. Indian Farm Forestry Development Cooperative Ltd. (IFFDC): [iffdcchairman@gmail.com](mailto:iffdcchairman@gmail.com)
6. KRIBHCO: [mdoffice@kribhco.net](mailto:mdoffice@kribhco.net)
7. NAFED: [mdcell@nafed-india.com](mailto:mdcell@nafed-india.com)
8. National Cooperative Agriculture and Rural Development Bank Federation (NAFCARD): [nafcard.org@gmail.com](mailto:nafcard.org@gmail.com)
9. NCDC: [mdncdc@ncdc.in](mailto:mdncdc@ncdc.in)
10. National Federation of Fishers Cooperatives Ltd. (FISHCOPFED): [fishcopfed7@gmail.com](mailto:fishcopfed7@gmail.com)
11. National Federation of State Co-operative Banks Ltd. (NAFSCOB): [nafscob@nafscob.org](mailto:nafscob@nafscob.org)
12. National Federation of Farmers' Procurement, Processing and Retailing Cooperatives of India Ltd. (NACOF): [nacof.ltd@gmail.com](mailto:nacof.ltd@gmail.com)
13. ULCCS: [chairman@ulccs.com](mailto:chairman@ulccs.com)
14. Tirumalla Tirupati Multi-State Co-operative Credit Society Ltd. (TTMSSC): [info@ttmssc.com](mailto:info@ttmssc.com)
15. National Yuva Co-operative Society Ltd. (NYCS): [nycs.ltd@gmail.com](mailto:nycs.ltd@gmail.com)
16. Centre for Cooperatives and Livelihoods-Autonomous (CCL): [cc-lbsnaa@gov.in](mailto:cc-lbsnaa@gov.in)
17. The Tamil Nadu Small Tea Growers ICTFs Federation Ltd. (INDCOSERVE): [ceo@indcoserve.com](mailto:ceo@indcoserve.com)
18. ESAF Swasraya Multi-State Agro Cooperative Society Limited (ESMACO): [communications@esafcooperative.com](mailto:communications@esafcooperative.com)

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