

**SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB
MUKHERJEE AT THE INAUGURATION OF 16TH INDIAN
COOPERATIVE CONGRESS**

Siri Fort Auditorium, New Delhi: 25-06-2013

Ladies and Gentleman,

It gives me immense pleasure to deliver this address on the inauguration of the 16th Indian Cooperative Congress.

Cooperatives or social-enterprises formed by the members, have existed in India since a long time. Cooperatives are based on the philosophy that in the creation, maintenance and the development of an enterprise, each member is treated as an equal and has equal right and responsibility. Cooperatives use individualism as a tool and harness their potential for common and joint development, making people and not profit central to their endeavours. It is in the institutions of co-operatives that the ideals of democracy and common good come to life. I believe the need for these ideals in our political, social and economic lives has never been stronger. The theme for this Congress- “Cooperative Enterprises Build a Better World” is therefore most appropriate.

The history of cooperative movement in India is more than a hundred years old. Even before formal cooperative structures came into being, the practice of cooperation and

cooperative activities were prevalent in India. Village communities collectively created common assets like village tanks or village forests, pooled seeds and shared their collective harvest. It was in the latter part of the 19th century that agricultural conditions combined with the absence of institutional financing mechanisms led to the deep indebtedness of the Indian farmer. In response to this, various Government initiatives were taken - including the Cooperative Credit Societies Act of 1904. History was then made in October 1946 when two Primary Village Milk Producer Societies were registered. This was followed by the registration, the same year, of the Khera District Cooperative Milk Producers Union known as Amul. After India attained Independence in 1947, cooperative development received due recognition and cooperatives were given a central role in the Five Year Plans formulated by the Planning Commission of India particularly for the transformation of the rural economy.

Ladies and Gentlemen,

Cooperatives in our country are pivotal institutions for bringing socio-economic development for inclusive growth in rural areas.

The potential of the cooperative approach was perceived by our great national leaders even before India became independent. Perspectives that could be attained through the

cooperative approach were identified after careful thinking, argument and consideration extending over years. The Father of the Nation, Mahatma Gandhi, observed: “The Cooperative Movement will be a blessing to India”. He indicated “In the course of time cooperative bodies will..... have their own shape and form which need not now be anticipated.” He referred to Charkha centres established in different parts of India as comprising: “the largest cooperative society on earth.”

This insight regarding the creative potentialities of Cooperation was one with acute awareness of the value and essentiality of democratic decentralization and Panchayati Raj. Co-operatives were seen as a medium natural to India’s own genius, time-honoured rural tradition and akin to the natural characteristics of Indian enterprise in our villages.

Part-IV of the Constitution of India in the provisions concerning the Directive Principles of State Policy, (Article-43) therefore refers to the “cooperative basis” for the promotion of economic growth. Our Founding Fathers envisaged a full materialization of potential of the cooperative movement in the fields of agricultural, industrial and tertiary development. Prime Minister Jawaharlal Nehru who gave decisive impetus to the development of industrial base for the building of a modern India, was equally committed to the promotion of the cooperative movement for achieving the transformation of our economy. He said: “While the Panchayat will represent

administrative aspects of village life, the cooperative will represent the economic side of village life..... if the cooperatives function properly they will help in introducing ... industries and other auxiliary activities....Cooperatives are good and essential (not only) for better farming but represent a higher level of work and existence for the people”.

Today, with a net-work of six lakh cooperatives and a membership base of 24 crores, the Indian cooperative movement has proved to be an effective economic instrument for ensuring growth with equity and inclusiveness. Cooperatives in India have made a visible and significant contribution to the overall economic growth of our economy. This is especially so in the sectors of agricultural credit, sugar, dairy, textiles, fisheries, distribution of fertilizers and agricultural inputs, storage and marketing. They have ensured the accrual of a fair share of the benefits of development and growth to our small and marginal farmers.

Ladies and Gentlemen,

Recognizing the advantages and its importance world over, United Nations declared 2012 as the International Year of Cooperatives, to increase public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals. Highlighting the contribution of

cooperatives in building a better world, UN Secretary-General Ban Ki-moon has said, “Through their distinctive focus on values, cooperatives have proven themselves a resilient and viable business model that can prosper even during difficult times. This success has helped prevent many families and communities from sliding into poverty”.

Recently, the Government has taken a big initiative for the cooperatives by enacting the 97th Constitutional Amendment thereby creating an enabling environment for the development of the Cooperatives. This would enable democratic, autonomous and professional functioning of the cooperatives. By this amendment the right to form a cooperative society has now become a fundamental right. The Act has paved the way for development of a stronger cooperative movement. To take this initiative further to the grass roots level, respective State Governments also need to create enabling environment by amending State laws as and when it is necessary

The cooperative sector today covers about 99% of our villages and 71% of rural households. Cooperatives are perhaps the best way of reaching out into the vast hinterland of this country where the poor and the marginalized sections live. Cooperatives have contributed to women empowerment by helping Self Help Groups conduct various income generating activities, adult literacy and cooperative education

programmes. Cooperatives have also had a major role in democratising the access to, what Prof. Amartya Sen has described basic human capabilities such as education, employment, food security, financial security and health-care. Co-operatives have not only played a meaningful role in improving the socio-economic condition of their members but also served as catalysts for social organization and cohesion.

It has been argued by some that in a liberal and globalized economic order, cooperative societies must wither away. I completely disagree. It is my view that the need for cooperatives is greater in current context than it was ever before. The recent global financial crisis has shown the merits of low-risk customer owned cooperative banking over excessive risk-taking investor owned global financial institutions.

Cooperatives in our country face many challenges and problems. Their performance across sectors, activities, and regions is variable; hence they need to re-orient themselves by improving their efficiency. They have to develop themselves professionally to meet the requirements of their core clientele - farmers, growers, artisans, producers and women. However, while cooperatives do face big challenges, it is also true that they offer a solution to several problems that our economy and community face today.

Co-operatives must receive recognition as an important sector of our economy that serves marginalized and weaker sections. They must be made commercially viable and used effectively in areas where cooperatives can make an impact such as rural health, education, credit, water-harvesting, precision farming, tourism, communication and hospitality etc.

They must not only figure prominently in our efforts to achieve inclusive development, they must also retain their character of being locally driven “by the members, for the members and from among the members”. Top-down approaches should be avoided and local initiatives encouraged. Co-operatives must be managed by adequately trained and enthusiastic members. Cooperatives empower people, build capacities and develop capabilities. They enable members realize their genius. In a globalized world, where India is advantageously placed to reap demographic dividend, the cooperative sector can play an important role in educating and skilling the youth.

India has perhaps the largest and the most diverse cooperative movement across the globe. There is a general consensus on the potential of cooperatives in not just economic development, but also, more importantly, the human resource development of a nation. However, if we look at the contribution cooperatives are making in different parts of the

world, we have a fair bit of catching up to do. We need a renaissance of sorts in the cooperative sector. I am hopeful that the deliberations in this Cooperative Congress will lead to sustainable strategies for improving the cooperative sector which would lead us to a better, more equitable and more secure world.

Thank you.

Jai Hind !