

Workshop Report

Consultation on “Autonomy and Independence of Cooperatives in India”



A multistakeholder consultation on “Autonomy and Independence of Cooperatives in India” was organized at Institute of Rural Management Anand (IRMA) in collaboration with International Cooperative Alliance Asia Pacific (ICA), ICA Domus Trust (IDT), and Andhra Pradesh Mahila Abhivruddhi Society (APMAS) on 3rd September 2021. It discussed prospects for the cooperative sector, considering the current political economy. The consultation gave space for sharing the different views and experiences of the panellists and brought forth an Anand declaration, containing a brief set of actionable policy recommendations.

Opening Session

Speakers: Dr. Umakant Dash, Dr. C. Shambu Prasad, Sh. Balu Iyer and Sh. C.S. Reddy



In the first session, the director of IRMA welcomed the participants on behalf of the Chairman. He noted the role of cooperatives in reducing inequality, and Dr. Verghese Kurien's legacy in forwarding the cause of their autonomy and independence. It was mentioned that the issue of autonomy of cooperatives is something, Dr. Kurien had contributed to significantly, and in that respect, there could not be a better way of commemorating his birth centenary. His address was followed by brief

introduction to the theme by the representatives of ICA and APMAS.

Balu Iyer of ICA reminded the participants not only of the work done by the veterans like Dr. Verghese Kurien and Sh. Rama Reddy in India, but also various international declarations and ideas calling for autonomy of cooperatives. He invoked the "Statement of Cooperative Identities", and how it states that cooperatives depend on legislations, which ensure their independence.

CS. Reddy noted that in this conference he expects to be part of an enriching discussion on autonomy of cooperatives in the light of the fact that, the 97th amendment has been partially approved making the right to form cooperatives a fundamental right. He mentioned progressive cooperatives, like those formed under the Andhra Pradesh Mutually Aided Cooperative Societies act, and parallel cooperative acts in other states should be at the heart of this discussion. The focus should be on making these organizations, member driven, member owned, and member managed institutions, which are driven as business organizations and not extension agencies of either government or Civil Society Organizations.

While the future of the cooperative sector is uncertain in India, with the new developments in the policy sphere, Dr. Shambu Prasad mentioned, that these changes also present opportunities to bring together diverse perspectives in the sphere of cooperatives, and cross-learning of different specialised bodies within the sector. More training and member capacity building is something, that the sector needs to focus on, which is why events of this kind are important.

Two recent policy decisions in the month of July, have given new impetus to rethink and rejuvenate the cooperative movement in India. The Government of India decided to constitute an independent Union Ministry of Cooperation (MoC) to provide a separate administrative, legal and policy framework for strengthening the cooperative movement. Independently the Supreme Court of India struck down provisions in the 97th Constitutional Amendment Act (CAA) in a longstanding litigation that impinged on the role states and declared that cooperative societies as a subject matter belong "wholly and exclusively to the State legislatures to legislate upon." Central to both the decisions is the issue of 'autonomy and independence' of cooperatives. The multi-stakeholder consultation with cooperators, practitioners, academics, and experts in the sector will examine the legal and constitutional implications of these decisions and explore how future initiatives on cooperatives can embed the autonomy of the cooperative sector and make it vibrant. the consultation will briefly reflect on what ails the cooperative sector today and make a few policy recommendations for enabling the much needed 'ease of doing business' that could inform and engage the new MoC.

Keynote Remarks

Speakers: Sh. Dileep Sanghani, Sh. Rakesh Kapur and Sh. Suresh Prabhu



The keynote speakers were not only appreciative of the role of cooperatives in creating greater opportunities for the marginalized sections, but also considered the autonomy of cooperatives essential for their survival. They considered the role of the government to be of providing safety nets, both for the producers and consumers organized in a cooperative mode in case of market failures. Sh. Dileep Sanghani argued that the union ministry of cooperation will

be playing a major role in pushing forward the ideals of the 97th amendment. The important role of cooperatives in every sector was mentioned, along with the limitations under present regulatory regimes. Sh. Rakesh Kapur of IFFCO stated that he expects that the new MoC will be able to mitigate these challenges, along with taking the sector in the right direction. He also described the challenges to the capacity of different cooperative organizations to carry out their operations. In this light, all the keynote speakers mentioned the need for streamlined regulations and how the government should attempt to pass a constitutional amendment bill which can bring about more regulatory uniformity across the country under the purview of the new MoC. Sh. Sanghani also mentioned his willingness to be part of all discussions and debates, and along with all other stakeholders be part of any move for greater autonomy of the cooperative sector through NCUI.



Sh. Suresh Prabhu also agreed with the scope of work for the MoC. He went on to say that, apart from independence, the cooperative sector which has very able manpower at the leadership level should also focus on making the most of its capabilities, by ensuring sustainable design and governance structure, along with the call for autonomy and independence of the sector.

Panel Discussion 1

Speakers: Sh. Meenesh Shah, Dr. Thomas Isaac, Sh. Jaya Prakash Narayan, Sh. T. Nandakumar, Sh. Rama Reddy, Sh. Ravinder Rao, Sh. Mangaljeet Rai. Facilitator: Dr. C. Shambu Prasad



The 97th CAA in 2012, conferred a fundamental right on formation of cooperatives. In 2013, the Gujarat High Court decreed that Part IX B, which impinged on the rights of states, was ultra vires. The Supreme Court, based on an appeal by the government, recently upheld (though partially) the view of the Gujarat High court holding Part IX B of the Constitution as ultra vires. Incidentally, the judgement came on an appeal by the Union of India against an order passed on a public interest litigation (PIL) by an individual. None of the state governments were party to the proceedings. It is now to be seen whether State governments decide whether they would like to retain or not the amendments made in their cooperative Acts pursuant to the 97th CAA and the role the MoC would play in bringing them to make changes in the Acts.



The first speaker of the panel, Sh. Meenesh Shah, from NDDDB was largely enthusiastic about the new developments in the cooperative policies, as it might help to reduce regulatory ambiguities, and he believed, would lead to greater operational independence. All other speakers on the panel were staunchly opposed to the idea of framing a national level cooperative policy. For example Sh. Rama Reddy argued that the framework can undermine the capacity of successful cooperatives in Gujarat and Maharashtra to operate and might be used for securing vested interests of certain actors.



Thomas Isaac brought out in his discussion the important aspects of how the cooperative sector in India has been part of the governmental vision of development in India, which made the question of autonomy integral to the sector from its inception. While it meant autonomy of state governments to frame the cooperative policies in the respective states for Dr. Isaac, for Jaya Prakash Narayan and Rama Reddy, it meant autonomy of citizens. Nevertheless, in the end all speakers agreed that the financial independence of the cooperatives is essential for breaking out of state interference. However, in the absence of member capital, it is difficult to avoid government grants, which translates to their interference, as Dr. Isaac cautiously pointed out.



While Meenesh Shah considered it unfortunate that the 97th Amendment act had been struck down on procedural grounds, others like Rama Reddy and Jaya Prakash Narayan believed it should have been struck down on grounds of violating fundamental rights, along with the procedural inconsistencies. Sh. T. Nandakumar was also of the same opinion. He was also able to however give examples from Patna where he as an government official had been able to work towards sustaining the Urban Cooperative bank of Patna, hinting towards the possibility of a more enlightened bureaucracy.

Sh. Ravinder Rao, who represents the state cooperative bank federations described how other regulatory regimes like the Banking regulations act can also pose a threat to the autonomy of cooperatives, and therefore he said, he expected the ministry to encourage the cooperative spirit in handling the diverse range of cooperatives and their specific needs. These can include modification of recruitment policies, the process of management etc. Sh. Mangaljit Rai highlighted the regional diversity and the importance of added efforts to promote cooperatives

in resource poor regions like North-East where the cooperative sector is not so well developed, and will require special support and handholding to many of their goals.

Panel Discussion 2

Speakers: Sh. Santanu Mohanty, Smt. Mirai Chatterjee, Sh. C.S. Reddy, Sh. V. Vivekanandan.

Chair: Sh. Balu Iyer



The discussion in this panel was around how experiences from the field can help us understand the context within which they operate, i.e., how can the policy change to mitigate the challenges faced by the cooperative sector.

Sh. Santanu Mohanty started the session by explaining the case of a pilot project in Odisha, and how it is essential for the government to proactively promote cooperative institutions like PACS at the grass roots along with SHGs etc. through collaboration with the Ministry of Panchayati Raj, Rural Development etc. This project known as the Gram Panchayat Development Program, which Sh. Mohanty was personally associated with, has shown how it is crucial to link the rural institutions for the cooperative movement to take-off and capture the imagination of the population, especially the



youth who do not participate in these institutions. In that respect Sh. Balu Iyer as the chair also pointed out, how the spirit of cooperation can be inculcated through the education system, so that the youth can already have a clear idea of the cooperative movement. The experience of other civil society organizations also established the importance of Cooperatives in reducing the vulnerabilities of marginalized communities, especially in light of the rise of a gig economy and the COVID-19 lockdown. The cooperative societies like SEWA, represented by Smt. Mirai Chatterjee, she mentioned been able to undertake the welfare functions much better than other

private enterprises by providing security to their members. They have been instrumental in providing insurance and other social security functions. The organization has promoted cooperative micro and small enterprises and created a support system for them, through an



incubation center. She also pointed out the invisibility of women in the larger cooperative movement, rather than the overall

Sh. CS. Reddy on a very optimistic note described how different liberal cooperatives are innovating and creating management designs which ensure their sustenance and efficient governance. He also emphasised the role of grass-roots institutions like SHGs and how they have helped in creating a diverse ecosystem.

Whether they are based on SHGs or worker's unions, the examples here have been of women led institutions, which try to acknowledge the conspicuous absence of women in traditional cooperatives across the country. However, they pointed out related policies like the central sector scheme for promotion of FPOs, although having the integral spirit of cooperation, are used to undermine cooperatives.

While the liberal cooperative organizations play a crucial role in creating innovative models like staggered retirement of board members and are very independent in nature, it was pointed out by Sh. Reddy, that they end up playing a very limited role in mobilizing communities around policies. One of the speakers reflected that this is because the primary stakeholders of cooperatives, that is the members, lack a sense of ownership. He also asserted that data and evidence on cooperatives is difficult to retrieve, in fact even under MACS, the overall oversight is limited, and therefore inhibits the ability to provide actionable policy recommendations.

Sh. Vivekanand discussed the question of how welfare functions of cooperatives allows bureaucrats and politicians to take over cooperatives. In fact voluntary membership is compromised because cooperatives go out of their way to register members under cooperatives, to bring them under the purview of cooperatives, while the commercial aspect of cooperatives is ignored. The example of fish workers' cooperatives in South India brings out this aspect. In the same vein one can see how over-reliance of civil society actors on government can ultimately lead to them implementing the schemes of the government, using the cooperative institutions they promote as a tool for implementation. IN conclusion he mentioned, that there needs to be a clarity in the law, about what should be the specific role of the government, when it has been mandated to promote cooperatives.

Anand Declaration

Facilitators: Dr. C. Shambu Prasad, Sh. C. S. Reddy & Mr. Mohit Dave

Various suggestions were received during this session on the compilation of an Anand Declaration like:



- The document can be compiled within a single page
- Informal workers can be added to the list of vulnerable groups who can benefit from cooperative institutions
- Revival of urban economies can be added as a benefit of cooperatives. The case of platform cooperatives can be added
- It should be stated that the ministry should reaffirm

ICA and ILO declarations

- There should be a push for more refined data on cooperatives for better policy making

Closing Address

Speaker: Dr. Tushaar Shah



Dr. Tushar Shah in this session discussed points which were not raised within the previous panels. He mentioned that while autonomy and independence are essential for cooperatives, they may not be sufficient for a thriving cooperative sector.

The new MoC was formed by the Government of India on 6th July 2021 seeks to strengthen the cooperative movement in the country and deepen its reach up to the grassroots. It aims to promote cooperative-based economic development model and create appropriate policy, legal and institutional framework to streamline the processes of ease-of-doing-business for cooperatives.

In his opinion if the cooperative sector might be able to pull more resources and weight behind them, they will be in a better position to gain autonomy, as the case of Amul has depicted. According to him, while it is important to bring out a statement like the Anand Declaration on the autonomy of cooperatives, it will be important to look at the more complex issues of cooperative development like scale and member centrality. However, rebuttals from other



members included that such scale and vertical growth can extinguish solidarity among members, which is why a lateral growth, like in the SEWA model can be adopted. Participants also pointed out that a partnership between state and civil society would be required rather than separating the two completely a convergence of interests should be there rather than trumping the state through a large-scale cooperative institution.

In conclusion it can be mentioned that the consultation was successful in bringing together academics and development practitioners from across India to deliberate upon the importance and state of autonomy of cooperative enterprises, legal frameworks for an enabling environment, and the way forward for policy makers. Its success also lies in creating a forum for bringing together several different opinions on the issue and finding ways of aligning towards a common minimum agenda, which can be acted upon by all actors.

Annexure 1: Participant Bio

1. Shri Dileep Sanghani, President, NCUI



Shri Dileep Sanghani is the elected president of National Cooperative Union of India (NCUI). He is the Vice-Chairman of IFFCO and was a Member of Parliament (Lok Sabha) representing Amreli (Gujarat) for 4 terms. He has been a former Cabinet Minister in Gujarat government. He is also representing on the board of various National and State Cooperative Federations. For his significant contribution to the cooperative movement, he was earlier conversed with “Sahakarita Shiromani” Award by KRIBHCO.

2. Mr. Rakesh Kapur, Joint Managing Director, IFFCO



An ex-IRS Officer and a Mechanical Engineer from the Indian Institute of Technology (IIT), Delhi Mr. Rakesh Kapur joined IFFCO as Jt. MD and CFO in 2005. He has served in the IT Department. of the Govt. of India and several Public Sector Undertakings. He also sits on the Board of several companies including various IFFCO's subsidiaries like IFFCO Kisan Special Economic Zone (IKSEZ), Nellore and IFFCO Kisan Sanchar Limited (IKSL).

3. Shri Suresh Prabhu, Founder, Cooperative Development Forum



Suresh Prabhu is a member of parliament in Rajya Sabha. He is a Chartered Accountant by profession and a member of the Institute of Chartered Accountants of India. He has served four subsequent terms as a member of parliament in Lok Sabha and has held several important ministerial positions, including the Minister of Commerce and Industry. He has also been the Chairman of Saraswat Cooperative bank.

4. Shri Satish Marathe, Founder Member, Sahakar Bharati



Satish Marathe is the Founder Director of Centre for Studies & Research in Cooperation, a foundation established for undertaking study and research in the cooperative sector. He is also the Founder Member of Sahakar Bharati, an NGO in the cooperative sector. He has had a long career in the banking sector as well.



5. Shri Meenesh Shah, Chairman, NDDB

Meenesh Shah has been working for the NDDB since 1985. He has a wide range of experience in the dairy sector having held different positions across different units of NDDB and took over as the Chairman in 2021. Meenesh is an alumnus of IRMA.



6. Shri Ram Reddy, President, Cooperative Development Foundation

Rama Reddy is a prominent cooperator. He is the Founder and President of Cooperative Development Foundation. The organization has been at the forefront of promoting several cooperatives in India.



7. Dr. T. M. Thomas Isaac, Economist, Kerala

Thomas Isaac has been the Finance Minister of Kerala. He is an economist by training and had been closely associated with the very successful People's Planning Campaign in Kerala. His role in Kerala's effective handling of the pandemic has also been widely celebrated.



8. Shri Jaya Prakash Narayana, Founder President, Lok Satta

Jaya Prakash Narayana is a former member of Andhra Pradesh Legislative Assembly. He is also the Founder and President of Lok Satta party, which has been pushing for governance reforms.



9. Shri T. Nandakumar, Former Secretary, Department of Agriculture and ex-Chairman IRMA and NDDB

T Nandkumar has served in the Indian Administrative Service in the Bihar Cadre. He has served as the Secretary of the Department of Agriculture, Government of India. He has then served as the Chairman of NDDB and IRMA, post-retirement from the Indian Administrative service.



10. Shri Ravinder Rao, Chairman, NAFSCOB

Konduru Ravinder Rao has been the Chairman of National Federation of State Cooperative Banks limited (NAFSCOB), Telangana State Cooperative Apex Bank (TSCAB) and Karimnagar District Cooperative Central Bank (DCCB). He has also been a member of the governing council of Banker's Institute of Rural Development.



11. Shri Mangaljeet Rai, Chairman NCDFI

Mangaljeet Rai is the Chairman of the National Dairy Cooperative of India and has been the Vice Chairman of Sikkim Cooperative Milk Producer's Union Limited.



12. Shri Santanu Mohanty, Independent consultant

Shantanu Mohanty has been the CEO of various cooperative institutions in different domains. He is specialized in designing and implementing cooperative models within various national and international frameworks.



13. Smt. Jayshree Vyas, SEWA Bank

Jayashree Vyas is the Managing Director of Shri Mahila Sewa Sahakari Bank Limited. The organization has been proactively contributing to the financial inclusion of marginalized women, especially those who are involved in the informal sector.



14. Mr. V. Vivekanandan, Director (FishMARC) at Vrutti

Vivekanandan is the Director of FishMARC, a unit of Vrutti. He has been the CEO of the South Indian federation of Fishermen Societies and had a significant role in the organization's post-tsunami rehabilitation efforts.



15. Smt. Mirai Chatterjee, Chairperson, SEWA Coop Federation

Mirai Chatterjee is the Chairperson of Gujarat State Women's SEWA Co-operative Federation and has been involved in the struggle for livelihoods of women. She is widely known for her work in the sphere of social security of poor women.



16. Dr. Tushaar Shah, Professor Emeritus, IRMA

Tushaar Shah, an Economist and Public Policy Specialist, is a former Director of IRMA. Presently, he is a Senior Fellow at the International Water Management Institute and Professor Emeritus at IRMA. He has written extensively on water policy and cooperative institutions.



17. Prof. Umakant Dash, Director, IRMA

Umakant Dash is the Director at the Institute of Rural Management Anand (IRMA), Gujarat. He has over 25 years of experience in teaching. He was previously associated with Indian Institute of Technology, Madras as the head of department of Humanities and Social Sciences.



18. Shri Dilip Rath, Chairman IRMA (TBC)

Dilip Rath is an economist educated in Jawaharlal Nehru University and London School of Economics. He has served in the Indian Administrative services and has worked closely on issues relating to the dairy sector. He was the Chairman of NDDB for three years and has been the Chairman of IRMA since 2017.



19. Mr. Balu Iyer, Regional Director, ICA-AP

Balu Iyer is the Regional Director of the International Cooperative Alliance in the Asia and Pacific region since 2014. He has over 25 years' experience managing international development operations, overseeing multiple country offices, and building new offices from the ground up. He has worked in India in the cooperative development before moving abroad to work on Asian regional concerns for overseas agencies.



20. Mr. C. S. Reddy, CEO, APMAS

C. S. Reddy is the founder and CEO of APMAS. He has over 30 years of experience in the sphere of microfinance and the Self-help Group (SHG) movement. In these years, he has worked closely with the Indian government as well as several state governments.



21. Dr. C. Shambu Prasad, Professor, IRMA

Shambu Prasad is a Professor of Strategic Management and Social Sciences at IRMA and his research and teaching interests include managing producer collectives, social entrepreneurship, public systems management and managing sustainable transitions. He is on a board of a few non-profits and edited a book of cases on social enterprises "Farming Futures: Emerging Social Enterprises in India".

Annexure 2: Agenda for the consultation

Time	Agenda	Facilitator/Speaker
09:30 - 09:40	Welcome Remarks	Shri Dilip Rath, Chairman IRMA* Dr. Umakant Dash, Director, IRMA
09:40 - 09:50	Workshop format and objectives (Brief pointers from organizers)	Shri Balu Iyer, Regional Director, ICA-AP Shri C. S. Reddy, CEO, APMAS Dr. C. Shambu Prasad, Professor, IRMA
09:50 - 10:10	Opening Remarks	Shri Dileep Sanghani, President, NCUI Shri Rakesh Kapur, JMD, IFFCO*
10:10 - 10:30	New Ministry of Cooperation: Potential and Prospects	Shri Suresh Prabhu, Founder, Cooperative Development Forum*
10:30 - 11:30	Panel discussion - I (10-15 min each speaker)	Shri Meenesh Shah, Chairman, NDDB*
	Legal and constitutional implications of recent developments and implications for autonomy of the cooperative sector	Shri Ram Reddy, President, Cooperative Development Foundation Dr. T. M. Thomas Isaac, Economist, Kerala*
	Facilitator: Dr C. Shambu Prasad, IRMA	Shri Jaya Prakash Narayana, Founder President, Lok Satta*
	11:30 - 11:50 Tea Break	
11:50 - 13:00	Panel discussion - I continued (7- 10 min each speaker)	Shri T. Nandakumar, Former Secretary, Department of Agriculture and ex-Chairman IRMA and NDDB*
		Shri Ravinder Rao, Chairman, NAFSCOB
		Shri Mangaljeet Rai, Chairman NCDFI (cooperative challenges in North East)

Shri Santanu Mohanty, Independent consultant
(Odisha's experience)

Question and answers, Ideas for Anand
declaration

1:00 –2:00 Lunch Break

2:00 –3:00	Panel Discussion – II Sharing of experiences by organizations which have promoted member-owned and governed institutions that are autonomous Chair: Shri. Balu Iyer, Regional Director, ICA-AP	Smt. Mirai Chatterjee, Chairperson, SEWA Coop Federation
		Shri C. S. Reddy, CEO, APMAS (How have MACS performed in South India?)
		Shri V. Vivekanandan, Director (FishMARC) at Vrutti (Autonomy issues in fishery cooperatives)
3:00 –4:00	Facilitated Discussion	
	What ails the cooperative sector in terms of ease of doing business?	
	What are the policy recommendations to the MoC? (Anand Declaration)	
	Moderators: Shri C. S. Reddy, IRMA and ICA Teams	
4:00 –4:20	Closing Address	Dr. Tushaar Shah, Professor Emeritus, IRMA
4:20 –4:25	Vote of Thanks	Dr. C. Shambu Prasad

* Joining online or virtually