

Speech by Hon'ble Speaker, Smt. Meira Kumar on Jawaharlal Nehru Memorial IFFCO Lecture on "Inclusive Development and Cooperative Movement" at NCUI Auditorium, New Delhi on 21 November, 2011

I feel a personal privilege in delivering the 24th Jawaharlal Nehru Memorial IFFCO Lecture, a series instituted to commemorate the pioneering spirit of our first Prime Minister Pandit Jawaharlal Nehru. Pandit Nehru is remembered as the founder of modern India and the architect of planned development, whose ideas and ideals were a driving force in the expansion of the cooperative movement in the country.

As a child, I had many occasions to meet Nehruji as both he and my father Babu Jagjivan Ramji, were part of the interim Government of 1946 and thereafter Babuji became a member of Nehruji's cabinet. I remember insisting on going along with my father to wish Nehruji on his birthdays and each time, unfailingly, he would greet me with his warm affectionate smile and proceed to put a piece of birthday cake in my mouth. Needless to say, I was fascinated by his ability to connect with us children so effortlessly.

Perhaps it was an extension of this ability that enabled him to foresee what could best improve the lot of our poor and disenfranchised. India at the threshold of Independence was still grappling with the massive problem of rural indebtedness which had cast its deep shadow over the agrarian landscape leaving in its wake farmers and the agriculturists perpetually indebted to the moneylenders, overcome with mounting distress, extreme poverty and backwardness. It was in this search for finding viable solutions to these pressing problems that Pandit Nehru was drawn towards the idea of Cooperation and the Cooperative Movement. His passion for the idea of cooperation matched his belief in socialist ideals and he believed that Indian society would benefit and be strengthened by the cooperative approach.

I wouldn't be wrong to suppose that his ardent advocacy and promotion of cooperation was inspired by India's Freedom Struggle that saw people, especially women and those from the underprivileged sections, come forward and fight for Poorna Swaraj. His vision of the cooperative movement and his conception of cooperation went beyond its narrow interpretation as an economic organization of society and encompassed a wider perspective, reminiscent of the idea of *Gram Swaraj* that Gandhiji wanted as the basis of a future India. As a student of law in Britain at the time of great socialist thinking, his conviction in the cooperative "way of life" was informed by its intrinsic principles of equality and fairness. For him, efficiency and economy were not enough if they did not allow the common man to have a stake in the life and destiny of his nation.

As I see it, what Nehruji envisaged was inherently a philosophy, a social approach, which offers a middle ground steering clear of the pitfalls of an uninhibited acquisitive society driven by selfish interests and the erosion of individual freedom through overbearing state machinery very often associated with extreme variants of socialism.

Nehruji believed that planning was paramount for an equitable distribution of wealth and resources and it was towards this end that the Planning Commission of India was set up in March 1950, with the Prime Minister as its Chairman. In 1951, the First Five-Year Plan was launched

‘to initiate a process of development which would raise living standards and open out to the people new opportunities for a richer and more varied life’.

This was followed by the Second Five-Year Plan launched in 1956, which sought to achieve a socialist society as envisioned in the Directive Principles of State Policy. The basic criterion for determining the developmental approach was not private profit but social gain. On the recommendation of the All India Rural Credit Survey Committee, this Plan focused on “building up a cooperative sector as part of a scheme of planned development.”

The Third Five-Year Plan, (1961-1969), aimed at ‘making cooperation progressively the principal basis of organization’ in agriculture, minor irrigation, small industries, housing, processing and marketing of essential commodities.

I still can vividly recollect when Babuji began his tenure as the Minister of Food, Agriculture, Community Development and Cooperation in March 1967, India was dependent on foodgrain imports and was struggling to find some innovative measures to increase agricultural production.

Babuji understood the significance of the cooperatives in the Agricultural Development Programme and their role as the channels for distribution of agricultural inputs and supplies as well as in marketing of agricultural products, enabling farmers to get a fair price. A number of new measures were initiated that effected reorientation in the agricultural policies and programmes. Emphasis was given for the promotion, adoption and application of improved agricultural practices, such as the use of improved water management practices, better seeds, fertilizers and pesticides, along with the expansion of agricultural credit and development of marketing, warehousing and storage. In all these, the cooperatives played an important role.

Such a firm policy thrust propelled exponential growth of the cooperative movement in the country and led to the establishment of some of the most successful cooperatives. The success of the milk producers’ cooperatives in Gujarat, better known by its brand name Amul, is a sterling example that went on to give birth to India's world-renowned White Revolution and proved to be a tool for empowerment for the rural masses especially women with production, processing and marketing done through the farmers-owned cooperatives. The National Dairy Development Board (NDDB) was set up to replicate the Amul pattern of cooperatives in milk throughout the country.

Another heartening story is the success of the Indian Farmers Fertilizer Cooperative Limited, better known by its acronym IFFCO. It has played a major role in providing adequate quantities of plant nutrients for achieving self-sufficiency in foodgrains production and rapid growth of agriculture. It is the world’s largest fertilizer cooperative federation and, as a torchbearer in cooperative movement in the country, has promoted the growth of agricultural cooperatives in a big way. Cooperatives in various sectors, including the sugar cooperatives, have seen successes and made their contribution to members’ economic security and to the overall economy.

Today, India has the largest and most diverse cooperative movement in the world which primarily aims to empower the common man and ensure equity. As a result while the main objectives of our planned development were to reduce disparities of income and wealth, it also

became necessary to address the problems of the weaker sections of society who had been victims of social injustice through the centuries. My own political awakening took place in the backdrop of my father's firm belief in inclusive development especially aimed at the weaker and marginalized sections of society. Both Pandit Nehru and Babuji were strong advocates of the idea of social justice. Their approach to development converged on ensuring the upliftment of the poorest of the poor and weakest of the weak, bringing their concerns into sharp focus. Thus, the Tribal Sub-Plan was adopted in the Fifth Plan (1974-1979) and the Special Component Plans for Scheduled Castes were formulated in the Sixth Plan. This resulted in earmarking special allocations for these hitherto under-developed groups.

In recent years India has notched an impressive record of economic growth. The Tenth Plan period of 2002 has seen an average GDP growth of 7.7 per cent. During the first four years of the Eleventh Plan period, our economy achieved an average GDP growth of 8.2 per cent while the rest of the world struggled to avoid a negative dip in the aftermath of the global financial crises.

Notwithstanding this impressive feat, it remains a matter of grave concern that while the workforce in the agricultural sector is 56% of the population, the share of the agricultural sector in GDP is merely 17%. Our growth story has left several groups like the Scheduled Castes, Scheduled Tribes and minorities out of the growth curve. According to the India Human Development Report 2011, high incidence of poverty persists among Scheduled Castes and Scheduled Tribes across the country. The problem of unemployment is found to be most acute among Scheduled Castes and Scheduled Tribes. Both rural and urban India have recorded the lowest rates of ownership of assets for Scheduled Caste households, followed by Scheduled Tribe households. This is often a cause of further economic vulnerability as the ownership of assets can act as a cushion in times of economic distress. The rural-urban disparity is the highest in the case of Scheduled Tribes, which suggests that Scheduled Tribes in rural areas remain the poorest of the poor, with nearly three-fifths of their total consumption expenditure going to food.

Apart from the historically disadvantaged groups like the Scheduled Castes and Scheduled Tribes, social inclusion must also address the problems faced by persons with disabilities and the elderly. According to Planning Commission estimates, the disabled constitute anywhere between five to six per cent of our total population. Moreover, India has the second largest population of those above 60 years of age. The number of elderly persons in the population is expected to increase from about seven crore in 2001 to more than seventeen crore in 2026. About 80 per cent of the elderly in India are in rural areas, which makes delivery of services to them a huge challenge.

In spite of policy interventions like the 'Component Plan for the Disabled' under the Tenth Plan and the right-based approach advocated in the Eleventh Plan, these groups remain socially and economically vulnerable. Gender inequality also remains a pervasive problem. According to the Planning Commission India was home to more than thirty crore of the world's poor in 2004-2005 and nearly half of our children under three are malnourished.

These are a grave reminder that India still has miles to go when it comes to bringing its marginalized groups, like Scheduled Castes and Scheduled Tribes, into the mainstream. Unless we address this centuries-old exclusion, we cannot achieve sustainable growth. The emphasis of

our policies and plans should be on erasing the lines that stratify our society into social and economic enclaves of the 'haves' and the 'have-nots'.

Pandit Nehru's vision of a strong cooperative sector remains ever more relevant today. No doubt we are today living in exciting times, there remain challenges that are unique to them. And the cooperative sector has to rise to face these diverse challenges. Here, I would like to emphasize that the larger focus of cooperative reforms should be the sharing of the benefits of development.

I see the establishment of Self-Help Groups in the country as a critical dimension of human empowerment. The enactment of the Andhra Pradesh Mutually Aided Cooperative Societies Act in 1995 has been a game changer of sorts. This Act has allowed Self-Help Group networks to be registered as cooperative societies. It is estimated that more than half of the members in Self-Help Groups in the State are the poor with more than sixty per cent Scheduled Caste and Scheduled Tribe members. This has enabled real leadership to emerge, especially among women members, and has integrated them into the processes of decision-making.

The success of Self-Help Groups presages the necessity of a rethink about the cooperative sector. This will however need to be supplanted by newer laws that facilitate the conversion of Self-Help Groups into cooperative societies. The Self-Help Groups are small informal groups and their federations are formal groups of informal members. They face internal constraints such as scarce training and capacity for self-governance and poorly-defined systems and processes. Cooperatives at the level of Self-Help Group federations need to imbibe not only the principles of cooperatives but also evolve as self-sustaining units. Therefore, the role of the cooperative sector to nurture them and help build governance structures for them cannot be over-emphasized.

This scenario presents a clear challenge to credit cooperative institutions as they face increasing competition from micro-finance institutions and even commercial banks that are aggressively collaborating with civil society organizations to expand their market through the Self-Help Group methodology. The SHG-Bank Linkage Programme was initially conceived to extend financial inclusion by filling the gap between the formal financial network and informal sources of credit that carry usurious interest rates. However, studies reveal that credit distribution is still skewed against the poorer regions of the country. The credit cooperatives have to step in and play a crucial role. Well-functioning cooperatives have a distinct advantage as members have a share in profits. It is this aspect of the cooperatives that is vital to the role envisioned for them for the larger benefit of society. That is why it is also in need of constant improvement so that the cooperatives' retain their market share.

I am also of the view that the role cooperative societies play in poverty alleviation should be widely emulated. It is well acknowledged that without some form of self-organization by the poor wider development is not sustainable. Cooperatives and similar member-owned businesses are extremely flexible and can be adapted successfully to address economic disparities. They are the only enterprise that put people and not capital at the centre of business. These member-owned, democratically controlled businesses that closely follow the World Bank's model of businesses 'promoting opportunity, facilitating empowerment and enhancing security' are most suited to fight poverty than any other method known to us.

Opportunity implies that poor people have the chance to lift themselves out of their poverty and all the other forms of deprivation that go with it. In this, cooperatives can open up markets by organizing supply of inputs and marketing of outputs. The cooperative sector can also play an important role in capacity-building in the form of cooperative education, training and self-organization of the poor.

Indeed, cooperative success in the uplift of the rural poor abounds in India. We find that the sugar cooperatives in Maharashtra have made significant contribution to the regional economic development by encouraging various ancillary activities such as poultry, dairies, irrigation schemes, credit banks, schools and colleges, medical facilities, etc.

Silk cooperatives in Tamil Nadu are engaged in producing and marketing silk and have evolved as rural growth centres and a model of rural transformation, with immense benefit for rural women. In Kanchipuram alone, there are about twenty-four cooperative societies with around fifty thousand weavers who work through these cooperative societies.

The Self-employed Women's Association (SEWA) is a prominent organization of women's workforce, which has made a distinct mark on the uplift of rural women. It is not just an organization but a confluence of labour, women and co-operative movements. Its activities cover various States, including Madhya Pradesh, Uttar Pradesh, Kerala and Bihar. In all these States, SEWA is involved in organizing women workers and their development through SHGs, co-operatives and federations.

We also find other examples of rural women taking up initiative for self-help, such as in Uttarkashi district of Uttarakhand State, where women are forming their own cooperatives and producing processed food items, from garlic, ginger, chilli, mixed vegetable and mango pickles to fruit jams and chutneys. Their businesses have been very successful.

Though the village-level dairy cooperative membership is heavily dominated by men, most of the cooperative dairy development involves small scale production processes which are most done by women. Their role must be duly acknowledged. For their empowerment and economic well-being, women's access to training in modern dairying and cooperative management is essential. The success of women's dairy cooperatives in Bihar is widely acknowledged and held up as worthy of emulation.

Empowerment entails 'the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable, institutions that affect their lives.' The most tangible form of institutions that can help them is the cooperative form.

Security means taking measures to reduce poor people's vulnerability to risks so that their lives and livelihood are protected from natural disasters such as floods, droughts, earthquakes, health risks from epidemics, personal injuries or the effects of old age, crime and environmental risks. Here too, cooperation is the way forward.

While State intervention has an important role in combating poverty, self-reliance in the form of cooperatives must form the backbone of our development. In the recent years government-

sponsored programmes, such as those framed under the Mahatma Gandhi National Rural Employment Guarantee Act, have made an impact on rural income. In the context of rising rural income, the minimum income corpus for the rural poor to form cooperatives has increased. Retaining part of this income in some form of savings is important through encouragement of thrift which will ensure self-help and self-reliance. In a country where a large section of our population is dependent on agrarian income, cooperative enterprises of farmers have to be encouraged to promote self-reliance.

Professionalization in the management of cooperatives is both essential and inevitable if they have to survive and grow. It should also include the adoption of information and communication technologies in operational functioning as well as communicating with members and getting redress for grievances.

However, it has also to be kept in mind that cooperatives are not mere profit-making enterprises, but associations that exist primarily to fulfil the needs of their members. As their membership is open and voluntary, it should always be guided by the principle of common good that allows it to draw in new members while keeping intact the core interests of its existing members. I would emphasize on training for cooperators, institution building at the grassroots and cooperative education to spread the values and principles of cooperation among the larger public.

In our country which has a huge population below poverty line, cooperative activity should be an instrument of social change. Pandit Nehru not only understood the true tradition of cooperation and the principles underlying it, but also made efforts to infuse these principles at the stage where the cooperative movement was beginning to gain momentum in the country. I hope the new outlook in the political and economic environment and the renewed thrust given to revitalize the cooperative sector through legislative and policy reforms will enable us to realize Panditji's dream of making 'the cooperative approach the common thinking of India'.

Before I conclude, I once again felicitate the Indian Farmers Fertilizer Cooperative Limited for being a beacon of hope in India's business firmament. True to its values, it has steadfastly remained committed to the needs of its members in particular and the Indian farmer across the country. I want to put on record my deep appreciation for the dedication and vision with which Shri U.S. Awasthi, Managing Director and other members of the management of IFFCO are working to make it a leading co-operative of the country.

I congratulate Shri Ranmal Singh, Shri D. Venkat Rama Reddy and Shri Samarpal Singh who have been conferred the IFFCO Sahkarita Awards. I thank Shri U.S. Awasthi and the management of IFFCO for inviting me to deliver this prestigious Lecture and also for having agreed to my wish of donating its honorarium of Rupees Ten Lakh to Jagjivan Ashram Trust.

Thank you.