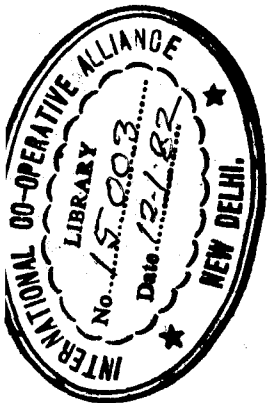


16.11.1981

7TH OPEN ASIAN CONFERENCE - MANILA (PHILIPPINES)
5 - 11 Nov. 1981

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International Cooperative Alliance

2

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7th OPEN ASIAN CONFERENCE ON COOPERATIVE
MANAGEMENT

November 5-11, 1981

Manila Midtown Ramada Hotel

Manila, Philippines

WELCOME ADDRESS OF

BRIG. GEN. ARCADIO S. LOZADA
President

COOPERATIVE UNION OF THE PHILIPPINES, INC.

Honorable Nelia Gonzalez, Asst. Secretary of Agriculture and Director, Bureau of Cooperatives Development, Honorable R.B. Rajaguro, ICA Regional Director for South East Asia, Mr. J.M. Rana, Education Director, ICA ROEC for South East Asia, Atty. Ben Faustino, Conference Director, Distinguished Delegates, Guests, Ladies and Gentlemen. I wish also to acknowledge the presence of our distinguished resource speakers of different nationalities, led by Dr. Saxena, former ICA Executive Director who has effectively managed and cohesively united the world movement for 13 years until his retirement in 1980.

On behalf of the host movement, the Cooperative Union of the Philippines and the Ministry of Agriculture, I extend fraternal greetings and warm welcome to all the delegates to the 7th Open Asian Conference on Cooperative Management, many of whom I have already met in Seoul, Korea last week during the 23rd meeting of the ICA Regional Council for South East Asia,

This Open Asian Conference on Cooperative Management which has chosen "Strengthening Cooperatives" as its theme, signifies many things to us. It attests to the continuing efforts of the International Cooperative Alliance, not only to promote and develop cooperatives in the Region, but also foster better international relations among the Asian national cooperative movements. It provides an occasion wherein delegates and resource speakers from various Asian countries may share their knowledge, experience and expertise, identify common problems and present suitable solutions.

We are aware of the vital role and varied activities undertaken by the ICA and its Regional Office and Education Centre for South East Asia based at New Delhi, in continually developing cooperative principles, concepts, methods, strategies and practices that bring about and promote economic, social and cultural development of all members of society, regardless of class, color, creed and status in life. We also acknowledge with deep appreciation, the role of the Swedish Cooperative Centre and the Swedish International Development Agency in funding many, if not all of these undertakings. Indeed, ICA which advocates the "One World Concept", symbolizes unity, peace, progress and brotherhood of man. It knows no boundary and we are proud to belong to this organization, a world-wide confederation of cooperative organizations of all types, serving over 355 million members at the primary level. Founded in 1895 in London, dedicated to the development and promotion of cooperatives, in all parts of the world which makes it as one of the oldest of non-governmental organizations.

For the Cooperative Movement in the Philippines, the 7th Open Asian Conference on Cooperative Management provides an opportunity for Philippine Cooperatives to avail themselves of the wealth of information and data generated by the occasion. We feel confident that the Conference will be fruitful and beneficial to all participating countries which include Australia, Bangladesh, India, Indonesia, Japan, Republic of Korea, Malaysia, Nepal, Pakistan,

-- 3 -

Singapore, Sri-Lanka, Thailand, and the Philippines.

Again, I welcome you all to this historic gathering and may your stay in Manila more pleasant and profitable. Mabuhay sa inyong lahat. Mabuhay ang ICA.

Goodluck and Thank you.

- End -

*Delivered on the Occasion of the 7th Open Asian Conference on Cooperative Management at Manila Midtown Ramada Hotel, Manila on November 6, 1981

cfc/81

7TH OPM ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

November 5 - 11, 1981

Manila Midtown Ramada Hotel

Manila, Philippines

KEYNOTE ADDRESS

of

MINISTER ARTURO R. TANCO, JR.
MINISTRY OF AGRICULTURE

Mr. Rajaguru, Regional Director of the International Cooperative Alliance Regional Office and Education Centre for Southeast Asia, Mr. Rana, Director for Education of the ICA Regional Office, General Lozada, President of the Cooperative Union of the Philippines, the distinguished resource persons attending this conference, the delegates and participants to the 7th Open Asian Conference on Cooperative Management, fellow cooperators, ladies and gentlemen:

General Lozada as representative of the host movement has welcomed you to the conference. I am pleased and privileged to welcome you on behalf of our government, and particularly on behalf of the Ministry of Agriculture which as you might know is the Ministry that oversees and supervises all cooperative activities in the Philippines.

I realize you have come all the way from your respective countries to participate in what I feel is a very worthwhile endeavor: that of exchanging your views and experiences on a subject that must be common and vital interest to all cooperative movements - cooperative management. For any economic activity, especially any undertaking worth its name as a cooperative endeavor which as we all know must be steeped in ideology and full of social purpose and content, the management infrastructure is a vital, indispensable ingredient for success. One can have all the most sophisticated physical and other infrastructures available and on hand, but without management capability, these won't amount to very much. To translate set goals, purposes and objectives into meaningful implementation is the main task of management, and inexact as this science is, there must be a constant, continuing effort at taking a look at what we have and at the need to revise, improvise when we have to, all in our interest to achieve what we set out to do in the first place.

I would like to tell you too that the timing of your conference could not have been any better. Part of your souvenir program prepared by your local hosts speaks of a very

recently launched national campaign to stimulate and encourage production and other economic activities in both the rural as well as urban areas, a principal feature of which is private sector participation and initiative, built-in with a mechanism for assistance from government as and when called for, but essentially aimed at motivating the masses of people into activities that only make for self-reliance and self-sufficiency, increased production, and stepped-up economic activities all with a view to increasing income levels. This is known, in Pilipino, as the KKK which denotes a movement for livelihood and national progress.

Because of time constraints, and my not wanting to rob you of your very limited time allotted for this conference I shall not go to the details of this program. The reason I mention it is that I think all of you, without exception, can immediately relate to, and identify yourselves with, any undertaking like this for the reason that this is the whole aim and purpose of the cooperative undertaking. And this is the reason I say the timing of this conference is excellent, because looking at it from our own selfish viewpoint as hosts of this conference, it means to us that we now have with us - in fact gathered within these halls, - a wealth of experience and expertise which otherwise we would be hard put to assemble and accumulate.

A listing of the participating countries shown to me just before I went up on this stage has in fact doubled my belief that despite the limited time allotted for this conference, we will end up I hope feeling that all our efforts have born fruit. We have all our neighbors from the ASEAN, and a number of ASIAN countries as well. Our movements have all gone through similar growing pains; many of us may still be at developing stage, but again st our common Asian backdrop, it should not be difficult for us to identify and pin-point areas of mutual interest, common problems, and likely approaches and solutions in analogous or similar situations.

Add this is where this kind of a regional endeavor will make its impact more felt. In contrast to the universalist approach which used to be in vogue several years back, on a more realistic plane this has given to what I might most appropriately refer to as the regionalized, specialized sphere of influence approach because over the years, one realizes that interaction is maximized between and among those who are able to identify common reference points, similar milieus, and common problem areas, and collective efforts are much easier brought to bear on all these, with a much wider, longer-ranging, and more effective impact.

I must congratulate you on the theme you adopted: **STRENGTHENING COOPERATIVES**. Some of us have had cooperatives for the last fifty years or more; some movements are fairly recent, all of us without exception have had our ups and downs, and our collective experience in Asia can perhaps be best described as being checkered gray and black; but all of us too, without exception, share in the belief that a progressive cooperative movement can do very much towards uplifting the living conditions of the great masses of our people and enhancing our national economies. Enthusiasts refer to the movement as "the middle way", but while this term may be susceptible to a number of interpretations depending on how one looks at it, and shorn of the political overtones that this term might have, cooperation can certainly turn out to be a literal peaceful revolution to achieve a middle-way level, if not to equalize, at least to reduce the extreme disparities between the different economic sectors typical to the Asian context.

While I am at this, I wish only to share one other point with you, and I know that while addressing yourselves to the problems at hand, you will not lose sight of this fact: that in the end, at reckoning time, it is not how much profit a cooperative enterprise makes, but what impact it has had on the social and economic status of the masses of its membership as it will be this, and this only, that will determine whether it is the real people's movement that the cooperative ideology was meant to be. I say

this without necessarily implying that profit per se is or should be anathema to the movement, because a reasonable margin from operations is necessary for the continued viability of any economic enterprises, cooperatives included, in order that there is assurance of the continuity of service to its members. What will make the ultimate difference is the way one utilize profit. If in one way or another this is plowed back to membership, then by all means let us make as much profit as we can in all our cooperative enterprises.

I wish for all of you a fruitful and meaningful conference.

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7TH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

November 5 - 11, 1981
Manila Midtown Ramada Hotel
Manila, Philippines

OPENING CEREMONIES

NATIONAL ANTHEM

WELCOME BY THE HOST MOVEMENT -- GEN. ARCADIO S. LOZADA
President
Cooperative Union of the
Philippines, Inc.

A D D R E S S -- Mr. R. B. RAJAGURU
ICA Regional Director for
South-East Asia

INTRODUCTION OF KEYNOTE
SPEAKER -- ENGR. BENJAMIN CRUZ
President, Cooperative Rural
Bank Association of the
Philippines and Secretary
General, Pambansang Katipunan
ng Samahang Nayon

KEYNOTE SPEAKER -- HON. ARTURO R. TANCO, JR.
Minister for Agriculture

VOTE OF THANKS -- MR. J. M. RANA
Director (Education)
ICA Regional Office &
Education Centre





**7th
OPEN ASIAN
CONFERENCE
ON COOPERATIVE
MANAGEMENT**

**NOVEMBER 5-11 1981
MANILA MIDTOWN RAMADA HOTEL
MANILA, PHILIPPINES**

**THEME:
"STRENGTHENING COOPERATIVES"**

**SPONSORS:
INTERNATIONAL COOPERATIVE ALLIANCE
MINISTRY OF AGRICULTURE
COOPERATIVE UNION OF THE PHILIPPINES, INC.**

**FILIPINO CIVILIAN EMPLOYEES ASSOCIATION
(CLARK AIR BASE)
COOPERATIVE CREDIT UNION
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Republic of the Philippines
MINISTRY OF AGRICULTURE
Office of the Minister
Diliman, Quezon City

MESSAGE

The 7th Open Asian Conference on Cooperative Management which the Philippines is privileged to host, came at a very timely period and with a very appropriate theme: "STRENGTHENING COOPERATIVE".

This conference is being held in Manila at a time when the Philippine Government and the entire Filipino nation are engaged in a national movement to improve livelihood and attain economic self-sufficiency. The major thrust of this movement is based on a cooperative concept that provides every citizen an opportunity to participate directly in the country's economic development through cooperative efforts.

We are fortunate in the presence here of so many distinguished world leaders and authorities on Cooperatives which can greatly enhance our capabilities to pursue this program successfully. It is in this spirit that we welcome you all as guests of our country. We hope that the exchange of views and valuable experiences in this conference will be as rewarding to all the participating delegates as, I am sure, it will be to us.

GREETINGS to all of you and welcome to the Philippines!

ARTURO TANCO JR.
Minister
Ministry of Agriculture



Republic of the Philippines
MINISTRY OF AGRICULTURE
Office of the Deputy Minister
Diliman, Quezon City

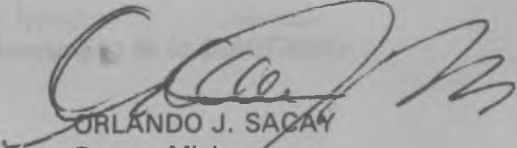
MESSAGE

I am extremely pleased to greet all the members of the Cooperative Union of the Philippines, Inc. (CUP) and the International Cooperative Alliance (ICA) for hosting an Open Asian Conference on Cooperative Management.

We are all aware of the role that cooperatives play in the achievement of the government goals and objectives. This affair will be a valuable opportunity for all delegates to learn from one another in the development of the cooperative movement. The interchange of experiences among the participating countries and the different international organizations involved in cooperative programs will provide a better means of security in building up a strong base of mutual assistance.

On behalf of the Ministry of Agriculture, I would like to welcome all the delegates to this conference. I am confident that your continued concern and good work will strengthen the development of the cooperative movement.

Congratulations!



ORLANDO J. SACAY
Deputy Minister
Ministry of Agriculture



Republic of the Philippines
MINISTRY OF AGRICULTURE
Bureau of Cooperative Development

MESSAGE

I wish to extend the gratitude of the Bureau of Cooperatives Development and the Ministry of Agriculture to the International Cooperative Alliance for giving the Philippines the honor and privilege to host the 7th Open Asian Conference on Cooperative Management.

This conference, which is attended by the world's experts and specialists in Cooperatives, will pool the vast experiences and knowledge of all participating nations to formulate better systems and methods in mobilizing populations to strengthen cooperative movements. At a time when most countries of the world are besieged by worldwide inflationary pressures, this conference on "STRENGTHENING COOPERATIVES" provides a very reassuring answer.

We welcome the foreign delegates to this conference and hope that they will find their visit to the Philippines a memorable and pleasant experience.

A handwritten signature in dark ink, reading "Nelia T. Gonzalez". The signature is written in a cursive style with a large, prominent initial "N".

Nelia T. Gonzalez
Director, Bureau of
Cooperative Development



International Co-operative Alliance
"Bonow House", 43 Friends' Colony
P.O. Box 3312, New Delhi 110-014
India

MESSAGE

The Open Asian Conference has over the years turned out to be a useful forum for the exchange of ideas and experiences between various cooperative movements of the region. The approach to the Conference on a self financing basis has ensured that only those genuinely interested to attend and it has been our happy experience to see the numbers grow from about 150 to about 300 — and we are firmly convinced that the wider the base of representation and discussion, the better it will be for the movements concerned.

This year, at the 7th Open Asian, hosted by the Cooperative Union of the Philippines, one of the more recent members of the ICA, we will be looking at a very important aspect for the cooperatives the world over — the strengthening of cooperatives.

We are indeed deeply grateful to the Cooperative Union of the Philippines for agreeing to host the Conference and we are confident that the CUF will ensure that the 7th Open Asian Conference will be a significant landmark in the annals of Cooperative Development.

With all good wishes and Cooperative Greetings.

A handwritten signature in dark ink, appearing to be 'R. B. Rajaguru'.

R. B. Rajaguru
Regional Director



Cooperative Union of
The Philippines Inc.
3rd Floor, Delta Building
West Avenue, Quezon City

MESSAGE

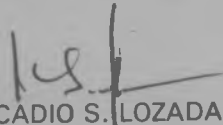
To The Delegates
7th Open Asian Conference
on Cooperative Management

Greetings:

Welcome to the Philippines. The ICA 7th Open Asian Conference on Cooperative Management signifies many things to us. The Conference attests to the continuing efforts of the I-C-A not only to promote and develop cooperatives in the Region but also foster better international relations among the Asian national cooperative movements. It provides an occasion wherein delegates from various Asian countries may share their knowledge, experience and expertise, identify common problems and present suitable solutions.

For the Cooperative Movement in the Philippines, the Conference provides an opportunity for Philippine cooperatives to avail themselves of the wealth of information and data generated by the occasion. We feel confident that the Conference will be fruitful and beneficial to all participating countries.

We wish you success!


ARCADIO S. LOZADA
President

7TH OPEN ASIAN CONFERENCE ON "COOPERATIVE MANAGEMENT" — MANILA (PHILIPPINES)

5th to 11th November, 1981

THEME: "STRENGTHENING COOPERATIVES"
VENUE: MANILA MIDTOWN RAMADA HOTEL
Pedro Gil Street, Manila

PARTICIPATING COUNTRIES

- | | |
|----------------------|-----------------|
| 1. Australia | 8. Malaysia |
| 2. Bangladesh | 9. Nepal |
| 3. India | 10. Pakistan |
| 4. Indonesia | 11. Philippines |
| 5. Iran | 12. Singapore |
| 6. Japan | 13. Sri Lanka |
| 7. Republic of Korea | 14. Thailand |

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7TH OPEN ASIAN CONFERENCE ON "COOPERATIVE MANAGEMENT" — MANILA (PHILIPPINES)

5th to 11th November, 1981

THEME: "STRENGTHENING COOPERATIVES"

VENUE: MANILA MIDTOWN RAMADA HOTEL
Pedro Gil St., Manila

PROGRAMME

5th November, 1981 Arrival of participants and
 registration

FIRST DAY

6th November, 1981

9:00 a.m.	Inaugural Session Welcome by Host Movement Address by ICA Regional Director for South-East Asia Inaugural Address
11:00 - 11:30	Tea Break
1:30 - 12:30	Objectives and Working Methods of the Conference
12:30 - 2:00	Lunch Break
2:30 - 4:00	Presentation of Paper 1. "COOPERATION AMONG MEMBERS AT THE LOCAL LEVEL" 1st Speaker (2:30 - 3:15) 2nd Speaker (3:15 - 4:00)
4:00 - 4:30	Tea Break
4:30 - 5:00	Discussion

SECOND DAY

7th November, 1981

9:00 - 10:30	Presentation of Paper 2: "COOPERATION AMONG COOPERATIVES WITHIN A COUNTRY" 1st Speaker (9:00 - 9:45) 2nd Speaker (9:45 - 10:30)
10:30 - 11:00	Tea Break
11:00 - 12:00	Discussion
12:00 - 2:00	Lunch Break
2:00 - 3:30	Presentation of Paper 3: "COOPERATION AMONG COOPERATIVES ON A REGIONAL AND GLOBAL BASIS" 1st Speaker (2:00 - 2:45) 2nd Speaker (2:45 - 3:30)
3:30 - 4:00	Tea Break
4:00 - 5:00	Discussion

THIRD DAY

8th November, 1981

9:00 - 12:00	Commission Meetings: Commission 1: Cooperation among members at the local level Commission 2: Cooperation among Cooperatives within a country Commission 3: Cooperation among co- operatives on a regional and global basis
12:00 - 2:00	Lunch Break
2:00 - 5:00	Commission meetings

FOURTH DAY

9th November, 1981

9:00 - 10:30	Final Plenary
10:30 - 11:00	Tea Break
11:00 - 12:00	Final Plenary
	Presentation, Discussion, and Adoption of Commission Reports
12:00 - 2:00	Lunch Break
2:00 - 5:00	Final Plenary
	Presentation, Discussion, and Adoption of Commission Reports
	Closing Ceremonies

FIFTH DAY

10th November, 1981 Study Visits

SIXTH DAY

11th November, 1981 Departure of Participants

THE KKK AND THE 7TH OPEN ASIAN CONFERENCE: CATALYSTS FOR DEVELOPMENT

The KKK

Through Executive Order No. 715 issued by the President of the Philippines under date of August 6, 1981 entitled "ESTABLISHING THE KILUSANG KABUHAYAN AT KAUNLARAN AS A PRIORITY PROGRAM OF GOVERNMENT, providing for its organizational machinery, AND FOR OTHER PURPOSES", the stage has been set for the launching of a vast development strategy "to transform rural communities into more viable human settlements" by mobilizing local resources for the establishment of "productive enterprises that would provide sources of livelihood within the community and thus make social justice a real part of day-to-day life."

The program specifically aims at:

1. Promoting attitudes in the communities, specially in the countryside, which are conducive to local development through self-help and self-reliance;
2. Encouraging people to maximize utilization of local resources for livelihood activities;
3. More specifically, bringing about the establishment of viable local productive enterprises which are preferably private ventures of residents in the community, with government providing technical assistance and access of financing when required; and
4. Mobilizing existing financial programs and generating new sources of funding for livelihood ventures for both equity and debt requirements, if necessary.

The whole machinery of government has already been mobilized to spearhead the program under the umbrella of a National Council on Livelihood headed by no less than the President of the Philippines, with the Ministry of Human Settlements as implementing agency for the policies, program and projects approved by the Council.

The 7th Open Asian Conference on Cooperative Management

As though intentionally timed to coincide with the launching of the nationwide KKK program, the International Cooperative Alliance alongside the Cooperative Union of the Philippines operating under the umbrella of the Ministry of Agriculture is presently hosting the 7th Open Asian Conference on Cooperative Management in Manila.

The theme of the Conference is "Strengthening Cooperatives".

Scheduled to be held from 5th to 11th November, papers will be presented by the participating cooperative movements coming from the countries invited to participate, namely: Australia, Bangladesh, India, Indonesia, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, the Philippines, Singapore Sri Lanka and Thailand.

In chronological order, the papers to be presented are:

Paper I : Cooperation Among Members at the Local Level

Paper II : Cooperation Among Cooperatives within the Country

Paper III : Cooperation Among Cooperatives on a Regional and Global Basis

After the presentation of papers, the Conference will be divided into three commissions corresponding to the topics covered by each of the three papers, and it is here where more detailed and in-depth discussions are expected to take place. These "Commissions" — considering the size of the conference which may be in the vicinity of two hundred (200) participants - are looked upon as ideal vehicles for maximizing exchange of information and views vis-a-vis common problems faced by the different movements in the region.

As the caption of the Conference indicates, this is the 7th such Conference. On a rotation basis, Conferences like these are held in different countries. This is the second time the Philippines is playing host to such a conference, the first being in 1975 also held in Manila.

Quite a number of parallelisms can be immediately drawn between the KKK program and the cooperative ideology.

The KKK program talks of establishment of "productive enterprises" to make social justice a real part of day-to-day life. This translates into concrete terms the classical concept of cooperatives as business enterprises with very much social content.

The KKK program speaks of stimulating local development through "self-help and self-reliance". These are the very cornerstones of the whole ideology of the cooperative movement.

The KKK program seeks to bring about the establishment of "viable local productive enterprises." Viability is a pre-condition for any worthwhile cooperative undertaking. It is not, and should never be, the offshoot of any impulsive, spur-of-the-moment, unstudied inspiration. There is no substitute for thorough, intensive study to determine the *needs* of the target group and to design what best will serve these needs.

The KKK seeks to promote the correct attitudes in the communities, especially in the countryside. This is the education component of the program, which is one of the time-honored principles of cooperation.

As local host of the Conference, the cooperative movement of the Philippines looks forward very keenly to the holding of such a conference as having much potential for:

1. Maximizing interchange of valuable experiences between and among the participating movements;
2. Providing a forum for discussion of common problems being faced by the different movements;
3. Exploring solutions to common problems; and
4. Serving as a vehicle to discuss possibilities of assistance not only from international organizations like the ICA and the UN agencies as well as other international organizations but also from sister cooperative movements within and outside of the Southeast Asian Region.

The ICA

The International Cooperative Alliance is one of the oldest of non-governmental international organizations. It is a world-wide confederation of cooperative organizations of all types. Founded by the International Cooperative Congress held in London in 1895, it now has affiliates in 66 countries, serving over 355 million members at the primary level. It is the only international organization entirely and exclusively dedicated to the promotion of cooperation in all parts of the world.

Besides the Head Office of the ICA, which is in London, there are three regional offices, viz., the Regional Office and Education Centre for Southeast Asia, New Delhi, India; the Regional Office for East and Central Africa, Moshi, Tanzania and the Regional Office for West Africa, Bingerville, Ivory Coast. The Regional Office in New Delhi was started in 1960, the office in Moshi in 1968, and the West African Regional Office in 1979.

The main tasks of the Regional Office and Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to represent the Alliance in its consultative relations with the regional establishments of the United Nations and other international organizations, to promote economic relations amongst member-movements, including trading across national boundaries, to organize and conduct technical assistance, to conduct courses, seminars and conferences, surveys and research, to bring out publications on cooperative and allied subjects and to support and supplement the educational activities of national cooperative movements. The Regional Office and Education Centre now operates on behalf of 15 countries, i.e. Afghanistan, Australia, Bangladesh, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka and Thailand.

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PLDT EMPLOYEES CREDIT COOPERATIVE INCORPORATED

9th FLOOR—PLDT MAKATI OFFICE BUILDING
CORNER LEGASPI & DE LA ROSA STREETS
MAKATI, METRO MANILA
TELS. 89-19-19 • 87-88-33

EXECUTIVE OFFICERS AND BOARD OF DIRECTORS

1981 — 1982

POSITION	NAME
President	Benjamin G. dela Peña
Sr. Vice President	Rey C. Sumangil
Vice-President	Teresita C. de Guzman
Treasurer	Manolito C. Paran
Secretary	Mabini M. Villadolid
Asst. Treasurer	Pablo C. Bagallon
Asst. Secretary	Rodrigo M. Profeta
Manager	Rodrigo M. Profeta
Asst. Manager	Pablo C. Bagallon

SUPERVISORY COMMITTEE

Chairman	Ponciano M. Lavarrete
Secretary	Jimmy Alcaraz
Member	Fe M. Vidar

CREDIT COMMITTEE

Chairman	Robert G. Keeler
Secretary	Dominador A. Munar
Member	Rodrigo C. Lavarrete

**GREETINGS TO ALL
DELEGATES OF THE
7TH OPEN ASIAN
CONFERENCE ON
"COOPERATIVE MANAGEMENT"**

 **Super Palengke**

OWNED AND MANAGED BY:
METRO MANILA CONSUMERS' COOPERATIVE, INC.

DSE (CBP) KILUSANG BAYAN FOR CREDIT, INC.

4th Floor, EDPC Building
Central Bank of the Philippines
M a n i l a

BOARD OF DIRECTORS

Mrs. PRIMITIVA G. NISPEROS
President

Mr. PEDRO M. MAGSUMBOL
Vice President

Mrs. AMELIA G. SEGARRA
Treasurer

Mr. WILFREDO B. DOMO-ONG
Secretary

Mrs. MINA N. REYES
Director

Mr. MAXIMIANO D. MARFA
Director

Mr. EDUARDO B. GONZALES
Director

Mr. ERNESTO S. RAVAL
Director

Mr. CESAR I. VILLAROMAN
Director

SERVICES OFFERED

Regular Loan

Educational Loan

Special Loan

Emergency Loan

Appliance Loan

Deposit/Withdrawal
Functions

Samahang Damayan
(Mutual Aid Benefits)

STATISTICAL GROWTH (.00 omitted)

Particulars	1970	1975	1980
1. No. of members	389	620	920
2. Total loans granted	249,000	1,042,649	5,785,596
3. Capital shares (Fixed deposits)	49,628	47,563	297,015
4. Savings/time deposit	93,589	223,081	3,637,714
5. Total resources	159,869	594,164	5,551,163
6. Gross income	15,338	82,500	1,043,532
7. Net income	9,160	47,308	256,978
8. Patronage refund	2,165	19,123	205,510

SAVE TODAY FOR GREATER TOMORROW



**PHILIPPINE CONSTABULARY/INTEGRATED NATIONAL POLICE
CREDIT COOPERATIVE, INC.
CAMP CRAME, QUEZON CITY
TEL. NO. 79-93-43**



BOARD OF DIRECTORS

Col Severo L Castulo PC (MNSA)
President
Lt Col Julian M Maala PC (GSC)
Vice President
Major Mamerto M Joson PC
Secretary/Treasurer
Brig Gen Florencio Selga AFP (Ret)
Director
Col Vicente Malapitan (MNSA) (Ret)
Director
Col Maximo Padlan (Ret)
Director
Col Sabas V Edades PC (GSC)
Director
Major Eduardo Poblete PC
Director
Mr. Espiritu Balmaceda
Director

**JOIN THE PC/INP CREDIT
COOP, INC.**

To save for the future
To serve others in need
To learn how to manage
your money affairs
To invest your money wisely

SERVICES OFFERED

Productive Loan
Provident Loan
Petty Cash Loan
Insurance Coverage
of every member

STATISTICAL GROWTH

Particulars	1979	1980	% Increase
1. NO. OF MEMBERS	2,947	4,147	40%
2. NO. OF LOANS ISSUED	731	1,194	63%
3. AMOUNT OF LOAN ISSUED	₱1,465,856.00	₱2,512,613.00	71%
4. CAPITAL SHARES (FIXED DEPOSIT)	₱1,208,012.00	₱1,731,721.00	43%
5. SAVINGS/TIME DEPOSIT	₱ 390,652.00	₱ 997,093.00	155%
6. TOTAL ASSETS	₱1,821,825.00	3,106,429.00	70%
7. GROSS INCOME	₱ 278,249.00	₱ 517,448.00	85%
8. NET INCOME	₱ 145,614.00	₱ 317,210.00	117%
9. DIVIDEND RATE	10.2%	11.7%	1.5%

SAVE TODAY FOR GREATER TOMORROW

7th OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT
November 5 - 11, 1981

Manila Midtown Ramada Hotel

CLOSING CEREMONIES

Philippine National Anthem - - - - -

Opening Remarks - - - - - Atty. BIENVENIDO P FAUSTINO
Conference Director

Address - - - - - Mr. R.B. RAJAGURU
Regional Director, ICA,
ROEC for South East Asia

Introduction to Guest Speaker - - - - - Mr. SANTIAGO C. MANONGDO
Chairman, Education and
Training Committee, CUP

Address - - - - - Hon. MANUEL MANAHAN
President
Philippine Reconstruction
Movement and Chairman
Board of Trustees,
Cooperative Foundation of
the Philippines, Inc.

Closing Remarks - - - - - BGen. MERCADIO S. LOZADA
President
Cooperative Union of the
Philippines, Inc.

REVISED

November 6, 1981

ICA/CUP

7th OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

MANILA (PHILIPPINES) - NOVEMBER 5 - 11, 1981

LIST OF PARTICIPANTS

INDIA

1. Mr. TAPESHVAR SINGH
President
National Cooperative Union of India
3, Siri Institutional Area
New Delhi
2. Mr. R.G. TIWARI
Chairman
National Agricultural Coop Marketing Federation
54 Sapna Theatre Building
New Delhi
3. Mr. VEER PAL SINGH
Director
Krishak Bharati Cooperative Ltd.
Red Rose House, 49-50, Nehru Place,
New Delhi 110019
4. Mr. PEER CHAND
Director
NAFED
New Delhi
5. Mr. V.K. MISHRA
Chairman
Bihar State Housing Coop. Federation
Patna
6. Mr. R. ARUMUGAM
Managing Director
Tamilnadu State Cooperative Bank
Madras
7. Mr. I. SOMASEKHARAPPA
Director
Indian Fertilizer Cooperative, Ltd.
New Delhi

INDIA

8. Dr. R.C. DWIVEDI
Chief Executive
National Cooperative Union of India
3 Siri Institutional Area
New Delhi, 16
9. Mr. SINARI HIRAKANT RADHAKRISHNA
Manager
Maharashtra State Cooperative Bank
Bombay
10. Mrs. SHASHI S. BHUKHANWALA
Chairman
Surat Mahila Nagrik Cooperative Bank, Ltd.
Balaji Road
Surat (Gurajat)

KOREA

11. Mr. GONG JOO, CHOI
Division Chief, International Coop. Division
National Agricultural Cooperative Federation
Seoul
12. Mr. HO KYUN LEE
Assistant Manager, International Coop. Division
National Agricultural Cooperative Federation, Seoul
13. Mr. KIM HAK GON
Chief, Coordination Division
Planning Department
National Agricultural Cooperative Federation
Seoul

MALAYSIA

14. Professor DR. A. KAHAR BADOR
Vice-President
Angkasa
Petaling Jaya
15. Mr. RAJA NASRON ISHAK
Vice-Chairman
Angkasa
Petaling Jaya
16. Mr. TAN SRI MOHD. HASSAN WAHAB
Chairman
Cooperative Central Bank Ltd.
29 Lebohampang
Kuala Lumpur

MALAYSIA

17. Mr. V. THANGARAJAH
Director
Cooperative Central Bank
29 Leboh Ampang
Kuala Lumpur 01 19
18. Mr. BILALRUDDIN BIN MOHAMED TALLER
Branch Manager
Co-operative Central Bank, Ltd.
Kuala Lumpur
19. Mr. MOHAMMED ZAHARI BIN OTMAN
Branch Manager
Co-operative Central Bank, Ltd.
Kuala, Lumpur
20. Mr. D. RAJALINGAM
Credit Officer
Co-operative Central Bank Ltd.
20 Leboh Ampang
Kuala Lumpur
21. Mr. ZAGHLOL BIN HANAFIAH
Vice-Chairman
National Electricity Board Cooperative
Kuala Lumpur
22. Mr. A. SIVA PERUMAL
Director/Secretary
Federation of Housing Cooperative
Kuala Lumpur
23. R. SATYAMOORTHY
Director of Signals and Communications
Malayan Railways
Kuala Lumpur
24. CHAN KIM BENG
Director
Railway Cooperative Multi Purpose Society Ltd.
Kuala Lumpur
25. HJ. ABD RAHMAN B HJ ABD MAJID
Chairman
Malayan Teacher Cooperative Koprasi Koguman
Kuala Lumpur

MALAYSIA

26. R. RAJANNAN
Treasurer
Nesa Cooperative
Kuala Lumpur
27. DATI H.S. MANLAM
Vice-Chairman
Nesa Cooperative Society
Kuala Lumpur
28. A. DORAI RAJ
Koperasi Nesa
No. 1. First Floor
Bangunan Tan Sri Manickavasagam
Kuala Lumpur
29. K. SHANMUGAM AMN. PJK
Treasurer
Koperasi Guru, Guru
Kuala Lumpur
30. ANTHONY AK MURUGASU
Setiausaha
Kop Guru-Guru Sek. Tamil. N.S.
Kuala Lumpur
31. T. ARASAPPAN
Hon. Treasurer
Koperasi Guru-Guru
Kuala Lumpur
32. ABD. WAHID BIN MANAN
Vice-Chairman
Selangor Malaysia Teachers Society
Kuala Lumpur
33. MOHD. YUSOFF BIN MAT ESA
Chairman
Railway Co-op Multi purpose Society
Kuala Lumpur
34. A.B. SAHADIVANAIIDU
Executive
National Land Finance Co-op Society
Kuala Lumpur

MALAYSIA

35. Mr. K.K.G. PODUVAL
Director
National Land Finance Co-operative Society
Kuala Lumpur
36. HAJI ABDUL AZIZ BIN ABDUL RANI
Chairman
Federation of Housing Cooperatives, Ltd.
Kuala Lumpur
37. NAZRIN B. ALIAS
Committee Member
Minlabour Cooperative Society Bhd.
Kuala Lumpur
38. ENCIK S. THASAPALAN
Vice-President
Jaffnese Cooperative Society Ltd.
10, Jalan Tun Parak
Kuala Lumpur
39. SHAMSUDDIN MAHYUDDIN
Group General Manager
Koperasi Polis Dirata Berhad
Kuala Lumpur
40. TANNIMALAY AK RETHINASAMY
Director
Penang Port Commission
Kuala Lumpur
41. ISMAIL TARMIZI BIN MOHD IBRAHIM
Director
Penang Port Commission Co-op
Penang
42. ABDUL KADIR MOHD. NOOR
Secretary
Penang Port Commission Coop. Society
Penang
43. LIM SAY HOCK
Hon. Secretary
Railway Coop. Multi Purpose Society Ltd.
Kuala Lumpur

MALAYSIA

44. AHMAD B. SURATMAN
Committee Member
Minlabour Cooperative
Kuala Lumpur
45. S. MANICKAM
Director
Railway Cooperative Multi Purpose Society Ltd.
Kuala Lumpur
46. MOHD. KARIM BIN HJ. MOHD, SHARIFF
Chairman
Koperatif Jess
P.O. Box 202
Johor Bahru, Johor
47. ABDUL RAHMAN B. MD. SALEH
Hon. Secretary
Koperatif JESS
Johor Bahru, Johor
48. CHEAH SIN THEAM
Committee Member
c/o Panang Government Servants
Cooperative Society Ltd.
Penang
49. MOHD. OMLAR BIN HUSSAIN
Committee Member
Angkasa
Petaling Jaya
50. AHMAD BIN ABDUE HALIM
Director
Police Ko-operative
D'Raja, Kuala Lumpur
51. MOHD. NOOR IBRAHIM
Director
Cooperative Development
Kuala Lumpur
52. KOK CHONG FOON KOK AH CHLI
Committee Member
Midland Co-op Union
Kuala Lumpur

MALAYSIA

53. MOHAMED JOHAR BIN BACKEK
Committee Manager
Mercantile Cooperative
Kuala Lumpur
54. GOOI MONG SONG
Chairman
Malayawata Steel Employees Co-operative Society
Kuala Lumpur
55. NIAGARSAMY s/o PERIAMPITTAI
Vice-Chairman
Employeeers Cooperative Society (Malaysia)
P.O. Box 60
Butterworth
Kuala Lumpur
56. RAMLI MOHAMED NOR
Committee Member (Management)
Mercantile Cooperative Thrift and Loan Society
Kuala Lumpur
57. ABDUL RIZAK MAHMUD
Committee Member
Mercantile Co-operative, Thrift and Loan Society
Kuala Lumpur
58. Mr. CHO MUN KIT
Secretary and Treasurer
Midlands Cooperative Union
Kuala Lumpur
59. KASSIN BIN HASSAN
Treasurer
Mercantile Cooperative Thrift and Loan Society Ltd.
Kuala Lumpur
60. ISHAK BIN IDRIS
Chairman
Selangor Government Servants Cooperative
and Thrift Loan Society
Kuala Lumpur
61. AB. KIDIR BAWOK
SBKK - Batu Pahat
Johor

MALAYSIA

62. HJH. HENDON BTE ABDULLAH
Director
Syarikat Kakitangan Kerajaan
Batu Pahat Johor
c/o No. 1 Jalan Pegawai
Batu Pahat Johor
63. JAFFAR BIN AHMAD
Director
Batu Pahat, Gov't. Servants
No. 1 Jalan Pegawai
Batu Pahat, Johor
64. ISHAK BIN EMBONG
Director
Johore Co-operative Industrial Developments Society
No. 18 Third Floor, Jalan Dato Ahmad
Kluang, Johor
65. RAFAI BIN IDRIS
Secretary/Director
Johore Co-op Industrial Development Society
Johore
66. ABDUL RAHMAN B. MD. SALIH
Federation of Housing Coops.
Kuala Lumpur
67. MOHD. KARIM SIN HJ. MOHD. SHARIFF
Chairman
JESS Cooperative
Angkasa, Petaling, Jaya
68. K. SIVALINGAM
General Manager
National Postal Cooperative
Angkasa, Petaling, Jaya
69. ENCIK SHAMSUDDIN BIN UTING
Pengarah
Koperasi Polis Diraja Malaysia Berhad
Peti Surat 768, No. 1 Jalan Sulaiman
Kuala Lumpur
70. AHMAD MAMANI AL-JADIDI
Naib Oengerusi
Koperasi Polis Diraja Malaysia Berhad
Peti Surat 768, No. 1, Jalan, Sulaiman
Kuala Lumpur

MALAYSIA

71. Mrs. HAFSAH BT. MOHD. TAHIR
Secretary
National Postal Cooperative
Angkasa Petaling Jaya
72. HASI ABDUL RAHMAN
Director
Federal Territory Ministries
Cooperative BHD,
Kuala Lumpur
73. B. HALIMAN BT RASUL
Kuala Lumpur
74. Mr. S. RAJASEGARAN
Kooperasi Anesu.
Kuala Lumpur
75. PETER RATAPPAN
Minlabour Cooperative Society
Kuala Lumpur
76. Mr. TOH BAN HO
Minlabour Cooperative Society
Kuala Lumpur
77. G. GANESAN
Minlabour Cooperative Society
Kuala Lumpur

PHILIPPINES

78. NILO O. ABUGA-A
Phil. Packing Corporation
Bugo, Cagayan de Oro City
Director
79. ANDRÉS M. ALVAREZ
Cooperative Socielist
IIRR Employees Consumer Asso.
Silang Cavite
80. EDUARDO ALLANIGUE
Co-Chairman
San Dionisio Credit Coop. Inc.
Paranaque, Metro Manila
81. EVANGELINE B. ARCO
Organizer
DAERT Inc.
NIA
Matalahib, Tarlac, Tarlac
82. WILFREDO C. BALANDEA
PLTD Consumer's Corp. Inc.
Phil. Packing Corp.
83. JESUS M. BASCOS
Chairman of the Board/President
Filipino Civilian Employees Assn.
Clark Air Base Coop. Credit Union
Angeles City
84. JUANITA P. BASKINAS
Researcher/Senior Lecturer
Agricultural Credit Cooperatives, Inc.
Laguna
85. CONSTANCIA J. CABALLERO
ACCI, Laguna
Training Specialist II
86. GONZALO E. BULAY
Board Member
Batangas Sugar Producers Marketing Coop. Inc.
Batangas

87. ALFREDO F. CARANI
Board Member
Ormoc Sugar Employees Credit
Cooperative, Inc.
Ipil, Ormoc City
88. FELICIANO CARLOS DIAZ
Consumers President
Credit Union, Director
PC Bugo Consumers Coop
Cagayan de Oro
89. COL. S. WILRO L. CASTULO
President/Chairman
PC/INP Credit Cooperative, Inc.
Camp Crane, Quezon City
90. CORNELIO M. CCNSING
President
VIC Sugarcane Planters' Coop.
Marketing Association, Inc. (VICOMA)
P.O. Box 162, Bacolod City, 6001
91. EDUARDO DELA CRUZ
Director
Phil. Packing Corp.
Bugo Cagayan de Oro
92. URBALDO DELA CRUZ
Trustee
SCDIP
Pampanga
93. ROLANDO DELA ROSA
Bank Supervision Coordinator
DSE (CBP) Kilusang Bayan for Credit Inc.
Central Bank, of the Philippines
94. WILLIE A. DESCALZO, SR.
Director
San Dionisio Credit Coop. Inc.
Parañaque, Metro Manila
95. ANTONIO S. DE VERA
Organizer of Cooperatives for
DARAP Organization of Farmer-irrigators
Tarlac
96. JOSE S. DIAZ III
Director
Community Credit Cooperative of Bukidnon, Inc.

97. JOHN DO
Development Officer
SCDIP
Bacolod City
98. RAY L. DUMAGAT
Researcher & Sr. Lecturer
ACCI, Laguna
99. TIBURCIO DURANDAN
Organizer
Damayan Patubigan (DAPAT)
Coop. Inc. of Pangasinan
Tarlac, Tarlac
100. THEODORO E. ELORDE
Treasurer/Manager
Board of Director
Member-Election Committee
PPC Employees Credit Coop. Inc.
Misamis Oriental Coop. Credit Union
Bugo Cagayan de Oro City
101. EDUARDO ESCAY
Asst. General Manager
First Farmers Milling and Marketing
Cooperative Ass'n. Inc.
Talisay, Negros Occidental
102. AGAPITO ESPINOSA
Pasudeco Coop Marketing
103. ROSARIO S. FRANCO
Executive Officer
Cooperative Union of Region Eight
Tacloban City 143 Imelda Ave.
104. ISABELO A. FERIDO, JR.
Executive Vice President
PLDT Employees Service Coop, Inc.
Manila
105. ERNESTO C. GARCIA, SR.
Director
San Dionisio Credit Coop. Inc.
Parañaque, Metro Manila
106. SERVANDO S. GARCIO
Director
San Dionisio Credit Coop. Inc.
Parañaque, Metro Manila

107. REMIGIO GONZAGA
Audit-Inventory Member
Dugo Cagayan de Oro City
108. GUILLERMO B. ALVAREZ
Executive Staff/Director
NAMVESCO
109. HERMINIO C. HERNANDEZ
General Manager/Treasurer
San Dionisio Credit Coop. Inc.
Parañaque, Metro Manila
110. CIRILO S. HONORIO
Meycauayan Consumers Coop.
Bulacan
111. ALEXIS C. JAVELOSA
Board Member
VICOMA, Victoria
Negros Occidental
112. NEWTON L. JISON
Director
First Farmers Agro Industrial Milling and Marketing
Bacolod City
113. MAJ. MAMERTO M. JOSON
Secretary/Treasurer
PC/INP Credit Coop. Inc.
Quezon City
114. AGUSTIN KILAYKO
President
First Farmers Agro Industrial Marketing Coop.
Bacolod City
115. ANTONIO KHO, JR.
Manager - Corporate Planning
First Farmers Milling and Marketing Coop,
Bo. Dos Hermanas, Talisay, Neg. Occ.
116. BIENVENIDO S. LIWAS
Board Secretary
Phil. Packing Coop.
Cagayan de Oro City
117. MACARIO M. LIBUNAO, JR.
President & Chairman of the Board
Consolidated Credit Cooperative, Inc.
Mandaluyong, Metro Manila

118. ATTY. HERIBERTO R. LIZARES
President
First Farmer Milling and Marketing Co.
Bacolod City
119. LUIS LIZARES
Chairman
S C D I P
Bacolod City
120. ROSENDO G. LOPEZ
Director
First Farmers Agro-Industrial
Marketing Coop.
Bacolod City
121. LT. COL. JULIAN M. MAALA
Vice-President
PC/INP Credit Coop. Inc.
Quezon City
122. BONIFACIO M. MARCOS
FCEA CCUI, CAB
Angeles City
123. ANTONIO MAYUGA
Samahang Patubigan
Tarlac, Tarlac
124. ANGEL MENDOZA, M.D.
Member Education & Training Committee
San Dionisio Credit Coop. Inc.
Parañaque, Metro Manila
125. GREGORIO B. MIGUEL
General Manager
MMCCI (Super Palengke)
Quezon City
126. CLARITA P. NAPOLES
Secretary
Cooperative Union (Region VIII)
Naval, Leyte
127. CORAZON L. MARAVAL
Director/Secretary
Bell Consumers Coop. Inc.
Bell Employees Credit Union, Inc.
Parañaque, Metro Manila

128. ROSA L. NIDUAZA
Researcher I
ACCI, Laguna
129. MARIANO S. NORIEL
President
San Dionisio Credit Coop., Inc.
Parañaque, Metro Manila
130. JOHNNY S. OCA
Director - Economic Affairs
TUCP Foundation Inc.
999 Pedro Gil, Ermita, Manila
131. JUDGE CONSEJO W. PADERANGA
Director
Mambajuro Coop. Credit Union, Inc.
132. COL. MAXIMO G. PADLAN
Director
PC/INP Credit Coop. Inc.
Camp Crame, Quezon City
133. ERNESTO J. PANTI
Member-Education Committee
PPC Employees Credit Coop. Inc.
Bugo, Cagayan de Oro City
134. WILFREDO M. PASCUA
Manager
PC/INP Credit Coop. Inc.
Camp Crame, Quezon City
135. RODRIGO "SONNY" PROFETA
Manager-Asst. Secretary of the Board
PLDT Cooperative Credit Coop.
Makati, Metro Manila
136. BIENVENIDO C. RANIEL
Organizer
Kilusang Damayang Patubigan, Inc.
Binalonan, Pangasinan
137. ROMEO C. RANJO
Secretary - Board of Directors
Chairman, Sub-Committee on Seminars
Education & Training Committee
PLDT Employees & Service Coop.
Makati, Metro Manila

138. REMO B. RAMOS
Vice-President
VIM-C Sugarcane Planters' Coop.
Marketing Assn.
P.O. Box 162, Bacolod City - 6001
139. BIENVENIDO C. RANIEL
Head, Organization and Registration
Damayang Patubigan, Inc.
Binalonan, Pangasinan
140. CESAR G. REYES
General Manager/Director
FCEA (CAB) Coop. Credit Union
Balibago, Angeles City
141. JAMES N. ROBERSON
Executive Officer
NAMVESCO
M a n i l a
142. AVELINA M. SALCEDO
Training Associate
ACCI, Laguna
143. ALFREDO V. SANCHEZ
Chairman - FEMARCOO
Managing Director - CEUCCI
Board Member - Super Palengke
M a n i l a
144. GEORGE B. SALISE
Director
Phil. Packing Corp.
Bugo, Cagayan de Oro City
145. ARSENIO SANTIAGO, M.D.
Executive Officer, Education & Training
Member, Advisory Council
San Dionisio Credit Coop. Inc.
Parañaque, Metro Manila
146. MODESTO P. SA-ONAY
Director
Sugar Cooperatives Development Institute
of the Philippines
San Juan St. Bacolod City
147. MOISES M. SEVILLA
Chairman
NAMVESCO
Metro Manila

148. BENITO E. SOLIVEN
Vice-Chairman
Phil. Packing Corp.
Bugo, Cagayan de Oro City
149. ARSENIO STA. BARBARA
President & Chairman of the Board of
Directors
Parang Credit Coop., Inc.
Lapu-Lapu, Parang, Marikina, Metro Manila
150. JUAN S. TAGARO
Vice-President
Plantation Consumers Coop., Inc.
Phillips, Bukidnon
151. SEVERINO V. TABASUARES, JR.
Credit Coop. of Bukidnon
152. SEVERINO B. VERGARA
Researcher I
ACCI, Laguna
153. MABINI VILLADOLID
Secretary, PECCI
PLDT Employees Coop. Credit, Inc.
Legaspi Village, Makati, Metro Manila
154. ANTONIO P. VILLAMOR
Adviser/Chairman, Supervisory Committee/
former President
Dept. of Commercial and Savings Bank
Central Bank of the Philippines
M a n i l a
155. REMEDIOS A. VILLAMOR
President
Santisimo Rosario Parish CCU
España, Manila
156. JULIO VIVARES
Vice-Chairman
Regional Cooperative Union
Region X Cagayan de Oro
157. ROY A. ZARZA
Vice-Chairman
USM Consumers Coop.
North Cotabato

158. ATTY. CAYETANO PADERANCA
Chairman
Camiguin Cooperative Rural Bank, Inc.
Mahinog, Camiguin
159. LADISLAO P. ZARSUELO
Chairman
Northern Mindanao (Region X) Union
of Cooperative
160. ATTY. ERLINDA C. VERZOSA
Cooperative Union of the Philippines

SINGAPORE

161. MR. P. RADHAKRISHNAN
Hon. Treasurer
Singapore National Cooperative Union
P.O. Box 366
Singapore
162. MR. LEONG KUM CHOON
Chairman
Singapore Cooperative Housing Society, Ltd.
P.O. Box 2840
Singapore
163. MR. ZAINAL A. NASOETION
Committee Member
Singapore Cooperative Housing Society, Ltd.
P.O. Box 2840
Singapore
164. MR. ISMAON HJ. ALI
Chairman
PSA Employees Coop T & L Loan Society, Ltd.
163 Tras Street
Singapore
165. MR. THIO SIN PENG
Hon. Secretary
Pulau Bukom Coop. Thrift & Loan Society, Ltd.
Pulau Bukom
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BACKGROUND PAPERS

I N T R O D U C T I O N

The economy of Bangladesh is predominantly agrobased. During the recent past years Cooperative Movement under the leadership of Bangladesh Jatiya Samabaya Union has been expanded and diversified in fishery, weavers, handicrafts, transport etc. Though Cooperative Movement has been expanded in different sectors of our national economy but the Cooperative Movement, mostly deals with agriculture for supply of production inputs including credit and marketing facilities. There are 13 National Apex Cooperative Organisations of which five are operating in agriculture sector alone. There are as many as 657 Central Cooperative Societies operating at the secondary level as supporting organisation and almost 100,000 primary cooperative organisations in different sectors. Out of them almost 351 secondary societies and 80,000 primary cooperative societies are in agricultural sector. The total number of cooperative membership in the country is about 10 million of which six million is from agriculture sector alone. Two types of cooperative societies are operating in agriculture sector i.e. Comilla Approach Cooperatives now named as IRDP Cooperatives as two tier system, directly financed by Commercial Banks in 280 thanas of the country as parallel organisation in the same area of operation of traditional cooperatives and backed by government support and foreign assistance exclusively. The total number of secondary societies i.e. TCCA (Thana Central Coop. Association) at thana level with 32000 Krishi Samaya Samity (KSS) within 25000 villages are providing production credit support to about one million farmer-producers of the country.

The traditional cooperatives guided by Cooperative Department and Bangladesh Jatiya Samabaya Union (the National Cooperative Union) is serving five million farmer-producers through its apex and secondary cooperative societies and primary cooperative societies in agricultural sector in addition to other member-societies in non-agricultural sector as mentioned above. The total working capital of the cooperative organisation is about 3,070 million taka of which 1070 million taka represents own working capital of the cooperative organisation themselves. Approximately 2000 million loan amount of which 1500 million represents repayable by 63 Central Banks, 90 COMPS and other agricultural organisations to the Bangladesh Samaya Bank Ltd, and 250 million of loan is repayable by 280 COMPS to the Commercial Banks and 250 million represents Project Loan by government and non-governmental agencies of Cooperative Organisations.

The Cooperative Department headed by the Registrar of Cooperative Societies, described as friend, philosopher and guide of the cooperative movement of the country was wise enough in 1961 undertaking positive steps for organising National Cooperative Union with its affiliates at district level with proposition units at thana level for that a scheme on "Development of Cooperative Union for Membership Education" was implemented. The Extension Branch of the Cooperative Department organised the National Cooperative Union and 20 district Cooperative Unions in 1961. Until Registrar of Cooperative Societies was the Chairman of the Union and after the liberation of the country government did away with the nomination system and accordingly the National Cooperative Union and its member-apex organisations, secondary organisations and the District Cooperative Unions who are now fully run and managed by democratic management. The National Cooperative Union ...

District Cooperative Unions are now carrying the tasks of education, training, motivation, publicity, propoganda, coordination and promotional activities of the Cooperative Movement of Bangladesh. The Bangladesh Jatiya Samabaya Union is providing membership education to the members of the primary cooperative societies at the village level and numbering 60 to 70 thousands annually and providing training allowances out of education fund realised from the members of the Cooperative Organisation for the same purpose. The government do not provide any assistance either for payment of allowances or for organising membership courses except the services of the peripatetic Units and other field officers of the Cooperative Department within the national framework designed by the National Cooperative Union. But the ~~TRDP, KSS and PCCAs~~ though receiving financial support for membership education and training courses directly from the government and other government approved agencies could not as yet do any thing in this main chapter of Cooperative Sector. The Bangladesh Jatiya Samabaya Union also organises Seminars, Conference, Symposium, leadership training courses etc. in close cooperation with Cooperative Department and Cooperative College and eight Cooperative Zonal Institutes. The government is now planning to provide all possible support and assistance to National Cooperative Union to equip it fully with physical facilities, forces and funds to carry out its educational and promotional task in a systematic and phased manner more effectively.

2. COOPERATION AMONG THE MEMBERS AT THE LOCAL LEVEL:

Proper planning is the pre-requisite and precondition for cooperation among the members at the local level. The objectives of the planning should be to assist the members to make best use of their resources & educate and guide them for organised savings, austerity, capital formation, judicious

use of capital. The members should draw up individual production plan and production plan for the society and indicate clearly the role of each and individual member and spell out the role of the Management of the society that should be played by them for services and economic benefit of themselves. The economic benefit and services to the members will generate in them a bond of common interest to think together, plan jointly and undertake programmes for implementation with active participation. Supply of credit in cash or kind not exceeding 10 times of the value of his share holding in the society for production purposes having no other organisational activity horizontally or vertically either in the shape of societies to members or members to members, virtually makes cooperatives a misnomer. The members may work out a plan or programme describing which member can assist and which member in what manner in what shape & kind to boost up production as bilateral arrangements, if necessary with approval of the management of the society. This will generate a real spirit of cooperation among the members to spring the urge for a strong organisation as the common umbrella of their own for economic emancipation. The Cooperatives are in large number in our country without any life and blood of cooperation, mainly because these societies seriously lack in production planning or any economic planning added with commercial pursuits with viable proposition. It is, therefore, keenly felt that primary structure of all cooperative organisations in all sectors ^{should} have to be re-structured as a viable unit on sound planning to serve the interest of the members in two appropriate directions; organisation to members or members to organisation and these two way traffic alone may make the cooperative organisations strong to improve the economic and social condition of the members to upheld philosophy of cooperation.

3. COOPERATION AMONG THE COOPERATORS WITHIN THE COOPERATIVE MOVEMENT IN BANGLADESH.

The Constitution of Bangladesh has recognised Cooperatives as a viable sector vis-a-vis public and private sector. The public sector as a government policy, is committed to extend support and facilities to the Cooperative Sector as a quasi-nationalised sector, and also to protect the interest of the common people from the advantageous group of population actively engaged in private sector. The pose and conflicts that exists between policy and strategy in the total national framework could not be overridden or overcome without but the comprehensive national planning for all sectors covering all levels under the leadership of the National Cooperative Union in the cooperative sector which should be recognised by the National Government as a pivote for promotion and development of cooperative activities particularly to use cooperatives to involve and utilise working people in fields and factories in the process of national development as one of the indispensable institutions. Paradoxically enough, education is the precondition for enlighten cooperative membership and cooperative leadership but the educated people are not prone to become good cooperators. Thus, the educated group of people those who control and guide the national wheel of production and distribution have shifted the responsibility of failures of cooperatives on the shoulder of the illiterate poor member-farmers and workers without knowing full well about cooperatives and what the Co-operative Movement can offer to its members & what was expected from the learned cooperators even at their own promise. Unlike other countries of the third world, Cooperatives in this country have had always been organised by government officials on government design from time to time in different ways and means to enjoy political interest in different times, ironically enough, ignoring the

the concept of cooperative economy and viability in this context. It may be repeated again that National Planning on a sound proposition is also a precondition for generating effective coordination among the cooperatives in all sectors ~~at all sectors~~ at all levels horizontally, and vertically not only to serving the interest of the members and cooperative organisation but also creating ample opportunity of employment ~~wh~~ within the cooperative movement without ~~burden~~ burdening government and also provide security of working condition for working people within the cooperative organisation like other cooperative movement in the developed and developing countries of the world.

The National Policies in the past have always been mercantile oriented and they were never production oriented. The production community not only have lost proper prices of their produces but they had to sell almost all their belongings for their survival due to repeated failure of crops because of droughts and floods and other vagaries of nature. Bangladesh had been in the grip of acute food shortage resulting untold sufferings to the millions of the poorest peoples. During the recent years involvement of cooperatives, agricultural cooperatives in particular in canal digging, improved cultivation and persistent efforts of our national government to revitalise the cooperative activities, it has been able to make up food deposit of about 1.4 million tons and narrowed down the food deficit to a limited extent. The result would have been better if there had been an uniform cooperative structure to play an effective role in the process of national development, removing dual system, overlapping, duplications and conflicts of dual administrative management, Hopefull enough, of late after a continued struggle launched by National Cooperative Union since last decade, the Government has now realised the past lapses, and made it clear in the blue print of the 2nd 5 year Plan

to form uniform Cooperative System in the country and on that context a very high powered committee has been set up headed by the Hon'ble Minister in-charge of Ministry of L.G.R.D.& Cooperatives with some other official and non-official members to build up uniform ,autonomous cooperative movement in the country under the leadership of the National Cooperative Union . By this time, according to the decision of the Action Committee the government is going to enact new Cooperative Laws for smooth ~~xxx~~ functioning of an Uniform Cooperative Organisation in a democratic manner for production and distribution purpose and also to check concentration of wealth in the hands of a few.

The objectives for national planning of cooperatives from movement point of view would be to accelerate production of individual members and/^{arranging}private organisational support for making and building up strong and effective consumers cooperative movement to set up,acquire and own manufacturing units and supply consumer goods to the producer members at one hand and to procure raw materials from them through their cooperative organisations for proper processing and finished products inorder to safeguard the two fold economic interest both as producers and consumers. This planning could be implemented only when national government would extend all out support to the Cooperative Sector through the National Cooperative Union and its apex member organisations in different sectors. The Corporations, Autonomous bodies and other agencies for rural services shall have to be involved in Cooperative Organisations at all levels. This will help the public sector agencies to serve the common people in an organised manner effectively through cooperative organisations, instead through private dealers and agencies.

The National Government is spending more than 1000 million taka annually in terms of foreign exchange either from its own sources or assistance from foreign agencies for

import of two million tons of food and food items. The government did not give clear policy declaration on Cooperatives or assigned development task to Cooperatives except organising and execute development schemes in the name of Cooperatives for creation of some government agencies and posts in the name of development of cooperatives. The government may assign targets to BJSU & Apex Cooperative Organisations to ensure increased production through cooperative action in course of coming 5 years. The BJSU may submit a National Scheme in that direction. Loan for capital expenditure and grants for recurring expenditure for five years to implement the Scheme for accelerated food production in a phased manner, instead of launching temporary scheme causing heavy burden on national exchequer in the shape of recurring expenditure for such purpose. The BJSU submitted a Crash Programme in this respect before the National Government in the year 1973 but government did not give due attention on this. The BJSU submitted good number of Schemes for consideration by the government during the last two years but none of them have ever since been included in the ADP. The BJSU is preparing a fresh scheme "A Crash Programme" involving agricultural cooperatives, milk producers cooperatives, fishery cooperatives, weavers cooperatives to play its due role in the process of national development. But the national planners who are guiding and dictating the national planning shall have to review their past lapses and mistakes and give due consideration to this new dimension of involvement of peoples organised agencies in the process of national development. The chastity of the institution of the Registrar of Co-operative Societies have always been chased by political powers against the interest of the Cooperative Movement and powers of the Registrar of Cooperative Societies have now been curtailed. The result is now that financial condition of good number of progressing Apex Organisations

have now been curtailed. The result is now that financial condition of good number of progressing Apex Cooperative Organisations have been deteriorated to an alarming position. The purity of the instruction of the Registrar of Co-operative Societies/should have to be maintained at all costs.

The most sensitive problem that strongly divides the present day world is the gap that exist between the developed and developing nations. This problem cannot be solved without proper understanding, appreciation and economic cooperation to achieve stabilisation of the world economy. The deteriorating economy of the L.D.Cs needs massive dozes of investment from developed countries. Consentious opinion of the developed nations to increase assistance to developing countries by

100% by 1985 and 400% by 1990, a happy news no doubt for L.D.C.s but out of experience of adverse effects of such assistance in last three decades it is apprehended that this increase of assistance will be more fatal if alternative methods for methods for development is not determined and in this context the

involvement of Cooperatives is the only answer. In that context the

22-Nation Cancun summit to bridge the gap between the developed north and developing south has already created a momentum of global negotiations .

The Cooperative Movement of developed countries of the world, atleast

that of SEA Regional countries have great role to play to assist the

Cooperative Movement of IDCs. They may also urge upon their respective

governments to give priority treatment to Cooperative progress and allocate

certain percentage of their profit and create a common fund with ICA for

providing assistance to Cooperative Development Schemes of National

Cooperative Organisations of L.D.Cs and ICA may organise an International

Conference for this purpose.

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CO-OPERATION AMONG CO-OPERATIVES
WITHIN A COUNTRY

By

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Brief history of co-operative movement in India

For a proper appreciation of the issue of co-operation among co-operatives in India, it would be useful to have a view of the circumstances in which co-operatives have been organised and developed in India. Co-operative enterprises were started in India in the early years of this century, primarily to meet the credit needs of the persons with limited means in the rural and urban areas. Organisation of such co-operatives was made possible by the passing of Co-operative Credit Societies' Act of 1904. However, under the co-operative legislation passed in 1912, co-operatives were permitted to be organised to meet the non-credit needs as well. Since then, co-operatives began to be established for a variety of purposes such as supplying production inputs to the members, processing and marketing members' produce, undertaking joint production for providing consumer goods and other consumer services to the members. After Independence, with the advent of planned economic development of the country, the Planning Commission accorded a special role to the co-operatives in the Plans. That role was to aid persons engaged in decentralised fields of economic activity, such as agriculture, animal husbandry, village and small-scale industries, etc. to increase and improve their production and income drawing on local initiative and resources to the maximum extent. Co-operatives were also expected to attend to equitable

distribution of consumer goods, particularly in the context of inflationary rise in prices and scarcities of consumer goods, incidental to plans involving heavy investments in capital intensive projects. As it was feared that the co-operatives, composed of the comparatively weaker sections in the community, might not be in a position to muster the needed resources internally the Government formulated schemes of assistance to these co-operatives in the form of share capital contribution, loans, guarantees to financial institutions, etc. This enabled co-operatives being formed to undertake larger enterprises like sugar co-operatives, spinning mills, oil mills, dairy plants, fertiliser plants, departmental stores, etc. Co-operatives organised by individuals in villages and towns are the primary co-operatives which, in turn, have formed their own federal co-operatives to provide themselves with certain common services. Such co-operative federations are formed at the district level, the state level and even at the national level.

At the end of June 1978, there were in India as many as 3 lakhs co-operatives with a total membership of 931.13 lakhs, with working capital of the order of Rs. 16691 crores. Primary co-operatives were 1.42 lakhs with a total membership of 607.68 lakhs, with working capital amounting to Rs. 4089 crores. Credit societies, both short-term and long-term, were formed into 392 state-level and district-level federations. Credit institutions in urban areas like urban banks which number about 1200 are not included here.

Statistics of credit and non-credit societies in India (excluding urban banks) is appended in Table No. 1 to this Paper. From the statistics, it would be clear that there are in India a wide variety of co-operatives with different sizes and functioning in different fields with large turnover. Its sheer number is staggering.

Although there is a variation in the degree of co-operative movement at the state-level, the problem of co-ordination among the co-operatives even at the state-level poses a challenging task, not only by the various types of co-operatives but by its sheer number. To obtain an idea of the dimension of such a co-operative movement in Indian state, one may refer to Table No.2 where statistics relating to a developed state like Maharashtra is indicated. Strides in co-operative movement in India are made by a few states like Maharashtra, Gujarat, Tamil Nadu and Karnatak where the movement has taken firm roots. Therefore, the issue under study becomes more pertinent and needs immediate attention at the level of state rather than on the national perspective. In fact, the size of administrative state such as Maharashtra in India can be compared with that of some of the countries in Asia and also in Europe.

Coordination in the three-tier integrated credit structure

The credit being the starting point for co-operatives in agriculturally dominated economy like India, it would be pertinent to examine the degree of coordination amongst the

co-operative institutions operating at different levels. As discussed earlier, in Indian context, the problem of coordination receives relatively larger importance at the state-level rather than the national level. We, therefore, confine our discussion to aspects of coordination in the three-tier integrated credit structure in the State of Maharashtra where the author enjoys the firsthand active participation at the field level of co-operative movement.

The system of credit for modern agriculture must have the following essential features :

(a) It must integrate credit with services so as to ensure the provision of inputs and services alongwith credit.

(b) It should reach all the areas and all farmers and more particularly the smaller ones.

(c) It should lay emphasis on loans for production.

It follows that the basis of lending is anticipated production or incremental income after development so that the small farmers are enabled to raise their plane of cultivation or income.

(d) It should ensure that the cost of handling credit and services is low.

(e) It should be in a position to mobilise adequate resources to finance the investment.

It is against the requirements of a sound and dynamic system for modern agricultural credit that one has to examine the characteristics of the various agencies engaged in this activity in the search for the one which will satisfy the above tests to the largest possible extent.

The institutions engaged in the rural credit in India today can broadly be classified as follows :

- i) Commercial banks through their branches operating in rural India;
- ii) Regional Rural Banks set up by the commercial banks;
- iii) The state co-operative banks and the district central co-operative banks through their branches and affiliated societies; and
- iv) Land development banks through their branches.

It is not possible to identify a unique institution or set of institutions, which will be able to achieve the above expected results in isolation of others. In fact, the process of development in the rural economy in general and small and marginal farmers in particular has been presently achieved by the integrated credit structure of the co-operatives by having meaningful coordination from the smallest member of the movement to the apex institution, viz. the state co-operative bank by the following methods of co-operation :

- (a) Helping the lower level organisation by providing skill and expertise to set up new societies such as sugar mills, spinning mills, etc. The Apex-level organisation

with its proximity to urban money centres mobilises resources for channelling into the movement.

(b) The field level organisations through their network of branches by having intimate contacts and feeling of mutual trust among the masses, mobilise substantial resources, surplus of which is channelised to the apex organisation. The apex organisation, in turn, is in a position to deploy these resources within various regions within the State for needy sectors so as to minimise the imbalances which are inter-sector and inter-region.

(c) The active field level workers (co-operators) coordinate the activities of the credit institutions with non-credit institutions either by identifying and exploiting the forums of common interests or by providing common representation on their boards of directors.

(d) The credit being the main source of integration of economy, the apex bank by having various policies weltd to achieve the faster pace of development identifies new geographical areas for new ventures in the co-operative sector. For example, having met with high degree of success in promoting sugar factories in Maharashtra, the State Co-operative Bank as the leader of the co-operative structure has been taking the initiative in developing the co-operative ventures in different spheres like marketing of agricultural produce, dairying and poultry activities on co-operative basis, marketing and processing of oilseeds, assisting

powerloom and handloom units and even urban banking movement. The State Co-operative Bank has also been alive to the need of rectifying the imbalances in industrial development in the State. With this object in view, it has started a scheme of providing term loans to small farmers for purchase of shares of co-operative spinning mills at zero rate of interest in dry farming areas. For this, it has enlisted co-operation of district co-operative banks and primary societies. These are spheres of activities in the development of which the Apex Bank can motivate the district central co-operative banks and primary societies as well to take necessary initiative.

To strengthen the results obtained by the above-stated methods, it is also necessary to have such meaningful coordination among the Apex Co-operative Bank and a large number of urban co-operative banks which constitute a parallel tier in the structure to undertake the programmes of joint ventures such as urban development, slum clearance, housing, artisans' and small-scale industries, etc.

In fact, attempts are made at the national level to achieve the coordination between the stream of commercial banking and cooperative banking. The Government of India has introduced, in its Parliament, a bill to establish a National Bank for Agriculture and Rural Development. This organisation is conceived as an exercise in decentralization of the Central Bank's (Reserve Bank's) function of providing all kinds of production and investment credit to agriculture,

small-scale industries, artisans, cottage and village industries, handicrafts and other allied economic activities in an integrated manner with undivided attention, pointed focus and forceful direction.

Although such efforts may provide the structure for coordination among the various credit institutions at the national level, the problems at the field level have necessarily to be tackled by having base level arrangement.

For several important reasons borne out by experience, not only of India but of many other economically under-developed countries, that at the rural base, that is to say in the village itself, the most suited form of credit organisation will be the co-operative society.

In the early years of co-operative development, these societies were small and their operations were simple. They neither needed nor could have afforded the luxury of sophisticated management. Some of the members of the co-operatives volunteered to attend to the management functions of these co-operatives. Today, the times have changed. The co-operatives have grown larger in size and their operations have become more and more complex. They need persons with professional competence to manage their affairs. One of the major difficulties in development of professional management in co-operatives is the role of the co-operators themselves. Having worked in the tradition of democratic management, having penetrated into the minds of

masses to obtain their trust and confidence, the professional manager in the co-operatives, in addition to being able to manage the management task, should also have skills to win the confidence and faith of the co-operators. This is important because the whole co-operative movement is guided by some of the basic principles of co-operation and the leadership being the guiding force behind the movement.

This is where the management of co-operative organisations differ in nature from those who are in private sector. Thus, to run the co-operative organisation efficiently, not only the co-operation among the co-operatives is essential at the national, state and field level but the co-operation among the professional managers and co-operators is also a pre-requisite for achieving the expected results in co-operative movement. If one accepts this school of thought, then within the framework of this line of thinking professionalism can be introduced at levels of society, district bank by establishing a cadre, the expenses of which would be a joint responsibility of institutions from the apex level to grassroot institutions and co-operative institutions as such should not shirk the responsibilities of sharing the expenses on the ground that they are not directly benefited from the maintenance of the cadre. Alternatively the State Co-operative Bank can depute officers to manage lower level institutions if the pool of officers idea is not acceptable to lower level institutions. In Maharashtra, the State Co-operative Bank achieved this

objective by deputing officers to man district banks. This is one of the areas where the co-operation among the co-operatives is expected to come forth. Many other areas which require to be highlighted in the context of co-operation among credit institutions can be listed as follows :

(a) Making available credit at a concessional rate of interest to the ultimate borrower, especially the small farmers, artisans and agricultural labourers, etc. The interest rate will have to be worked out irrespective of sources of funds and cost thereof by sharing of losses so suffered.

(b) Financing of new ventures of common interest.

(c) Smooth flow of funds from the credit institution having surplus funds to those who can deploy them meaningfully.

(d) By providing skills and expertise including personnel development (training), including systems and procedures and management practices to the needy institutions.

Co-operation among co-operatives in non-credit structure as also between credit and non-credit sectors

Having discussed the issue of co-operation in the co-operatives in credit structure, let us now understand the opportunities for co-operation among the co-operatives in non-credit structure and mutual co-operation between the two sectors, viz. credit and non-credit.

The non-credit co-operatives can broadly be classified as marketing, consumers, agricultural processing, weavers, industrial, housing, labour contract and other non-credit societies.

The co-operation to the desired extent is not being witnessed among non-credit co-operatives, perhaps because some of these institutions have not come off age. One can witness co-operation in these co-operatives within their narrow sphere of activities. For example, they have formed federations to provide themselves with common services. To illustrate this point further, it would be pertinent at this stage to bring out the essential differences between, say, producers' and consumers' co-operatives.

<u>Matters in respect of which differences are noticed</u>	<u>Consumers' co-operatives</u>	<u>Producers' co-operatives</u>
1. Basis of organisation	Membership consists mostly of wage earners, professional classes residing in towns and cities, e.g. co-operative retail and wholesale societies, insurance societies, etc.	Farmers and industrial producers or cottage workers or craftsmen, e.g. farmers' co-operatives, marketing co-operatives and industrial co-operatives.
2. Control	Control of the organisation is in the hands of consumers.	Control is in the hands of producers only.
3. Business tendency	As the organisation grows stronger, the prices of commodities charged to customers or consumers are reduced.	As the organisation grows in strength, the prices of commodities sold are likely to be raised.

It is generally believed that the consumers' co-operatives stand higher than those of producers' in the hierarchy of co-operative movement, as they carry an appeal to all persons and get regarded as an organisations having humanity for their membership, the producers' co-operatives are merely concerned with particular class. The substitution of the service motive for profit motive is another point in favour of consumers' co-operatives. To highlight the entire theme, an example from Maharashtra State may be appropriate. The spinning mills in Maharashtra in the co-operative structure were established by producers of cotton. Later on, the consumers of the final production, i.e. yarn, come forward to establish spinning mills of their own and now spinning mills have come into being, the members of which are both producers of cotton and consumers of yarn. The success of these units may pave the way for establishment under one single umbrella, co-operative ventures composed both of producers and consumers. Perhaps, this may be a way out from the conflicting interest of the producers' and consumers' co-operatives for achieving the co-operation among the co-operatives.

Co-operation among credit and non-credit co-operatives

Credit is, no doubt, the primary activity of the co-operative society in the sphere of agricultural credit. It cannot be the 'be all and end all' of its business part. Credit alone is not enough for modernising agriculture or

for transforming it from the static to a dynamic stage. It has to be integrated with inputs of agriculture requiring the co-operative society arrangement of supply of seeds, fertilisers and other inputs.

This can be done by the credit agency by working out the arrangement with marketing societies, which deal in these inputs, under which the authorisations issued by it for supply of inputs are honoured by the marketing societies for payment to be received later directly from the credit agency. The credit has to be linked not only to the supply of inputs but also to the orderly marketing of agricultural produce.

The co-operative sugar factories have been recovering dues of credit co-operatives through sugarcane bills in areas where sugar factories have been established. The sugar factories are, in this turn indirectly helped by district banks by providing cheap finance for cultivation of sugarcane by producer-members of factories. This in fact, is a part of the integrated co-operative credit structure developed in Maharashtra. What is true of co-operative sugar factories in sugarcane growing districts is equally true in respect of the monopoly cotton procurement scheme (the sub-agents of which are marketing societies) in the cotton-growing districts in relation to recovery of co-operative dues. This is, therefore, an area where co-operation of producing and marketing societies can be established with co-operative credit organisation.

Table No.1

Statistics relating to credit and non-credit societies in India

As on 30- 6-1978

<u>Type of Societies</u>	<u>Number</u>	<u>Membership</u> (in thousands)	<u>Working Capital</u> (Rs.in crores)
I. All credit societies A + B	1,43,624	6,91,20	1,18,83
A. <u>Short Term</u> :			
1. State Co-op. Banks	26	30	18,22
2. Central Co-op. Banks	338	286	29,54
3. Industrial Co-op. Banks	9	48	39
4. Primary Credit Societies	1,42,343	6,07,68	40,89
B. <u>Long Term</u> :			
1. Central Land Development Bank	19	24,34	20,82
2. Primary Land Development Bank	889	55,54	8,97
II. <u>All non-credit Societies (1 to 8)</u>	1,56,817	2,39,93	48,08
1. Marketing	4,002	58,96	12,99
2. Agril. Processing	854	3,95	61
3. Sugar Factories	186	10,99	11,57
4. Farming	9,697	3,25	31
5. Weavers	14,367	11,06	1,52
6. Other Industrial	24,874	15,01	91
7. Consumers Stores	16,284	61,85	1,87
8. All other non-credit societies	86,553	74,86	18,30

Table No.2

Statistics relative to the Co-operatives in Maharashtra State

(Total)

As on 30th June 1980 (Provisional)

<u>I t e m</u>		
1.	Number of societies	57352 (Actual)
2.	Number of members (Gross)	146 lakhs
3.	Paid up share capital	Rs.515 crores
4.	Own Funds	Rs.955 crores
5.	Deposits	Rs.1325 crores
6.	Working capital	Rs.4280 crores
7.	Loans advanced	Rs. 830 crores

**A TEXT OF THE PAPER TO BE PRESENTED IN THE 7th OPEN ASIAN CONFERENCE.
ON CO-OPERATIVE MANAGEMENT TO BE HELD IN MANILA-PHILIPINES
DURING NOVEMBER 5, 1981 to NOV. 11, 1981.**

BY

Prof. (Mrs.) SHASHI S. BHUKHANWALA

- * A member of the Indian Delegation participating at the conference.
- * Director : National Federation of Urban Co-operative Banks and Credit Societies, New Delhi
- * Director : Gujarat Urban Co-operative Banks Federation : Ahmedabad.
- * Chairman : The Surat Mahila Nagrik Co-operative Bank, Surat.
- * Lecturer in Economics : Sheth C. D. Barfiwala Commerce College, Surat.

**The Honourable President,
and Delegate Friends,**

It is indeed a matter of great pleasure and privilege for me to have been invited at the 7th OPEN ASIAN CONFERENCE on Co-operative Management. I am grateful to the organizers of the conference for giving me an opportunity to express my views on co-operative management. I would wish to deal with the problem of 'Co-operation among members at the local level,' as I feel, that this micro level problems are of utmost importance in most of the developing economies and fortunately in a position to offer whatever little evidence I have in this regard from my own country. At the out-set, I may like to draw the attention of the distinguished participants here to the period of stress and strain, economic, political as well as social through which many of the Asian countries are currently passing through. Our deliberations at this juncture should, I feel, prove useful in solving some of the problems arising out of this impasse.

I need hardly dwell upon the system of co-operation in terms of its nature, functions, objectives and organization since we all have had enough experience in this movement, either through direct participation or in

advisory capacities or in any other form. I would nonetheless wish to emphasize—least the importance of co-operation may tend to be under-estimated in the face of the giant multi-national corporation, that the system is not a compromise between capitalism and socialism, nor is it a movement of weak and small persons; the movement is inherently a strong aspect of our social life for it exists in capitalist, dictatorial or the communist regimes; This inherent strength and usefulness of the movement has not been sufficiently exposed and this ideological strengthening of the movement, I suppose, is something to which we should divert our attention and efforts. In my country there is a saying in the Vedic literature सहनाभवतु, सहनौ भुनक्तौ । which in a sense points to the need for getting to-gather, staying to-gather and acting to-gather as a way for sublime happiness.

This ideological tint of the movement apart, we have a variety of organizational problems and they deserve our urgent attention.

The structural organization of the co-operative movement may be said to correspond to the form of an inverted pyramid. At the base is the small micro unit which has to have relations with upper layer organiza-

tion so as to carry out its functions in an efficient manner. But it often turns out that the upper layers dominate the structure and there are comments that the system imbibes some attributes of a monopoly organization. I feel that we have to devise a method of working, whereby we may keep ourselves free from these blemishes while operate with the higher levels of efficiency. I think, I would be more justified in speaking about experience from my own country. The co-operative movement in India has been in existence for the last three quarters of a century and we did celebrate Platinum Jubilee of the movement. I can not go in greater details about our achievements and failures but suffice it to say, the movement which initially started for credit disbursal to the poor farmers has now encompassed many aspects of our social and economic life. There are at present 0.3 million co-operative societies working throughout the country having a membership of 10 million, i. e. an average membership of a more than 300 persons per society. While this may be no mean achievement there are many problems that the system, as it operates in our country, has been facing; I would deal with only three aspects of the movement at this stage.

Firstly, the co-operative movement in the developing economies, though based on local initiatives and participation has, for one reason or another, to attract state participation. This may be out of dire necessity as the smaller units may face problems of infrastructural development mobilization of resources and so on. Unfortunately, however, state participation ultimately turns into the bureaucratic hegemony and the system stands to suffer. It is, therefore, desirable that efforts should be made by the leaders of the cooperative movement that the bureaucratic hangover is kept away from the movement. The state itself should try to evolve conditions for early withdrawal. And let the cooperatives blossom into their own.

Secondly I may pose the question that given the ideal condition that the bureaucratic interference is at the minimum; will this ensure management of the co-operatives in the true democratic fashions? Perhaps the experience which I suppose many of us would share is that management tends to be concentrated in a few hands, which is contrary to the basic principles and spirit of the movement itself.

I may venture to make a point that even management happens to be concentrated in the hands of elderly persons depriving the youths of the active participation. While age does ensure wisdom it may mean stagnation and vested interests also. Participation by the youth in the movement on an increasing scale seems to me a precondition for the success of the movement in the developing countries.

Thirdly, it would be seen that the co-operatives have by and large remained male dominated only. Women constitute almost half of the total population in most of the developing countries. However, what is the percentage of their involvement in co-operatives. The experience of my country shows that this important section has been overlooked. Statistically, ours is the largest co-operative movement in the world. The total number of all types of co-operatives in India is around 3,00,000 with a membership of 100 million. But the total number of women co-operatives in the country is only about 3740. The total number of women in these co-operatives, as far as I know, is around one million only. Which means it is not even one percent of the total membership of co-operatives in the country.

Thus it is high time that we address ourselves to this serious drawback of the movement and evolve ways and means to ensure their active participation. I also know that the question of participation of women in co-operatives in being discussed time and again in various conferences but let me say that nothing concrete is being done in this regard. I hope and trust that we must offer concrete suggestions in this regard. One possible way is to follow a policy of reservation of seats for women. Only recently in 1980, the Tamil Nadu Government has taken a step in this direction. This state govt. has reserved one seat for women by a statutory order. The results of this novel experience are watched with keen interest. I personally feel that in order to preserve the all pervasive democratic character of the co-operative movement these steps have become most urgent. I am aware of the fact that the policy is fraught with dangers. Implemented wisely it may yield good results. That would be the only and the surest way to ensure fuller co-operation among members at the local level.

My advocacy for increasing participation in the movement is fortunately backed by good deal of evidence from my own country. In India women's co-operatives

have been working in a variety of fields like industrial, housing, dairy, farming and urban co-operative banks and so on. A little breakdown of the data in this regard, I hope, will be in order. Details of the women's co-operatives in the country are as under.

1. Thrift and Service Co-operatives	2279
2. Industrial Co-operatives	1182
3. Consumer's Co-operatives	220
4. Multipurpose Co-operatives	44
5. Urban Co-operative Banks	9
6. Dairy Co-operatives	2
7. Poultry, Housing, Hostel and farming Co-operative	One each

Total	3740

I am in happy position to speak to you about the tremendous success achieved by the Surat Women's Co-operative Bank of which I happen to be the chairperson.

The bank started with a deposit level of Rs. 0.9 million in 1974 and as at the end of June 1981 the level rose to 19 million, showing an average growth

rate of around 14 percent which compares favourably with the corresponding rates of scheduled commercial banks. If we keep out the consideration of the initial three years teething period, the growth rate from 1976 has been around 50 percent per year. The bank is entirely staffed and managed by women. Let me add that banking is a sophisticated profession and is highly competitive in nature and the women's co-operative bank has a proven record of excellent performance. From this little experience of mine, I feel, emboldened that efforts should be made to increase the level of participation by women in other fields of the movement too.

While the bank has striven hard as a deposit mobilizing agency, with regard to its advances it has followed a policy of serving persons with small means. Bulk of the advances have gone to finance small industries, small business, higher-purchase schemes, housing etc. On the advance's side a large number of the account holders are in the range of Rupees five thousand to ten thousand.

For want of time I am not able to mention the successful records of the women co-operatives of the other fields. But as far as I know, the experience

has been more or less the same. From my little experience I know how hard and difficult it is to enlist the support of the women. We ourselves faced numerous difficulties in the initial periods. It took us pretty good deal of time to win the faith and support of women members. But I may also say that having won their faith, it took little time to achieve the above mentioned growth rate.

Another important field in which women's co-operatives could have a very important role to play is the system of public distribution of essential commodities. Most of the developing countries have been passing through a phase of double digit inflation. One of the methods to protect the standard of living of the large mass living at the subsistence level is to ensure a provision of food, cloth etc, at reasonable prices. In our country, we have a system of public distribution of these commodities through consumer co-operatives and Fair Price Shops. But much is left to be desired with

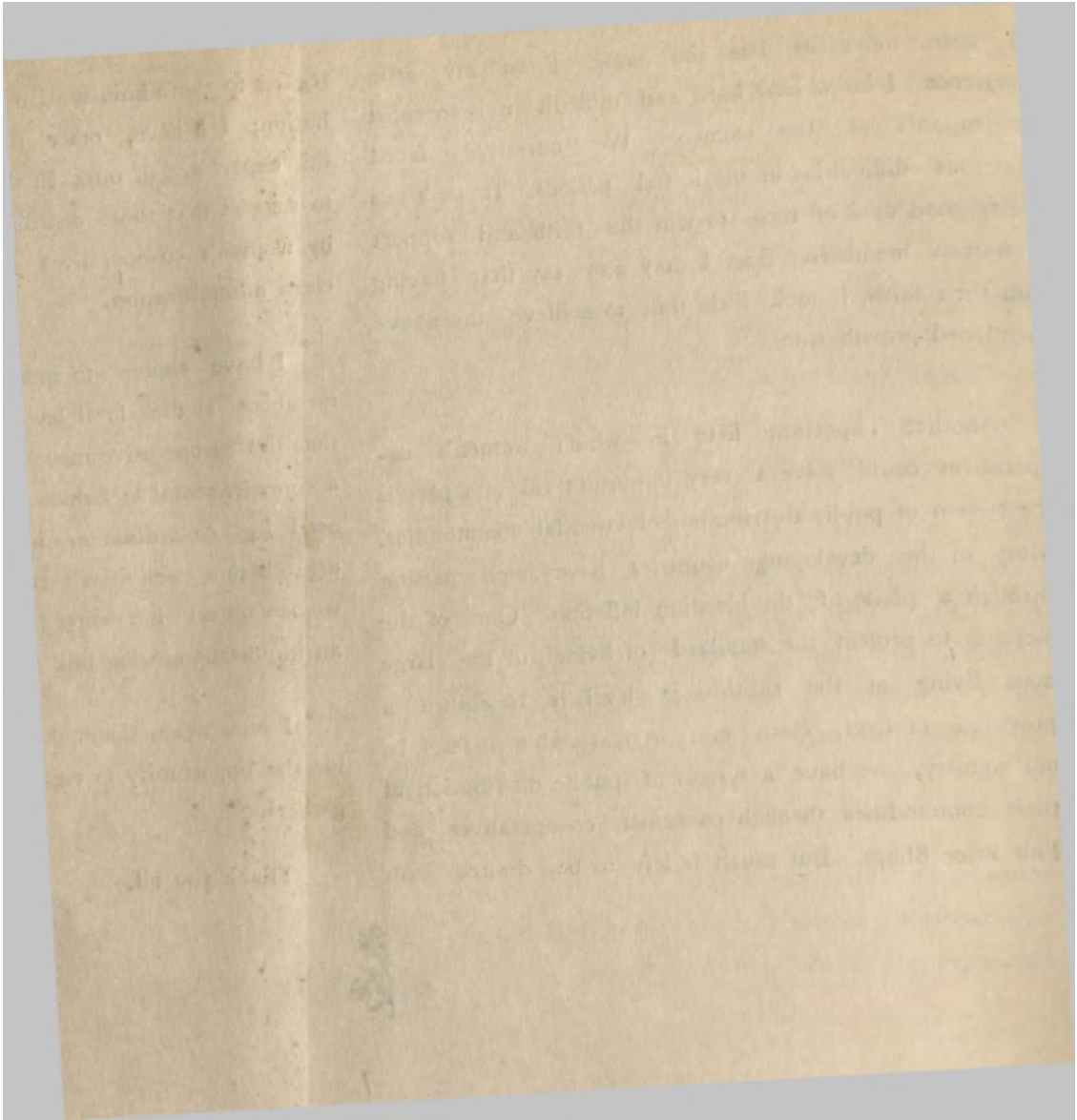
regard to the administration of the network of distribution; I believe, other developing countries do share this experience of ours. In this connection, I would wish to suggest that these distribution agencies should be run by women's co-operatives to ensure better results and clean administration.

I have chosen to speak on 'Co-operation among members at the local level'—because I am convinced that the co-operative movement in India works as if in a compartmentalized fashion. And there is much greater need for co-ordination in terms of different levels of organization, activities etc. I feel that participation by women on an increasing level than hitherto will provide an important missing link in the system.

I once again thank the host organization for giving me the opportunity to express my views at this august gathering.

Thank you all.







Country Paper on India

Presented by :

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Director

INDIAN FARMERS FERTILISER COOPERATIVE LTD.

NEW DELHI (INDIA)

on the occasion

of

7th Open Asian Conference on

Cooperative Management

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November 5 — 11, 1981

COUNTRY PAPER ON INDIA

Cooperation Among Cooperative within the Country

Historical Background :

The Cooperative Movement in India started with the passage of a legislation in the year 1904 for organisation of Credit Cooperatives, mainly for provision of institutional finance to small agriculturists who found themselves deeply indebted because of frequent famines, low productivity and rapacity of moneylenders. A few Cooperative Societies were organised under the Act more as a cautious experiment. This Act, which provided for registration of Primary Credit Societies was passed on the lines of English Friendly Societies Act. The objects of the Society were to encourage thrift and mutual cooperation among the peasantry and raising the production finance needed on the security of their combined credit.

Recognising the need for bringing non credit activities also within the purview of cooperatives, the Government passed the Cooperatives Societies Act of 1912 which permitted organisation of cooperatives for undertaking non-credit activities as well. This enabled setting up of consumer cooperatives, agricultural marketing societies, industrial cooperatives and a host of other types of non credit societies facilitating the diversification of the movement.

Later in 1918 when the subject of Cooperation was transferred to the States (then known as provinces), the Act of 1912 constituted the basis for subsequent cooperative legislation enacted by the States. The movement did not have any significant impact on the rural economy of the country, despite the legislative and other support extended by the State Governments. For, even after half a century of their organisation, the credit cooperatives were found to have been catering, in 1954, to a bare 3 per cent of the credit needs of agriculturists in the country.

The movement received a real fillip after the country achieved independence in August 1947 and launched comprehensive programmes of national development under the Five Year Plans. In the strategy and schemes of national development, co-operatives were recognised as the most suitable and adaptable form of economic organisation capable of furthering the levels of production and thereby the standard of living, and for ensuring the development of small farmers, artisans etc. who individually lacked the necessary resources.

Simultaneously steps were taken for State-aid and State-partnership in the co-operatives to impart to them the necessary financial strength for handling a larger volume of business to make an affective impact. The Reserve Bank of India provides production credit on a substantial scale at concessional rates of interest. The State Governments participate in the equity capital of co-operatives. A statutory body known as the National Coop. Development Warehousing Board was set up by an Act of Parliament to extend financial support to the non-credit sector of the agricultural co-operatives, particularly in the sphere of marketing and processing and for expansion of storage facilities. This statutory body, later in 1963 was reconstituted into the National Cooperative Development Corporation. Establishment of the Agricultural Refinance and Development Corporation was yet another step taken to ensure flow of the needed development finance for agriculture.

Recently in pursuance of the recommendation made by the Committee appointed to review the arrangements for institutional credit for agricultural and rural development, it is proposed to organise a separate National Level Bank for rural development. This institution is expected to provide undivided attention, forceful direction and pointed focus to the problems of credit for integrated rural development in the country as a whole.

The Five Year Plans assigned an important place to co-operatives in India and entrusted them with implementation of the programmes of national importance. In such branches of

economic activities as agriculture, small industry, marketing and processing and agricultural produce, supply of agricultural inputs and distribution of consumer goods. Subsequent Five Year Plans laid stress on the programme for integrated development and co operation in the field of agricultural credit, marketing, storage, and processing of agricultural produce based on the recommendations of the All India Rural Credit Survey Committee (1954) and many other Committees constituted there after in the various spheres of cooperative fields. The main object of the programmes was to develop marketing, processing and other economic activities in the cooperative sector and link them with credit both for securing to the farmer a better return for his produce as also to facilitate recovery of production credit disbursed.

Structure :

The broad framework of the organisational structure of the societies is regulated by the Cooperative Societies Acts prevailing in various states of the country and their own bye laws. The law confers the ultimate authority in a society on its general body and entrusts the management of its affairs to the managing committee constituted by the general body in accordance with its bye-laws. Government as a member is entitled to nominate one third of the members of the managing committee, subject to a maximum of three persons, in a State partnered cooperative. The nominees of the Government are not eligible to seek elective office in the society.

Integration of Credit and Marketing :

Credit cooperatives were the first to develop a federal structure in each State. Primary credit societies which had been reorganised as multipurpose/service cooperatives have become the foundation on which the super-structure of the entire edifice of agricultural cooperatives now rests. Functionally, the village societies are affiliated to the district cooperative central banks from which they draw their credit requirements. They are also

members of the primary marketing societies from which agricultural inputs such as seeds, fertilisers, pesticides, agricultural machinery, etc. required by the farmers are secured. It is to the same marketing societies that the surplus agricultural produce of members is tendered for sale. To facilitate the primary societies activities in the distribution of consumer goods particularly in the rural areas, the marketing societies are increasingly acting as wholesalers for supply of essential articles of mass consumption as well. Again, the societies are also linked to processing cooperatives such as sugar factories. The affiliation of the primaries to the credit, marketing and processing societies not only helps their members to get the required agricultural inputs but also helps them to recover the production credit disbursed from out of the sale proceeds of members, produce which is routed through them.

Credit:

There are two wings of the cooperative credit structure. The first meets the short and medium term requirements of credit needed for agriculture. It consists nearly 0.1 million primary agricultural credit societies at the base level, serving a village or a group of villages. These include Farmer Service Societies organised in special project areas and Large Sized Adivasi Multi-Purpose Societies in tribal areas. At the middle level, there are 338 Central Cooperative Banks operating at the district level. All these banks in each state are federated into apex banks (State Cooperative Banks), operating at the State level. The apex bank functions as a balancing centre for the Central Banks drawing surplus from such of them as have them and provide credit to those that need. It also serves as a channel for the flow of production credit secured from the Reserve Bank of India. The apex banks in turn have been federated into an all India Federation which undertakes promotional activities and safeguards the interests of its members

The second wing consists of primary cooperatives organised for providing long-term credit and are known as primary land

development banks. They operate at the district or subdivisional level and thus have a much larger area each than the service cooperatives. They too federate at the State level into a State Land Development Bank for raising the resources needed by them. In a few States, however, the land development banking structure is unitary in character, with the State Land Development Bank itself operating through its branches all over the State, instead of through primary land development banks. As on 30.6.80, there were 19 cooperative Land Development Banks operating through 999 branches and 889 primary land development banks. The State Land Development Banks have also set up a National Federation to coordinate their functioning and to undertake promotional activities.

At the top of this system, there is the Reserve Bank of India (RBI) which is the Central Bank of this Country. It provides financial accommodation to the Cooperative Sector both for short term and medium term agricultural and allied purposes. In case of long-term finance it contributes, in certain proportion, to the debentures floated by the State Cooperative Land Development Banks.

The Agricultural Refinance & Development Corporation (ARDC) although primarily a national refinancing agency, established in 1963, has from the beginning assumed functions which are essentially developmental and promotional in nature. It provides refinance to cooperative and commercial banks, Agricultural Credit Corporations etc. for the purpose like minor irrigation, land development, farm mechanisation, construction of godowns, development of animal husbandry, forestry etc.

Marketing :

The cooperative marketing structure comprises 3370 primary marketing societies at the base covering all the important secondary markets. These include multi-commodity societies as well as specialised marketing societies dealing in a single commodity such as cotton, fruits and vegetables, etc. At the middle level

there are 569 Regional/Central Marketing Societies organised in some states at the district level. These include 207 Sugarcane Supply Marketing Societies and Cane Unions. At the apex level there are 27 State Cooperative Marketing Federations including special commodity federations. At the All India level there is the National Cooperative Agricultural Marketing Federation of India (NAFED). NAFED functions as a business federation in addition to undertaking developmental activities. In addition, 7 state level cooperative commodity marketing federations have also been organised, 2 for fruits and vegetables, one each in Delhi and Gujarat, one for Cotton in Gujarat, one for sugar-cane supply societies and 3 for other specialised commodities. Besides, Tribal Cooperatives Development Corporations/Federations have also been established in 8 States to meet the growing needs of the tribal population. An inter-state marketing federation covering the states of Kerala and Karnataka was functioning with its headquarters at Mangalore for undertaking marketing and processing of arccanuts

Processing :

In the field of processing, sugar cooperatives constitute by far the largest segment. Owned by sugar cane growers, these sugar factories vary in size from a crushing capacity of 1,250 tonnes to 5,000 tonnes a day. As on 30.6.80, out of 168 licenced Sugar Factories, 142 had been installed. These factories have developed a federal structure with apex federations at the State level and a national federation at the All India level. The main object of these federations is to undertake promotional activities and provide technical guidance to their constituents. The activities undertaken by these federations include establishment of a 'Sugar Institute' by the Maharashtra Federation. Jointly, they have organised a Heavy Engineering Cooperative for manufacture of sugar machinery.

Among other processing cooperatives, spinning mills also have acquired a place of importance. Of the 133 spinning mills

organised by the end of March 1981, 62 had been installed. Some of these have been organised by the cotton growers, some by the handloom weavers who are the users of the yarn and some by both the growers and users. In capacity, they vary from 12,500 spindles to 25,000 spindles, the endeavour being to raise the capacity of all these spinning mills to atleast 25,000 spindles. The cooperative spinning mills have formed apex federations at State level and a national federation at the all India level. The main object of the federations is to undertake promotional activities and to provide technical guidance to their constituents. The all India Federation of Cooperative Spinning Mills has set up a technical and consultancy cell to advise the mills on improving their operational efficiency. It has also established a cotton testing laboratory at Bombay for providing cotton and yarn analysis services to its members.

Other cooperative processing units included 747 rice mills, 100 parboiling units, 76 dal mills, 32 fruit and vegetable processing units, 206 jute bailing units, 2 jute mills, 387 cotton ginning and processing units, 277 oil seed processing and feed mix units etc.

Production of Agricultural Inputs :

The cooperative sector has made an entry in a big way, into the field of production of agricultural inputs particularly fertilisers. Organised jointly by 28,000 agricultural cooperatives with Government participation, the Indian Farmers Fertiliser Cooperative Ltd. (IFFCO) is an unique experiment in the sophisticated and capital intensive fertiliser industry where it occupies a pride of place in a short span of half a decade and has become a cynosure of Indian Cooperative Movement both in terms of service and efficiency. It has become the single largest producer as well as the marketer of fertiliser in the country. The success of IFFCO has set a pace for setting up another giant size complex in the name of Krishak Bharati Cooperative Ltd. (KRIBHCO) at Hazira in Gujarat at the cost of Rs. 9.600 millions. Cooperatives have also participated in a joint sector undertaking viz, Indian

Potash Ltd. which handles potassic fertilisers. Cooperative have also shown considerable interest and initiative in establishing granular fertiliser plants. By the end of June 1980, there were 21 such units set up in the cooperative sector. Besides these, 7 seed producers-cum-processing societies and pesticides/insecticides formulation units have also been established in the cooperative sector.

Consumer Activity :

In the field of consumer activity a four-tier structure has been developed over the years. The structure consists of (a) Primary Stores usually serving the people of small residential localities, or based on occupational groups, e.g., industrial establishments, (b) central/wholesale consumer cooperative stores organised at the district level either of a federal type or of a unitary type having retail outlets through branches or of a mixed type having both retail branches and primaries as members, (c) State level federations having Central/wholesale stores as members, and (d) a National Cooperative Consumers' Federation (NCCF) at the national level.

Industry :

Vertical development of the cooperatives in the field of industries has two broad divisions. The structure of the handloom weavers' cooperatives comprises generally a three tier structure. The primaries are federated into State level bodies although in a few States Central/Regional Federations also exist. The apex bodies have set up the All India Handloom Fabrics Marketing Cooperative Society. Its membership is open to weavers' societies as well as individuals engaged in Handloom weaving.

Industrial Cooperatives, other than weavers' cooperatives, also have set up a federal structure reaching upto the national level. The structure consists of primaries and State federations in most of the States. In a few States there are, however, federations at the Central/Regional level also. At the national level,

all the apex bodies are federated into the National Federation of Industrial Cooperatives (NFIC) The National Federation is a business organisation as in the case of Weavers, Federation.

With a view to supply the handloom weavers the polyester filament yarn required for production of blended fabrics the Petrofils Cooperative, a joint venture of cooperatives and Government, has been set up. This has helped securing higher wages for weavers, better return to cooperatives and cheaper cloth of comparable quality to consumers.

Dairying ;

Notable among other types of non-credit cooperatives that have their structures reaching upto national level are dairy societies and housing societies. The structure of dairy societies consists of primary societies of milk producers, milk supply unions at the central level (generally a district or a part of it) to undertake chilling and bottling of milk and processing into milk products. As on 30.6.79, there were 30,447 milk supply societies and 80 cooperatives dairy plants. The milk supply societies are federated into 196 milk supply unions. There were 6 state level dairy federations and these were federated into National Cooperative Dairy Federation of India. In order to strengthen this infrastructure of dairy cooperatives in this country and to provide facilities to producers for increasing milk production, a massive dairy development programme termed as "Operation flood II" has been launched.

Housing ;

In the field of housing, the primaries are affiliated to apex societies organised at the regional/state level to obtain finance and technical guidance. Not infrequently the federations also undertake construction on their own. All the apex societies are federated into a national federation which serves as a promotional body.

Non-Agricultural Credit Cooperatives :

As on 30th June, 1978, there were 21,168 non agricultural credit societies with a total membership of about 12.40 millions. Of these 1408 societies were primary cooperative banks coming under the purview of the Banking Regulation Act, 1949 (as applicable to cooperative societies). There is also a national federation of urban cooperative banks and credit societies organised recently for coordinating and promoting their activities.

Rickshaw and Rehra Pullers Cooperatives :

To help the economically weaker section to improve their socio-economic conditions, they are being organised into cooperative societies. Various types of societies like Fishermen, Rickshaw Pullers, Labourers' etc. have been organised. By the end of the cooperative year 1978-79 there were 754 rickshaw and rehra pullers' cooperatives with a membership of 32,383.

Labour :

The other type of non-credit societies that have a vertical structure upto the national level are the labour contract and construction cooperatives. As on 30.6.79 there were 11,2543 labour contract and forest labour cooperatives. These primary cooperatives have district level societies and State level bodies in a few States. They have a federation at the national level which functions as a promotional body.

Rural Electric Cooperatives :

The Rural Electrification Corporation has organised 5 cooperatives in 5 states by September 1980. These societies have covered 935 villages and provided 0.1 million electric connections for 46,000 pump sets and 97,500 consumers.

Others :

Among the other types of non-credit societies that have built up a federal structure upto the State level are fishermen's societies

which have a three tier structure. As on 30.6.79 there were 4003 primary fishery cooperatives, 72 Central fishery societies and 8 state level federations. There is also a national federation for undertaking development & promotional activities. There were 1310 primary cooperatives of poultry farmers. Toddy tappers' societies which have a two tier structure, in some States & tribal societies with a two tier structure, and urban cooperative banks have also developed federations at the State level. The State level federations of fishermen's societies and of Tribal Societies are business bodies while those of toddy tappers' societies and of urban banks are merely promotional bodies. To encourage the habit of thrift amongst staff and to provide them loan facilities on reasonable terms, 27 cooperative societies function on Railways. 346 consumer societies and 44 housing societies also function on Railways.

Cooperative Unions :

Last but not the least is the structure developed by the Cooperative Unions. All the Cooperatives in each State are federated into a State Cooperative Union which is entrusted with the organisation of education of members and training of employees.

Besides, publicity and propaganda activities are also undertaken by it. In some States, where district cooperative unions obtain, the State Cooperative Unions are federations of district level bodies including district cooperative unions. The National Cooperative Union of India serves as their federation at the national level. The National Cooperative Union of India is the apex body of the Cooperative Movement in the country. Besides acting as the principal coordinating and promotional body and the chief spokesman of the movement, nationally and internationally, the N. C. U. I. operates a large complex of training institutions, comprising 16 cooperative training colleges and a National Institute of Cooperative Management for cooperative personnel and elected office-bearers of various categories.

Inter-Cooperative Relationship

From the above structural and organisational analysis, it would be seen that India is not only the politically largest democracy in the world, but a cooperative economic democracy as well. With over 0.3 million cooperative Societies covering various economic aspects of this country and bringing in this fold over 330 million members, Cooperatives have established themselves as a major force on the economic scene of the country. There is great scope for inter-cooperative relationship and much in this direction has already been done.

Purposeful cooperation among various type of cooperatives will go a long way in their development. As stated earlier, major attempts were made for integration of credit with marketing after the Report of the Committee on Rural Credit Survey in 1954 as a follow up of its recommendations. States like Gujarat, Maharashtra and Tamil Nadu have taken specific steps in this regard. A shining example of integration of credit with marketing and processing is the working of cooperative sugar factories in many parts of the country.

Similarly, there is a need for integration of marketing and processing cooperatives with consumer cooperatives. Some proper links need to be established at the national and state level and even at the District level to the extent feasible. This would enable marketing societies to procure agricultural produce in surplus areas and funnel it through the consumer cooperatives in deficit areas.

In this context of public distribution system, the marketing societies are being utilised as lead societies for routing consumer articles to the primary agricultural credit societies/service societies for public distribution, even in the remote areas. The consumer articles, excepting for rice and wheat which could be procured locally, could be obtained by marketing societies from wholesale stores. The wholesale stores would thus be in a position to get

bulk orders which could be pooled at the state level and then at the national level. The pooled bargaining power could be used for striking a better deal with the manufacturers of consumer goods.

The handloom and powerloom cooperative sectors enjoy substantial concessions from State and Central Governments. As it is, the handloom and powerloom sectors have their own distribution arrangements. These sectors can effectively make use of the consumer cooperatives' retail network, not only to their advantage, but also to the advantage of the consumer cooperatives.

In the case of agricultural produce such as rice and wheat or sugar or even handlooms, cottage industry articles etc. required by consumer cooperatives, the marketing cooperative, dairy cooperatives, industrial and handloom cooperatives, fishery cooperatives etc. would be able to supply the requirements. Thus an integrated link can be established between consumer cooperatives and the producer cooperatives in varying forms. If there are cooperative farming societies or well organised village cooperatives, the surplus production could be pooled with the help of marketing cooperatives at the state and national level and funnelled through the consumer cooperatives.

At the District level, the central cooperative banks and at the state level the state cooperative banks are functioning as the financial institutions for the cooperative movement at the appropriate level. The producers cooperatives, the consumers and all other cooperatives will, therefore, have to be linked with the credit cooperatives at the appropriate level for obtaining necessary finance. The credit structure could mobilise additional resources needed for meeting the requirements, with the help of national level institution entrusted with the development of rural sector. In this context the proposal of the Government of India for establishing a separate national level bank for rural development is a welcome step.

At the District and State levels we have District and State cooperative unions. At the national level we have the national cooperative union. These institutions are incharge of member education and training programmes. There is, therefore, a need for producers and consumer cooperatives to be linked up with these cooperative unions so as to ensure adequate supply of properly trained and professionally qualified personnel for effective management of cooperatives at various levels.

This fundamental principle has been recognised by the International Cooperative Alliance when it introduced the principle of 'Cooperation among cooperatives'. In India we have been emphasising the need for proper integration and interaction between the cooperatives of different sectors at appropriate levels to ensure a sound and balanced growth of the cooperative movement for the realisation of "Cooperative commonwealth," which was the cherished dream of our beloved Prime Minister Pandit Jawahar Lal Nehru.



Country Paper on India

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COUNTRY PAPER ON INDIA

Cooperation Among Cooperative within the Country

Historical Background :

The Cooperative Movement in India started with the passage of a legislation in the year 1904 for organisation of Credit Cooperatives, mainly for provision of institutional finance to small agriculturists who found themselves deeply indebted because of frequent famines, low productivity and rapacity of moneylenders. A few Cooperative Societies were organised under the Act more as a cautious experiment. This Act, which provided for registration of Primary Credit Societies was passed on the lines of English Friendly Societies Act. The objects of the Society were to encourage thrift and mutual cooperation among the peasantry and raising the production finance needed on the security of their combined credit.

Recognising the need for bringing non credit activities also within the purview of cooperatives, the Government passed the Cooperatives Societies Act of 1912 which permitted organisation of cooperatives for undertaking non-credit activities as well. This enabled setting up of consumer cooperatives, agricultural marketing societies, industrial cooperatives and a host of other types of non credit societies facilitating the diversification of the movement.

Later in 1918 when the subject of Cooperation was transferred to the States (then known as provinces), the Act of 1912 constituted the basis for subsequent cooperative legislation enacted by the States. The movement did not have any significant impact on the rural economy of the country, despite the legislative and other support extended by the State Governments. For, even after half a century of their organisation, the credit cooperatives were found to have been catering, in 1954, to a bare 3 per cent of the credit needs of agriculturists in the country.

The movement received a real fillip after the country achieved independence in August 1947 and launched comprehensive programmes of national development under the Five Year Plans. In the strategy and schemes of national development, co-operatives were recognised as the most suitable and adaptable form of economic organisation capable of furthering the levels of production and thereby the standard of living, and for ensuring the development of small farmers, artisans etc. who individually lacked the necessary resources.

Simultaneously steps were taken for State-aid and State-partnership in the co-operatives to impart to them the necessary financial strength for handling a larger volume of business to make an affective impact. The Reserve Bank of India provides production credit on a substantial scale at concessional rates of interest. The State Governments participate in the equity capital of co-operatives. A statutory body known as the National Coop. Development Warehousing Board was set up by an Act of Parliament to extend financial support to the non-credit sector of the agricultural co-operatives, particularly in the sphere of marketing and processing and for expansion of storage facilities. This statutory body, later in 1963 was reconstituted into the National Cooperative Development Corporation. Establishment of the Agricultural Refinance and Development Corporation was yet another step taken to ensure flow of the needed development finance for agriculture.

Recently in pursuance of the recommendation made by the Committee appointed to review the arrangements for institutional credit for agricultural and rural development, it is proposed to organise a separate National Level Bank for rural development. This institution is expected to provide undivided attention, forceful direction and pointed focus to the problems of credit for integrated rural development in the country as a whole.

The Five Year Plans assigned an important place to co-operatives in India and entrusted them with implementation of the programmes of national importance. In such branches of

economic activities as agriculture, small industry, marketing and processing and agricultural produce, supply of agricultural inputs and distribution of consumer goods. Subsequent Five Year Plans laid stress on the programme for integrated development and co operation in the field of agricultural credit, marketing, storage, and processing of agricultural produce based on the recommendations of the All India Rural Credit Survey Committee (1954) and many other Committees constituted there after in the various spheres of cooperative fields. The main object of the programmes was to develop marketing, processing and other economic activities in the cooperative sector and link them with credit both for securing to the farmer a better return for his produce as also to facilitate recovery of production credit disbursed.

Structure :

The broad framework of the organisational structure of the societies is regulated by the Cooperative Societies Acts prevailing in various states of the country and their own bye laws. The law confers the ultimate authority in a society on its general body and entrusts the management of its affairs to the managing committee constituted by the general body in accordance with its bye-laws. Government as a member is entitled to nominate one third of the members of the managing committee, subject to a maximum of three persons, in a State partnered cooperative. The nominees of the Government are not eligible to seek elective office in the society.

Integration of Credit and Marketing :

Credit cooperatives were the first to develop a federal structure in each State. Primary credit societies which had been reorganised as multipurpose/service cooperatives have become the foundation on which the super-structure of the entire edifice of agricultural cooperatives now rests. Functionally, the village societies are affiliated to the district cooperative central banks from which they draw their credit requirements. They are also

members of the primary marketing societies from which agricultural inputs such as seeds, fertilisers, pesticides, agricultural machinery, etc. required by the farmers are secured. It is to the same marketing societies that the surplus agricultural produce of members is tendered for sale. To facilitate the primary societies activities in the distribution of consumer goods particularly in the rural areas, the marketing societies are increasingly acting as wholesalers for supply of essential articles of mass consumption as well. Again, the societies are also linked to processing cooperatives such as sugar factories. The affiliation of the primaries to the credit, marketing and processing societies not only helps their members to get the required agricultural inputs but also helps them to recover the production credit disbursed from out of the sale proceeds of members, produce which is routed through them.

Credit:

There are two wings of the cooperative credit structure. The first meets the short and medium term requirements of credit needed for agriculture. It consists nearly 0.1 million primary agricultural credit societies at the base level, serving a village or a group of villages. These include Farmer Service Societies organised in special project areas and Large Sized Adivasi Multi-Purpose Societies in tribal areas. At the middle level, there are 338 Central Cooperative Banks operating at the district level. All these banks in each state are federated into apex banks (State Cooperative Banks), operating at the State level. The apex bank functions as a balancing centre for the Central Banks drawing surplus from such of them as have them and provide credit to those that need. It also serves as a channel for the flow of production credit secured from the Reserve Bank of India. The apex banks in turn have been federated into an all India Federation which undertakes promotional activities and safeguards the interests of its members.

The second wing consists of primary cooperatives organised for providing long-term credit and are known as primary land

development banks. They operate at the district or subdivisional level and thus have a much larger area each than the service cooperatives. They too federate at the State level into a State Land Development Bank for raising the resources needed by them. In a few States, however, the land development banking structure is unitary in character, with the State Land Development Bank itself operating through its branches all over the State, instead of through primary land development banks. As on 30.6.80, there were 19 cooperative Land Development Banks operating through 999 branches and 889 primary land development banks. The State Land Development Banks have also set up a National Federation to coordinate their functioning and to undertake promotional activities.

At the top of this system, there is the Reserve Bank of India (RBI) which is the Central Bank of this Country. It provides financial accommodation to the Cooperative Sector both for short term and medium term agricultural and allied purposes. In case of long-term finance it contributes, in certain proportion, to the debentures floated by the State Cooperative Land Development Banks.

The Agricultural Refinance & Development Corporation (ARDC) although primarily a national refinancing agency, established in 1963, has from the beginning assumed functions which are essentially developmental and promotional in nature. It provides refinance to cooperative and commercial banks, Agricultural Credit Corporations etc. for the purpose like minor irrigation, land development, farm mechanisation, construction of godowns, development of animal husbandry, forestry etc.

Marketing :

The cooperative marketing structure comprises 3370 primary marketing societies at the base covering all the important secondary markets. These include multi-commodity societies as well as specialised marketing societies dealing in a single commodity such as cotton, fruits and vegetables, etc. At the middle level

there are 569 Regional/Central Marketing Societies organised in some states at the district level. These include 207 Sugarcane Supply Marketing Societies and Cane Unions. At the apex level there are 27 State Cooperative Marketing Federations including special commodity federations. At the All India level there is the National Cooperative Agricultural Marketing Federation of India (NAFED). NAFED functions as a business federation in addition to undertaking developmental activities. In addition, 7 state level cooperative commodity marketing federations have also been organised, 2 for fruits and vegetables, one each in Delhi and Gujarat, one for Cotton in Gujarat, one for sugar-cane supply societies and 3 for other specialised commodities. Besides, Tribal Cooperatives Development Corporations/Federations have also been established in 8 States to meet the growing needs of the tribal population. An inter-state marketing federation covering the states of Kerala and Karnataka was functioning with its headquarters at Mangalore for undertaking marketing and processing of arccanuts

Processing :

In the field of processing, sugar cooperatives constitute by far the largest segment. Owned by sugar cane growers, these sugar factories vary in size from a crushing capacity of 1,250 tonnes to 5,000 tonnes a day. As on 30.6.80, out of 168 licenced Sugar Factories, 142 had been installed. These factories have developed a federal structure with apex federations at the State level and a national federation at the All India level. The main object of these federations is to undertake promotional activities and provide technical guidance to their constituents. The activities undertaken by these federations include establishment of a 'Sugar Institute' by the Maharashtra Federation. Jointly, they have organised a Heavy Engineering Cooperative for manufacture of sugar machinery.

Among other processing cooperatives, spinning mills also have acquired a place of importance. Of the 133 spinning mills

organised by the end of March 1981, 62 had been installed. Some of these have been organised by the cotton growers, some by the handloom weavers who are the users of the yarn and some by both the growers and users. In capacity, they vary from 12,500 spindles to 25,000 spindles, the endeavour being to raise the capacity of all these spinning mills to atleast 25,000 spindles. The cooperative spinning mills have formed apex federations at State level and a national federation at the all India level. The main object of the federations is to undertake promotional activities and to provide technical guidance to their constituents. The all India Federation of Cooperative Spinning Mills has set up a technical and consultancy cell to advise the mills on improving their operational efficiency. It has also established a cotton testing laboratory at Bombay for providing cotton and yarn analysis services to its members.

Other cooperative processing units included 747 rice mills, 100 parboiling units, 76 dal mills, 32 fruit and vegetable processing units, 206 jute baling units, 2 jute mills, 387 cotton ginning and processing units, 277 oil seed processing and feed mix units etc.

Production of Agricultural Inputs :

The cooperative sector has made an entry in a big way, into the field of production of agricultural inputs particularly fertilisers. Organised jointly by 28,000 agricultural cooperatives with Government participation, the Indian Farmers Fertiliser Cooperative Ltd. (IFFCO) is a unique experiment in the sophisticated and capital intensive fertiliser industry where it occupies a pride of place in a short span of half a decade and has become a cynosure of Indian Cooperative Movement both in terms of service and efficiency. It has become the single largest producer as well as the marketer of fertiliser in the country. The success of IFFCO has set a pace for setting up another giant size complex in the name of Krishak Bharati Cooperative Ltd. (KRIBHCO) at Hazira in Gujarat at the cost of Rs. 9.600 millions. Cooperatives have also participated in a joint sector undertaking viz, Indian

Potash Ltd. which handles potassic fertilisers. Cooperative have also shown considerable interest and initiative in establishing granular fertiliser plants. By the end of June 1980, there were 21 such units set up in the cooperative sector. Besides these, 7 seed producers-cum-processing societies and pesticides/insecticides formulation units have also been established in the cooperative sector.

Consumer Activity :

In the field of consumer activity a four-tier structure has been developed over the years. The structure consists of (a) Primary Stores usually serving the people of small residential localities, or based on occupational groups, e.g., industrial establishments, (b) central/wholesale consumer cooperative stores organised at the district level either of a federal type or of a unitary type having retail outlets through branches or of a mixed type having both retail branches and primaries as members, (c) State level federations having Central/wholesale stores as members, and (d) a National Cooperative Consumers' Federation (NCCF) at the national level.

Industry :

Vertical development of the cooperatives in the field of industries has two broad divisions. The structure of the handloom weavers' cooperatives comprises generally a three tier structure. The primaries are federated into State level bodies although in a few States Central/Regional Federations also exist. The apex bodies have set up the All India Handloom Fabrics Marketing Cooperative Society. Its membership is open to weavers' societies as well as individuals engaged in Handloom weaving.

Industrial Cooperatives, other than weavers' cooperatives, also have set up a federal structure reaching upto the national level. The structure consists of primaries and State federations in most of the States. In a few States there are, however, federations at the Central/Regional level also. At the national level,

all the apex bodies are federated into the National Federation of Industrial Cooperatives (NFIC). The National Federation is a business organisation as in the case of Weavers, Federation.

With a view to supply the handloom weavers the polyester filament yarn required for production of blended fabrics the Petrofils Cooperative, a joint venture of cooperatives and Government, has been set up. This has helped securing higher wages for weavers, better return to cooperatives and cheaper cloth of comparable quality to consumers.

Dairying ;

Notable among other types of non-credit cooperatives that have their structures reaching upto national level are dairy societies and housing societies. The structure of dairy societies consists of primary societies of milk producers, milk supply unions at the central level (generally a district or a part of it) to undertake chilling and bottling of milk and processing into milk products. As on 30.6.79, there were 30,447 milk supply societies and 80 cooperatives dairy plants. The milk supply societies are federated into 196 milk supply unions. There were 6 state level dairy federations and these were federated into National Cooperative Dairy Federation of India. In order to strengthen this infrastructure of dairy cooperatives in this country and to provide facilities to producers for increasing milk production, a massive dairy development programme termed as "Operation flood II" has been launched.

Housing ;

In the field of housing, the primaries are affiliated to apex societies organised at the regional/state level to obtain finance and technical guidance. Not infrequently the federations also undertake construction on their own. All the apex societies are federated into a national federation which serves as a promotional body.

Non-Agricultural Credit Cooperatives :

As on 30th June, 1978, there were 21,168 non agricultural credit societies with a total membership of about 12.40 millions. Of these 1408 societies were primary cooperative banks coming under the purview of the Banking Regulation Act, 1949 (as applicable to cooperative societies). There is also a national federation of urban cooperative banks and credit societies organised recently for coordinating and promoting their activities.

Rickshaw and Rehra Pullers Cooperatives :

To help the economically weaker section to improve their socio-economic conditions, they are being organised into cooperative societies. Various types of societies like Fishermen, Rickshaw Pullers, Labourers' etc. have been organised. By the end of the cooperative year 1978-79 there were 754 rickshaw and rehra pullers' cooperatives with a membership of 32,383.

Labour :

The other type of non-credit societies that have a vertical structure upto the national level are the labour contract and construction cooperatives. As on 30.6.79 there were 11,2543 labour contract and forest labour cooperatives. These primary cooperatives have district level societies and State level bodies in a few States. They have a federation at the national level which functions as a promotional body.

Rural Electric Cooperatives :

The Rural Electrification Corporation has organised 5 cooperatives in 5 states by September 1980. These societies have covered 935 villages and provided 0.1 million electric connections for 46,000 pump sets and 97,500 consumers.

Others :

Among the other types of non-credit societies that have built up a federal structure upto the State level are fishermen's societies

which have a three tier structure. As on 30.6.79 there were 4003 primary fishery cooperatives, 72 Central fishery societies and 8 state level federations. There is also a national federation for undertaking development & promotional activities. There were 1310 primary cooperatives of poultry farmers. Toddy tappers' societies which have a two tier structure, in some States & tribal societies with a two tier structure, and urban cooperative banks have also developed federations at the State level. The State level federations of fishermen's societies and of Tribal Societies are business bodies while those of toddy tappers' societies and of urban banks are merely promotional bodies. To encourage the habit of thrift amongst staff and to provide them loan facilities on reasonable terms, 27 cooperative societies function on Railways. 346 consumer societies and 44 housing societies also function on Railways.

Cooperative Unions :

Last but not the least is the structure developed by the Cooperative Unions. All the Cooperatives in each State are federated into a State Cooperative Union which is entrusted with the organisation of education of members and training of employees.

Besides, publicity and propaganda activities are also undertaken by it. In some States, where district cooperative unions obtain, the State Cooperative Unions are federations of district level bodies including district cooperative unions. The National Cooperative Union of India serves as their federation at the national level. The National Cooperative Union of India is the apex body of the Cooperative Movement in the country. Besides acting as the principal coordinating and promotional body and the chief spokesman of the movement, nationally and internationally, the N. C. U. I. operates a large complex of training institutions, comprising 16 cooperative training colleges and a National Institute of Cooperative Management for cooperative personnel and elected office-bearers of various categories.

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Purposeful cooperation among various type of cooperatives will go a long way in their development. As stated earlier, major attempts were made for integration of credit with marketing after the Report of the Committee on Rural Credit Survey in 1954 as a follow up of its recommendations. States like Gujarat, Maharashtra and Tamil Nadu have taken specific steps in this regard. A shining example of integration of credit with marketing and processing is the working of cooperative sugar factories in many parts of the country.

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At the District and State levels we have District and State cooperative unions. At the national level we have the national cooperative union. These institutions are incharge of member education and training programmes. There is, therefore, a need for producers and consumer cooperatives to be linked up with these cooperative unions so as to ensure adequate supply of properly trained and professionally qualified personnel for effective management of cooperatives at various levels.

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A BRIEF PAPER ON
**STRENGTHENING
COOPERATIVES**
TAMILNADU [INDIA]

BY

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Cooperative Management

Strengthening Cooperatives

Introduction

The Indian Cooperative Movement has crossed the age of 75 years, since its inception in the first Cooperative societies Act passed in 1904 and has celebrated the platinum jubilee also. It has passed through a chequered career over this long time frame, which has been marked by ups and downs, peaks and troughs for the cooperative movement as a whole. The cooperative basket of India has a mixed package of shining examples of institutions which have contributed strength and prestige to the cooperative movement, as well as instances of organisations which ended up as sordid failures. Born as an official baby in 1904, through the fiat of Government orders, the Indian Cooperative movement has experienced continuous growth and expansion over a period of several decades, though halted by severe set-backs on many occasions during its long journey. The growth is certainly impressive in terms of the number of institutions that have come into existence and also in terms of the volume of transactions and activities. The movement has also covered a wide spectrum of activities from agricultural finance to running of cooperative hospitals. The emergence and sound functioning of state level and national apex organisations embracing credit, marketing, consumer and other needs, has added stature to the Indian cooperative movement.

Role of Cooperatives

Perspectives and problems

A significant aspect of the Indian Cooperative Movement is that Cooperation has been recognised as the instrument of planned economic change in a democratic set-up.

In our planned economy pledged to the values of socialism and democracy, cooperation has become progressively the principal basis of organisation in many branches of economic living notably in agriculture and minor irrigation, small industry, processing, marketing, provision of essential amenities for local communities, distribution, supplies, rural electrification, housing and construction.

Agricultural Credit Sector

The basic activity of cooperative sector is financing agriculture and allied activities. Historically speaking, there has been impressive expansion in this activity over the past several decades. But, over the past few years, the cooperative credit sector is slipping down the scale of strength and soundness. Due to certain deficiencies coupled with external influences, the overdues of members in primary credit societies has maintained an upward trend. With the consequence, severe strains have developed, over the entire cooperative credit structure relating to agricultural financing. It may be said that the continued agriculturists' agitation and resistance to pay the loan dues to their cooperatives has been the root cause of the deterioration in the financial soundness of cooperative credit sector.

An elaborate examination of the various aspects would throw up clearly the following problem areas regarding agriculture :

1. Need for protecting crops against all hazards.
2. Control over the cost of agricultural inputs.
3. Effective marketing of agricultural produce, ensuring remunerative prices for the farmers.
4. Inadequacy of Agriculture in the matter of giving full sustenance to agriculturists.

Nationalisation vs Cooperatives

Can it be said that Nationalisation has proven itself as a major threat and a problem to cooperative enterprises? Nationalisation has weakened many cooperative organisations. For example, Civil Supplies Corporations have been established in many States which have grown to considerable proportions, affecting the business of cooperative consumer societies. Similarly, agricultural marketing boards and corporations are taking a big slice of the business of cooperative marketing societies. Nationalised commercial banks are competing vigorously in the field and have also succeeded in substituting cooperative credit agencies in many places. Cooperative sector is supposed to play the role of a middle sector between the private and the public sectors. Too fast a growth in public sector could have an adverse impact on cooperative sector. It will be worthwhile for the Governments both at the Centre and States to ponder over this problem and evolve policies as to ensure unimpeded growth of the cooperative movement, even while they cannot avoid the necessity of lending support to the public sector organisations for economic and strategic reasons.

Problems of labour

Another problem which is causing considerable anxiety in the cooperative sector emerges from the labour employed in cooperatives. This problem can be considered as a new dimension to the problem structure of the cooperative movement. Such a problem was not witnessed in such proportions in the early part of development of the cooperative sector. The labour factor in the beginning was passive, cooperative and quiescent. But today the mood of the employees in the cooperatives is demanding, aggressive and sometimes uncompromising. Thanks to the trade union development in other sectors of the economy, cooperatives cannot fight

shy of this problem arising out of unionised relationship between the management and the labour. It could only be wise to appreciate the realities of the situation and equip themselves to meet the problem. What is called for, is a well planned and systematic research into the labour problems and to evolve a meaningful personnel policy relating to recruitment, promotion, transfer and installation of suitable machinery for dealing with the grievances of the labour in an effective manner.

Management input

The cooperative sector is already experiencing innumerable problems regarding the quantity and quality of manpower required. A long term policy of assessing the exact requirements of various types of manpower should be evolved. There should also be arrangement for proper recruitment and training of such manpower over a period of time. The crying need of the hour is professionalisation of management cadres in the cooperative institutions. "Managerial Revolution" is yet to gather the required momentum in cooperative sector. In other words, there is an imperative need to have a long term policy for human resources development in the cooperative sector to match the exacting requirements of various types of manpower for manning thousands of cooperative institutions all over the country. This subject deserves a separate study in depth.

Important issues

In this context the following issues may be considered for achieving smooth development and functioning of cooperative sector in India :-

(1) Need for financial assistance

The main obstacle is the poverty of large number of small peasants and agricultural labourers in the countryside. They are too poor to save and provide capital.

Therefore, a substantial part of the initial capital has to come from external sources. Hence the Government have widely participated in the equity of many cooperatives in order to impart financial strength.

(2) Leadership Development

Poverty and illiteracy of the rural masses inhibit the emergence of leadership of good quality; the present leadership often comes from outside. An admixture of small and big farmers often suppresses the spirit of democracy in cooperatives.

(3) Human Resources development

(4) Role of official machinery

SWOT Analysis on Indian Cooperative Movement

In order to have a clear picture of the capacities and deficiencies of the cooperative movement, a SWOT analysis has been attempted. This analysis indicates the following:—

(1) Strengths

- (i) Massive expansion of cooperative sector.
- (ii) Well built organisational infra-structure.
- (iii) Universal appreciation of the need for the cooperative method of functioning.
- (iv) Substantial assistance from Governments and public sector bodies for cooperative development.
- (v) Government patronage.
- (vi) Greater goal congruence of the members and the organizations.

- (vii) Scope for democratic management of cooperatives.
- (viii) Emphasis on Service motive.
- (ix) Social coverage.

(2) Weaknesses

- (i) Lack of quality in the functioning of cooperative institutions
- (ii) Inadequacy of cooperative education.
- (iii) Inadequate extension Service.
- (iv) Emphasis on procedure orientation rather than result orientation.
- (v) Lack of cordial relations among cooperatives.
- (vi) Lack of good cooperative leadership.
- (vii) Lack of professional management.
- (viii) External interference.
- (ix) Unequal capability of institutions in different tiers.
- (x) Inability of cooperatives to attract the best talents.

(3) Opportunities

- (i) General support of political organisations for cooperative sector.
- (ii) Recognition of cooperation as an effective instrument of planned change through five year plans.
- (iii) Political and sociological aspirations of down trodden and weaker sections of the community to raise their standards of living through group action.

- (iv) Help from International bodies to develop trade and cooperation among various countries.
- (v) Spread of professional management in the country.

(4) Threats

- (i) The spread of nationalisation and the emergence of giant public sector undertakings.
- (ii) Agitational approach on the part of employees in demanding wage hikes and higher benefits.
- (iii) Belligerent and agitational approach adopted by large sections of members (agriculturists) in demanding concessions of various kinds including write off of loans.
- (iv) Absence of loyalty on the part of members, on account of their subservience to external forces.

A SWOT analysis of an organisation is akin to the diagnosis of a human body. The purpose is to assess the degree of effectiveness of the organisation. Organisational effectiveness is the central issue. If the cooperative sector is to succeed, all the organisations that make up the sector will have to succeed. For this, the organisations will have to perform satisfactorily. Organisations which fail to render the expected performance will not only be considered sick themselves but would also spread this sickness to the entire sector. Therefore, to achieve the effectiveness of the cooperative sector, we have to focus on the effectiveness of the organisation.

Improving organizational effectiveness - An institutional experiment

In India, the cooperatives function at multiple levels, viz., apex, district and the primary levels. Organisations at these

different levels should function in a healthy manner and should support each other - in the same and other tiers. I represent the apex organisation, viz., The Tamil Nadu State Cooperative Bank, in Tamil Nadu in India. This organisation has recently launched an experiment as part of its organisational development programme, with a view to increasing the organisational effectiveness. This was done through an "INTEGRATED PERFORMANCE IMPROVEMENT PROGRAMME". The process of change was started on 9th June, 1981. It was a deliberate step for initiating change. After a detailed presentation on the functions and problems by the divisional managers, the corporate team of managers dwelled deep into an exercise of deciphering the purpose of the organisation. Based on intensive discussions and analysis of the existing spectrum of activities, the constituents and the interests of the organisation and their justifiable expectations, the corporate management team defined the basic purpose/mission of the apex bank as follows :-

- (i) To function as Lead Bank for the Cooperative sector in Tamil Nadu by catering to the unfulfilled credit needs and catalysing socio-economic development.
- (ii) To finance national level cooperatives and related sectors wherever necessary and extend general banking services.
- (iii) To ensure development of internal human resources
and
- (iv) To ensure adequate profitability for sustained growth of the Bank and the sector.

An organisational diagnosis was done next, through a SWOT analysis. This was perception based and with reference to the purpose as identified earlier. The SWOT analysis was helpful to

identify strengths, weaknesses, opportunities and threats. Some of the salient features of the SWOT analysis are narrated below:

Strengths

1. Owned fund base.
2. Higher rate of interest to customers.
3. Lesser cash reserve liquidity ratio.
4. Availability of Government guarantee and state participation.
5. Institutional borrowers vis-a-vis consideration of safety and security.
6. Social coverage of loans.
7. Cordial industrial relations.
8. 75 years of existence in terms of accumulated experience in cooperative banking.
9. Cohesive top management.
10. Good work environment.
11. Average age of the employees in the youngest range.
12. Cordial relationship with Reserve Bank of India and the Government.

Weaknesses

1. Lack of control over affiliates.
2. Absence of adequate mechanism for coordination.
3. History of being a difficult lender.
4. Lack of man-power planning.
5. Inadequate preparedness for major changes.
6. Inadequate top management M.I.S.

7. Lack of economic analysis for decision making.
8. Lack of deliberate growth planning.
9. Lack of management systems.
10. Lack of innovative banking.
11. Absence of specialised, technical arrangement for evaluation and for providing services.
12. Absence of systems for continuous planning of environment.

Opportunities

1. Scope for resources mobilisation.
2. Scope for lending opportunities—5 Year Plan—Government development programmes.
3. Scope for cooperative growth.
4. Government patronage to the cooperative sector.
5. Unexploited areas of banking services in the sector.
6. Availability of well-developed infrastructural facilities.
7. Role of cooperatives in public distribution system.
8. Concessional finance from Reserve Bank of India.
9. Government order on investment by statutory bodies in cooperative banks.

Threats

1. Inefficiencies in the primary level system.
2. Interferences in the cooperative system.
3. Inadequate management and planning mechanism with the borrower-system.

4. Conflict of interest in the same areas with the district level institutions.
5. Multiple financing (dual and excessive financing).
6. Major borrower sector viz., agriculture, depending on weather conditions and other uncertainties—absence of assured market for agricultural commodities.
7. Competition from private fund companies for public funds.
8. Growth and flexibility in the operations of the commercial banks.
9. Non-repayment of dues – low credit receiving capacity of the associates and the primary system.

Key Result Areas

On the basis of the SWOT analysis, the next step was identifying key result areas. Seven key result areas (KRAs) have emerged out of the exercise, viz.

- DEPARTMENT*
1. ~~DEVELOPMENT~~ OF RESOURCES
 2. COST OF RESOURCES
 3. AFFILIATES' DEVELOPMENT
 4. PERSONNEL DEVELOPMENT
 5. SYSTEMS DEVELOPMENT
 6. ORGANIZATIONAL STRUCTURE
 7. PROFITABILITY

After identifying the Key Result Areas, the objectives setting process was taken up. This is the point at which actual commitments for the corporate managers get generated. In all, 18 objectives have been set for the 7 KRAs. The required

action plan has been drawn up for implementing the objectives. Following are some of the salient objectives under certain KRAs.

Affiliates Development

- (i) To initiate an integrated performance improvement programme (3-year programme) and commence implementation before 31-3-1982 in respect of two District Cooperative Central Banks, (viz.) Kancheepuram and Dharmapuri, providing specific attention to the areas of—
 - Resources Mobilisation
 - Operational efficiency
 - Managerial training and development
 - Systems and procedures development
 - Rehabilitation/Development of PACs at a cost not exceeding Rs. 1.5 lakhs.
- (ii) To improve Tamil Nadu Consumers Cooperative Federation's preparedness and organisational capability by 31-12-1982 to enable it to absorb and operate a credit limit of Rs 10 crores during 1982-83 at a cost not exceeding Rs 5 lakhs.
- (iii) To evolve an integrated cooperative development model/programme by 31-3-1982 based on area development concept and commence implementation in two areas by 1-6-82 at a cost not exceeding Rs 30,000/-.
- (iv) To evolve and implement an integrated MIS by 31-12-1981 for monitoring the performance of District Central Cooperative Banks and apex cooperative institutions with particular emphasis on indicators on performance slippage, at no additional cost.

Personnel Development

To complete training needs analysis of all managerial personnel by 30-11-81 and evolve a training policy and plan (3 years) by 31-12-81 and initiate implementation by 1-3-82 at a cost not exceeding Rs 20,000/-and ensuring that skills in the areas shown below atleast are covered-

- (1) Project sector financing.
- (2) Management Information System.
 - (a) Environmental monitoring.
 - (b) Internal monitoring and evaluation.
- (3) Portfolio planning.
- (4) Banking know-how.
- (5) Personnel Development.
- (6) Corporate Planning.

Systems Development

(i) To design and implement a comprehensive MIS for the bank including reporting system by 30-6-82 at a cost below Rs 1 lakh with the following features :—

- (1) Aid planning at different levels from the corporate to the operational levels.
- (2) Provide yardsticks including cost information for performance measurement.
- (3) Help monitoring especially implementation and achievement of corporate objectives.

(ii) To complete setting up of a data bank for use by the bank and the cooperative sector by 31-12-82 at a cost not exceeding Rs 10 lakhs with provision for—

- (1) continuous compilation and updating of information.
- (2) enabling policy research analysis, with particular emphasis on agriculture, handlooms, sericulture, dairying, consumer and agricultural marketing energy, oil seeds and processing.

Organisation Structure

To evolve the long term (5 years period) organisation structure and finalise phased implementation (one year) by 28-2-82 at no additional cost during the current year and ensuring the following :—

- (1) Generating capability in projects/sector financing, MIS, management services, growth planning and personnel management ;
- (2) Keeping incremental organisational cost per annum below 10% of current establishment expenses ;
- (3) Providing for career growth and promotional avenues and systems of job rotation ;
- (4) Facilitating subordinate leadership and motivation through participation.

Armed with KRAs, objectives and detailed action plans, we are poised for significant and sustained growth in several directions.

This experiment in the organisation, has been an exciting learning process. It is proving an actual exercise in management development. One visible impact already noted through out the organisation, is the generation of tremendous amount of

enthusiasm and awareness on the part of the managers from the top level, on the importance of planned change for sustained growth.

Age of Discontinuity

The essence of management lies in managing the future. The noted Management thinker, Peter Drucker has said that this is an age of discontinuity and the future will be turbulent in several aspects ; with man's rising aspirations and the Ideological gap that is developing, many new problems are bound to arise in future. As John Galsworthy has said, "If you do not think of the future, you cannot have one".

The most important single influence on organisational policies and strategies is the environment outside and inside the organisation. The more complex, turbulent and changing is the environment, the greater is its impact on human attitudes, organisational structures and processes. The major environmental forces which affect organisation are as follows :

1. Economic environment.
2. Government.
3. Legal environment.
4. Technical change.

In the past few years, we have had one spectacular technological development after another; for example, the computer, laser, xerography, colour television, nuclear power plant, artificial heart, synthetic foods. Today, for example, we have computers in the size of typewriters with the capability of a similar equipment that could only be housed in a two-storeyed building twenty years ago. We are able to send men to the moon and return them safely to earth. The fast pace of technological change will continue in the future. The rapidity of technological change offers great opportunities as well as serious threats to organisations. Changes in social environment have also introduced a new major force in the formulation and implementation of policy/strategy for all organisations. Efficient management is still demanded of business; but, especially for the larger organisations, the demand is that management makes

decisions that help society to achieve the objectives it sets for itself. As Reginald John, Chairman of Board of General Electric expressed it,

“the basic strategy for corporate survival is to anticipate the changing expectations of the society and serve them more effectively than competing institutions and this means the corporation itself must change, consciously evolving into an institution adapted to new environment.”

Strategic Management In Cooperatives

Considering the high degree of turbulence in future events and the rapidity of changes of various factors in the environment, it should be clear that the cooperative sector should make a big effort to match with the environmental changes to the maximum extent possible. Any failure in this would push cooperatives backward and would pave way for decay in stages. The following ideas may be considered as components of the strategic management which should be given top priority to strengthen cooperatives.

- (1) The tendency to place undue emphasis on rigid organisational structures should be given up in cooperative functioning. In the dynamic world in which we are operating, swearing by fixed structures and rigid organisational forms may not be a realistic proposition. On the other hand, for developing business and expanding activities and also for building up institutional relations, the cooperatives should seek a more and more flexible approach.
- (2) An appropriate environment planning machinery should be installed to foresee changes in the future environment and apprise the cooperative sector in advance on the course of action to be adopted. It is suggested that a futurology cell at the level of the International Cooperative Alliance and at national level in all the countries may be considered for implementation. A modest beginning in this direction has been made by our bank evolving an objective to set up a Data Bank to serve the entire cooperative sector.

- (3) In the Indian experience of cooperatives, one serious trend that is noticed is the declining motivation on the part of members of cooperatives, employees and Government agencies towards cooperatives. Such a trend may be partly attributed to mal-functioning or non-performance on the part of many cooperatives themselves. But the issue is much deeper. The problem of motivation, if allowed unattended, would lead to further damage to the cooperative sector. A thorough research on the attitudes of the employees, their needs and demands structure, and evolution of suitable measures to combat the trend, should be taken up for consideration. In order to assess the degree of lack of interest of cooperative members, a well planned member education on a continuous and sustained basis is the major remedy. In this aspect also, intensive survey and studies should be undertaken to assess the underlying causes and action plans should be drawn up to increase the enlightened member involvement in the functioning of cooperatives.
- (4) The winds of scientific management approach should blow fully into the cooperative sector in order to improve the operational efficiency in cooperatives. Professional management is the only way to do it. There is no lack of resources in cooperative sector; but the resources should be made productive and that is the task of management. Not only good talents should be inducted into the cooperative sector, but also a programme of management development should be taken up in the cooperative sector to upgrade the quality of managerial manpower.
- (5) The problem of institutional linkage is another area which needs to be looked into. The relationship among cooperatives is often lacking in cordiality and is even marked by conflicts. But these problems can be resolved by injecting proper orientation to the controlling executives of different cooperatives through the process of education and exchange of views through seminars, conferences and workshops.

- (6) The rural exodus of people from villages to urban centres is continuing at an increasing pace and this would spell disaster to both the rural and urban areas. This phenomenon calls for a detailed attention and study at the hands of planners, economists and management specialists. Cooperatives can play a big role in stopping the rural exodus and in even reversing the trend. Cooperatives have a big contribution to make to integrated rural development. If all-round progress can be achieved in rural areas through multi-dimensional projects and programmes of area development, resulting in substantial increase in employment and economic prosperity, it will constitute a turning point in India's economic growth. Cooperatives with their orientation towards agricultural development, should aim at the farmers prosperity not only through agricultural production, but through a system of agriculture and other agro-based industries as a viable and remunerative package to the farmers. Cultivation by itself is not giving full sustenance to the farmers. It is imperative that any scheme aiming at village prosperity should think in terms of a complete system linking agriculture with other post-harvest agro-industries besides promoting other subsidiary occupations like sheep-breeding, poultry and dairying.

Conclusion

Every individual and the society at large are only interested in performing organisations and not in cooperatives per-se. People expect performance from any organisation, to whichever sector it belongs. They want results and they will not be satisfied with anything short of performance meeting their expectations. With the rising aspirations of people, human impatience is evident regarding delays and complicated procedures. Organisations which are not capable of performance or organisations which fail in delivering the goods have no justification to continue. This is the writing on the wall. Cooperators should appreciate this and should adapt themselves with a suitable package of policies and programmes to impart strength to the cooperatives.



TNSC BANK

TAMIL NADU

INDIA

Background Paper
for
the 7th Open Asian Conference
on Cooperative Management

STRENGTHENING COOPERATIVES

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STRENGTHENING COOPERATIVES

INTRODUCTION

The cooperative is an organization founded by small producers and small consumers who are in weak position economically with a view to protect themselves from pressures of large industrial companies and thus break through their economic difficulty through mutual help.

Even though the cooperatives in the world has been poured strenuous effort to enhance the economic status of their members since their establishment, the progress of cooperative development in developing countries is still sluggish and the economic situation of small producers and small consumers has not been improved much compared with that of big industrial sector.

With this circumstances, strengthening cooperatives has become a prominent task especially in developing countries.

In this background paper, an outline of cooperative organizations in Korea is introduced in Part I, and the strategy for developing cooperatives with emphasis on strengthening primary agricultural cooperatives will be presented in Part II.

PART I. AGRICULTURAL COOPERATIVES IN KOREA

Agricultural cooperatives in Korea are voluntary organization of farmers established with a view to increasing agricultural productivity and elevating the living standard of member farmers through mutual help.

The organization of agricultural cooperatives is characterized as multi-purpose agricultural cooperative which conducts a wide range of business activities including banking, marketing and purchasing, cooperative insurance and farm guidance.

According to the Agricultural Cooperative Law, the multi-purpose agricultural cooperatives were initiated in order to carry out various services related to farming and rural living of member farmers more efficiently.

The advantages of multi-purpose agricultural cooperative can be prescribed as follows :

- a) Convenience of using a cooperative by member farmers.
- b) To support farmers with agricultural loans at a versatile viewpoint regarding farmers' economic situation.
- c) Multiplication effect through diverse services including banking, purchasing and marketing, and farm guidance.
- d) Managerial merit of a cooperative.

1. Organizational Status of Agricultural Cooperatives

Agricultural cooperatives in Korea were vertically organized at two levels : primary cooperatives at township level and a federation at national level. The primary cooperatives have two types; the primary agricultural cooperatives established at township level throughout the country by individual farmers who are primary engaged in farming, and the special cooperatives established by farmers engaged in horticulture.

All the primary cooperatives are affiliated with national agricultural cooperative federation which is an apex organization of agricultural cooperatives in Korea.

As of the end of October, 1981, there were 1478 primary agricultural cooperatives and 42 special cooperatives in Korea. The National Agricultural Cooperative Federation (NACF) guides and supervises the primary cooperatives through 9 provincial offices, 4 city offices and 138 county offices. And a total of 1,927 thousand farmers, which accounts for 90 percent of total farm households in Korea, are affiliated with primary cooperatives all over the country.

2. Primary Agricultural Cooperatives

The primary agricultural cooperatives extend various services related to farming and rural living directly to member farmers within the framework of measures for agricultural development.

As for the policy-making organization of a primary cooperative, there are representatives meeting and board of directors. In the representatives meeting, major policies such as amendment of by-laws, dissolution, amalgamation or separation, drawing up business plan and budget program, etc. are decided.

On the other hand, the matters such as acquisition and disposal of basic properties, modification of business plan of budget, use legal reserve funds, maximum limitation of borrowings from NACF, etc. are decided in the board of directors.

The president represents the cooperative and executes the business operation thereof, while the directors assist the president. The term of office is three years for the president and directors and two years for auditors.

PART II. STRATEGY FOR STRENGTHENING COOPERATIVE

1. Collaborative Organization at Village Level

With a view to fostering rural development and participation in cooperative movement, grass-root organizations were organized among member farmers at village level throughout the country. The grass-root organization include Saemaul farming society, Saemaul women society and Saemaul youth society.

The major functions of the societies is to strengthen members' activities for the increase of agricultural production and the improvement of living standard as a grass-root organization of a primary agricultural cooperative.

The societies also conduct relay-services, between a primary cooperative and member farmers, such as collection and application of farm inputs and agricultural loans needed by individual farmer, joint shipping of farm products and promotion of rural saving.

2. Education for Member Farmers

In usual, farmers are reluctant to participate in the cooperative activities until they understand the merit of cooperative system. The education for member farmers by agricultural cooperatives has placed emphasis on encouraging members' participation in cooperative activities and utilization of cooperative channel. The training of member farmers is divided into two categories: training by primary cooperative through meetings and bull session, and training for leaders of grass-root organization conducted by provincial training institute of the NACF.

In the meetings and bull session of member farmers, mutual-learning through group discussions is realized and successful cases are presented.

3. Strengthening Primary Cooperatives by the NACF

a. Cooperative Staff Training

The NACF operates the central staff training institute and 8 provincial cooperative training institutes to train the staff members of agricultural cooperative.

The training objectives for staff members are as follows :

- to build up the agricultural cooperative philosophy
- to cultivate managerial ability and improve practical business ability.

The training programme of the institute is divided into regular and special courses, and new employees of cooperatives should complete the basic training course before they work for the cooperative. In most cases, the curriculum is composed of spiritual enlightenment, business training and group discussion.

b. Management guidance for primary cooperatives.

Guidance activities by the NACF were carried out with emphasis on fostering viable primary cooperatives and promoting self-supporting programme.

Since 1969, the major emphasis of guidance activities to primary cooperatives had been placed on the merger programme. The merger programme of primary cooperatives is designed to integrate small scale cooperatives into economically viable units. As a result of this merger programme, the number of primary cooperatives which stood at more than 20,000 in the past was reduced to 1,478 at the end of October, 1981.

The self-supporting programme for primary cooperatives were speeded up by means of expanding capital subscriptions and improving cooperative management. The number of self-supporting primary cooperatives stood at 907, representing 61 per cent of total primary cooperatives.

4. Agricultural Cooperative Junior College

The NACF has operated Agricultural Cooperative Junior College since 1969 in order to educate prospective rural leaders and infuse cooperative spirit by providing a two-year academic course.

An applicant to this college, who is required to be a son of member farmer of primary cooperative, must pass the entrance examination held by the Agricultural Cooperative Junior College. In addition, the applicant should be a decent and healthy man who can successfully participate in the farming and cooperative activities during the school period.

The students of the college are exempt from tuition fee and employed as a managing staff member in a primary cooperative after graduation.

5. Strengthening Cooperatives at National Level

We can point out some problems arising with the development of cooperatives in the region. In most of developing countries, it seems that the policy of agricultural cooperatives is determined according to the agricultural policy of the central government. Although the support of government is necessary for development of cooperatives, the cooperatives should not be controlled by the government.

Government policy can not always be in accord with objectives of the cooperatives. As was stated in the principles of International Cooperative Alliance (ICA), we, cooperators, must not forget that the cooperatives should be operated democratically by the members.

Cooperative specialists recommend that the cooperative might be used as an exercise in the democracy by the members.

Nonetheless, we have still made poor progress in developing the essence of the cooperative. For example, even though it seems that the resolution of important policies of the cooperatives is decided by representatives superficially, we can say that the majority of member farmers is still ignored in the cooperative management because of their ignorance. This situation results in weakening member participation in the cooperative activities.

Nextly, we can pick out the method of appointment of the president of the NACF. The reason why we adopted this method instead of an election system was the lack of experience in democratic principles, however the appointment method may stand in the way of developing agricultural cooperatives in the future.

We believe that government will change the appointment policy to the election system in the near future.

7th OPEN ASIAN CONFERENCE ON "COOPERATIVE MANAGEMENT"

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BACKGROUND COUNTRY PAPER

MALAYSIA

B Y

ZAGHLOL BIN HAJI HANAFIAH

VICE CHAIRMAN

NATIONAL ELECTRICITY BOARD COOPERATIVES LTD.

VICE CHAIRMAN

WILAYAH MINIBUS COOPERATIVES LTD.

HONORARY SECRETARY

NATIONAL CONSORTIUM OF COOPERATIVES LTD. (KONSKO-OP)

ZH/EM
KUALA LUMPUR
OCT., 1981

1. COUNTRY BACKGROUND

1.1. Malaysia - a brief introduction

This 129,000 sq. miles of "good earth" are situated centrally in the fast growing region of South East Asia. Endowed with rich natural resources, Malaysia ranks amongst the world's largest exporters of rubber, tin, timber, palm oil and pepper. Petroleum and natural gas and cocoa has assumed greater importance in exports. Labelled as another economic showpiece of Asia, it is certainly a land of plenty for investors - including the Cooperative Movements of the world.

The population was 12.7 millions in 1977 with a cosmopolitan mix of 6 million Malays, 4.2 million of Chinese origin, 1.1. million of Indian/Pakistan origin and 1.4 million of natives and others. About 50% are below 21 years and 56% are of working age. The people enjoy a comparably high standard of basic amenities and facilities.

Malaysia is an elective, constitutional monarchy with a democratic bi-cameral Parliament (The House of Representatives (elected) and the Senate (appointed)). The Government is people-inspired and certainly action or development oriented. This results in political and economic stability. And happiness for the people contribute towards security of the nation. It pursues the non-aligned policy and subscribed to the concept of peace, freedom and neutrality as evidenced in Asean.

1.2. The Economic Situation

The Malaysian economy remained strong and buoyant in 1979 under the stimulus of greater public sector demand and better than anticipated growth in exports. Real GNP is estimated to have grown by 8% (Budget estimate being 7.2%). Price increases remained moderate and the rate of inflation for 1979 went down to 3.6% from 4.6% recorded in 1978, one of the lowest in the world.

Exports, which account for about half of GNP, accelerated in 1979 largely due to higher commodity prices of rubber, palm oil, tin, timber, cocoa etc.

Government expenditures were expansionary during the year and further stimulated economic expansion. Monetary policy continued to be relaxed in line with Government's policy objective of stimulating private investment.

The manufacturing sector advanced steadily and contributed significantly to the expansion of the productive capacity of the economy in 1979. Value added in the manufacturing sector increased by 12% and accounted for 20% of real GNP or M\$4,769*. Increase of between 20% to 10% were recorded in the production of iron/steel products, rubber products textiles, electrical, and electronic goods.

*US\$1 = M\$2

The construction sector was particularly bouyant in 1979 being stimulated by increased residential and public sector building projects. Prices of building materials rose by about 15%.

Value added in the services sector (46% of real GNP) is estimated to have expanded by 7% in real terms of M\$10,584 million. Wholesale and retail trade dexpanded by 7% together with the overall expansion of the economy.

The public sector was expected to strengthen and achieve a growth of 15.6% in 1979 and thus provide a firm basis for sustained economic growth. The total public investment expenditures was M\$4,571 million.

With higher exports, (M\$21,025 million) the total trade balance is expected to grow by 33% reaching M\$4,520 million. The net external reserves will reach M\$8,714 million, M\$1,350 million being added in 1979.

2. COOPERATIVE MOVEMENT - HISTORICAL BACKGROUND

A suggestion that a Cooperative Movement to be started in Malaysia was brought up by a number of high ranking British officers in the early decade of the 20th century, that is during the British rule in the country, which was then known as Malaya. Their experiences in Cyprus and India, saw the necessity of such a movement to be introduced in this country, specially the credit cooperative system. It was not until July 1922, when the Cooperative Enactment was approved by the authorities. A Department of Cooperative was set up to safeguard the rural economy among the peasant farmers and supervise the growth of the cooperative movement. The movement started with the Raiffeisen and Schultz-delitzche system for the urban.

In 1948, with the establishment of the Federation of Malaya, the Cooperative Societies Ordinance no.33, 1948 was approved for the whole of the Federation of Malaya and with this the Department of Cooperative Development was integrated and all duties and responsibilities to develop and expand the concept of the Cooperative Movement were streamlined. This Department was not only responsible for disseminating the ideology and the concept of the cooperative Movement but also entrusted with the formation and registration of the cooperative societies.

Today the Cooperative Movement is the biggest and leading organisation in Malaysia, with a total membership estimated 1.7 million with share capital of about \$600 million.

3. THE LEGAL STATUS OF THE MOVEMENT

The cooperative Movement in Malaysia is presently governed by a set of six Cooperative Laws, each with its own distinct area of operation or application. This was as a result of necessity arising out of development in the country rather than by an unmeaningful design. These laws are as follows:-

- (a) The Cooperative Societies Ordinance, No.133/1948 which covers co-operatives which are non-agro or non-fishermen based in Peninsula Malaysia with the Registrar-General and Department of Cooperative Development, Malaysia administering the law. Thus Thrift and Loan Cooperatives, Housing, Insurance, Consumer, Land Development, Transportation, Industrial and School Cooperatives come under the purview of this Law.
- (b) The Farmers Organisation Act, 1973, covers the former agro-based Cooperatives and the newly registered farmers area cooperatives. The end result would be to amalgamate as much of the Farmers' Associations Act, 1967 and the local cooperatives into more viable farmers cooperatives on the area basis. The farmers cooperatives are therefore the new agents of change and development and most Government assistance and subsidies to agriculture and the farmers would have passed through these vital links. Agricultural modernisation, mechanisation and productivity are given top priority. This Act covers Peninsula Malaysia only.
- (c) The Fishermen's Development Authority Act, 1975 (MAJUIKAN) covers the fishermen cooperatives and also the Fishermen's Association. The aim is also to intergrate the two organisations

into new viable fishermen cooperatives, where in sufficient inputs and subsidier are offered by MAJUIKAN, the Government Agency for the overall betterment of the fishermen and their families. As part of the development process, the fishermen will not be part of a forgotten lot but rather designed to benefit equitably from the Government Development Programmes. This Act covers Peninsula Malaysia and Sarawak.

- (d) The Cooperative Societies Ordinance of Sarawak 1949. This Ordinance covers all types of cooperatives in the component state of Sarawak, with the arrangement that Fishermen's Cooperatives are administered by MAJUIKAN.
- (e) The Cooperative Societies Ordinance Sabah 1958. This Ordinance covers all types of cooperatives in the component state of Sabah.
- (f) In addition, the Cooperative College of Malaysia which is responsible for the education and training of members lay leaders and employees of the Movement operate under an Act of Parliament called the Cooperative College Malaysia Incorporation Act, 1968. 2% of the net profits of cooperatives are paid by Cooperatives to the Education Trust Fund, a good portion reaching the Cooperative College.

As indicated above, the existence of the above laws in part of the historical process of the Movement coupled with the development need of a rapidly developing country. It is envisaged that in the not too distant future, a single united Act on Cooperatives in Malaysia would have been promulgated.

Prior to 1966, the Cooperative Movement could be said to be divided into urban sector and the rural sector, the latter being members of the Cooperative Apex Bank. The 1st Cooperative Congress in 1966 decided interalia that the Cooperative Movement be united as a whole under one banner. This was further enunciated at the 2nd Cooperative Congress in 1971 which gave birth to ANGKASA, the National Cooperative Union of Malaysia, which is now the sole national non trading apex Cooperative in the country. It is the mouthpiece of the Movement and is recognised by the Government of Malaysia as the sole representative of the Movement.

As indicated by the prevailing Cooperative Laws in the country the Cooperative Movement in Malaysia is slowly 'evolutionising' a suitable and practical structure based on actual need and the following may be the guideline:-

- (a) ANGKASA or the National Cooperative Union be the sole apex organisation for all the cooperatives in Malaysia. It will have interalia the function of policy making, research, services and international relations. Its main source of funds will be 1% of the net profits of cooperatives.
- (b) As part of the practice of the sixth Cooperative Principle - the collaboration between cooperatives at regional, national international levels - all cooperatives in Malaysia may federate at the national level according to their distinct functional activity; thus the National Federation (indicating a business enterprise) for each functional activity such as Industrial, Housing, Transportation, Land Development. Towards this end and as a measure to rationalize this part of the structure a consortium, KONSKO-OP has been formed on 31st December, 1979 to harness the funds of co-operatives for

investments in projects related to the needs of member cooperatives or to the development of the country. The activities at this functional and national level cooperatives are as urgent as they necessary and in addition the activities of KONSKO-OP for example will be one of a 'complementor and supplementor' to the total activities of the whole Cooperative Movement in Malaysia.

- (c) As part of the process of cooperative collaboration and intergration, working together at the State (provincial) level appear to be necessary from time to time and in some instances, the need had long been felt.
- (d) At the ground level, will be the roots of the Malaysian Cooperatives Movement - the 3,000 odd primary cooperatives of various types, ages, functional activities and stages of development. A concerted attempt at consolidation of the Movement would be undertaken so that only viable cooperatives with large membership, sufficient own capital and managed by fulltime, trained and dedicated management staff will; remain on the register to work for the good of individual members.

A diagrammatic presentation of the Cooperative Movement Structure will be as illustrated with the chart following.

5. SCOPE AND IMPORTANCE OF THE MOVEMENT

In a free-enterprise economy like Malaysia, wherein there is also substantial Government or public sector business, the role of the Cooperative Movement as a complementor and supplementor is very much appreciated in view of the Government policy of all round growth and the more equitable distribution of wealth or 'the expanded cake'.

With 1.3 million members and about M\$500 million as paid up capital, the movement has expanded from the traditional credit orientation to housing, consumer, land development, production and marketing and other asset accumulation activities. With the implementation of the New Economic Policy, the cooperatives' own activities will have to be expanded drastically to fulfil the members needs. Thus with a policy of a house-owning democracy, the role of cooperative housing (construction and developer) will become pronounced. Consumer cooperation will once again emerge as urgent in view of the inflationary pulls on the daily lines of members. The role of production (or land development) cooperatives through the assistance of special government agencies will fulfil the needs of those cooperatives who had missed the stroke of development in the past. In the industrial sector the scope for cooperatives will become more significant.

In the situations of rapidly developing country like Malaysia, the scope and importance of the Movement in all fields are definitely one of great importance and urgency.

6. THE MUTUAL RELATIONS BETWEEN THE GOVERNMENT AND THE MOVEMENT

Before Independence in 1957, the role of Government was one of "systems maintenance" and not one for Development, as is typical of independent nations. The successive Five Year Development Plans have laid the groundwork for raising the living standards of the people and the general development of the country.

These development efforts acquired new dimensions and meaning with the inauguration of the New Economic Policy in 1970. It was a cause for the unity, peace and progress which was to be the goals and aspirations of all Malaysians.

Basically, the objectives of the New Economic Policy are the eradication of poverty and the restructuring of the Malaysian society which are implemented through the policies, programmes and projects of 2nd, 3rd and subsequent Development Plans of Malaysia until 1990. Through these Plans lay the hopes for economic, social and all round progress of Malaysians.

Malaysia adopts the system of indicative planning in its Development Progress. Although a free enterprise economy, the role of Government and government agencies in industries and businesses is substantial due mainly to the implementation programmes of the New Economic Policy. Thus with the participation of decision makers both public and private in deciding the targets and objectives of Development Plans, the participation of the Cooperative Movement as a whole has become more important as one of the vehicles for the achievement of the goals of the New Economic Policy. The need for working together between the Movement and the Government has become most compatible

at this stage of development. For a start a M\$25 million Revolving Fund was created in 1979 for cooperatives under the Department of Cooperative Development. Similar provisions for agro or fishermen based cooperatives have continuously been made earlier.

The mutual relations between the Government and the Movement can undoubtedly be described as being very good and it is left for the Movement to create a more positive impact through its own dynamic implementation of programmes and projects. At the recent officiating ceremony for ANGKASA's Computer Service, the Deputy Agriculture Minister had reiterated thus "The Government has accepted the vital role of the country's cooperative movement in improving the people's livelihood and helping to achieve the objectives of the New Economic Policy".

7. THE COOPERATIVE DIMENSIONS

Having been introduced in 1922 as a measure to combat indebtedness amongst government servants, farmers and workers, the Cooperative Movement in Malaysia can be said to have gone a long and trying period when it is about to celebrate its Diamond Jubilee in 1982. The credit movement is more urban based catering for the Government servants and salaried employees, and is generally considered as the backbone of the Movement. The 60 odd housing cooperatives have started to make a greater impact under the programme of housing-owning democracy and 30,000 housing units are expected to be completed in the 4th Malaysia Plan (1981 - 1985). Consumer cooperation, which played a vital role in the early 50's will again emerge to give the consumers a bastion for protection against malpractices of the private trade and an annual sales turnover of M\$250 million is being targeted at the end of the 4th Malaysia Plan. Consumer goods retailing from about 700 units of shops will now include 20 petrol kiosks, which in all cases have been found to be leasing sales outlets in each particular area. Cooperatives in the development areas such as land settlers in FELDA (Federal Land Development Authority), rubber smallholders under RISDA (Rubber Industry Smallholders Development Authority), Land Schemes under FELCRA (Federal Land Consolidation and Rehabilitation Authority) and land schemes by State Government and other agencies would play positive role in improving the living standards of cooperators who participate in those schemes. Farmers and Fishermen Cooperatives will play more dominant roles in the Fourth Malaysia Plan.

The present policy is to encourage cooperatives to have large membership, adequate own capital and managed by full time, trained and dedicated staff and geared towards giving service to the individual members. There should also be adequate intercoop collaboration based on the 6th Coop. principle in order to enhance the healthy growth of the Movement.

8. STATISTICAL DATAI. Coop. Societies Under the Supervision of Department of Coop. Development As At 31st December, 1980

<u>State</u>	<u>No. Coop. Society</u>	<u>Membership</u>	<u>Share</u>	<u>Assets</u>
West M'sia	1,450	1,200,000	\$500,000,000	\$855,239,530
Sabah	263	47,135	3,151,227	30,000,000
Sarawak	310	53,461	2,650,300	22,067,200
	-----	-----	-----	-----
	2,023	1,300,596	505,801,527	907,306,730
	=====	=====	=====	=====

II. Total No. of Coop. Societies According to Functions

<u>Types of Coop. Societies</u>	<u>West Malaysia</u>	<u>Sabah</u>	<u>Sarawak</u>
Consumer	186	2	25
Industrial	21	-	-
Housing	64	-	-
Land Development	41	-	-
Transport	115	-	-
Bank/Credit	382	2	41
Insurance	1	-	-
School Coop.	244	-	28
Marketing	-	7	-
Multipurpose	-	-	164
Rise Miking	-	-	31
Secondary Coop.	-	-	9
Others	-	252	12

III. Total Membership according to Functions

<u>Functions</u>	<u>West Malaysia</u>	<u>Sabah</u>	<u>Sarawak</u>
Consumer	206,185	972	2,868
Industrial	73,208	-	-
Housing	138,155	-	-
Land Development	111,637	-	-
Transport	112,555	-	-
Bank/Credit	572,626	5,931	2,286
Insurance	100,566	-	-
School Coop.	9,926	-	10,600
Marketing	-	728	-
Multipurpose	-	-	33,802
Rise Miking	-	-	1,314
Secondary Coop.	-	-	1,914
Others	-	39,502	1,044

Angkasa presentation of the Structure of Cooperative Movement in Malaysia will be as follows:

NATIONAL LEVEL

Union - non Trading

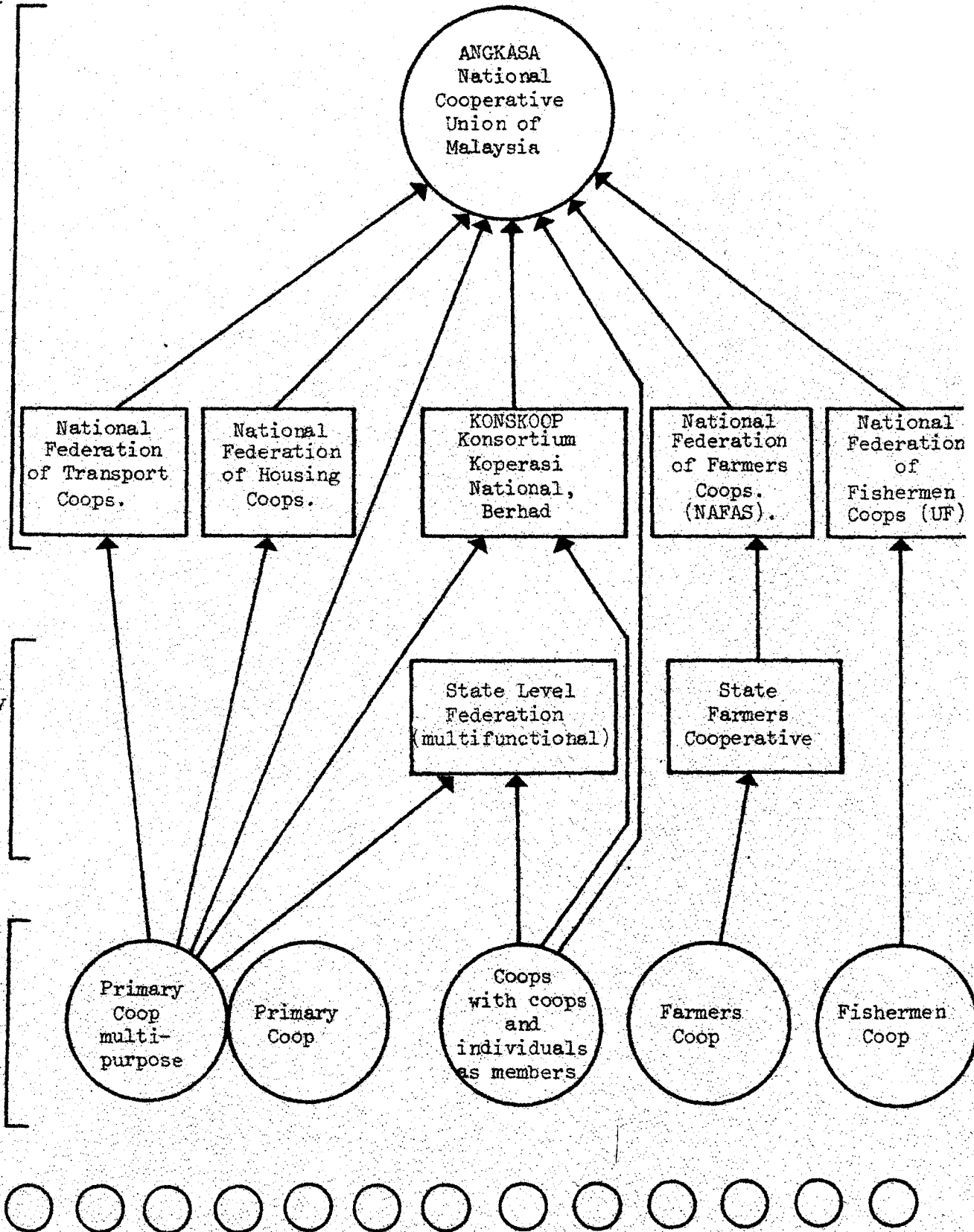
Federation - business only coops as members.

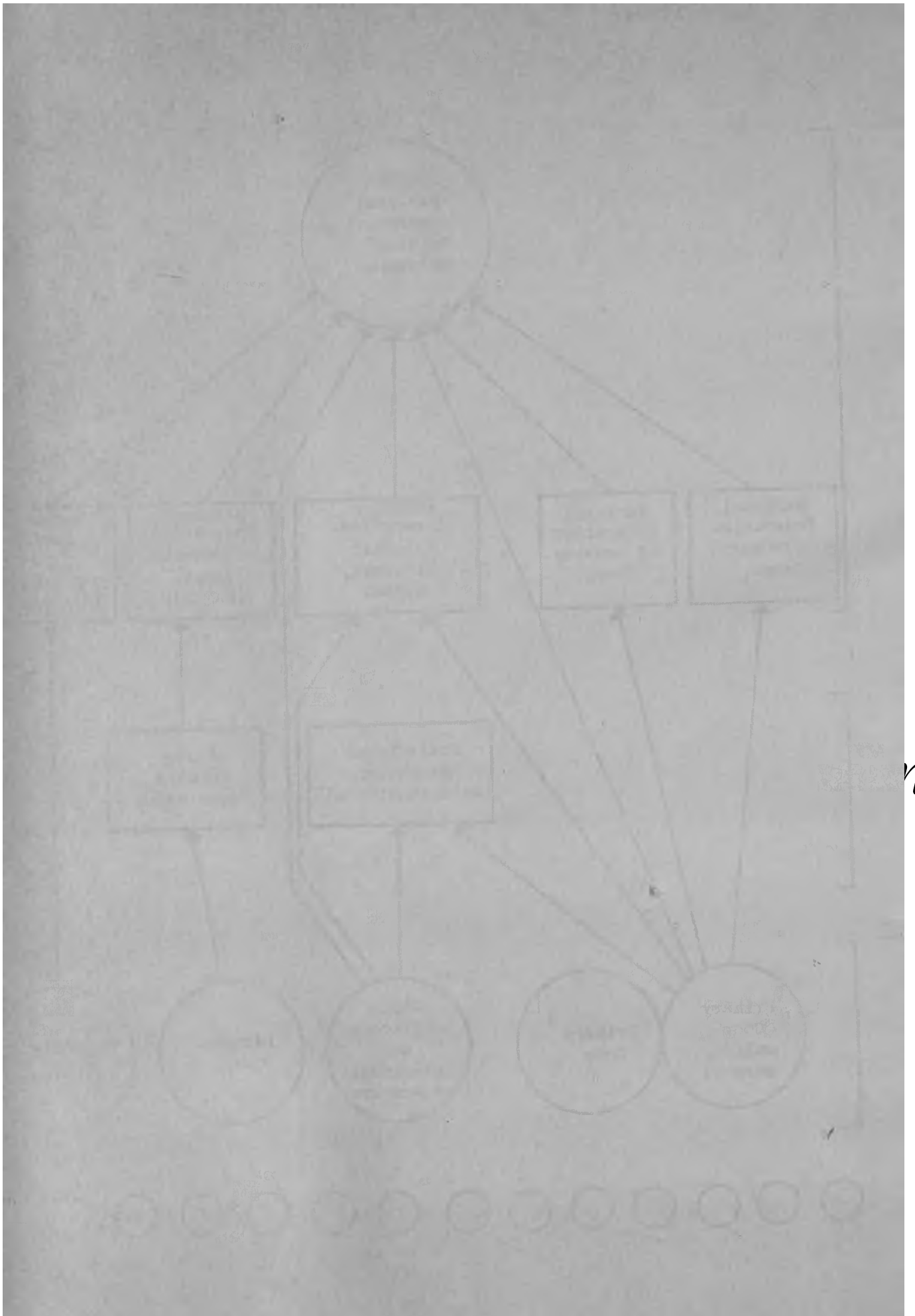
STATE LEVEL

business formed as found necessary or expedient only coops as members.

PRIMARY LEVEL

.3 million operators





n

THE DAMAYANG PATUBIGAN, INCORPORATED (DAPAT)
OF THE CENTRAL LUZON GROUNDWATER IRRIGATION PROJECT
NATIONAL IRRIGATION ADMINISTRATION /1

For about two years, the Damayang Patubigan, Incorporated has been operating in a close supervision of the Central Luzon, Groundwater Irrigation Project. This irrigation pre-cooperative is initially composed of farmer-beneficiaries of pump irrigation systems, located ⁱⁿ the towns of Laoac, Binalonan, Sta. Barbara, and San Fabian all in the province of Pangasinan.

The purposes for which this cooperative is formed are:

1. To advance the cooperative movement as a technique for improving the economic and social status of the farmer-beneficiaries of the pump irrigation systems by encouraging savings and promoting thrift to stimulate capital formation for developmental activities in implementing government policies in cooperative agricultural development for nation-building;
2. To undertake continuous education of its members, offices and committee members as well as the general public in the principle and techniques of cooperative endeavors;
3. To compensate with other Damayang Patubigan in establishing municipal and provincial Kalipunan ng Damayang Patubigan and to become a member of it; and
4. To undertake any lawful, related activity for the members self-government, social growth and economic independence under a truly just and democratic society.

¹ A pre-cooperative organization.

TYPE A

I. Prepar tory phase

1. The National Irrigation Administration (NIA) through the Central Luzon Groundwater Irrigation Project (CLGIP) shall operate the pump for one cropping, two or more croppings, putting and maintaining the same including the electric motor as well as the irrigation canals and other distribution structures in good state of repair.

2. During the same period, the association shall provide free labor from its members as may be needed, in repairs if any, to be made by NIA on the irrigation system and in the cleaning and maintenance of canals. The association shall assist in water distribution and collection of irrigation fees from its members without cost to NIA.

3. The association shall bear the cost of electric bills while NIA shall be responsible in the salaries of hired personnel assigned to the system/pumps.

4. The association shall collect from its members eight (8) cavans of palay per hectare of irrigated land during the afore-said cropping operation and pay the NIA 160 cavans (NGA standard) per pump irrigation system and retain whatever amount may remain for its capital build up.

II. Turnover of the System

1. Effective after the 1st cropping operation, the NIA shall turnover the irrigation system to the association for its operation and management in consideration of the sum of ₱364,000.00 payable in 35 years without interest in equal amortization of ₱5,200.00 payable/due every June 30th and December 31st of each year.

over to the association, all operating costs including electric power, repairs and maintenance shall be in the account of the association.

3. From the date of turnover, NIA shall provide the association free technical assistance in the training of farmers. Should the association not in a financial position to procure spare parts needed for major repairs during this period, the NIA shall provide the spare parts and undertake the repairs but the cost thereof shall be repaid by the association within a period specified for such payment.

4. The association shall charge its members a reasonable rate sufficient to cover up amortization payable to NIA and all operating and maintenance costs as well as to enable the association to accumulate a reserved fund to cover all depreciation costs and repair or replacement of components of the system.

III. NIA Supervision

1. The NIA shall to supervise the activities and operation of the cooperative until such time the ₱364,000.00 has been fully paid by the farmer.

2. The association shall submit itself to NIA supervision in order that the interest of the members are protected.

3. In the exercise of its supervisory functions, the NIA shall audit the book of accounts and records of the association's money.

TYPE B

I Preparatory Phase

1. NIA shall operate the pump during the dry cropping season covering the period _____ putting and maintaining the same, including the electric motor and accessories in good operating condition, as well as the irrigation canals and other irrigation facilities in good state of repair.

service area under the modular corporate farming scheme. This scheme shall include the following terms and conditions.

3. a) The NIA shall send the members farm holding at a rate to be agreed upon by the NIA and the farmers. Such rate will be based on the agro-economic classification of the individual farms to be determined by the NIA.

b) The individual members whose farmholdings will be rented will enter into contract with NIA before such farmholdings will be farmed by the latter.

c) Payment of farm rentals to individual members who entered into contract with NIA will be made at the start of farming operations.

d) Any member who has entered into contract with NIA may be hired as part-time worker during the course of farming.

3. During the same period, the NIA shall bear all the costs of farming operations which include production cost, pump operation and maintenance cost, repair of irrigation facilities, farm rentals and salaries and wages of all NIA hired personnel and workers assigned in the area.

4. The association shall be entitled to 10 percent of the net farm income resulting from this modified corporate farming activity, as one source of capital build-up.

This preparatory phase differs from the preparatory phase under type A. Other phases of operations however, under type A and B are the same.

After the deliberation made by NIA regarding the two schemes the association shall decide which of the two schemes mentioned shall be followed.

During the operation of the pump (under turnover phase) the association shall collect from its members four (4) cavans of palay per hectare of irrigated land per year and pay the NIA 160 cavans of palay (NGA standard) per pump irrigation system or its equivalent of ₱10,400.00. This amount represents its annual amortization and this collection will cover up only 40 hectare of irrigated land. Whatever amount in excess from this may remain for its capital build-up.

Example:

Irrigated Area	=	50 hectares
Amortization per Hectare	=	4 cavans
cost/cavan	=	₱65.00
Amortization/year	=	₱10,400.00
Income	=	$(50 \text{ has.} \times \frac{4 \text{ cav.}}{\text{ha.}} \times \frac{₱65.00}{\text{cav.}}) -$
	=	$(₱10,400.00) = ₱2,600.00$

The pump is capable of irrigating 50 to 70 hectares. Sample computation above showed that the price increase of palay is neglected. Basis of computation per kilogram of palay is ₱1.30 while a cavan of palay weighing 50 kilograms is ₱65.00.

Other Sources of Income

Rice threshers and farm tractors operating in the farm of the cooperative will be charged with a certain percentage of its total earnings as an additional capital build-up of the cooperative.

Aside from this, funds may be raised in the form of membership fees, annual dues and donations from non-members and members either in the form of cash, labor in kind and benefit programs considered appropriate and legal for the purpose.

FUTURE PROGRAMS

The association (Damayang Patubigan, Incorporate) will put up a cooperative store for the farmers to enable them acquire a much lower price of fertilizers, pesticides and many other considered beneficial to the farm.

The yearly income of the association, considering the rents for tractors and rice threshers operating yearly in the farm of the members and the income generated by the pump irrigation system could be used in acquiring a farm tractor, rice mill and rice threshers of the association. In this way, more farmers will be benefited not only the members but also other farmers who are not members of the association.

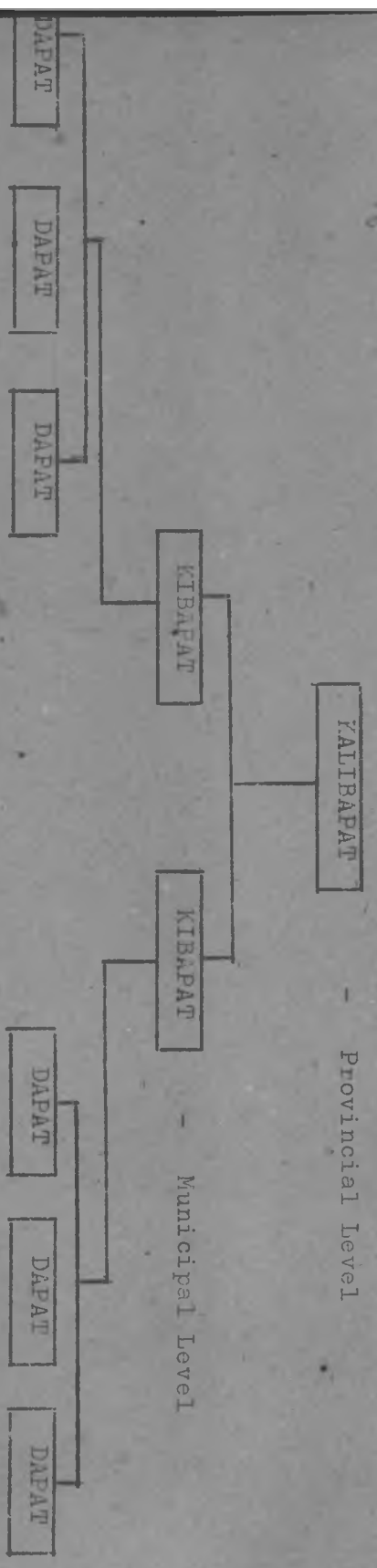
The Participants:

1. ANTONIO S. DE VERA
Chief, Agricultural Development Section
2. BIENVENIDO C. RANIEL
Head, Parcellary Mapping & Organization Unit
3. EVANGELINA E. ARCEO
Head, Farmers Assistance & Training Unit
4. TIBURCIO D. DUMAUDAN
Head, Training Group

PROJECT LINE-UP:

1. Engr. PASTOR M. ESTICKO, JR.
Chief, Irrigators Assistance Division
2. Engr. CELSO J. AQUINO
Asst. Project Manager
3. Engr. REYNALDO C. MENCINAS
Project Manager

ORGANIZATIONAL SET-UP OF THE IRRIGATION PRE-COOPERATIVE



Barrio Level

- KALIBAPAT - Kalipunan ng Bayan Patubigan
- KIBAPAT - Kilusan Bayan Patubigan
- DAPAT - Dapayang Patubigan

7TH OPEN ASIAN CONFERENCE ON 'COOPERATIVE MANAGEMENT' -
MANILA (PHILIPPINES) 5TH TO 11TH NOVEMBER 1981

COUNTRY PAPER - SINGAPORE.

BY LEONG KUM CHOON (CHAIRMAN SINGAPORE CO-OPERATIVE
HOUSING SOCIETY - DELAGATE SINGAPORE NATIONAL
CO-OPERATIVE UNION)

Co-operation came to Singapore during the 1920s. It was during this period that due to inflation and the aftermath trauma of World War I many wage earners were in the clutches of unscrupulous money lenders. Realising the relevance of co-operation the Colonial Government enacted the Co-operative Ordinance of 1924 and introduced Credit Societies. The first such Credit Society to be registered was the Government Servants Co-operative Thrift and Loan Society of 1925.

The movement progressed steadily and though there was an inactive period during the War it kept on growing until in 1965 there were 106 Societies with a membership of 53,000. A decline then set in and by 1969 there were only 94 Societies with a membership of 49,000. After 1969 the development progress began to accelerate and the movement which had been mainly of the Thrift and Loan category began to diversify and the Thrift and Loan Societies which had been the backbone of the movement began to give way to other categories of Societies, such as Consumer, Multipurpose, Housing, Transport, Insurance etc. The movement also extended its way into schools and the Saint Joseph's Institution Co-operative Society which came into existence in 1974 was the first Society of its kind. At the end of 1979 there was a total of 77 Societies with a substantially enlarged membership and a paid-up capital of 54.9 million.

With the continuing expansion and diversification the co-operatives are making headway in their bid to play a more significant role in the economic and social activities of the Country and any problem no matter how substantial or complex can be surmounted so long as the co-operation now existing among all levels continues to flourish.

1) CO-OPERATION AMONG MEMBERS AT LOCAL LEVEL

Singapore being a small country, the members of a co-operative usually come from various districts of the country. Co-operation at Local Levels thus usually means co-operation among members of the same Society who may be members of several other Societies also. e.g. a member of a Credit Society may also be a member of a Consumer Society and a Housing Society. Thus co-operation amongst members spread in this way.

Furthermore, because of its small size, and its excellent communications and transport facilities, Singapore can be said to be in a unique position whereby cooperation at the local level, in practical terms, could mean cooperation between cooperatives within the Country.

2) CO-OPERATION AMONG CO-OPERATIVES WITHIN A COUNTRY

The commonest form of co-operation amongst co-operatives in the country is what is termed "Institutional Membership" i.e. one Society buying shares in another Society either Primary or Secondary. Another form was the formation of a Secondary Society by co-operatives to facilitate their operations or pool their resources for the benefit of the movement. This form of co-operation though woefully lacking in the past is now gathering momentum. Prime example was the formation of an Investment Co-operative Society where the surplus funds of the individual Societies could be channelled for Investment in the money market. Other examples are the Flour and Confectionery Wholesale Co-operative Society, the proposed Federation of Credit Societies, Co-operative Clinic and Consumers Wholesale Co-operative Society.

3) CO-OPERATION AMONG CO-OPERATIVES ON A REGIONAL AND GLOBAL BASIS

The first step in the Development of Relations with International Co-operative Organisations was initiated by the Singapore National Co-operative Union Ltd in 1958 when it affiliated with the International Co-operative Alliance. Through its association with I.C.A. and its Regional Office it has come into contact with and established fraternal relations with other World Wide Co-operative Organisations. It was this relationship and a growing interest in foreign markets with possibilities of economic collaboration between co-operatives in the Asean and South East Asian Regions that led to the setting up of an international co-operative trade centre catering to the trading needs of all the co-operatives in the Region. The Centre known as the International Co-operative Trading Organisation was set up in Singapore and commenced operations in July 1975 with an authorised capital of \$1,000,000/-. The shareholders were Co-operative Societies from Philippines, Malaysia, Indonesia, Thailand, Australia, Iran, Sri Lanka and Singapore.

Another step in the co-operation on a Regional Basis was the formation of the "Asean Co-operative Organisation" in December 1977 by the 5 Asean Countries mainly Philippines, Malaysia, Indonesia, Thailand and Singapore. The object was to promote close collaboration amongst the co-operative movements in the Region and accelerate the growth and progress of their activities, to establish working relations with other organisations - regional and international - and to promote inter co-operative trade.

Lecture Paper

COOPERATION AMONG MEMBERS AT LOCAL LEVEL

By

Mr. C.M.B. Bogollagama
President
National Co-operative Council
of Sri Lanka

to be presented at

7th OPEN ASIAN CONFERENCE
Manila, Philippines - November 5 - 11, 1981

jointly organized by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia, "Bonow House"
43 Friends Colony, New Delhi, 65
India

COOPERATIVE UNION OF THE
PHILIPPINES, Rm 400-F, Fourth Floor
N. Dela Merced (Delta) Bldg.
West Avenue, Quezon City

Ministry of Agriculture
Gov't. of Rep. of Philippines

7th OPEN ASIAN CONFERENCE

5th - 11th November 1981 - Manila
Philippines

Paper Presented by: Mr. C.M.B. BOGOLLAGAMA
President
National Co-operative Council
of Sri Lanka

Sri Lanka is deeply involved in developing the standard of living of the common man within the framework of our socio-economic system. Co-operation brings together the limited resources of people of small means and opportunities for pronounced economic and social ends. Co-operatives, as you know, are widely recognized as the instrument for planned economic and developmental action in the developing countries. However, it is evident that the socio-economic environment affects the Co-operative Development to a great extent. Co-operation as a system of economic organization commenced in Sri Lanka with the beginning of the Credit Societies in 1906. Through the years various types of societies have been established along with the increasing of membership. Today there are about 3450 active cooperative societies of various types with a total membership of about 2,700,000.

Co-operatives have direct contact with the people. They prove to be important media in the efforts to enlighten the people in the correct direction and encourage participation in community development. Development of the Co-operative Movement through member participation could be effected if social, cultural and educational services closely related to common society are provided by co-operative societies as a whole. Their establishment and progress depends on people's thoughts and actions. As such, members are the life-line of the Co-operative Societies and we must at all times strive to increase and encourage member participation.

CO-OPERATION AMONG MEMBERS AT LOCAL LEVEL

In Sri Lanka we always encourage member participation in all co-operative spheres. A well planned co-operative member education programme is being carried out through-out the country by the National Co-operative Council and the Department of Co-operative Development. This training is oriented to cater to all types of societies at different levels. Professional training and in-service training are provided to employees according to the activities they are involved in the societies. Special programmes are carried out for the members of the Schools' Co-operatives to guide school children (higher standards) in the Co-operative way.

Another programme carried out by the National Co-operative Council of Sri Lanka (N.C.C.) is the organization of Co-operative Women's Committees with the purpose of increasing women's participation in the Co-operative Movement and thereby enhancing their economic, social and cultural status. Women in most rural areas have joined together to form Women's Co-operative Societies at branch level, society level, district level and finally at national level under the auspices of the N.C.C. We find great interest shown by the women in the activities of these committees and more members are joining in their programmes.

The "Buy a Bucket of Water Campaign" originated by the I.C.A. during the International Year of the Child has enabled us to bring the Co-operatives to the forefront and effect community development in the rural areas. Through this programme we have constructed 28 wells in the dryzone areas where there is severe scarcity of drinking water. These wells have proved to be so useful that we are encouraging the members to construct such wells through voluntary participation.

It is essential that more and more consumers join the Co-operative Societies as members and take a keener interest in the affairs of their societies. The existing members, though they are aware of the value and importance of co-operatives, require a keener awareness of their responsibilities. Therefore we in Sri Lanka are taking more interest in systematically planned member education schemes. If the membership is strong and educated in co-operative methods and work in cooperation, mobilizing all our resources we could break down barriers set up by unscrupulous sections of the societies and create a better world for our community.

CO-OPERATION AMONG CO-OPERATIVES WITHIN A COUNTRY

The strength, efficiency, independence and social acceptance of the Co-operative Movement depends not only on the membership but also on the loyal collaboration within the Apex Unions and the different types of Co-operatives at society levels. The Co-operative societies must unreservedly support one another and act together in a united effort to realize the objectives and ideals of the Movement.

In Sri Lanka the ration book system was completely devaluated in 1978 and a new Food Stamp Scheme was put into operation. The M.P.C.S.'s faced a crisis, for nearly 50% of the ration books were devaluated and the remaining ration book holders had the option to go to any authorized private dealer for their rations. However, nearly 95% of the members stuck to their co-operatives showing their faith in the co-operative way.

The Government has liberalised imports and the monopoly the Co-operatives had in distribution of essential consumer commodities has disappeared and they are faced with the situation of having to survive in a very competitive atmosphere. With the new policy

of the Government of encouraging a viable economic based on healthy competition between the private, public and co-operative sectors the co-operatives faced a challenge it has never encountered before. It is in this instance that the National Level Co-operative Organization of Industrial, Agricultural, Fisheries and Consumer Sectors should unite and bring about active participation of their member societies.

To bring about better co-ordination between member societies a meeting of the Presidents of the M.P.C.S.'s in the whole Island was recently organized by the N.C.C. and important issues affecting the Co-operative Movement in present times were discussed. The N.C.C. maintains close relations with all types of co-operative societies. In this context a Textile Exhibition was held with the participation of all Textile Co-operative Societies in the Island bringing about unity within these societies. With the assistance of the N.C.C. the Credit societies in Sri Lanka in 1906, have formed the Federation of Co-operative Thrift and Credit Societies in 1980.

CO-OPERATION ON REGIONAL AND GLOBAL BASIS

It is essential that a National Co-operative Movement has close contact and liaison with the Co-operative Movements not only in neighbouring countries but Internationally for the benefit of the Movement. In Sri Lanka International co-ordination and relation are maintained through the N.C.C. which is affiliated to the I.C.A. A number of foreign co-operators visit our country annually to study our co-operative methods while, co-operators from Sri Lanka get ample opportunity for visits and training abroad through the good offices of the I.C.A., UNESCO, and the ILO.

At present there are two on-going Internationally assisted Projects, namely, The Teachers Training Project and the Women's Consumer Education Project. The SCC, SIDA and ICA are assisting

these Projects. There is also a Research Project conducted on Small Farmer Development with assistance from the Netherlands Government. The training offered through these Projects help us to strengthen the co-operative movement in Sri Lanka. The N.C.C. conducts International Seminars in Sri Lanka and also participates in seminars organised in the Region.

STRENGTHENING CO-OPERATIVES

The N.C.C. maintains close relations with the Ministry of Food and Co-operatives and the Department of Co-operative Development in all matters pertaining to the development and betterment of the Co-operative Movement. Close ties are maintained also with the School of Co-operation in educational activities, the People's Bank who provides banking facilities, and also with other departments and institutions involved in trade and community development.

As the ideological apex organization of the Co-operative Movement in Sri Lanka the N.C.C. promotes co-operation among members and societies by various methods:

Through its 26 district education centres it conducts different types of professional and educational training programmes for directors, members, society employees, committee members and school children. It also conducts a postal educational course. It maintains a well-equipped Library, which is open to all cooperators. Work is being finalised at the moment in the National Co-operative Training Institute which will be opened in the near future.

There are close upon 1000 Schools' Co-operative Societies in Sri Lanka with a membership around 215,278. Steps are being taken to request the Ministry of Higher Education to make Co-operation

a subject included in the syllabus for the Degree in Development Studies.

Initial steps have been taken and by-laws drafted to set up a Co-operative Hospital Societies Union to unite co-operative medical institutions of western and indigenous medicine. Steps have also been taken to set up an Insurance Co-operative Society, a Co-operative Bank, a Co-operative Travel Service and Co-operative Security Service.

The Photographic Unit, the newly commenced Accountancy and Tax Consultancy are facilities provided by the N.C.C. to the Co-operative Movement to strengthen and promote its development. The implementation of an effective propaganda and publicity campaign is essential to create an awareness among the members and potential members. For this purpose, the N.C.C. maintains a Cinema Unit and also publishes the only Co-operative News Paper "Samupakaraya" in Sinhala and Tamil. The Architectural Unit of the N.C.C. provides facilities for the Co-operative Sector as well as the private sector at very nominal rates. The N.C.C. has established a Co-operative Printing Press for the benefit of all.

In this manner the N.C.C. keeps the Societies alive to their responsibilities with a view to help the movement to face common problems and policies.

cfc/11/6/81

A COUNTRY PAPER OF THAILAND

by

TEERAWIT KOONSAP
Director
The Cooperative League of
Thailand

to be presented at

7TH OPEN ASIAN CONFERENCE

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COOPERATIVE UNION OF THE
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Quezon City

7th Open Asian Conference on Cooperative Management

Manila, Philippines - November 5-11, 1981

A COUNTRY PAPER OF THAILAND

By: TEERAWIT KOONSAP

Director

The Cooperative League of Thailand

General Background

The first cooperative society in Thailand was organized, as a village credit society with unlimited liability in 1916. In thirty-eight years after that, the cooperatives have been promoted by the government reaching a total member of 10,338 societies, out of which 9,819 were village credit ones.

In 1943, the Bank for Cooperatives, a financial centre of all types of cooperatives was set-up. But it was superceded by the Bank for Agriculture and Agricultural Cooperatives in 1966. The present Bank is providing loans to individual farmers and to agricultural cooperatives only.

In 1968, the Cooperatives Societies Act was promulgated, embodying two new features; the mulgamotious of cooperatives, and the establishment of the Cooperative League of Thailand.

At present, all 9,684 village credit cooperatives were merged into 410 multi-purpose agricultural cooperatives at district level.

Cooperatives in Thailand are classified into 6 types, namely: Agricultural Cooperatives, Land Settlement Cooperatives, Fishery Cooperatives, Thrift and credit Cooperatives, Consumers' Cooperatives, and Service Cooperatives. The first three types are agricultural cooperatives and latter are non-agricultural ones.

Their statistiqal record are as follows:

Agricultural Cooperatives, 1980

	<u>Agricultural Coops.</u>	<u>Land Settlement Coops.</u>	<u>Fishery Coops.</u>
1. Number of Societies	857	57,111	12
2. Membership	743,105	66,523	2,489
3. Share Capital (baht)	536,809,954	14,073,409	801,150
4. Operating Fund	4,877,199,731.	194,468,958	8,137,629

5. Reserve Fund	389,381,101	13,981,522	121,483
6. Other Funds	99,319,500	20,284,631	37,997
7. Net Profit	127,281,533	4,555,749	146,290

Note: Baht 23 = US \$ 1

Non-Agricultural Cooperatives 1980

	<u>Thrift & Credit</u>	<u>Consumers'</u>	<u>Services</u>
1. Number of Societies	327	198	171
2. Membership	514,695	303,538	41,570
3. Share Capital (Baht)	1,980,977,707	41,398,886	14,677,290
4. Operating Fund	2,673,077,353	406,319,445	367,073,369
5. Reserve Fund	104,428,921	60,388,340	4,950,142
6. Other Funds	9,920,695	35,928,826	4,198,573
7. Net Profit	199,992,614	66,522,726	5,816,724

Cooperation among Members at the Local Level

Agricultural Cooperatives

Agricultural cooperatives are established at three levels; primary societies at a district level, cooperative federations at provincial level, and a national level.

Cooperation among members of agricultural cooperatives at the local level may be observed from the two features:

1. Every member must join in a group of members formed by the members who live in adjacent area and have similar characteristic in agricultural occupation. The group activities are; (1) to consider and certify the selected applicant before the Board of Directors; (2) to elect representatives of members to attend the general meeting; (3) to investigate loan utilization of members; (4) to inquire borrowers about method of loan repayment; (5) to supply commodities; (6) to provide equipment for members' utilization; (7) to store and handle members' products for sale; (8) to act as a medium of the extension of agricultural or industrial production technics; (9) to act as a medium for the cooperative education; (10) and other things concerned.

2. At present, a credit line for each members is set, not exceeding 40,000 baht. A short-term loan of net exceeding 10,000 baht can be granted against joint liability of a group of not less than ten members.

Non-Agricultural Cooperatives

Non-agricultural cooperative group has performed some cooperation among members. For example, in many mini-bus drivers cooperatives, arrangement has been made for member to run their buses according to a suitable period in order to share fair income and fuel saving. In the thrift and credit cooperatives, a formal practice of two members jointly guarantee against loans granted to one member has been done fairly well.

Cooperation among cooperatives within the Country

Agricultural Cooperatives

1. Secondary cooperatives At least three or more primary cooperatives can join together to form a provincial federation. It's functions are to serve local cooperatives in many fields of business such as to undertake rice milling, tapioca processing, feedstuff mixing and so on. At present, there are 27 provincial federation with the membership of 283 societies.
2. National Federation The National level comprises primary and provincial federations. The Agricultural Cooperative Federations of Thailand, Ltd., (ACFT) is the apex society of agricultural cooperatives in Thailand, serving 570 member societies throughout the country in farm marketing, supplies including the importing and exporting business.

ACFT has acquired a modern corn kilo with a capacity of 30,000 metric tons.

3. Inter-Cooperatives Trading. Some cooperatives located in rice production area have made transaction in rice and other products trading with other cooperatives. In such performing, the principle of cooperation among cooperatives has been accessed to some instance.
4. Production Credit and Marketing Linkage, Programme for Rice:

Agricultural co-operatives entered new era of co-operative marketing system in 1981, when the co-operatives were included in the government's price support programme for paddy. The co-operatives Promotion Department (CPD), in an attempt to create the efficient marketing system within the co-operative movement, started the implementation of the production Credit and Marketing Linkage

Programme for Rice. Under this programme, the National level, Agricultural Co-operative Federation of Thailand (ACFT) together with 19 provincial co-operative federations and 339 primary agricultural co-operatives, with their facilities of 37 rice mills and 510 paddy storages have participated in the programme.

The Production Credit and Marketing Linkage Programme for Rice is implemented within a co-operative system, aiming at strengthening the co-operative bargaining power as well as reducing marketing costs so as to enable co-operatives to compete with the private traders. This programme is co-operated by the concerned agencies:

1. The Agricultural Co-operative Movement

The primary societies will perform the only function of collecting and grading of paddy produced by the members and deliver paddy to the rice mill of any primary societies or provincial co-operative federations which will undertake only processing of paddy and deliver to the warehouse of Agricultural Co-operative Federation of Thailand, which acts as a distributor of rice and takes the responsibility of making the sale agreement and deliver contract with the Public Warehouse Organization of the Ministry of Commerce.

2. The Bank for Agriculture and Agricultural Co-operatives and the Co-operatives Promotion Department are the main sources of funds to finance the primary societies for paddy collecting.

3. The Public Warehouse Organization is in charge of purchasing several kinds of rice on the quantities and prices as fixed by the agreement between the Organization and the ACFT.

4. The Co-operatives Promotion Department takes the responsibility of supervising the activities of the programme, such as the capital used, paddy collecting, grading, storing, transportation, processing and distributing to be appropriate and consistent with the agreed principles.

First Year Performance

The farmer members of 339 primary societies delivered 121,400 mt. of paddy valued at 397.4 million Baht, of which 293.6 million Baht was collected in cash, and paddy valued at 103.8 million Baht was delivered for loan repayment which

accounted for 26% of total paddy collection approximately. The first year operation has proved successful in term of co-operation among co-operatives, and the member farmers received the price of paddy at, in some place, higher than the Government fixed price.

Thrift and Credit Cooperatives

The thrift and credit cooperatives are organized at a primary level since 1949, in order to promote savings and extending loans among members to meet necessities both in urban and rural areas. There are at present 310 societies with membership of 540,531 householders. Their own funds are accounted to 2,936 million baht and a net profit of 225 million baht.

Primary cooperatives has joined together to form the Thrift and Credit Cooperative Federation of Thailand, Ltd. in 1972, to serve as a financial centre of its affiliates.

Consumers Cooperatives

In 1937, the first consumers cooperative was established and being promoted both in urban and rural areas since then.

At present, there are 198 societies with a membership of 358,402 householders. Their own funds comprise 241 million baht with a business volume of 1,751 million baht, and a net profit of 87 million baht.

In 1952, the Cooperative Wholesale Society of Thailand was organized in order to make direct purchase with producing sources for the benefit of its affiliates. It was changed to the Consumers Cooperative Federation of Thailand, Ltd. in 1975.

The Cooperative League of Thailand

The Cooperative League of Thailand was organized in 1968 as an Apese Organization on non-profit making basis consisting of all types of member cooperatives to give aid and assistance to cooperative societies on education and training.

The main objectives of the League are to promote and develop the cooperative movement in Thailand, to conduct research, education and training and assist the leadership within the movement, to build and expand cooperative activities and to serve as the representative of all

cooperative in the country.

Cooperation among Cooperatives on a Regional and Global Basis

International Cooperative Alliance (ICA)

Thailand's cooperative movement, represented by the Cooperative League of Thailand has been affiliates with ICA. The highlights of the cooperation between the cooperative movement in Thailand and ICA Regional Office and Education Centre during 1980-81 are as follows:

1. Better Living Activities through Agricultural Cooperatives. ICA RO & EC and the Cooperative League of Thailand held a National Seminar on Better Living Activities through Agricultural Cooperatives, in February 1981. Two proposals for starting cooperative better living projects have been made in Thailand. The project objectives are:
 1. To enable the housewives to fully utilize their leisure time in more productive manner by introducing suitable income generating activities.
 2. To encourage the housewives to develop leadership ability and to play more important role in cooperatives and in community development.
 3. To provide educational programs with activity aimed at family welfare, namely, nutrition, cooking, food preservation, health, family planning, consumer protection, etc.
 4. To educate women in principles and practices of cooperation with the views to enhance their participation in cooperatives.

The project is to be carried out in three agricultural cooperatives in Yasothon Province. About 300 women in three societies will be involved in the project. Funds for the implementing the project are being sought from SCC.

(7)

The second project involving five (5) societies is being formulated by the Cooperative League of Thailand.

2. Research Study on "Cooperatives and Small Farmer Development: Implementations for Government Guidance and Supervision". The study has been done in Thailand by local researchers. At presentation workshop held in the country, the government and the movement have accepted the programs and are actively supporting the proposed activities. The Netherlands Government through the embassy in Thailand has already helped some project financially.
3. Cattle Feed Raw Material Conference. The conference was held in Thailand during April 1981 in collaboration with the Agricultural Cooperative Federation of Thailand and the Cooperative League of Thailand. An important objective of the conference was to promote trade development in respect of cattle feed raw materials among cooperatives in the participating countries.
4. Sub-Regional Workshop on Cooperative Press and Publicity. The workshop was held in Bangkok, Thailand by the ICA RO & EC in collaboration with the Cooperative League of Thailand during April and May 1981. Fifteen participants from Indonesia, Korea, Malaysia, Singapore and Thailand attended the workshop.
5. Course in Cooperative Education Methods and Audio Visuals Techniques. The course was held in Thailand by the Cooperative League of Thailand in collaboration with ICA RO & EC during July, 1980. Emphasis was laid on participative and audio-visual techniques, such as case studies, role plays, overhead transparencies, coloured slides, posters and flip charts.

The European Economic Community (EEC)

With the objective to provide a comprehensive practical education and manpower development programme for all agricultural cooperatives' committeemen, and management team consisting a general manager, credit officer, market officer and cashier or bookkeeper on a regular basis, the National Agricultural Cooperative Training Institute (NACTI) of the Cooperative League of Thailand was established in 1981 with the financial support from the EEC. In the first three years, NACTI will be administered through a steering committee appointed by the Office of the Prime-minister.

Cooperation between Thailand and Japan

The government of Japan has extended assistance on Agricultural co-operatives to the Government of Thailand in various projects:

(1) Project on Maize Development. It is a 3 year co-operation project started from 1978 extended to 1982, with the purpose to improve maize productivity by employing modern agricultural methods and intensifying activities of agricultural co-operative, under this project, the Co-operative Demonstration Center was jointly established by the Government of Japan and the Government of Thailand in the maize producing provinces to conduct the programmes such as seed processing, experiments, demonstration of advanced techniques and farm mechanization systems and for training of co-operative staff and co-operative members as well as general farmers. The project areas cover five major maize producing provinces in which six agricultural co-operatives and five farmers' groups have been selected as the key extension basis.

(2) Project on Promotion of Agricultural Co-operatives in Thailand. In 1981 the Thai Government by the Co-operatives Promotion Department, and the Japanese Mission have jointly planned the co-operation project on Promotion of Agricultural Co-operatives in Thailand, with the objectives to develop and strengthen agricultural co-operatives through an integrated co-operative system or a total system approach covering various needs of the small farm members in order to increase agricultural production and improve economic and social conditions of their members.

ILO/SIDA COOPTRADE Project

This co-operation in which Thailand's co-operative movement has also participated, aimed at promoting inter co-operative trade relations. The highlights of activities under this project in 1980-1981 are:

(1) A national workshop was organized jointly by the Co-operatives Promotion Department, the Co-operative League of Thailand, the Agricultural Co-operative Federation of Thailand Ltd. and the COOPTRADE Project in May 1980 23 participants, 4 observers and 19 resource persons attended the meeting. Background papers on the following products were prepared for and discussed at the workshop: bamboo shoots, cut flowers, handicrafts, maize, marine products, oranges, pine apples, rice, tapioca and tobacco.

(2) The International Co-operative Alliance (ICA), New Delhi and the Agricultural Co-operative Federation of Thailand Ltd and the Co-operative League of Thailand jointly organized a Commodity Conference on Cattle Feed Raw Materials, April 1981, with a view of bringing together co-operative sellers from some Asian countries and co-operative buyers from some developed countries.

(3) The short-term consultancy on Marketing of Tapioca in Thailand including possible Co-operative Direct Investment in Domestic and Export Trade was made by a COOPTRADE team member, in collaboration with the Co-operatives Promotion Department and the Agricultural Co-operative Federation of Thailand Ltd. during June - July 1981.

(4) A project proposal on short-term consultancy services on tropical fruits and vegetables is being worked out together with representatives of the Co-operatives Promotion Department, the Co-operative League of Thailand Ltd. in October 1981.

ILO/MATCOM

In an attempt to develop the co-operative training materials in Thailand, ILO has supported the MATCOM Programme for Thailand under which the MATCOM Material Policy Committee was appointed to scrutinize the adaptation of MATCOM material to best serve co-operative education and training in Thailand. Three workshop and a test seminar for training of trainers were organized jointly by ILO and the Co-operatives Promotion Department during 1980 - 1981 namely:

- (1) 3 days Workshop for MATCOM Material policy committee.
- (2) 3 days test Seminar on supply Management.
- (3) One week test seminar on Project Preparation and Appraisal.
- (4) Four week course on training of the trainers.

F A O

Assistance to agricultural co-operatives in paddy procurement and parboiling. The project started in 1979 with the objective of improving the efficiency of rice processing in all stages of operations from procurement to marketing in order to prevent quality deterioration, minimize losses and wastage in handling, storage and milling, and to higher quality of processed rice.

FAO/UNDP

Assistance to concentrate and improve the management and business performance of four representative agricultural co-operative societies on an integrated management approach as a pilot scheme in order that they could be replicated throughout the country. This project has started the preparation in 1981.

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International Cooperative Alliance

LECTURE PAPERS

LECTURE PART 1

COOPERATION AMONG MEMBERS AT THE LOCAL LEVEL

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COOPERATION AMONG MEMBERS AT THE LOCAL LEVEL (Summary

I. Introduction

The majority of Japanese agricultural cooperative has left much impression on the improvement of member farmers' farming and living conditions as an organization of cooperative activities during eighty years of its long experiences. By the way, Japan' high economic growth for a period of 15 years since 1960 brought big changes to member farmers, agricultural cooperatives and agriculture in Japan. These changes, however, caused much more deficits than benefits to Japanese agriculture, that is, they made conditions of agricultural production being worse and weakened members' participations to the society. Later, Japan' economy came to enter into the period of low economic growth. At the time entering this period, National Congress of Agricultural Cooperatives was held in 1976, and it made a resolution that agricultural cooperatives throughout the country should build up strong structures in order to cope with any environmental changes and promote them as a basis of members' cooperative activities. The resolutions adopted by the Congress are now under practicing.

In recent years, agricultural cooperatives themselves has conducted the movement for establishing the re-organization of Japanese agriculture from regions so as to cope with recent agricultural situations in Japan where main agricultural products like rice has been forced to control their production. This cooperative movement was adopted at the 1979 National Congress of Agricultural Cooperatives, and is being implemented.

Nevertheless, these two movements adopted at each Congress require the active practice and highly and concrete cooperative activities of each member farmer.

II. Members' Organizations/Groups For Cooperative Activities

Members' cooperative activities are conducted through various kinds of members' organizations and groups, and they are the basis for the management and business activities of the society.

Moreover, the activities of main members' organizations/groups on the area of farm management are presenting in this paper.

A. Organizations in "SHURAKU" Districts

"SHURAKU" organizations has been promoted as an organization of farmers' mutual aids and regulation which is centered on rice production, as well as the basic organization of regional community in Japanese rural districts for a long time. However, accompanied with various changes occurred in Japanese agriculture and rural districts, the role of function on agricultural production played by "SHURAKU" organizations has been weakened in one hand under the high economic growth in Japan. In parallel with this, individual farmer's farm management has been protected its further development, and the situation which resources in regions have not been utilized in effective way is came to the surface. Therefore, a new adjusting function on regional agricultural production is expected again to organizations in "SHURAKU" districts.

B. Commodity-wise Producers' Group

As the livestock and horticultural production have increased their importance in the agricultural management which traditionally centered on rice production, commodity-wise producers' groups are organized by member farmers with common conditions, such as the same major commodity, same scale of operation area and the same interests as well as the requests. Many commodity-wise producers' groups has been formed within so short a time, and activities of them has also been strengthened gradually. However, it became difficult for the group to conduct unified cooperative activities of group members under the high economic growth in Japan, and the group became to face resource and environmental problems under this situation.

Presently, principals(directions) of the group and its activities is looking over again even in gradual pace.

C. Agricultural Production Organization(Collective
Production Organization/Groups)

In the past, manual labor works centered on rice production have been conducted jointly by a unit of "SHURAKU" district. However, as it has been progressed that farming conditions was changed under the introduction of farm machineries and increased opportunities for farmers to find occupations into non-agricultural sectors due to the high economic growth in Japan, cooperative activity organizations have undergone many changes according each step. Individual member farmer's farm management as well as these agricultural production organizations/groups are regarded as the management subject who play an important role in conducting re-organization of agriculture in rural districts.

III. Conclusion

- The task which should be considered by officials and employees of the society for promoting members' cooperative activities -

- A. How We Should Arouse Members' Spontaneousness
- B. How We Should Promote Independent Activities of Members' Group/Organizations
- C. How We Should Establish the Cooperative Management System in Which the Members' Participations are Secured Through Their Activities of Groups/Organizations

COOPERATION AMONG MEMBERS AT THE LOCAL LEVEL

- Activities of Cooperative Members' Organizations in the Field of Farm Management -

I. Introduction

A. History of Agricultural Cooperatives in Japan

Japan's cooperatives had been organized by the farmers with frontier spirits before the enactment of a law in 1900. Under the law, the antecedent of today's agricultural cooperatives was formed as an industrial cooperative and it has more than eighty years of its experiences.

Most of agricultural cooperatives have the origin of their establishment in 1947 or in 1948. Therefore, the society has left much impression on the improvement of farming and living conditions for member farmers during thus long history.

B. Changes in Agriculture, Agricultural Cooperatives and Farmers by the High Economic Growth in Japan

Japan's high economic growth had been continued nearly for fifteen years since 1960, and it made a great contribution to make peoples' life improved materially and conveniently. However, this has also brought some severe problems, such as the waste of energy resources and the destruction of nature.

i) Changes in cooperative members and Japanese agriculture

The high economic growth of Japan has also affected the situation of Japanese agriculture, agricultural cooperatives and member farmers as a big distortion.

The income of member farmers was increased considerably, however, the agricultural income of farmers has been stagnated compared with the increasing rate of wage-earners' income. This results that more farmers increasingly depend on their income from non-agricultural occupations. Moreover, the

major part of farm works is done mainly by women and aged peoples due to the increased number of part-time farmers and the difficult situations for securing successors, although the farm works have been reduced and lightened by the mechanization in agricultural farmings.

On the other hand, some farm lands have been ruined because of the construction of industries and houses and others have declined their fertility, which have generally weakened the basis for the agricultural production. Farmers' willingness toward agricultural production have been discouraged by agricultural policies of being depended on imported agricultural products and of putting a priority on industrial sectors as well as of controlling rice production.

ii) Changes in business activities and organizational structure of agricultural cooperatives

As far as the change in agricultural cooperatives is concerned, the business turnover of the society has been greatly expanded. However, the members' expectation toward the society has been varied owing to the alternation of generation as well as the diversification and the different nature of their farm works and living conditions. Under these situations, the society is unable to cope with such diversified demands from member farmers, and the members themselves have weakened their consciousness as a cooperative member. As the result of these, it has been worried that the cooperative management would remain unstable in severe competitions with other private companies.

C. Conduct the Campaign for Strengthening Cooperative Activities

Most of agricultural cooperative society throughout the country organized discussions of member farmers on how to overcome such critical situations surrounding them at the grass-root level during the first half of the year 1976. On the basis of suggestions and recommendations made at these members' meetings in the country, the 1976 National Congress of Agricultural Cooperatives was held in Tokyo which adopted the resolution of conducting

the above campaign, and confirmed that the campaign should be run through the entire agricultural cooperative organizations from members at the grass-root level for the purpose of strengthening cooperative activities.

Japan's economy has been greatly changed to stagnate its growth rate around since 1975, and the situations surrounding Japanese agriculture, agricultural cooperatives and their members have become more severe in this connection. Therefore, the agricultural cooperative organizations throughout Japan were confirmed to build up the strong organizational structure and management so as to cope with any environmental changes and today's situation of low growth rate in Japanese economy.

i) Aims of the campaign for strengthening cooperative activities

The concrete aims and ways of this campaign may be differed by the members' situations, wills, fields of activities and the conditions of society's organizational structure. Therefore, with the view to promoting members' participation and the unity with cooperative societies, the society is to seek for ways for strengthening cooperative activities through thorough discussions and close communications with members. Not only the general will of members, but also their creative ideas should be reflected in these ways. Furthermore, the society should involve members to the cooperative activities through these practices of these ways. This campaign is required to carry out on the long term basis, however, the interim targets are to be made for cooperative activities during every three years in order to accomplish them in a planned way. The Second-Three-Year Campaign for Strengthening Cooperative Activities is now being implemented.

D. Tasks of Japanese Agriculture and Measures of Agricultural Cooperative in 1980s

(Re-organization of Agriculture from the Local Level)

The supply and demand situation of food is forecasted to be tight in the world in 1980s, however, Japanese agriculture have been focused to control its major agricultural and

livestock products, such as rice and the like, on account of depending more than a half of food on foreign countries. Therefore, the agricultural cooperative organizations throughout the country are going to reorganize and establish Japanese agriculture by themselves from the local level under the resolution adopted at the National Congress of Agricultural Cooperatives in 1979. In parallel with the Second-Three-Year Campaign for Strengthening Cooperative Activities, this is now under practice by Japanese agricultural cooperatives.

i) Ways to promote the reorganization of agriculture from the local level.

The basic point for reorganizing Japanese agriculture is that all the society should ascertain the future direction for reorganizing the regional agriculture in cooperation with member farmers, and pursue it in a planned way. Within this framework, agricultural cooperative organizations should carry out their own measures for improving the supply and demand situations of major agricultural & livestock products. For the purpose of doing this, each of agricultural cooperative societies is requested to make up and practice its own regional agricultural promotion plan under the collaboration with members in order to increase the productivity. With this practice, agricultural production and marketing plans on major agri. & livestock products, which are a part of the promotion plan, are to be piled up to the organizations at the national level through them at the prefectural level in order to be a national plan of production and marketing of agri. & livestock products. Then, the national plans will be compared with the forecasted demand of agricultural and livestock products made in advance. If there happens any gaps between the two, agricultural cooperative organizations should have a discussion with the government and carry out necessary cooperative measures for adjusting the supply and demand of agricultural and livestock products, while necessary informations should be informed to member farmers.

These two big movement (C & D) are to be accomplished by the concrete and highly cooperation of each member farmers.

III. Members' Organization For Cooperative Activities

Members' cooperative activities are carried out by various members' organizations and groups on both sides of the better-farming and better-living. These members' activities, as a basis or a foundation of the agricultural cooperative society, bring about the democracy and well-planned manners to cooperative management and business activities of the society and lead the society to produce cooperative profits.

In this connection, this paper is presenting on the activities of important members' organizations in the field of farm management.

(See Fig.1)

"SHURAKU" Organizations(see Fig.2)

A. Function of "SHURAKU" Organizations on Agricultural Production

"SHURAKU"(cluster of houses in rural districts) was formed as a voluntary organization of farmers who live in the same rural district, and had played various roles like mutual aids and regulations not only on the farm management but also on the better-living for farmers as a basic regional community of Japanese rural districts. Therefore, the "SHURAKU" has been promoted for a long time and the mutual cooperation among farmers being attained by "SHURAKU" organizations/groups are inevitable for them to manage their farmings, which is traditionally centered on rice production in small scattered farm lands, in the following activities.

- i) Land consolidation projects including small-scaled land improvement
- ii) Improvement and utilization of drainages
- iii) Conduct the joint farm works on rice production
- iv) Joint utilization of forest lands which is a resource of firewoods, soil dressing and manure

One of "SHURAKU" organizations/small groups functioning the above is called as a farming association or a farm household association (organized by only farm households).

These organizations/small groups have also being a basis of agricultural cooperative activities.

B. Trends to Weaken the Function of the Function of Organization in "SHURAKU"

From a socio-economic point of view, the number of part-time farmers has increased and non-farmers have moved to rural districts under the situation of high economic growth, started from around 1960. On the other hand, while livestock and horticultural production have increased their ration in the total agricultural production in Japan, the main product and the management scale of farmers have been differed in "SHURAKU" districts. The homogeneity among farmers as a member of "SHURAKU" was spoiled and the roles of "SHURAKU", such as a function of cooperation and a adjustment of agricultural production, were weakened due to these facts.

The activities conducted by commodity-wise producers' groups had played an important role in the fields of livestock and horticultural production for a while as mentions afterword.

C. Visible Problems in Regional Agriculture and Agricultural Management

During the period of the high economic growth in Japan, Japanese farmers expanded and rationalized their farm management on one hand, and became to seek for occupations in non-agricultural sectors on other hand. In recent years, The governmental policy for converting rice crop to other commodities has been carried out. Under these situations, Japanese farmers have tended to over-invest into farm machineries. Some farmers have left their part of farm lands uncultivated while others have not made so much effort to take care of their planted fields. On the other hand, straws, chaffs and animal drops have not been utilized as organic fertilizers, which has led the decline of fertility in paddy fields.

These trends have made the development of individual farm management being more difficult, and it has been found almost impossible to utilize regional agricultural resources fully and efficiently. In order to overcome these problems farmers have turned not only to subside the rationality of their own farm management but also to promote rationalized agricultural production in the whole region through their mutual cooperative activities in such fields as farm works and processing of products. These mutual cooperation, which is to be organized by a certain number of member farmers, will also supplement their individual farm management.

(iii)
Organizing agricultural production utilizing labor forces in effective ways

D. New Function on Agricultural Production Required to Organizations in "SHURAKU"

On the basis of present situations, organizations in "SHURAKU" have become to be reconsidered as an important organization which assume a new function of adjusting regional agricultural production, and have been admitted to reorganize and reinforce the prior functions in order to promote cooperative activities of farmers concerning the farm management. Today, the organizations in "SHURAKU" are being expected to conduct the following activities, especially on farm management.

(1) To establish the farming plan of "SHURAKU"

The farming plan of "SHURAKU", which is written and points out suitable directions of farm management in "SHURAKU"

districts, should be built up under the individual farmer's farming plan. In the plan, the prior commodities, variety of farm products, types of farming and the income target are to be decided so as to establish the basis being enabled to realize the mass conversion plan for farm products and the regional mixed farm management.

the society and its machinery bank.

To ensure ii) Land consolidation and the effective usage of farm lands in order to improve farm management, land consolidation projects are carried out to enable to the introduction of highly effective mechanization system and of alternative land usage system between well-drained paddy fields and upland fields. Also, the land utilization should be promoted in effective ways by taking necessary measures for uncultivated lands and the land which has not been taken much care as well as the land with less fertility.

iii) Organizing agricultural production and utilizing labor forces in effective ways

Agricultural production organizations, such as a farming group and a trust association, should be formed to take an initiative for supplementing the farm management between full-time and part-time farmers in order to build up the system of agricultural production with high productivity through conducting the effective utilization of agricultural production resources, such as lands, labor forces and machinaries.

As far as the advantageous usage of labor forces is concerned, a mutual supplementing system of labor forces among full-time farmers as a main worker and part-time farmers and women as a supporter of farm works should be formed through the operation of machinaries in a highly efficient way.

iv) Effective utilization of machinaries and facilities through organizations

In order to protect to own farm machinaries and facilities with much capacity than the farmer's operation scale, the organizational effective utilization system of farm machinaries should be established through owning them by farmers' organizations and trust organizations or borrowing them from the society and its machinery bank.

v.) Collaboration with organizations related to agricultural production

Necessary systems and structures should be improved and established in order to collect informations, introduce administrative policies smoothly and to receive guidances and assistances extended by the society, municipality and the extention office. Especially, the farming plan of "SHURAKU" and the regional agricultural promotion plan of the society should be connected and adjusted in order to conduct the supply of funds and the joint purchasing of production materials as well as the joint marketing of agricultural and livestock products in a planned way, as far as the relation with agricultural cooperative societies is concerned.

E. Agricultural Cooperative Measures for Promoting Activities of Organizations in "SHURAKU"

Agricultural cooperative societies are required to take the following measures in order to promote and assist the activities of organizations in "SHURAKU".

- i) Provide guidances and supply necessary informations on the reorganization and the promotion of regional agriculture.
- ii) Conduct educational courses and seminars for promoting leaders of organizations in "SHURAKU".
- iii) Strengthen the equivalent function of branch offices of the society for organizations in "SHURAKU".
- iv) Improve the specialization system for cooperative officials and employees classified by the district in "SHURAKU".

Commodity-wise Producers' Group (see Fig. 3 & 4)

A. Origin of Commodity-wise Producers' Group

From the year of 1960 when the livestock and horticultural production had been given much weight in Japanese agricultural management traditionally being concentrated on rice production, member farmers' concerns and interests had not been coincided due to the difference of main products of farmers and of the operational scale of farm management in "SHURAKU" districts. As the result of this, members' organizations which were differed from "SHURAKU" organizations was required to establish from the view point of farm management, that is, commodity-wise producers' group was formed.

This commodity-wise producers' group is a member organization which is consisted of farmers having the same interests and requests toward farm management as well as the similar scale of farming operation.

B. Roles Played by Commodity-wise Producers' Group

Roles played by commodity-wise producers' groups are as follows;

- i) To solve difficulties and inefficiencies in co-operation with members in case of introducing necessary techniques, machinaries and facilities concerning new productions like livestock and horticultural products.
- ii) To unify the grade and quality of farm products and to improve processing and distribution facilities cooperatively so as to ship members' products in efficient and stable ways. Also the planned shipment of products should be carried out by members' cooperation under fixing times and amount of farm products.
- iii) To build up mutual deep communications by making the linkage between members' farm management and cooperative businesses, while the roles functioned among members, commodity-wise groups and the society should be made a clear so as to be implemented and cooperated among three of them mutually.

C. Function Required to the Commodity-wise Producers' Group

The following things are the factors required to the commodity-wise producers' groups.

- i) To be organized by commodities and to be related to all processes from production to marketing of agricultural and livestock products in a systematic way.
- ii) To collect members' opinions and to reflect them into cooperative businesses, while the group should be a organization which informs group members on business policies and thoughts of the society completely.
- iii) To be identified as an organization directly connected with the society, although the management and activities of the group are conducted independently.

D. Activities Carried out by the Commodity-wise Producers' Group

The commodity-wise producers' group is carrying out activities expanded to various sectors on production and distribution of farm products, however, the following things are the major area of activities conducted by this group.

- i) Seminars and studies on production techniques
- ii) Management of joint utilization of machinaries and facilities
- iii) Investigation of marketing and purchasing plans of production inputs
- iv) Analizing and investigating management conditions
- v) Introduction and improvement of the mutual aids and management stability systems

E. Cooperative Promotion Measures for Activities of the Commodity-wise Producers' Group

The following things are measures taken by the society in order to promote activities of the groups.

- i) To supply informations on production and distribution of agricultural products.

ii) To support activities in order to be carried out the planned production and shipment of agricultural products thoroughly.

iii) To take a responsibility of the secretariate for each group by staffs of the society.

F. Problems Faced by Group Members and Their Farm Management

The commodity-wise producers' group has been formed as an organization which supports commodity-wise cooperative farming complexes mainly on livestock and horticultural productions. These complexes have been built under the promotion of agricultural cooperative organizations since 1961. The activities of commodity-wise groups have been supplemented year after year.

However, the trends of increasing part-time farmers and of aging agricultural labor forces in farm works, such as the cultivation and the breeding animals, have been come out increasingly even in commodity-wise groups under the economic growth in Japan. In addition to these, a large part of farm works has been done mainly by women, and the specialization of management scale as well as the large-scaled machineries and the high techniques on agricultural production were greatly spreaded into rural districts. Accompanied with these significant changes in Japanese agriculture, the unified cooperative activities by members were fallen into difficult situations.

Furthermore, the main agricultural products have been exploited and specialized in the farmers' agricultural management in order to expand the management scale and rationalize the productivity. Because of this situation, the mutual function for supplementing agricultural production resources between other crops and the different main crop's farm management has been weakened seriously. As the result of this, the disposal of straws, chaffs and animal drops have led to environmental pollution in one hand and brought some damages caused by succession croppings in other hand.

G. Direction of Activities Required to Commodity-wise Producers' Group

The commodity-wise producers' group is required the following directions of its activities under the recent agricultural situations.

- i) To make the member's right and obligation clear and to promote the activities of sub-groups according to the age of main farm workers, management scale and the like.
- ii) To strengthen the implementation of farm works and farm management between full-time and part-time farmers through the activities carried out by sub-groups of the commodity-wise producers' group.
- iii) To promote the effective usage of agricultural production resources in collaboration with organizations in "SHURAKU" districts and other commodity-wise producers' groups.

Agricultural Production Organization -- Collective Production Organization(see Fig.5 & 6)

A. Development of the Main Agricultural Organization

i) Collective Cultivation Organization/Group

It is inevitable for farmers, whose farming is centered on paddy production, to maintain the cooperation for conducting jointly arranged farm works which have been done through organizations in "SHURAKU" districts for a long time. Accompanied with this joint farm works, a collective cultivation organization/group which unifies the variety of rice crops and arranges the period of joint farming has been formed around since 1955.

ii) Joint Utilization Organization/Group of Agricultural Machineries

Under the introduction of large-scaled farm machineries, such as a tractor and a chemical spraying machine, some organizations/groups were organized in order to utilize these machineries jointly. However, methods of the joint utilization have been changed from the system which all the member of the group jointly utilized machineries to the system which some members conducted farm works on other member's farm lands as an operator of machineries under the situation of increased numbers of part-time farmers.

iii) Partial Farm Works Contract Organization/Group

Due to the expansion of large-scaled farm machineries, the capacity of these machineries became to exceed the necessary amount of farm works within the group, and also the investment of machineries became a big burden for the group members around 1965. Under these situations, some group members as an operator became to make a contract on farming with outsiders and received suitable commissions for conducting farm works. This was the origin of establishment of the partial farm works contract organization/group formed by operators of farm machineries.

iv) Agricultural Management Contract Organization/Group

It was difficult for operators to secure their income because the farming season was so limited and the machineries could not be operated all the year round in case of making a contract only on partial farm works of rice production and the like. Therefore, it was necessary for operators to increase their operation areas or types of operation. With transplanting machineries for paddy, head-feeding combines and others were utilized in farm works, the contract farming on rice production was changed from the partial contract to it on the whole basis.

-iii Then, operators' organizations were followed to be formed by this situation.

B. Measures for Promoting Contract Organizations/Groups of Farm Works and Farm Management Extended by the Society

Agricultural cooperative societies have played a role as an intermediary and an arbitrator between the consignee and the consignor on the contract of farm works and farm management. In connection with this, the society has taken some active measures, such as a fixation of the commission, improvement of the trustees' (operators') farming techniques and the maintenance of operators' operation areas.

Since 1970, the agricultural cooperative society itself has been permitted to conduct the contract farming and farm management under the law. Therefore, the Government has promoted such activities by the system of agricultural machinery bank since 1977.

C. Characters and kinds of Agricultural Production Organization/Group

All of agricultural production organization/group mentioned up to here is a joint organization/group for conducting farm works or farm management of member farmers under the contract on partially or on the whole. Besides these organizations/groups, there has been formed some livestock production organizations and others. Both agricultural and livestock production organizations/groups have their own joint farm management groups.

D. Roles Required to Agricultural Production Organizations/Groups

Joint utilization organizations and contract farming organizations/groups based on "SHURAKU" districts as well as the individual members' farm amangement are seemed to

and play an important role in the fields, such as the highly utilization of farm lands and the effective usage of farm machinaries, within the framework which these organizations as well as the individual farmer's farm management are to conduct the agricultural reorganization in regions as a main constituent. Therefore, taking measures for promoting and for assisting activities of the groups/organizations are considered as an important duty of agricultural cooperative societies.

III. Conclusion

- Which points should be considered by officials and employees of the society in order to promote members' cooperative activities -

A. How We Should Promote Members' Spontaneousness

Agricultural cooperative societies should always look into the essence of problems related to members' farming and living conditions, and pose the results to members so as to unify their consciousness toward important problems which are selected from among daily ones and required to solve by members' mutual cooperation. In this process, the society should assist and promote member farmers as an active leader and make them being organizers of the group for involving other member farmers.

B. How We Should Promote Independent Activities of Members' Organization/Group

After having a sufficient discussion within the group/organizations, the society makes members built up their consciousness so as to regard the activities of their own. Then, the society should promote members' groups/organizations to make an agreement with members, in which members' duties and rights are to be made clear. Also, the society should promote group members to perform their duties and rights completely. Furthermore, such performances of rights and duties

should be evaluated, and results and problems caused after the evaluation should be made known as an important step of promoting forthcoming activities of the group.

C. How We Should Establish the Cooperative Management System in Which the Members' Participations are Secured Through Their Activities in Groups/Organizations

Agricultural cooperative societies should make clear whether it would be possible or impossible for the society to realize each requests from members, groups and organizations concerning the cooperative businesses and the management under the consideration of present situations. If it is possible, necessary actions should be done quickly. On the other hand, the suitable conditions being possible to realize members' requests should be made up in cooperation with members by setting duties among them, if it is impossible.

Moreover, the society will be requested to make secretariates clear in order to take a charge for members, members' groups and activities of such groups. It is also required for the society to promote a responsible system, that is, some secretariate system by full-time directors and general managers or/and some special committee including part-time directors should be established by the society.

Fig. 1) Relation Between Members' Organizations/Groups And The Society.
 On The Field Of Farm Management (Example)

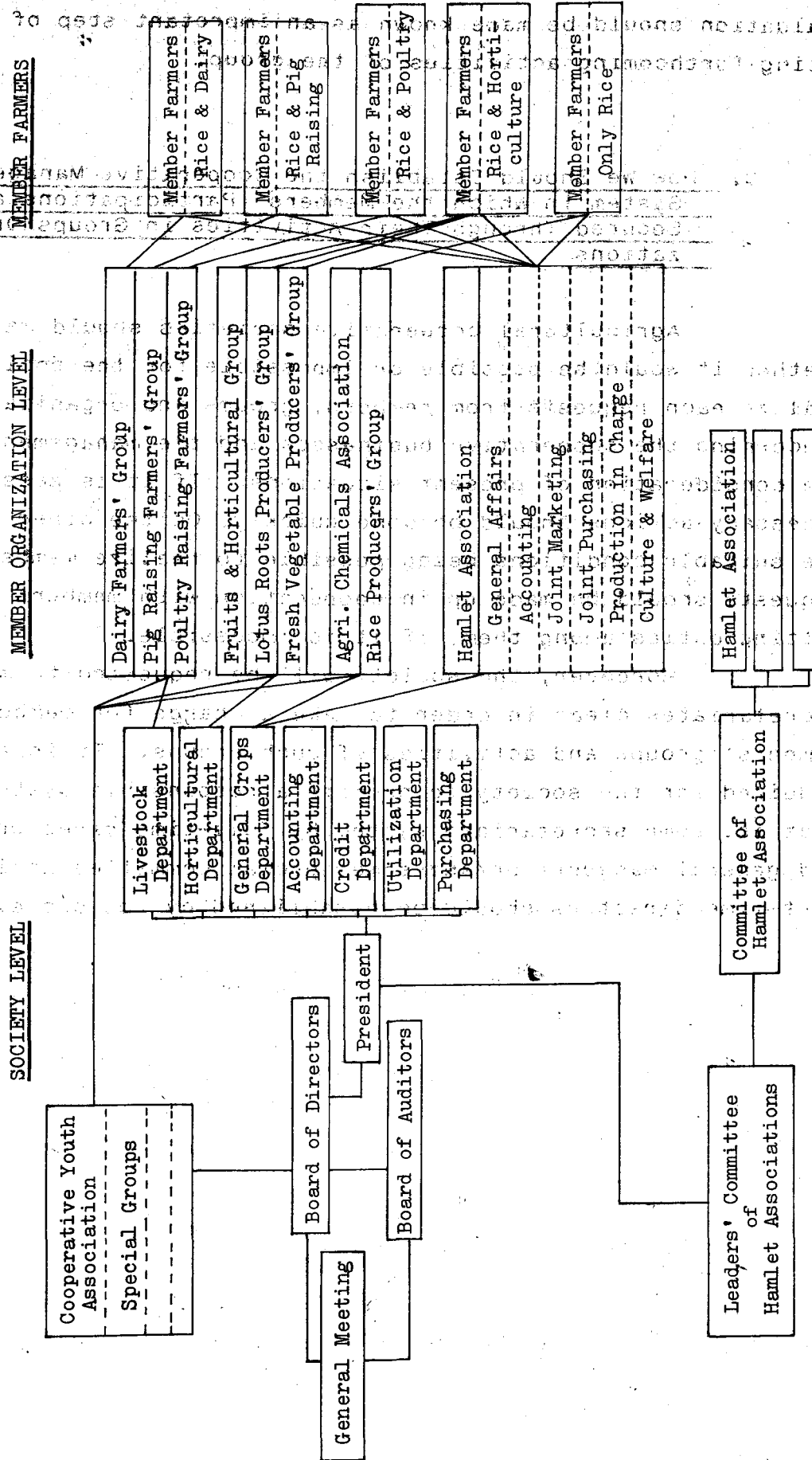


Fig.2) Outline of Organizations in "SHURAKU" Districts

Name of Region	No. of Organizations	Average No. of Household Per "SHURAKU"			Composition Ratio		Average Land Area Per "SHURAKU"			No. of Farm Household Assoc. and Others	
		Total Households	Farm Households (A)	Non-Farm Households (B)	(A)	(B)	Total Land Area	Cultivated Land Area			
								Paddy	Upland*		
<u>National</u>	142,384	141	33	108	23.3	76.7	243.6	37.8	21.1	16.7	204,097
<u>Hokkaido</u>	7,177	131	16	115	12.4	87.6	977.7	151.5	36.9	114.6	8,927
<u>Prefectures</u>	135,207	142	34	108	23.8	76.2	204.6	31.8	20.3	11.5	195,170
Tohoku	17,515	99	40	59	40.4	59.6	365.6	56.0	37.2	16.8	25,100
Hokuriku	11,100	90	32	58	35.7	64.3	199.8	34.2	29.8	4.4	13,564
Kanto & Tohizan	26,035	209	38	172	18.1	81.9	180.4	37.7	20.0	17.7	45,800
North Kanto	9,237	129	42	88	32.1	67.9	190.3	51.0	28.6	22.4	17,311
South Kanto	10,499	350	32	318	9.1	90.9	112.1	31.3	16.4	14.9	16,844
Tohizan	6,299	97	42	56	42.8	57.2	279.9	29.0	13.6	15.4	11,645
Tohkai	12,579	196	39	157	20.1	79.9	215.8	28.7	17.5	11.2	18,060
Kinki	11,919	296	39	257	13.1	86.9	211.4	24.6	18.9	5.7	11,999
Chugoku	19,936	75	24	51	32.0	68.0	154.0	17.2	12.6	4.6	29,255
Sanin	5,557	51	22	29	44.1	55.9	173.9	17.8	12.6	5.2	7,059
Sanyo	14,379	84	25	59	29.5	70.5	146.2	16.9	12.6	4.4	22,196
Shikoku	10,965	87	27	60	30.7	69.3	164.9	19.1	10.7	8.4	13,608
Kyushu	24,438	97	31	66	32.0	68.0	165.6	28.9	16.0	12.9	37,426
North Kyushu	15,579	109	32	78	28.9	71.1	153.7	30.0	18.8	11.2	26,343
South Kyushu	8,659	75	31	44	40.7	59.3	187.1	26.8	10.9	15.9	11,083
Okinawa	710	215	61	154	28.3	71.7	272.7	60.6	1.6	59.0	358

(Unit : household, % , ha)

(Note) * = including fruits orchard

(Source) Ministry of Agriculture, Forestry and Fisheries : "Outline Of results on 1980 World Agriculture and Forestry Census"

Ministry of Agriculture, Forestry and Fisheries : " Statistics on Agricultural Cooperatives - 1979 Business Year "

(Transition By Years)

Crops	1975	1976	1977	1978	1979
(A) NO. of Society	1,552	1,642	1,694	1,759	1,807
(B) No. of Groups	7,992	7,839	7,397	7,984	7,049
Vegetables					
(A)	2,716	2,810	2,843	2,904	2,981
(B)	7,900	8,093	8,052	8,537	8,303
Livestock					
Beef Cattle (A)	2,342	2,352	2,350	2,366	2,370
(B)	4,517	4,304	4,591	4,111	3,942
Pigs (A)	1,872	1,888	1,885	1,915	1,914
(B)	2,579	2,470	2,788	2,358	2,324
Poultry (A)	992	975	959	923	897
(B)	1,220	1,197	1,540	1,096	1,042
Others (A)	303	309	309	310	317
(B)	455	548	490	502	473
Fruits					
(A)	1,938	2,018	2,050	2,025	2,069
(B)	4,404	4,332	4,238	4,348	4,107
Sericulture					
(A)	1,003	1,041	1,045	1,009	1,001
(B)	3,687	3,723	3,468	2,495	2,110
Flowers & Plants					
(A)	1,249	1,268	1,254	1,291	1,317
(B)	1,678	1,697	2,149	1,740	1,701
Mushrooms					
(A)	982	1,037	1,096	1,116	1,175
(B)	1,221	1,322	1,419	1,519	1,508
Others					
(A)	1,228	1,254	1,243	913	981
(B)	2,398	2,106	2,328	2,485	2,224

(Source) Ministry of Agricultural, Forestry and Fisheries :
 " Statistics on Agricultural Cooperatives
 - 1979 Business Year "

Fig.4) Assigned Functions Between Commodity-wise Producers' Groups and The Society (In the case of apple production)

Items	The society should take the initiative in conducting followings	The group should take the initiative in conducting followings
1. Target	i) Promote to establish the long-term farm management improvement plan	i) Investigation activities
2. Unification of varieties	i) Selection of varieties and extending guidances ii) Joint purchasing of seedlings	i) Promote the variety of crops to be expanded ii) Joint purchasing of seedlings
3. Development & introduction of production techniques	i) Technical development and the systematization	i) Extend a new technique (seminars)
4. Standerdization of production techniques	i) Strengthen the guidance system ii) Take measures for production group and the production	i) Establish the collective production system ii) Promote and practice joint activities
5. Supply and select production & distribution materials	i) Establish the supply system of the society ii) Guide the collective utilization system	i) Strengthen the self-control system ii) Grasp of demands
6. Supply of funds	i) Supply of funds ii) Guide the management controll	
7. Utilization of production & distribution facilities	i) Management and administration of facilities (owned by the society) ii) Analisis and investigation iii) Guide the management & administration of facilities owned by the group	i) Management and administration of facilities (owned by the group) ii) Analisis and investigation iii) Strengthen the cooperation system of facilities owned by the society
8. Marketing of products	i) Selection of markets and marketing orders ii) Build up the marketing plan of products iii) Decide the trademark iv) Supply informations on collection,grading,transportation,storage and the settlement of accounts v) Market development	i) Collect production and marketing plans ii) Promote cooperative businesses
9. Management of the group	i) Take a charge of secretariate for the group	i) Self-management under the collaboration with the society

(source) Yamagata Prefectural Union of Agricultural Cooperatives :
" Policies For Strengthening Farm Guidance Activities -
(Tentative) "

Fig.5) Number of Agricultural Production Organizations/Groups

Region	Total number of agri. production organizations/groups	Joint Utilization Organization/Group							
		Total	Paddy	Wheats (*)	Horticulture (Green house)	Vegetables	Fruits	Sericulture	Others
A) National	41,873	31,637	14,929	1,619	1,214	2,103	4,268	2,577	4,977
B) Hokkaido	6,240	5,268	3,120	607	23	221	84	-	1,213
C) Prefectures	35,633	26,369	11,809	1,012	1,191	1,882	4,184	2,577	3,714
D) Hokoku Region	8,667	6,925	3,964	30	60	373	1,335	372	79
E) Hokuiku Region	3,156	2,324	1,773	54	30	174	102	43	139
F) Kanto, Tozan Reg.	7,906	6,074	1,653	416	214	517	1,068	1,793	413
G) North Kanto	3,961	3,051	787	227	90	259	134	1,257	297
H) South Kanto	1,554	1,153	319	177	81	160	151	214	51
I) Tozan	2,391	1,870	547	12	43	98	783	322	65
J) Tohoku Region	4,081	3,053	1,136	67	285	184	271	132	978
K) Kinki Region	1,938	1,333	778	15	90	60	95	22	273
L) Chugoku Region	2,457	1,530	864	20	40	107	268	35	196
M) Sanin	1,203	803	538	2	9	24	115	16	99
N) Sanyo	1,254	727	326	18	31	83	153	19	97
O) Shikoku Region	1,426	1,048	243	109	101	103	342	52	98
P) Kyushu Region	5,473	3,826	3,394	301	348	361	672	107	688
Q) North Kyushu	4,208	2,972	1,334	278	167	227	496	76	394
R) South Kyushu	1,265	854	60	23	181	89	176	31	294
S) Okinawa Pref.	529	256	4	-	14	48	31	21	138

(Source) Ministry of Agriculture, Forestry and Fisheries : " Outlines of Results on 1980 World Agriculture and Forestry Census "

(Note) : (*) = excluding Okinawa Prefecture

(to be continued)

(continued)

	Collective Cultivation Organizations		Farming Contract Organizations/Groups				Livestock Production Organizations/Groups	
	Total Number	Joint Utilization of Organization of Machineries and Facilities	Total Number	Of which, the society is taking the initiative in management (A)	Organizations on paddy production(*)	Of, which (A)	Total Number	Of, which (A)
A)	3,037	1,759	4,060	1,558	3,227	1,292	3,139	366
B)	60	53	78	41	35	15	834	74
C)	2,977	1,706	3,982	1,517	3,192	1,277	2,305	292
D)	521	384	775	237	669	209	446	51
E)	191	118	572	200	527	180	69	9
F)	622	385	821	262	636	204	389	37
G)	370	201	304	44	242	35	236	7
H)	167	120	185	39	163	35	49	1
I)	85	64	332	179	231	134	104	29
J)	227	151	542	177	469	157	259	28
K)	282	154	255	167	195	144	68	10
L)	299	166	376	198	336	185	252	41
M)	53	29	166	37	146	31	181	30
N)	246	137	210	161	190	154	71	11
O)	90	56	144	49	76	38	144	27
P)	619	228	470	204	284	160	558	88
Q)	505	170	339	130	223	109	392	21
R)	114	58	131	74	61	51	166	67
S)	126	64	27	23	-	-	120	1

Fig. 6) Ratio of Actual Number of Farm Households Participated into Agricultural Production Organizations/Groups (Unit: % , 100 households

Agri. Region	Total Farm Households (A)	Participated No. of Farm Households (B)	(A) / (B)	Ratio of (B) Participated in Paddy Production Organizations	Joint Utilization Organization (C)	Ratio of (B) Participated	
						in Other Production Organizations Excluding Paddy	(C)
National	46,614	4,653	10.0	6.4	5.9	4.7	4.1
Hokkaido	1,196	341	28.5	17.1	17.0	15.0	14.5
Prefectures	45,417	4,321	9.5	6.1	5.6	4.4	3.8
Tohoku	6,938	1,305	18.8	13.9	13.1	7.2	6.0
Hokuriku	3,549	418	11.8	10.3	9.2	2.2	1.4
Kanto, Tozan	9,766	666	6.8	3.0	2.8	4.5	4.2
North Kanto	3,793	230	6.1	2.6	2.5	4.4	4.2
South Kanto	3,390	114	3.4	1.3	1.2	2.3	2.0
Tozan	2,528	323	12.5	6.0	5.5	7.4	7.1
Tohokai	4,996	515	10.3	6.0	4.9	5.0	4.5
Kinki	4,617	308	6.7	4.8	4.4	2.2	1.7
Chugoku	4,795	264	5.5	2.9	2.8	2.9	2.3
Sanin	1,247	136	10.9	7.8	7.5	3.8	2.9
Sanyo	3,547	129	3.6	1.2	1.1	2.6	2.2
Shikoku	2,851	105	3.7	1.4	1.3	2.5	2.1
Kyushu	7,458	709	9.5	6.0	5.9	5.6	5.1
North Kyushu	4,872	629	12.9	8.7	8.5	7.4	6.9
South Kyushu	2,586	80	3.1	1.0	0.9	2.1	1.8
Okinawa Pref.	448	21	4.6	0.0	0.0	4.6	4.1

(Source) Ministry of Agriculture, Forestry and Fisheries : " Outlines of Results on 1980 World Agriculture and Forestry Census "

(Note) Agricultural production organizations/groups, in this case, are excluding Collective Cultivation Organizations which make an agreement to unify a variety of rice crop and conduct manual farm works jointly.

(Appendix)

The Bylaw of Vegetable Producers' Group of
Ayautā-Nanbu Agricultural Cooperative

(example)

Article 1. The purpose of this group shall be to raise up the economical status of member farmers by rationalizing the production and the shipment of their products through the members' strong co-operation with individual management and friendship.

Article 2. This group shall be consisted of and managed by members of commodity-wise producers' groups of Ayautā-Nanbu Agricultural Cooperative, who approve the aims of this group.

Article 3. This group shall have its office within the society and its sub-groups shall have their offices within the branch offices of the society.

Article 4. A person who will join in this group shall hand the contract of consignment sale of vegetable production to the commodity-wise producers' group.

Article 5. The group shall carry out the following activities to attain the purpose of this group and commodity-wise producers' groups;

1. Organize seminars and lectures on the management of cultivation and study visits to the advanced area of agricultural production.

2. Conduct the joint purchasing of necessary agricultural production materials for the production and the marketing of agricultural products through the society.

3. Study on the joint shipment, marketing and others of agricultural products, and supply their informations to members.

4. Others.

Article 6. A member shall be expelled by the decision of the hamlet' leaders of the commodity-wise groups in the following cases;

1. In the case of not using the group and the joint facilities intensionally.

2. In the case of neglecting duties as a member, such as the payment of membership fee and the like.

3. In the case of conducting the behaviors like disturbing the group's activities and/or making the group's confidence lose.

(To be continued)

(Continued)

Article 7. This group shall have the following officers;

- (1) This group (head office level, and it is consisted of the chairmen and vice-chairmen of the commodity-wise groups)
 1. Chairman 1, Vice-chairman 1, (who are elected from among chirmen and vice-chairmen of the commodity-wise groups)
 2. Auditor - a few persons
- (2) The commodity-wise groups (which is consisted of leaders and sub-leaders at the branch office level.)
 1. Chairman 1, Vice-chairman 1 (who are elected from among leaders at branch office level.)
 2. Leader 1, Sub-leader 1 (who are elected from among members at the branch office level.)
 3. Auditor 2 (who are elected at the general meeting of the commodity-wise group.)

Article 8. The term of office and responsibility of officers.

- (1) This group
 1. The chairman shall be the representative of this group, and keep the close cooperation with each commodity-wise groups. The vice-chairman shall assist the chairman and act on behalf of the chairman in his accidents.
 2. Auditors shall audit the activities and the account of this group.
 3. The office term of officers shall be one year, and the officers are eligible for re-election
- (2) The commodity-wise groups
 1. The chairman of each groups shall generalize and manage the group. The vice-chairman of the commodity-wise group shall assist his chairman, and act on behalf of the chairman in his accidents.
 2. The leader shall generalize the group at the branch office level. The sub-leader shall assist his leader and act on behalf of the leader in his accidents.
 3. Auditors shall audit the activities and the account of the commodity-wise group.

(Continued)

4. The office term of officers shall be one year, and the officers are eligible for re-election.

Article 9. Election of the committee and hamlet leader, and their duties and the term of office.

1. The commodity-wise group shall have the marketing committee consisted of a few members(who are elected at the general meeting of the commodity-wise group).
 2. The commodity-wise group shall have the agricultural materials committee consisted of a few members(who are elected at the general meeting of the commodity-wise group).
 3. The commodity-wise group shall have the technical committee consisted of a few members (who are elected at the general meeting of the commodity-wise group).
 4. The group shall have the seed nursing committee consisted of a few members(who are elected at the general meeting of the commodity-wise group).
- (1) The member of the marketing committee shall promote the efficient marketing business in collaboration with the society.
 - (2) The member of the agricultural materials committee shall carry out the joint purchasing activity of agricultural inputs in collaboration with the society.
 - (3) The member of the technical committee shall unify the guidance technique and develop the technique in the district in cooperation with the society and the apex guidance organizations.
 - (4) The hamlet leader shall assist the branch office's leader and take a guiding responsibility for the agricultural production groups.

Article 10. This group shall have the following meetings;

1. This group :
 - General Meeting (which consists of the hamlet leaders of the commodity-wise groups and the officers.)
 - Officers' Meeting
2. Commodity-wise groups :
 - Genral Meeting(consisted by the all members of the group.)
 - Officers' Meeting
 - Branch Office Leader's Meeting
 - Meetings of the committees
 - Hamlet's Leaders Meeting(including the members of the committees)

(Continued)

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aldip Article 11 Meeting

1. This group and the commodity-wise producers' groups shall have their general meetings once a year, and discuss about the process of activities, the statement of account, the budget, the revision of rules, the re-election of officers and other important items. In addition, the special general meeting can be held if it is necessary.

2. The other meetings shall be held in accordance with the cases.

Article 12. The business year of this group is started from October 30th, and is finished on September 30th in the following year. The commodity-wise groups shall fixed the business year by themselves.

Article 13. In the case of being expelled and withdrawal from the group, the member shall not be paied back the membership fee. Moreover, The member shall not be supplied the necessary matters and the production materiales concerning the production and the marketing of products which are regulated in the by-law.

Article 14. The expenses of this group and the commodity-wise groups shall be met by the folloeing incomes;

1. Membership fee (including the marketing surpluses), subsidies and contributions. Furthermore, the membership fee shall be fixed through the discussion at the officers' meeting, and collected from each of commodity-wise groups.

Article 15. The bylaw of this group shall be enforced from November 18th, 1975.

Article 16. Detail regulations on the contract of the consignment sale of vegetable products and the marketing shall be ruled separately.

CO-OPERATION AMONG MEMBERS AT THE LOCAL LEVEL

by

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CO-OPERATION AMONG MEMBERS AT THE LOCAL LEVEL

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Introduction

As to how co-operation among members prevails at the local level there could be variations from one country to another. To make generally applicable statements on the subject therefore, one should have a comprehensive knowledge of the practice of co-operation in different countries. The writer makes no pretence to possess such knowledge. What is presented in this paper, is based primarily on his knowledge and experience of the practice of co-operation in his own country - Sri Lanka. The presentation has benefited from the findings of a recent study conducted on Co-operatives for Small Farmers in Sri Lanka. The first part of the paper analyses the existing state of co-operation among members at the local level. Attempt has been made to highlight the causes for the prevailing characteristics of member - participation. In the second part of the paper some of the salient aspects of a strategy that can be used to stimulate member-participation are discussed.

1. Existing State of Co-operation among Members

1.1. Two Forms of Co-operation

Co-operation among members at the local level prevails in two forms. In one form it is simply an instinctive response to some of the needs that cannot be achieved through individual effort alone. In the other broadly, it is institutionalized and articulated collective action.

We are more concerned with the latter because articulated collective action becomes more forceful in need-fulfilment; and institutionalization ensures its continuity for the

benefit of all those who get together for collective action. Nevertheless, in our attempt to promote this form of co-operation the natural tendency of people to achieve some of their needs by working on a collective basis cannot be ignored.

The people who feel helpless do not always think in terms of seeking solutions to their problems by resorting to collective action. Problem-solving behaviour of individuals is conditioned firstly by the beliefs they hold and secondly, by the conditioning effect of the socio-political environment. For example, fatalists may attribute their problem situation to destiny, 'karma' or some mysterious unchangeable force. There may be others who believe that the solution to their helpless situation lies in performing certain rituals so that they change the harmful effects of the mysterious forces. At a mundane level the experiences of injustice, loss or failure resulting from attempts at collective action in the past may have left bitter and unpleasant feelings in some others. Dependence on the government, the politicians or other influential persons may be the modus operandi of still others. None of these persons would have much faith in organized co-operative action for solving their problems. Nevertheless, in a number of practical situations of life even these people believe in the need for collective or group activity though it may not be formally organized. Sickness, death, matrimony, agricultural work and religious activities are examples of such practical situations.

In instances of sickness, death, matrimony and agricultural work it has become obvious through everyday experience that one has firstly, to rely on one's own effort to solve the problem, secondly, assistance from others makes the solution easy and thirdly, there is reciprocity based on mutual understanding and sympathy. In a community where these three conditions prevail co-operation becomes a natural social expression. Starting from the rudimentary stage of

informal collective action it even progresses to the stage of institutionalized collective action initiated by people themselves. Funeral societies, religious organizations and savings clubs are some examples of these. In them it is rarely that serious crisis situations develop. Nor do any external agencies or authorities supervise or guide their activities. But they function to the benefit of those who hold their membership. And as long as this situation prevails they continue to function. Normally, organizations of this sort are built around a nucleus of trusted leadership.

The type of co-operative activity described above, however, has only limited scope when a community gets exposed to modern aspirations, technological knowledge and the political process. Then new means for solving problems have to be employed. One of the unfailing result of this development is greater governmental intervention in the solution of problems which the individuals cannot cope with. When mixed up with the political process this situation leads to radical action and disruption of the established social order of a community. Outsiders unfamiliar with local situations begin to prescribe and impose new ways of solving problems. Institutionalized co-operation as we know it today can be treated as one such prescription imposed on the societies of developing countries.

The type of co-operation that has come into existence through governmental intervention is different from what the people are used to in their uninterfered social situation. Objectives and procedures of formalized co-operation are wider and complicated. They are introduced by outsiders with whom the people at the local level are unable to have a frank discussion as equals. Moreover, the persons who introduce these new ideas and procedures do not have to

face the consequences resulting from them or behave in conformity with them. Above all, the new type of co-operative activity is usually organized round a leadership that is either inaccessible or untrustworthy. Dependence on government, politicians or other external sources is over-emphasized to the neglect of self-reliance and voluntary group activity. Hence the type of co-operation that is promoted is in the first place, unintelligible to many people. Secondly, their personal experience, with institutionalized co-operation prevents them from believing that it could solve their problems. And thirdly, many find it hard to believe that it is their own organization. The result is that co-operation among members at the local level today has become only a superficial operation.

1.2. Characteristics of Member Participation.

If one make an attempt to identify as to how co-operation prevails among members at the local level a behavioural pattern characterized by the following activities can be observed.

- (1) enrolment to membership;
- (2) purchase of commodities;
- (3) obtaining loans;
- (4) selling agricultural produce;
- (5) attending general meetings or committee meetings.

1.2.1 Enrolment to Membership

Enrolment to membership of co-operatives has become almost a matter of right for those who seek it. It is easy, taken for granted and does not instil a sense of duty and responsibility on the part of the person seeking such membership. This is particularly noticeable in instances when the government uses co-operatives to implement some of its policies and the enrolment to membership is stipulated as a condition necessary to receive the benefits. People have a right to derive the benefits resulting from the

policies of their government. If benefits cannot be derived without being a member of a co-operative they have a right to obtain membership in them irrespective of the opinion of the members.

According to the co-operative principles even though the majority of members of a co-operative have the right to refuse the admission of a person into membership if his admission is considered to be detrimental to the affairs of their society, often the exercise of such right is negated by governmental interference; co-operatives are persuaded or even compelled to admit persons to their membership. This is done by both direct and indirect means. Officers in charge of promoting co-operation are instructed to persuade co-operatives to enrol persons into their membership/ Even membership drives are launched to achieve pre-determined targets of membership increase. Whenever co-operatives refuse to comply with these directions their committees of management are changed by using the co-operative law itself to ensure that new committees which comply with governmental directions are appointed.

Interferences which suppress the will of the majority of members of a co-operative firstly attack the very basis of democracy, secondly, encourage individuals to disregard the opinion and the effectiveness of social pressure of the majority and thirdly, make the individuals dependent more on the government than on their own harmonious collective effort. The most damaging effect is the sense of frustration the majority feel. With the repetition of interference eventually, they become a passive group. This is not all: people begin to be more individualistic and politically aligned than group-minded. The break-down of group-mindedness paves way for radicalism

and even anti-social behaviour. Although again the government has to intervene to check such behaviour it is a poor substitute to more compelling social pressure of the group. But the latter can prevail only when the will of the majority is allowed to prevail in grass-root level organizations like co-operatives. It is only then a person who is known to con, or resort to dishonest acts and violence gets a chance to reform himself if he wishes to be accepted by the majority. But if such a person is also able to enjoy the same rights and privileges in a co-operative as a result of governmental intervention no longer does he need to take notice of the majority opinion. Here character reforming co-operation ends and arrogance and perversion of self-seeking individualism begins.

When a person obtain membership in a co-operative he should have some substantive stake in it. This commits and motivates him to safeguard the co-operative; because the membership status has made him identify the interests of the co-operative with his own interests. No longer can he afford to be indifferent about its management and activities. The situation however is different if a members stake in a co-operative is insignificant: he is unlikely to be affected for either better or worse even if the co-operative is badly managed. This leads to member apathy and indifference and continuation of mismanagement and corruption: the co-operative then becomes the business of a few individuals and employees who connive with them.

Allotment of the shares of a co-operative is one way of making the members feel that they have a stake in it. For this the value of the minimum number of shares a person should possess to hold membership must be relatively significant. But when a co-operative fails to extend the services the members need or, extends services

even to non-members there is little attraction for possessing shares and holding membership; people who need special attention continue to remain as non-members. A government that is anxious to carry out its policies may not see the problem in this light. There are instances when the lack of interest to hold membership is interpreted in terms of the high value of shares and the inability of the poor people to buy them. Without further inquiry therefore, the value of the minimum number of shares that a person should buy to hold membership, is reduced to very low levels. In Sri Lanka for example, the value of a share of Multi-purpose Co-operatives was reduced from Rs.50.00 to Rs.1.00 on these grounds. This was considered as an incentive for enrolment to membership. And with such incentives the membership of co-operatives has increased. But the vital question is whether increase of membership in this manner serves any purpose for promoting co-operation.

People who are induced to obtain membership of a co-operative in the above manner are no different from the customers of any business organization. The money they pay to purchase shares is like an additional payment made to buy a commodity or a facility that is not available at other places. Once the transaction is over such customers lose any further interest in the business organization which supplied the goods. With a membership like this co-operative become the concerns of a few influential persons. Members do not mind it as their loss would be insignificant even if the co-operatives are mismanaged.

1.2.2. Purchase of Commodities.

Purchase of commodities is another manifestation of member participation at the local level. But it can be so considered only if members always prefer to purchase their requirements at the co-operatives. This is not evident.

What exists today is more an indirect form of compulsion than a preference to go to the co-operatives. As a result of government policy, co-operatives enjoy a virtual monopoly in the sale of certain types of commodities. Similarly, to purchase commodities which come under subsidy schemes like the food stamps scheme in Sri Lanka, invariably people have to go to the co-operatives. As they perform a distribution functions on behalf of the government often they are unable to give preferential treatment to members as against non-members in the sale of commodities. A person need not be a member to purchase his requirements at a co-operative.

Due to problems of management often co-operatives fail to provide a more competitive service than non co-operative business concerns. In pricing, display of goods and the courtesy of salesmen the latter are often more attractive to customers. Hence even members of co-operatives do not hesitate to patronize private sector organizations if the commodities they want are available in them. One of the main attractions for members to patronize their co-operatives is the rebate that they are expected to give to their members in proportion to the amount of purchases made at the co-operative. When required goods are not available at the co-operative, however member purchases come down. Other factors like pricing and unsatisfactory service also discourage members from patronizing co-operatives. All this in turn reduces the rebate the members are likely to get from their co-operatives. If the rebates distributed in the past have been insignificantly small due to this situation they cease to be an incentive for the members to patronize their co-operatives. Worse is the situation when rebates are not distributed at all. In practice very many co-operatives conveniently disregard it. Hence members do not see any difference

between co-operatives and other business organizations. These circumstances weaken the relationship between members and their co-operatives.

1.2.3. Obtaining Loans.

Provision of institutional credit is one of the purposes for which co-operatives have been set up in many countries. If members are able to fulfill at least 50 per cent of their credit requirements through co-operatives their participation in co-operation holds promise for further progress. But evidence from Sri Lanka and India shows that members depend mostly on sources other than co-operatives to fulfill most of their credit needs. Again implementation of government credit policies through co-operatives seems to be partly responsible. Especially, when the government credit policy becomes a part of an overall development plan the officials who are concerned with its implementation are anxious to achieve the targets set for the various components. For credit disbursement through co-operatives also targets are fixed. To achieve them co-operatives are persuaded or even compelled to liberalise the lending procedures. Moreover, credit has to be given in haste according to a scheme drawn up not by co-operators but by outsiders who have neither a stake in nor a knowledge of co-operation. So much so, going only by calculations made by other co-operatives have been in the habit of issuing substantial amounts of loans at irregular intervals as and when new credit schemes are initiated by the government.

Only a small percentage of loans given under government-sponsored credit schemes are recovered in time: many members become defaulters and ineligible for fresh loans after the first round of borrowing. Through government intervention they are made once more eligible to receive

fresh loans from the co-operatives by either writing up the loans or giving extension to the overdues. Until then the numbers of members obtaining loans from co-operatives remain at an insignificantly low level. Under these circumstances co-operatives and their members are pushed into a type of relationship that is harmful to the development of co-operation. It is not loyalty that motivates members to borrow from co-operatives, but the opportunity provided by the government. And the borrowers care less for the performance of their duties and responsibilities. This leaves in the minds of the members the impression that the proper management of co-operatives should be more the concern of the government than their own thereby making them an indifferent and irresponsible party as far as their relationship with the co-operatives is concerned.

1.2.4. Sale of Agricultural Produce.

The degree of member participation in the sale of agricultural produce cannot be regarded as any better. In the first place co-operatives do not provide facilities to purchase all the agricultural produce that members are prepared to sell. Purchases are restricted to a few crops like paddy, maize and some other crops which come under government marketing or pricing policies. It is seldom that initiatives for agricultural marketing are taken by the co-operatives themselves. One of the main reasons for this is the political alignment of the modern co-operatives. The members of the committees of management who derive their authority and position more from the influence of the politicians than from the general membership pay considerable attention to carrying out those activities which are more pleasing to the politicians than to members. When this becomes the sole preoccupation of the committee of management of a co-operative there is

neither the time nor the need for innovative thinking and action to satisfy the member interests.

Even in the purchase of those items of agricultural produce which are determined by government policy co-operatives do not show much concern, if it causes no embarrassment to the politicians. On the other hand, non-intervention by co-operatives to purchase some of the agricultural produce may be advantageous to some of their officials and employees if they themselves are engaged in purchasing these produce in their private capacities. Even funds of mismanaged co-operatives are used for such private businesses. Under these circumstances both the officials and the employees of co-operatives become insensitive to the marketing needs of the members and the latter are compelled to patronize private traders or request politicians and other government authorities to intervene to compel co-operatives to provide the marketing facilities the members are badly in need of. This makes even the general membership dependent on politicians in getting co-operatives to serve their needs. The result of all this is that the members have lost confidence in their own co-operative effort. They have been made to believe that what matters most is not dependence on co-operatives action but reliance on politicians and governmental intervention. It is in no small measure that this psychosis has hindered the progress of co-operation in developing countries.

1.2.5 Attending Meetings

General meetings and committee meetings are the opportunities that the members have to exercise their influence over the management of cooperatives. Of these two, general meetings are more important to the general membership. It is through participation in them that they are able to review and criticise effectively the policy and activities of the management. This enables members to influence the thinking and ideas of each other. And the process ultimately paves way for the majority opinion to prevail in ensuring the standard and quality of management of cooperative organisations. It is only then that members begin to feel that the cooperative belongs to them and not to non-member politicians, or other influential persons. When there is opportunity for the majority of members to assert as and when such assertion becomes necessary they tend to think and act in terms of an independent interest group capable of managing their affairs.

The existing set up in many cooperatives is such that it is rarely that members are given the opportunity to exercise their proprietary rights. If we look at the Sri Lankan situation the bylaws of the most important type of cooperatives, the Multipurpose Cooperatives, provide for holding only the annual general meeting.

According to this the minimum number of general meetings a cooperative is required to hold during a year is only one. The importance attached to the need for holding more frequent general meetings is grossly inadequate. The bylaw itself encourages the committee of management to evade the responsibility of facing the general membership for as long a period as one year. The minimum of one meeting required by the bylaw can be held only to meet the statutory requirement without giving the members a chance to either review the progress of work or criticise management. The committees of cooperatives do in fact resort to such manipulations. Instances when general meetings are not held even once a year are not so rare. Whether a general meeting is held only once a year in this manner or not held at all matters very little insofar as its effect is concerned. Attendance at manipulated general meetings held once a year is low. Normally, they tend to consist of members who are either indifferent to what is

going on or reluctant to offend the existing persons in charge of management. When general meetings are not held even once a year members give up interest in the management of their cooperatives more or less completely. With this the domination of the governmental authorities and politicians begins and memberparticipation ends.

The constitution of the general meetings of certain types of cooperatives like the Multipurpose Cooperative Societies of Sri Lanka is such that not all members get the opportunity to participate in them. The maximum number of members who can participate in them is restricted to 100. They also happen to be persons wielding influence with politicians and bureaucrats. It is mostly people of this type who get elected or nominated to the committees of management. Thus, the opportunity the ordinary members get to serve on the committees is restricted. The few who get such opportunity are unable to exercise much influence over the decisions of the committees which are dominated by politically influential persons. So even if committee meetings are held more frequently and regularly they do not offer opportunity for the effective participation of the ordinary members or their representatives. Thus, the large majority of members of cooperatives today continue to remain a passive group least involved in the management of institutions which are supposed to be their own. As long as this situation continues there is no possibility for the emergence of a cooperative movement that is geared to serving the interests of the large majority of its members. The success of cooperation depends on the active participation of the members themselves. And that must be based on the two elements, spontaneity and self-reliance. The fundamental question then is how could such participation be promoted?

2. A Strategy for Stimulating Member-participation

If the strategy of promoting member-participation is stated in simple terms firstly, those who are responsible for promoting cooperation must recognise the importance of member-participation. Secondly, there must be a policy commitment to promote it. These alone however do not ensure active member-participation as the form of ^{oo}cooperation that is currently practised is deeply entrenched in

systems that members left to themselves are unable to change on their own. Therefore, thirdly they also need some form of support from outside by way of judicious intervention.

2.1. Intervention from outside

The need for intervention to promote cooperation is not at all a new concept. It has been recognised and operationalised from the very inception of the movement in almost all the developing countries. But the unfortunate thing is that it has been interpreted to mean any initiative taken by the government. As the degree of governmental intervention increased along with the spread of technology and expansion of trade and commerce intervention in the affairs of cooperatives also became an indiscriminate activity. What the government could not achieve directly was attempted to be achieved through cooperatives. Next to bureaucracy it is the cooperative movement that the governments of many developing countries have to implement the policies which affect the day to day living of the masses. When cooperatives fail on their own to provide relief to the problems of the large number of poor people governments are compelled to intervene. Often such intervention takes place in ad hoc fashion to solve problems which cannot be postponed till carefully worked out procedures and solutions are discovered. It is this form of intervention that has led to the destruction of member participation in a large number of present-day cooperatives. Indiscriminate intervention has also increased the government's administrative burden, accelerated costs and diminished efficiency. By means of a more judicious intervention a considerable part of this administrative burden and financial responsibility could have been passed over to the members. And the cooperatives could have been made more effective at lesser cost.

Still there is no specific method of intervention that ensures active member participation in cooperatives. This is yet to be identified by means of careful study and investigation on an empirical basis. Conceptualisation alone is inadequate as human behaviour is of central concern. Therefore, currently, there is considerable enthusiasm over the need to develop an appropriate methodology of intervention

through a process of experimentation: studies and experiments are being carried out by a number of workers. Findings and insights based on these studies and experiments have thrown light on the vital aspects of such a methodology of intervention. But they need further scrutiny and verification. The rest of this paper attempts to bring these into focus.

As it currently prevails member participation in cooperatives is restricted to the five forms of activity discussed in the preceding section. This is only a very narrow view of it. And all the five forms of activity referred to earlier are imposed on the members from above. Whereas they must be the manifestations of a voluntary involvement resulting from conviction and direct experience of the effectiveness of cooperative action. It is not an activity having an end in itself.

2.2 Group Awareness of Problems

When persons become members of a cooperative they come to an implicit agreement to work jointly to solve their problems. Member-participation materialises when they work together to achieve this purpose. The participation process should therefore, cover the whole range of activities beginning from the stage of problem identification. Problems of members are best known by members themselves than by outsiders. But individual awareness alone is not enough where collective action is necessary. The usual procedure is for an outsider to explain to the members what their common problems are. This deprives the members of the opportunity to participate in problem identification. From the beginning itself it creates a dependency habit in the members. They are expected to behave as passive recipients of ideas, suggestions and solutions to problems identified by others not too familiar with their own socio-economic situation. Outsiders may see the members' problems in a perspective entirely different from that of the members. It is far more satisfactory to allow the members themselves to comprehend their own problems by involving them in a process of discussion. Opportunity to exchange ideas among members who have similar problems gives them a sense of participation in identifying and clarifying their own problems in a much more realistic form. Moreover it strengthens the group consciousness that is so necessary for cooperative action.

2.3 Leadership Problems and the Need for an Intervention Agent

Members on their own however, do not get together for this type of discussions due to several problems. Lack of an acceptable cooperative leadership may be one of these. Although there are leaders for different purposes at the village level often a majority of the members do not have much faith in them; but this is not made explicit for fear of reprisals and victimisation. Existing leadership at the village level is one connected more with politics than with cooperation. There is factionalism and rivalry between groups having allegiance to different political parties. Instead of one commonly accepted leader often there are several competing leaders out to create more disunity than concord among the villagers. People who are unwilling to get involved in factions do not like to follow any of these competing leaders. None of them is in a position to win over the confidence of the majority for organising cooperative action. Similarly, a person who is not accepted as a leader at least by a significant number of persons would not be followed by others though he may be prepared to take the initiative.

Even if a commonly accepted leader exist still he may not take the initiative on his own to organise people for collective action due to certain limitations. People themselves may not be ready to follow a given leadership if they are uncertain as to what would come out of their collective activity after following such leadership. As individuals everybody at the village level has these doubts and qualms. Both the existing leadership and the people may not be fully aware of the opportunities available to benefit from their cooperative action. What all this implies is that there must be someone from outside acting as an agent of intervention to stimulate and induce people firstly, to get together for exchanging ideas on their problems. With appropriate techniques of approach and competence it is not difficult for an intervention agent to perform this function successfully.

2.4 Group Discussions and the Role of the Intervention Agent

By simply providing the occasion for people to get together one may not ensure a meaningful exchange of ideas. An intervention agent

has to play the additional role of managing the exchange of ideas and discussion among the persons who assemble for the purpose. For without this the discussions may not be conducted with any focus or orientation to identify and solve the specific problems of the people who come together. People at the village level left to themselves are likely to face difficulties in managing discussions to achieve this purpose. Problems of leadership and rivalries can often pave way for disputes and misunderstandings as some persons would not be prepared to listen to or accept the ideas of others. It is in this respect that the competence of a trained intervention agent becomes useful. He can effectively direct the discussion to avoid the development of serious disputes and disagreement. His intervention could provide the opportunity for less vociferous participants also to voice their opinions.

When discussions are conducted as stated above the people who attend them get a sense of participation right from the very inception of the process of cooperative action. The other advantage of promoting this type of disciplined discussions is the possibility of building amity and greater understanding among the people at the local level. It also provides the right environment for the emergence of new cooperative leadership. But a word of caution is necessary to guard against the deterioration of this intervention process into a dependency relationship between the intervention agent and the people. The former can easily fall into this trap if he fail to clearly comprehend the nature and purpose of his role as an intervention agent. His function is neither to replace nor discourage the development of village level leadership. But this would happen if he attempt to impose his ideas on the people or performs the leadership role himself without assigning it gradually to persons who prove to be capable of it. Thus, the intervention agent has to be extremely careful to limit his intervention process to the necessary minimum.

The objective of intervention should always be to make the people self-reliant on a cooperative basis. Creation of the sense of dependence on an external agency for the materialisation and success of the cooperative effort is detrimental to the achievement of this objective. This is the very ingredient that ultimately destroys member

may not have the type of orientation necessary to appreciate the problems and hardships of the people at the village level. Hence when the two parties are involved in discussion, to start with, there is bound to be misunderstanding. People at the village level begin to criticise the technical personnel while the latter attempt to pass over the blame and responsibility to either people or politicians. If this mutual fault-finding is allowed to develop in a discussion session irreparable damage would be caused to the cooperative effort of the people at the village level. In the end they will be the losers. Success of their cooperative efforts depends to a great extent on the goodwill of the technical personnel the cooperators are able to build in the course of their discussions with them. For this cooperators must learn to appreciate the problems and difficulties of other persons. And it is through this process that the correct relationship with the technical personnel has to be established. Members may not get the orientation for this without the initiative of an intervention agent.

After the identification and initial formulation of the projects therefore, it is desirable that the intervention agent make the first contact with the relevant technical personnel to brief them about the projects and examine their feasibility from a technical angle. What transpires out of such discussion can then be conveyed to the members for further discussion among themselves. In the course of discussion with members it should be possible for the intervention agent to prepare the background for joint discussion with the relevant technical personnel. It is important to explain to members the implications of these joint discussions and point out the need for maintaining constructive relationships with technical personnel. Intervention agent can use these occasions for promoting leadership development by encouraging suitable persons to accompany him when he conducts such discussions. But this must be done judiciously to avoid the selection of persons not acceptable to the majority of members. Unless the intervention agent is observant and alert all the time there is the danger of his actions too being suspected. If that is allowed to happen no more will he be able to proceed with his intervention work.

At the joint discussions of the technical personnel and the people it should be possible to arrive at decisions that are acceptable to all parties concerned. This ensures greater commitment to cooperative action. And without such commitment it is hard to implement projects successfully at the village level. From this point onwards it is more a matter of implementation. But in this also people must be involved. Individual members could be assigned specific implementation tasks. At the stage of follow-up and monitoring, problems of implementation must always be brought to their attention and they must be made responsible for working out appropriate solutions.

What all the work described above implies is that the intervention agent has also to function in the capacity of a village level coordinator in bringing, people, technical personnel and institutions at different levels into a meaningful relationship. He also has to function as a researcher, a planner and a trainer. Cooperative member education must be a part and parcel of this process. It should not be an independent exercise. To play all these roles successfully the intervention agent must have knowledge as well as competence. The type of knowledge he needs most is that related to the socio-economic situation of the people in the village areas and the nature and effectiveness of services extended to them by the existing institutions including cooperatives. A knowledge of these aspects can be acquired by conducting few simple field investigations. To gain competence there is no alternative to being engaged in this type of work for a sufficient length of time under the guidance and direction of a programme specially drawn up for this purpose. And this is a matter for which initiatives have to be taken at the national level.

When people are educated, motivated and promoted to organise themselves for cooperative action as outlined above it becomes a process of member participation at all stages and levels of their problem solving activity. This is what cooperation in practice should be. Member-participation is the essence of it. Concentration of effort to discover ways and means of stimulating member-participation therefore can be regarded as an innovative step taken off the beaten track.

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COOPERATION AMONGST COOPERATIVES WITHIN A COUNTRY

By

P. R. Dubhashi

There are two aspects of cooperation amongst cooperatives within a country, namely, vertical and horizontal.

The need for cooperation amongst the cooperatives, vertically, arises because the cooperatives function at various tiers or levels. Cooperatives are built from bottom upwards and hence, it is the primary cooperatives which are the foundation of the cooperative movement. The primary cooperatives consist of individuals - the members of primaries who come together on the basis of the principle of self-help and mutual help for rendering an appropriate service to fulfil a need which, as separate individuals, they are unable to fulfil in a satisfactory manner.

Thus, the primary credit cooperatives may consist of small farmers. Traditionally they have been exploited by the money-lender who would lend at exorbitant rate of interest and would eventually deprive the farmer of his only productive asset, namely, land. Such farmers may constitute a thrift and credit society.

Similarly, traditionally farmers have been unable to get remunerative price for their produce. The prices would typically collapse in the post-harvest season and the trader who is often a money-lender, would buy the produce at low post-harvest price only to be sold at an exorbitant price later in the lean season. A marketing cooperative would enable the pooling of the produce of the small farmers and could arrange to sell it at a more remunerative price by giving the farmer members a better bargaining position vis-a-vis the traders. As a part of the marketing function, it could also provide the farmers' services

of storage, packaging and transport and even of processing the primary produce.

The workers and the artisans with nothing but their labour and skills to sell are often exploited by the capitalist. He has the resources to buy the raw material and sell the finished products. He corners high profits conceding only a pittance of wages to the workers. Industrial cooperatives could provide common facilities, supply raw material and arrange for marketing and thus enable the artisan to get a fair share of the sale price.

The consumers with small incomes are often charged higher prices by the merchants specially for the goods in short supply. The trader makes inventory gains by cornering the stocks of scarce commodities. Some times, the consumer is duped by the sale of adulterated commodities or by short weight and measurement. It is possible for the consumers then to come together and form a cooperative stores which could arrange supply of essential commodities at fair prices to the ordinary consumer.

In cities, urban rents are escalating and building sites are difficult to come by. A cooperative could help by enabling a small man to own a flat in a cooperative housing society or a house of his own on a site in a layout of a cooperative society.

II

COOPERATIVE FEDERALISM

However, a small primary Cooperative Society by itself may not be able to provide all the services and might well require the support of a larger organization. This is where the primaries come together to form a collective organization, a cooperative at a higher level to which all of them are affiliated.

III

VERTICAL ASPECTS OF COOPERATION
AMONGST COOPERATIVES

In the normal evolution of the cooperative structure, the cooperatives at the higher tier would owe their origin to the initiative of the primary cooperatives, since cooperative federalism is built up from bottom upwards. The cooperatives at the higher tiers not only owe their origin but also their subsequent existence to their primaries. The only *raison detre* for cooperatives at the higher tiers is their ability to render common services to the primaries.

Thus, the cooperatives at the higher tiers are answerable to the primary cooperatives and primary cooperatives to their members. The cooperatives at the higher tiers can justify their existence only in terms of the service rendered to the primaries. This should be the normal pattern of relationship between the cooperatives at various levels.

This pattern which could be accepted in any normal pattern of cooperative federalism does not always exist, specially in the developing countries. One of the reasons may well be that the cooperatives at the higher tiers do not necessarily come into existence in response to the felt needs of the primaries. They are often conceived of in an a priori fashion. Because of the major role that the administration plays in the process of the development as a whole, cooperatives at higher tiers may be formed only to correspond to the administrative boundaries like the nation, the State, the region or the district. The societies are registered at the higher level even when the primaries may not have felt the need for cooperatives at the higher tier or may not have taken any initiative in bringing into existence the cooperatives at the higher tier.

When cooperatives at the higher tier come into existence in this fashion, they may not think of their work only or even mainly in terms of the services they render to their primary constituents. They may develop a personality of their own and may start thinking of themselves as separate business entities. In any case, their work assumes two dimensions, namely:

- i) Their work as promotional agencies; and
- ii) Their work as independent entities.

Often, their work as individual entities gets the better of their work as promotional agencies.

When this happens, the relationship between the primary cooperatives and the cooperatives at the higher tiers and the interse relationship between the cooperatives at the higher tier may start becoming competitive rather than cooperative. They may start under-cutting each other for the same quantum of business. The cooperatives at the higher tiers may even indulge in practices which are detrimental to the cooperatives at the lower tier and the primaries. For example, they may insist on charging commission without rendering services. The cooperatives at the higher tier may obtain privileges from the State and then use their privileged position for imposing un-reasonable terms on their own primaries. Thus, cooperatives at various tiers start working at cross purposes. This must be considered to be a distortion and a caricature of the ideal system of cooperative federalism.

But it is not as though the cooperatives at the higher tiers are always at fault. The primary cooperatives may often suffer from various disabilities. The management of primary cooperatives may go in the hands of vested interests who are opposed to high standards of business management, having in mind purposes which are not consistent with a long-range development of the cooperatives. Thus primaries may refuse to have the facilities of a common cadre of qualified staff and may insist on their own recruitment of known people though this may amount to nepotism. They may develop relationship with outside organisations

for services which could better be rendered by their own federal organisation. They may oppose all plans of rational re-organisation of the cooperative structure. This may, invite deterioration rather than growth and improvement in the cooperative organisation.

There may be, however, another situation where the primaries are unable to avail of the services rendered by the cooperatives at the higher tier because they find that the services rendered by the cooperatives at the higher tier either unsatisfactory or un-economic. Thus, a primary consumer cooperative society might find out more economic to procure their supplies from the whole-sale market rather than from the cooperative whole-sale consumer store since the latter provides the supplies at higher prices. Such situation often arises because of the incompetence and inefficiency of the cooperatives at the higher tiers or because of certain margins and commissions charged by the cooperatives at the higher tiers. It is, therefore, obvious that one of the pre-conditions of fruitful functional relationship between the primaries and cooperatives at the higher tier is the ability of the cooperatives at the higher tier to render services which are efficient, economic and satisfactory in every way. It is futile to invoke cooperative loyalty as a basis of mutual relationship between cooperatives even in the same sector when this loyalty is not backed up by manifest advantage arising out of sound business transactions.

There is one more caveat to be entered into. Some times, in order to break the cooperative system, other business organisations which are inimacally inclined, may deliberately try to wean away the primaries from the higher tier cooperatives by offering temporary advantages which may be withdrawn later. It is for the higher tier cooperatives, then, to convince the primaries of the long-term advantages of the mutual transaction.

In any case, it is obvious that mutual trust confidence and loyalty could rest only on the strong foundation of efficient and competent service and mutual economic advantage.

HORIZONTAL ASPECTS OF COOPERATION
AMONGST COOPERATIVES

While vertical aspects of cooperation amongst cooperatives deal with relationship amongst cooperatives in the same field of activity but at various levels, the horizontal aspects are related to cooperatives working in different fields of subject-matter areas. Thus, they deal with the relationship between the producers' cooperatives and consumer cooperatives, farmers' cooperative and Workers' cooperatives, or between credit cooperatives and non-credit cooperatives.

- (1) Relationship between producers' cooperatives and the consumers' cooperatives :

It is the objective of the producers' cooperatives to provide services to their members for the sale of their products at the most remunerative price and pass on the benefit to the producer. It is the objective of the consumer cooperative to procure for their members commodities needed by them at most reasonable prices. However, the producers are frustrated in their effort to get a remunerative price because of the monopoly and dominance of the traders who buy their commodities in the market which are often un-organised. Similarly, the consumers are frustrated in their effort to procure essential commodities at the reasonable prices by the merchants, who charge high prices or pass on to the consumer adulterated products. Both producers' cooperatives and consumer cooperatives in such situations stand to benefit by direct links with each other. Such direct links would eliminate middle-men's exploitative margins and enable both the producers and consumers to gain simultaneously. The producers' and consumers' cooperatives can enter into long-term contracts for mutual benefit.

- (2) Cooperation between the farmers' cooperatives and Workers' Cooperatives :

Farmers often require improved implements which are not readily available in the market. On the other hand, carpenters

and black-smiths in the rural areas may be under-employed. Both can stand to benefit if workers' cooperatives can produce improved tools and implements and sell them for farmers' benefits.

Another example of such horizontal relationship is between the agriculture producers of raw material and their industrial consumers. Handloom weavers require yarn and they could set up a weavers' cooperative yarn mill. The cooperative of producers of cotton can supply their product to the Workers' cooperative yarn mill on mutually beneficial terms. A further cooperation between farmers and workers or weavers would be for both of them to jointly own the yarn mill.

(3) Credit cooperatives and non-credit cooperatives:

The cooperatives, whether of farmers, workers or consumers, require credit facilities. There has, therefore, to be close linkage between the credit and non-credit cooperatives. For example, marketing cooperatives could get marketing credit from cooperative bank. Often, membership of the banking cooperative and marketing cooperative would be the same. However, the two institutions are distinct. While the marketing cooperative can benefit by finance made available by a cooperative bank, the cooperative bank could itself make use of the sale proceeds of the marketing society to recover the loans given to its members. This is called linking of credit with marketing which is possible through cooperation between the credit cooperatives and marketing cooperatives.

We often think in terms of cooperative commonwealth or a cooperative system. It is through the development of vertical and horizontal linkages that the cooperative system could be built up. However, these linkages are often tenuous. I have already explained the strains caused to the vertical relationship between the cooperatives. As regards the horizontal linkages, they are even a more difficult to develop. The most successful dairy cooperative in India does not use the medium of consumer cooperatives for the

distribution of its products but has entrusted the sale agency to a private organisation. The consumer department stores do not display the fruit products of cooperative processing units but those of a private enterprise. Farmers' cooperatives do not use the product of the cooperatives of industrial workers. Marketing cooperatives are reluctant to take responsibility for the repayment of production loans issued by the cooperatives. Under a fiat of the Government, primary cooperatives get linked to commercial banks. All these are examples of the obstacles in the way of development of cooperation amongst cooperatives between various sectors. However, the potentialities of the cooperative system cannot be fully realised without maximum mutual cooperation within the cooperative system - vertical as well as horizontal.

V

ORGANISATIONAL LINKAGES

In order to develop effective functional linkages between cooperatives at various levels and in different sectors, it is necessary that there should be corresponding organisational linkages.

Vertical linkages are implicit in the very structure of cooperative federalism. Thus, the General Body of the primary cooperatives consist of all the members and that of the cooperatives at the higher tiers consists of the representatives of the primary cooperatives. Where the number of primary cooperatives is very large, there might be a representative general body of the higher tier cooperatives. In India, the Indian Farmers Fertilizer Cooperative has a membership of about 27,000 individual cooperative societies; it is not possible for the representatives of all these cooperatives to meet in a single general body. The small cooperatives are, therefore, organised in terms of electoral colleges which send their representatives to the general body. Similarly, if in a district, there are very large number of primary cooperatives affiliated to the District Cooperative Central Bank,

inter-locking representation. Thus, the producers' cooperatives may have on their Board the representation of some consumer cooperatives and vice-versa. This is done by cooption. This then becomes an in-built device for promoting mutual cooperation. Another device is that of the constitution of inter-cooperative coordination committees of cooperatives in different sectors can formulate and promote joint plans of action. The third device is the constitution of general cooperative unions on which there are representatives of cooperatives of all sectors. The general cooperative union would then be responsible for promoting cooperation amongst cooperatives in different sectors and hinder hindrances to cooperation amongst cooperatives. Finally, there may be organisations jointly promoted by cooperatives in different sectors.

Organisational devices, however, are not by themselves enough. There has to be a vision of a "cooperative commonwealth" or a "cooperative system" which should be shared by cooperatives in all sectors. Without such vision, mere organisational devices are a body without soul. It is the shining vision of cooperative commonwealth which must be promoted and this is the supreme task of cooperative education.

VI

In the context of what is discussed in this paper the Seminar could well consider the following issues:

1. Can we clearly identify the specific vertical and horizontal linkages between cooperatives within the country?
2. To what extent have these linkages been developed in practice?
3. If they are not fully developed, what are the constraints?
4. By fully developing these linkages, can we establish a cooperative system? and
5. What would be the advantages of such a full-fledged cooperative system?

SUMMARY

There are two aspects of cooperation amongst cooperatives within the country namely, vertical and horizontal. Cooperatives in any sector work at various tiers or levels and constitute a pyramid of "cooperative federalism". Vertical cooperation refers to the linkages between cooperatives at various levels. The higher level cooperatives are meant to provide support and services to the cooperatives at lower tiers.

However, sometimes the cooperatives at the higher tiers act more as independent entities rather than promotional agencies. This makes for conflict and working for cross-purposes. Devices have to be found out to avoid such situations.

The horizontal aspect refers to cooperation amongst cooperatives between various sectors - relationship between the producers' cooperatives and consumers' cooperatives, farmers' cooperatives and workers' cooperatives, credit cooperatives and non-credit cooperatives. Relationship between the cooperatives between various sectors could be built for mutual business advantage.

There must be organisational relationship to correspond with the functional linkages. The vertical organisational linkages are a built in feature of the vertical cooperative pyramid. The horizontal linkages have to be developed through special devices like inter-locking representation or Inter-Cooperative Coordination Committees.

When functional and organisational relationships are fully developed, a cooperative system comes into existence. This should be the goal of cooperation amongst cooperatives within a country.

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Lecture Paper

PAPER ON "COOPERATION AMONG COOPERATIVES
AT THE NATIONAL LEVEL"

by

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to be presented at

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Manila, Philippines

PAPER ON "COOPERATION AMONG COOPERATIVES

AT THE NATIONAL LEVEL"*

INTRODUCTION

This paper is prepared purely in the context of the Philippine experience, in the spirit of sharing with the other movements in the Asian region and in the hope that somehow, this would at least prove interesting - if not useful - to those with whom we share our experience.

The paper will attempt to give a brief, albeit broad backdrop of the new cooperatives development program the better to understand the moving considerations which went into the planning and subsequent implementation thereof. We will also try to highlight at what stage of development we now are, as well as our expectations, and our forward plans and programs, all aimed - as we hope it will immediately become apparent - at underscoring the main theme of this paper, which is Cooperation among Cooperatives at the National Level.

BACKGROUND

The first cooperative we know of was organized in 1907. Although this was registered as a cooperative under the general cooperation law for lack of a special cooperative law which came into being only in 1915.

*Prepared by Nelia Gonzalez, Asst. Secretary for Agriculture and Officer-in-Charge, Bureau of Cooperatives Development, Philippines as a discussion paper for the 7th Open Asian Conference on Cooperative Management, Nov. 6-10, 1981 at Manila, Philippines.

This was followed by the enactment of several later pieces of legislation seeking to promote, and/or regulate different lines of cooperative activity. Unwittingly, this resulted in fragmenting the movement, and while in fact not intended, this state of affairs literally presented cooperatives of different types, governed as they were by different laws, from coming together and translating into purposeful activity the time-honored principle of cooperation among cooperatives. This is in fact one example of how legislation can effectively retard the growth and progress of cooperatives.

It was against this backdrop that the new cooperative laws, Presidential Decree No. 175 was promulgated on April 14, 1973. Entitled "Strengthening the Cooperative Movement", it represented the initial effort at consolidating the different cooperative laws into one, at the same time seeking to provide a sound agricultural base which would serve as the springboard for the systematic development of an integrated cooperative program, under the umbrella of just one agency of the government. This agency used to be the Ministry of Local Government and Community Development, it is now the Ministry of Agriculture.

THE NEW COOPERATIVES PROGRAM

The program was pursued initially in four (4) developmental stages:

I. Stage I - organization and development of Samahang Nayan - a village-based organization composed primarily between 25-200 farmers. Initially limited to savings activities and as channels for education and discipline, after sometime and depending on the stage of development of a Samahang Nayan, the concept was relaxed to allow a Samahang Nayan to convert itself as a cooperative, with full powers to engage in economic and service-related activities.

Stage II - organization of full-fledged cooperatives made up of Samahang Nayan as the first institutional ties in the ownership structure, such as Area Marketing Cooperatives,

Cooperative Rural Banks, and other types of cooperatives such as consumer, credit, production, industrial, marketing and other types of cooperatives.

Stage III - organization of fairly large consumer supermarkets with a twin purpose: to provide adequate outlets for agricultural produce, and to service the consumer needs of its membership.

Stage IV - the process of federating cooperatives at higher levels to bring about integration, establish the proper and necessary linkages between different types of cooperatives, thereby creating a favorable climate for interaction at these levels.

STATUS OF THE PROGRAM

SAMAHANG NAYON

As of March 31, 1981, there were 21,049 Samahang Nayon organized all over the country, with a total membership of 1,034,122. Of these organized, 18,343 SN have been registered (acquiring juridical personality) with 940,594 members. The total accumulated savings of these Samahang Nayon amounted to P98.40 million, classified as follows; General Fund - P21.61 million, Savings Fund - P43.26 million and Guarantee Fund - P33.53 million.

AREA MARKETING COOPERATIVES

The area marketing cooperative is established by Samahang Nayon as their marketing arm on a multi-municipal or provincial level. Its main functions are to procure and distribute production inputs needed by farmers and to store, process, transport and sell farm produce. A minimum paid-up capital of P100,000.00 is required to organize an AMC.

As of March 31, 1981, there were 43 operational AMC's with combined paid-up capital of P9.6 million and total resources of P48.78 million. There were 3,872 SN affiliated with these AMC's with a total individual membership of 215,403.

COOPERATIVE RURAL BANKS

The cooperative rural bank is organized as a financing arm of Samahang Nayon and their members. The minimum paid-up

capital necessary to operate a cooperative rural bank is ₱500,000.00.

As of March 31, 1981, there were 24 CRBs licensed by the Central Bank Monetary Board with a combined paid-up capital of ₱34.55 million. Affiliated with these CRBs were 5,736 SNs with a total individual membership of 251,098. The total resources of these CRBs figured ₱81.49 million and they have loaned out ₱57.754 million to 25,181 farmers.

This stage also involved the re-registration of old cooperatives and registration of new ones under Presidential Decree No. 175. As of March 31, 1981, among the old cooperatives, 1,520 have been re-registered and the new ones registered number 876, broken down by types as follows:

	<u>Old</u>	<u>New</u>	<u>Total</u>
Credit	999	257*	1,256
Consumers	322	269	591
Marketing	135	108**	243
Producer	10	26	36
Service	40	153	193
Federation	13	30	43
Coop Unions	<u>1</u>	<u>33</u>	<u>34</u>
TOTAL	1,520	876	1,396

The third stage was the establishment of market outlets for farm produce. In addition, there have been organized vendors cooperatives in Metro-Manila area. These vendors cooperatives organized the Manila Market Vendors Service Cooperative or "MAMVESCO" for short.

The fourth stage was the integration of cooperatives by way of federating them on different levels. This also involved operational linkages among cooperatives. This resulted in the setting-up of various federations by type and the organization of 13 regional cooperative unions and the Cooperative Union of the Philippines which had been designed to be the umbrella organization of the Philippine

*Includes 24 CRBs

cooperative movement. All cooperative sectors are represented in the Board of Directors of CUP.

Additionally, there are now specialized cooperatives operating at national levels. These are:

1. The CISP - the only insurance cooperative in the country which now covers with life insurance approximately 80,000 members of cooperatives, with assets now amounting to P11 Million.

2. The National Publishing Cooperative - designed to handle the design and production of the media requirements of the cooperatives for education and information, with an accumulated gross service/^{income} amounting to P19 M as of reporting date.

3. The Cooperative Marketing System of the Philippines with assets of P43 M and accumulated sales volume of P91 M for produce and P14 M for farm inputs.

There are regional-level cooperatives too:

1. Metro-Manila Consumers Coop - which runs the super-market called "Super-Palongke" with a total gross volume of P234 M since start of operations.

2. The Metro-Manila Savings Cooperative with total loans granted amounting to P3.6 M; and

3. The Cagayan Valley Development Cooperative with assets amounting now to P22 M.

The Samahang Nayons have now themselves federated at different levels up to national level; the Cooperative Rural Banks have done the same and this trend is expected to continue all in an effort to integrate with one another and in this way maximize utilization of scant resources.

Our attempts at integration are also very apparent when one looks at the structure of the apex organization, the Cooperative Union of the Philippines. Its membership may be divided into four general categories: the regional cooperative unions, the Samahang Nayon Structure at national level, business federations, and other cooperatives-oriented national-level organizations.

SOME LESSONS FROM THE PAST

1. Role of legislation - on the basis of our experience, legislation can in fact be a hindrance to or a developmental mechanism for, integrating which in turn would mean for us creating a favorable climate for cooperation among cooperatives at national level. It used to be that we had one law for the so-called non-agricultural cooperatives and another law for those categorized as agricultural cooperatives. The non-agricultural law contained provision for a cooperative union - but only between and among those registered under its provisions. The agricultural cooperative law did not contain any such provisions at all. This was not a healthy climate, and fortunately this artificial wall was demolished by the new cooperative law.

This in fact resulted in some absurdities at some earlier point of our history. Fishing in the high seas was considered non-agricultural, which fishing in inland waters and lakes was agricultural.

The point being made is that when legislations affecting cooperatives are being considered, the movement itself must manage to make itself heard, lest unwittingly, legislation is passed that would effectively stifle instead of enhance the growth of cooperatives.

OWNERSHIP AND ORGANIZATIONAL STRUCTURES: THEIR EFFECT ON INTEGRATION. In a way, this is also related to the first point but in a slightly different context. Where a cooperative law does not contain enough flexibility and straight-jackets - so to speak - such vital matters as ownership and organizational structures, then this may bring about circumstances unfavorable to growth and development which even the legislators themselves may not have foreseen.

An ideal situation would be to provide just a broad framework and allow a maximum interplay of all economic forces - individual, institutional, government and private sector, in the manner best suited for servicing the needs of the membership. We like to think that with the passage of the new law, we have passed this bridge already, and although growth is slow, the

development line is on the uptrend, not curving downwards.

3. The personality problem. When one talks of mergers, consolidation, even just federations - one invariably runs into what I might best call the personality problem. Which one goes up, and which one goes down, is a question that always causes problems. We do not know of any sure, fine solution to this, but we do feel that in the end, orientation, dedication, and commitment to the ideal are about the only factors that can bring about the desired situation. It is a human factor that one wrestle with, but it is a bull that must be taken by its horns, and not just avoided, in the interest of bringing about an organization that is truly responsible to the needs of its membership.

4. The education factor. Volumes have been written about the advantages of an enlightened membership. We have a community-type credit union that caters to varied economic sectors: to school teachers, to sidewalk vendors, to market-stall-holders, to small consumer stores, to fishermen, and to a number of other sectors too. Their delinquency is almost zero. The secret is a systematic, continuous and effective education program beamed at the membership. There is no substitute for an enlightened, and informed, membership.

5. The management infra-structure. The Minister made a strong point about this in his Keynote Address. Given the minimum circumstances essential to start a cooperative undertaking, management can make or unmake a cooperative. We have already tried several experiments here, and we are still experimenting. We have had some successes, but more important, we think, is the creation of a climate that will be conducive to development of management capability, and capability to compete in the management market. Turn-over of personnel is fast when one is unable to compete in the market, and investments in human development is always costly.

CONCLUDING REMARKS

We have set down here past of our history, and portion of our experiences which we felt might be of value to most if not all of the movements with which we are now exchanging views.

Where we cite statistics, these are not to impress, or to create a favorable image. These are to try to demonstrate what fruits our efforts have borne in our continuing attempt to identify and develop suitable frameworks to maximize interaction between and among cooperatives; to look for situations which would allow and encourage a pooling of resources - both material, financial and human - to be able to expand the spheres of our influence, and to reach more of those in need of services.

In this changing age of a new economic world order, cooperatives must be able to play their role, and they can do this effectively only if they are able to cooperate at different levels - local, national, regional, and international.

I have tried to set down our experiences at trying to bring about a climate favorable to cooperation at national level, mainly through the integration process. We are continuing to strive in this direction, and the newly formed Cooperative Union of the Philippines is expected to play a lead role in this on-going endeavor.

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COOPERATION AMONG COOPERATIVES ON
A REGIONAL & GLOBAL BASIS

by

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to be presented at

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COOPERATION AMONG COOPERATIVES ON

A REGIONAL & GLOBAL BASIS:

SYNOPSIS OF A LECTURE

(DR. S. K. SAXENA, SENIOR CONSULTANT TO THE
SWEDISH COOPERATIVE CENTRE (STOCKHOLM))

ASIAN CONFERENCE ON "STRENGTHENING COOPERATIVES"

MANILA, NOVEMBER 5TH - 11TH, 1981

In 1966 at the Vienna Congress and at the subsequent Central Committee meeting, the ICA adopted by general agreement a new set of co-op principles. Two major changes were: a) the principle of political neutrality was dropped which implied that:

- 1) it is not easy to be politically neutral in the world of to-day in view of the extensive interaction between the state and the economy:
- 11) that advancing the movements' interests call for alignments and confrontations with political parties in ways which transcend narrowly defined ideological frontiers of political groupings.

This was the first change.

The second was the addition of a new principle, namely, cooperation among cooperatives. Introduced by the U. S. member of the commission on Cooperative principles, Harry Cowden, it was a tacit recognition of the fact that:

- i) many co-ops are not working with other co-ops even where their interests would have been subserved by such collaboration. In my own position as Director of the Alliance, I saw very many cases of such missed opportunities: I am sure you know of many more. This is true nationally and still more internationally.

Let us look at the motivation for such collaboration. Basically, there are two compulsions and I think all cases of collaboration which exist in the world to-day could be seen to stem from either of these two. These two tend to be closely inter-related and often actual cases of collaboration straddle both. These are as follows:

- i) Ideological compulsions, and
- ii) Economic compulsions.

IDEOLOGICAL REASONS

One of the reasons why co-ops work with other co-ops is simply because of their ideology, their roots, as it were, have either been the same or for some reason they feel they belong together. The main strands of cooperative ideology are associated with, for example, Raiffeisen, Schulze Delitzsch, Rochdale Pioneers, Alphonse Desjardins and Filene. Perhaps in a general way we could group together Raiffeisen, Desjardins and Filene since they all provided the ideological base of the Thrift and Savings movement. The Rochdale Pioneers which have been the back-bone of the consumer oriented movements, seem to have particularly animated the organizations affiliated to the ICA.

Obviously there are differences in detail, but they all seem to agree on the following four essential elements.

- 1) Voluntarism: All have voluntary attitude to the recruitment of members:
- 2) Democracy: System of control: one member - one vote: A deliberate effort to divorce power from wealth unlike in profit-making enterprises.
- 3) Aim of the enterprise: service.
- 4) Ownership by member users: Not absentee ownership where you invest your money for profit or speculation.

Such collaboration between co-ops caused by ideological kinship is often reflected in national groupings which are called the union or the council. This pattern is prevalent in a large number of countries.

First, in Eastern Europe, there is often a national cooperative council which acts as a spokesman for the movement as a whole. It is a non-economic organization. For instance, in Bulgaria, Hungary, East Germany, Czechoslovakia and Poland there is a central cooperative council or as in Poland, the Supreme Cooperative Council. In Italy there is no such body: there are, of course, the Lega Nazionale, Confederazione and Associazione, which are formed mainly along political lines and there is no umbrella organization which links them together: in France there is the Groupment which enables co-ops to meet together: in Austria and Switzerland there is no such body and the consumer and the agricultural wings operate separately. Nor is there one in Finland, Denmark or Sweden (with the exception of SCC dealing with aid matters.) In Norway again no such body exists except a cooperative committee in what is called The Society for the Welfare of Norway: in the U.K. the cooperative union does not include the agricultural cooperative sector and has only recently admitted the Credit Union League of Great Britain: similar is the case in the U. S. where there is CLUSA, ACDI and large regional organizations: in Canada there is the Cooperative Council of Canada and the Conseil Canadien de la Cooperation.

The picture then seems to be as follows: first, it is not possible to talk about a uniform pattern existing throughout the world.

- i) There are sectoral organizations in the field of credit, agriculture, marketing, consumer, artisanal, etc.: there is a broad similarity of interests and hence a natural tendency to group together.
- ii) Where cross sectoral organizations are grouped in the same organization, the functions of such organizations tend to be generally non-economic: they are mainly representational (for E.G. dealings with government, taxes, legislative and promotional functions.)

A second pattern which is distinct is the one where a number of organizations collaborate on specific aspects: for example, the cooperative committee in the U. S. which speaks for the different wings of the movement vis-a-vis the Government on matters of aid: the Japanese Joint Committee.

There are then the international organizations where co-ops of different kinds and/or belonging to the same sector meet. The following can be mentioned:

- 1) The ICA: comprehensive in coverage and open to all cooperative sectors.
- 2) The IRU bringing together organizations of the Raiffeisen type.
- 3) WOCCU bringing together credit unions having continental chapters in the rest of the world.
- 4) COPAC which brings together international cooperative organizations.
- 5) The German University conference on cooperatives.

Of the above 5, the ICA is the only organization which claims to be "the universal representative of cooperative organizations of all types which in practice observe the cooperative principles". All the others, with the exception of COPAC which is restricted rather narrowly by its objectives, cater for cooperative organizations of a specific kind (credit, agricultural co-ops, etc.).

Let us look in some more depth at the groupings within the ICA. The ICA provides for such collaboration through its 9 auxiliary committees which are as follows:

- 1) The agricultural committee which groups agricultural organizations from 50 countries: its sub-committee for SEASIA served by the regional office in New Delhi: an economic sub-committee which has been particularly active in the field of agricultural cooperative trade: the trade

conference in New York and Moscow have helped in the flow of trade and highlighted the trade potential of co-ops. It has also been active in lobbying with the United Nations agencies, particularly FAO.

- 2) The banking committee groups a number of cooperative and trade union supported banks. It facilitates exchange of experiences and collaborates with the international liason committee on cooperative thrift and credit.
- 3) The Organization for Cooperative Consumer Policy is concerned with questions of consumer protection.
- 4) The Intercoop is acting largely as a business organization: it arranges joint purchasing on behalf of its wholesale members and obtains economies for them. A broad division of labour has been agreed between Intercoop and Euro-coop, the first specializing in economic activities and the latter in political work vis-a-vis the EEC in Brussels. The Intercoop retains its own buyers in different parts of the world or uses the buyers of its member organizations, for instance in Australia; recently opened an office in Hong Kong to make purchases for its members from mainland China, Korea and Japan.
- 5) ICIF deals with cooperative insurance organizations and has two sub groups, the IDB and the Re-insurance Bureau.

Other committees of the ICA which provide scope for collaboration are:

the Fisheries Committee, the Housing Committee, the Workers Productive Committee and the Women's Committee.

Two features which need to be noted are:

- i) Most of the committees are non-economic bodies helping to establish contacts, exchange information and discuss mutual problems: they are normally confined to a particular sector of cooperative activity.

- ii) The Women's Committee is an exception since it is based not on any specific activity but concentrates on women's questions and their involvement in cooperatives of all kinds.

In addition to the above there are 5 working parties which bring together officials undertaking specific functions, for example, librarians, research officers, editors of co-op journals, educationists, and interests of co-op tourism.

DIFFICULTIES IN ACHIEVING COOPERATION

The following may be identified as the major difficulties:

- 1) Consumer/producer dichotomy is overdrawn in economic text books. We derive our categories of thinking from the prevailing economic environment where profit making sector dominates. The two broad streams of cooperative development have been along agricultural and consumer lines: they have grown and diversified, creating parallel structures in the fields of banking, insurance support institutions, service, etc. For example, in the U. K. the cooperative union represents the consumer wing of the movement and has no contacts with the agriculture sector - CIS and agricultural cooperative insurance.
- 2) Relative strengths of the various sectors may be different: agriculture producers do not feel that the consumer wing of the movement provides a broad enough outlet for their production.
- 3) Sometimes there is simply an absence of knowledge about other cooperative activities in existence: need for an institutional structure for interchange of information.
- 4) As the two wings have developed, they have become locked into specific positions, even politically: the agriculture wing more to the right, the consumer to left.

- 5) The emphasis on broad ideological issues like the creation of a cooperative commonwealth evident in the early development of the movement, has now almost completely disappeared and unless that concept is kept in the forefront, broad inter-coop collaboration between different sectors can at best be ad hoc. (explain the reasons for the decline of this discussion.)

Let me now give three specific examples of collaboration between co-ops in the field of 1) fertilizers, 2) petroleum, and 3) production.

- 1) IFFCO - collaboration between Indian and U. S. co-ops.
- 2) Petroleum - ICPA
- 3) Production - Scandinavian regional collaboration.

Some final remarks:

ICA/CUP

7TH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

MANILA (PHILIPPINES) : NOVEMBER 5-11, 1981

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ANNEX TO DR SAXENA'S SYNOPSIS

COPAC	Joint Committee for the Promotion of Aid to Cooperatives
ICA	International Cooperative Alliance
INTERCOOP	International Cooperative Trading Organisation
ICIF	International Cooperative Insurance Federation
IDB	International Development Bureau
IFFCO	Indian Farmers Fertilizer Cooperative
ICPA	International Cooperative Petroleum Association
IRU	International Raiffeisen Union
JJC	Japanese Joint Committee
SCC	Swedish Cooperative Centre
WOCCU	World Organisation of Cooperative Credit Union

02
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SEVENTH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

Manila, Philippines

5-11 November, 1981

Cooperation among Cooperatives on a Regional and Global Basis

by N.J. Newiger*

Mr. Chairman, Cooperators and Friends:

It is a great pleasure and privilege to be with you on the occasion of the 7th Open Asian Conference on Cooperative Management. I should like to convey to you the greetings and best wishes of the Director-General of FAO, Mr. Edouard Saouma, for a successful meeting and to assure you of FAO's intention to continue its close collaboration with the ICA. In this context, I am pleased to recollect that more than 30 years ago the ICA was granted consultative status with FAO. This was the beginning of more than three decades of constructive collaboration between the two organizations. It is on the occasion of the 7th Open Asian Conference on Cooperative Management that we have another opportunity to join our efforts to ensure that those who produce food are equitably rewarded for their efforts.

I have been requested by the ICA to present an outline of a strategy of action on how cooperation among cooperatives on a regional and global basis can be built up. It is understood that this should be done from the standpoint of an inter-governmental organization. I should therefore like to limit my paper to those aspects of the topic which are of direct concern to FAO as an inter-governmental organization. Furthermore, I would like to exclude the board area of inter-cooperative trade, which is so vigorously pursued by the ICA itself.

*Food and Agriculture Organization of the United Nations, Rome, Italy.
(The views expressed are those of the author and do not necessarily reflect the views of FAO).

With the above limitations the following paper will focus on major problems of rural development and their implication for cooperatives. Subsequently the new development strategies which have emerged as a result of the problems encountered will be discussed. The paper will then provide some insight into action programmes initiated by FAO, such as the People's Participation Programme, the programme for the Development of Appropriate Management Systems for Agricultural Cooperatives, as well as the proposed programme for Energy Use and Conservation in Agricultural Cooperatives and other Rural Groups, and proposed activities for the support of promotional institutions for cooperatives.

I. Problems of Rural Development and their Implications for Cooperatives

The past 30 years have witnessed major developments in many fields, yet we are still living in a world of social and political unrest, population explosion, increasing unemployment, widening disparities and other frightening realities. It is certainly no exaggeration to state that the world food situation is still one of crisis. The outlook is dangerously uncertain in view of greatly reduced stocks.

Nearly half the population of the world live in the rural areas of the developing countries. Most of them derive their livelihood from agriculture, fishery and forestry, or very closely related activities. They include a large proportion of the world's poorest, under-nourished and illiterate people, mainly concentrated in the Far East and Africa, but with a significant number also in the Near East and Latin America. Although many governments have made serious efforts towards agrarian reform and rural development, the problems of rural poverty has grown rapidly.

Improvements in living conditions have chiefly benefited the urban population which is much smaller but is growing faster and is politically more powerful, thus widening further the gap between rural and urban areas in respect to incomes, services, amenities and the general quality of life. Moreover, differences within the rural population have also widened. In many countries the small improvements that have been achieved have mainly benefited the landlords, large farmers and others who were already relatively well-off, rather than the small farmers, the growing number of landless agricultural labourers and the rest of the poor.

The widening gap between the rich and the poor has now become a characteristic feature of rural social life in a number of developing countries. As the condition of the poor continues to degenerate in terms of an absolute fall in their income or increase in the number of those living below the poverty line, the rural rich continue to concentrate the existing resources in their own hands. There thus occurs a polarization of relations between different groups in the rural areas where the rich and the powerful continue to amass wealth and power, alleviating the poor and powerless from their principal source of livelihood.

The unequal development of different sections of the rural population has, in turn, led to the emergence of such a situation where the rural poor are made dependent upon the rich for access to resources necessary for their survival. Whether it is land for crop-sharing, credit for production and consumption or employment as wage labourers, the rural poor are invariably dependent upon the rich.

This extreme form of dependent-dominant relationship not only facilitates

the exploitation of the poor by the rich buy, by the same token, undermines the development of the productive capacities of the poor. It is now a well-established fact that no rural development can be achieved in the rural areas so long as the majority of the rural population, namely the poor continue to remain unproductive and under-developed, The question, therefore, is how to involve the poor in actively participating in the process of development under the prevailing political and economic conditions.

The Millions of small farmers, sharecroppers and rural labourers cannot be reached expeditiously one by one, by development agencies, nor will the voice of the individual peasant carry any weight in the development process. Only through some kind of organized grouping can the rural masses articulate their aspirations as well as channel their inputs and outputs effectively. Especially the rural poor are in need of genuine organizations initiated by themselves with which they can identify as their economic self-help and bargaining or pressure group, or a combination thereof.

It is generally recognized that existing cooperative organizations do not involve or serve a large majority of the rural poor; their membership and especially the decision-making and resource allocation benefit largely the better-off rural people. These cooperative organizations do not effectively develop and mobilize a large part of the rural resources. The rural poor who perform most of the work, even though frequently not fully or effectively employed, have no or little possibility to participate in making decisions that affect their future well-being. They lack access to appropriate and timely inputs and services, effective and profitable

markets for their meagre surpluses, and they lack the means to prevent imposition on them of technology or programmes they cannot use. Thus, rural development, particularly agricultural production, stagnates far below its potential.

The Secretary-General of the United Nations has emphasized this aspect when stating that "by and large the cooperative has been benefiting those having resources or influence in the community and the cooperative has not made a determined effort to reach the poor who stand most in need of cooperative effort. There is evidence of cooperatives in developing countries which have been organized specifically to help the poorer segments of the community. However, their impact has been insignificant particularly in those societies which are hierarchically and structurally differentiated." Rural cooperatives within such a socio-political setting are most likely to be dominated by the rich, thus increasing the inequalities of the prevailing power structure. This phenomenon of strengthening the social stratification through cooperatives is fairly common in many developing countries. Thus, while one of the major reasons for the shortcomings of cooperatives in terms of involving the rural poor in the process of development has been the dominance of the rural elite, the over-bearing direction of governments is of equal relevance.

With regard to this relationship between cooperatives and governments, the UNDP Technical Advisory Note on Cooperatives and Similar Institutions points out that "the traditional doctrine proclaims the independence of cooperatives vis-a-vis governments, but this doctrine evolved under conditions

prevailing in relatively developed and wealthy societies and needs to be modified in the circumstances of most developing countries today. It is clearly not applicable in countries where the government has opted for a cooperative-style of organization for society as a whole, e.g. Tanzania, China, Viet Nam, etc. But even in countries with mixed economies governments intervene extensively to promote rural development through the mechanism of cooperatives. It is generally accepted that government support is an essential pre-requisite of widespread growth in developing countries."

However, government support of cooperatives, which is important especially at the initial stage, is not without political problems. This is particularly relevant with regard to those governments which are based on the mainly hierarchical structure of their societies. It is also for this reason that many governments tend to look upon cooperatives as their instrument of power and development and not so much as organizations of people who can and should determine their own objectives and participate in decision-making and the gains of development. Consequently members often look at cooperatives as another type of government service rather than their own organization and often lose interest in active participation. Likewise, government officials tend to develop paternalistic relationships with the rural poor. Often government action substitutes for local effort and cooperatives look upon themselves as privileged minorities dependent upon permanent government subsidies.

The ideal role, according to which governments should begin as champion, continue as partner and abide as friend, is far from being implemented. As

a matter of fact, there are not many governments of developing countries which have succeeded so far in creating a favourable environment in which cooperative can grow and become self-governing institutions.

There is yet another problem area which is closely related to the dominance of rural elites and governments: most cooperatives do not reach down to the grassroots' level. Primarily, for reasons of economies of scale, rural cooperatives are usually covering more than one village. In the majority of cases, this is appropriate from an economic point of view. It fails, however, to bring about social cohesion and active involvement of the poor at the grass-roots' level. The small farmer and especially the landless labourer cannot identify themselves with a high organization which is far away from their homes and which is run by people they cannot trust, i.e. either the rural elite or government officers, or a combination thereof.

The conventional type of cooperative as originated in Europe and transplanted under the colonial regimes to Africa, Asia and the Near East, where it still predominates to a large extent, is mostly a service cooperative which is established to promote individual farms by taking over one or more partial functions to be performed by the agricultural producer. These functions are normally confined to credit (and savings), supply and marketing. They are singled out of the complex of inter-related functions to be performed by the small farmer. Thus the cooperative society is acting mostly as a single or multi-purpose society performing either one or more partial functions without concerning itself with the overall economic requirements and the many other inter-related functions to be taken care of by the individual farmer member. This concept ignores the need to relate cooperative activities to the increase of income of the farmer as the prime objective of cooperative activity, bearing in mind that this income is primarily derived from agricultural production

These are closely linked with each other. Larger resource flows are an essential condition for rural development. Appropriate structural reforms ensure that benefits flow to the disadvantaged. People's participation ensures that growth with equity is self-sustaining and meets the basic requirements for rural people as perceived by them.

Each government will choose policies intended to have the maximum possible impact on poverty. Quantifiable targets will have to be established against which the effectiveness of action can be judged.

The real subject of the World Conference on Agrarian Reform and Rural Development, as the Director-General of FAO put it, was the great masses of hungry and poor people in the world, composed of hundreds of millions of men, women and children lacking food, health, education, employment, shelter and dignity. "Among them are half a billion below the margins of human existence. The only wealth they have is of privation and disease - the oedema of famine, kwashiorkor, malaria, sleeping sickness, blindness. Their struggle is surviving; to collect a few twigs, to cook a handful of grain, is less dramatic in "media" terms than the quarrels of car-owners queuing for a few litres of petrol. But it is of far greater consequence for the life of nations and the peaceful future of our children".

The WCARRD Declaration of Principles and Programmes of Action are highlighting people's participation in the institutions and systems which govern their lives as a basic human right. The Conference considered this as essential for realignment of political power in favour of the disadvantaged groups and for social and economic development. It is stated that "Rural development strategies can realize their full potential only through the motivation, active involvement and organization at the grass-roots' level of rural people, with special emphasis on the least advantaged, in conceptualizing and designing policies and programmes, and in creating administrative, social and economic institutions, including cooperatives and other voluntary forms of organization, for planning, implementing

and evaluating them".

The WCARRD approach is based on the assumption that active participation of the poor can only be brought about by adequate people's organizations at the local level and decentralization of government decision-making in a manner to allow the local people to influence them adequately.

Until the majority of the rural people in developing countries can be mobilized through their own organizations, the technology and other resources being offered are not likely to be utilized adequately and efficiently by the small-holders and rural labourers, and the goods and services produced will not be equitably distributed. Thus the entire structure of rural society will be increasingly characterized by unemployment and social tension. These problems will be increasingly transferred to urban centres through migration.

Involving people may be regarded as the cardinal issue of the very complex and long-term process of rural development and agrarian reform, entailing changes in patterns of ownership of the productive assets, decision-making and power structures, social traditions and attitudes, the organization of economic activity and the institutional and administrative set-up of each society.

Thus, support and promotion of people's organizations, coupled with gainful employment, is considered by WCARRD as the most effective means to secure people's participation in rural development at the local level. Obviously all interests in the local community must, in some way, be involved and balanced within a total rural development scheme. However, the aim should be ^{to} strengthen the weak for their successful participation. They initially require sufficient protection and preferential access to resources to make that possible. While there can be no universal model, general principles are drawn from past experience from which models may be fashioned to fit or to reshape the existing institutional structures of developing countries.

An effective strategy would seek governments' commitments:

- (i) to improve the effectiveness of existing self-help organizations to support the rural poor and promote their active participation in development efforts;
- (ii) to stimulate the creation, particularly by the rural poor themselves, of adequate forms of organizations at village level, which the poor regard as their own, and can be effective to improve their conditions and satisfy their specific needs; and
- (iii) to enable such organizations to participate in the decision-making process of rural development, particularly at the local level, and in projects and programmes directly concerning them. Initially, it may be necessary to give specific representation to disadvantaged groups/segments (as distinct from the non-poor who are already well-represented) in quasi-governmental and local bodies concerned with rural development.

To be effective, people's organizations must develop the capacity to provide their members with (a) a significant degree of self-determination and (b) preferential access to resources and/or employment, information and technology, requisite skills and influence over relevant institutions.

In order that national governments provide the bases for effective participation of the rural poor, legal and institutional barriers need to be removed to enable their association in organizations of their choice. Among others, this would involve:

- (1) ratification and enforcement of ILO Convention Nos. 87 and 141 and Recommendation No. 149 on the role of rural workers' organizations in economic and social development;
- (2) relaxing complicated formal requirements of organization and registrations for small, local organizations;
- (3) easing collateral and repayment terms for small loans and other contracts with mutual guarantee groups.

FAO is performing the function of a catalyzing agent. In addition to assistance with regard to the initiation and identification of NGO projects, FAO support may consist of creating favourable political conditions for projects implementation, co-execution of NGO projects with FAO, or the backstopping and monitoring of projects financed by NGOs. It is to be emphasized that such a trilateral relationship between FAO, donor NGOs and recipient NGOs should always ensure the independence of the NGO's involved.

Such reorientation of FAO in support of cooperatives and other self-help organizations of the rural poor would not only have to be based on close collaboration with non-governmental organizations, but also on the concept of technical cooperation among developing countries (TCDC), an aspect which will be illustrated in the context of the action programmes to be presented.

It goes without saying that the ICA itself, through its regional and central offices, provides a basis for regional and global cooperation among cooperatives. From an inter-governmental point of view, it is felt that there is an ever increasing need to strengthen the dialogue between non-governmental organizations and UN agencies, both at the regional and global levels. In this context, the Committee for the Promotion of Aid to Cooperatives (COPAC) deserves particular mention as a forum where both inter-governmental and non-governmental organizations regularly meet at the international level. The emphasis of this forum in the years to come should be on the harmonization of policies and programmes of UN agencies and NGOs at the planning stage. ICA as the most important NGO member of COPAC will no doubt fully utilize this mechanism to improve collaboration among cooperatives on a global basis, as well as, of course, strengthen its bilateral contracts with FAO and other UN agencies.

IV. Action Programme for the Promotion of People's Participation

As a major step in implementing the mandate of WCARRD, FAO has embarked upon a new programme entitled "People's Participation in Rural Development through the Promotion of Self-Help Organizations". The specific objective of this programme is to assist interested governments and non-governmental organizations to develop on a pilot basis replicable organizational models

III. The New Mandate of FAO: Collaboration with non-Governmental Organizations

The 20th Session of the FAO Conference, by paragraph 10 of Resolution 7/79 on the follow-up to WCARRD, "called upon all states concerned and FAO to take effective measures which will assist in the establishment and strengthening of self-reliant and representative rural organizations, including rural women's and youth organizations, so that such organizations can effectively and democratically participate in the implementation of the Programme of Action." The FAO Conference Resolution also called upon FAO to collaborate more closely with non-governmental organizations in the development of such adequate new forms of people's organizations and participatory methods.

In operational terms, future programmes of FAO should work towards people's participation in almost all rural development programmes and projects to be assisted or at least a modality for implementation through people's participation would be one criterion for assistance to rural development projects. The future trend for which projects are now being designed will work towards people's participation in planning, design, implementation and evaluation of rural development programmes and projects. These are long-term goals which FAO seeks to introduce into rural development projects.

NGO collaboration in this process is essential. It is FAO's conviction that in carrying forward the WCARRD message, the involvement of non-governmental organizations would be crucial for success, especially in reaching out to the rural poor at the grass-roots' level.

The Director-General of FAO has decided to pursue vigorously the attainment of these objectives in cooperation with the governments, as requested by the above Resolution.

In the context of the action programmes described hereunder, NGOs, in particular ICA, are invited to closely collaborate in all aspects of rural development activities including planning, implementation and evaluation. The reorientation of FAO towards collaboration with non-governmental organizations may also imply a trilateral relationship between FAO, donor NGOs and recipient NGOs, in the context of which

FAO is performing the function of a catalyzing agent. In addition to assistance with regard to the initiation and identification on NGO projects, FAO support may consist of creating favourable political conditions for project implementation, co-execution of NGO projects with FAO, or the backstopping and monitoring of projects financed by NGOs. It is to be emphasized that such a trilateral relationship between FAO, donor NGOs and recipient NGOs should always endure the independence of the NGO's involved.

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- (a) providing more effective receiving mechanisms in the form of people's self-help organizations at the village level;
- (b) Support of rural employment and income-raising activities of these organizations;
- (c) stimulation of and linkage with existing national rural servicing agencies.

Any action supported under this programme, whether in the form of a project or as a component of a more comprehensive rural development programme, should have a number of basic characteristics. These refer to the general objectives and orientation of the projects and not to the specific nature of the activities to be undertaken. The latter cannot be seen and prescribed in advance without aborting the purpose of the project activity, i.e. participatory organization and development. The set of essential criteria briefly presented below is based on the FAO Guidelines for People's Participation and Organization.

(1) The Project beneficiaries are the rural poor

The project should exclusively focus on the rural poor, who can be defined in general terms as all people who:

- live in rural areas at or below subsistence level;
- are full or part-time engaged in agriculture, forestry, fisheries,

handicrafts, other rural occupations or are unemployed;

- are characterized by criteria of rural poverty defined in each country relating e.g. to level of income or size of land holding.

The main categories of rural poor are smallholders, tenants, share-croppers, landless labourers, fishermen, artisans, tribal minorities, refugees - including men, women and children. The project approach should thus normally not be to encompass all farmers or a whole area/village. This implies that the government favours or at least allows, a rural poor-oriented development policy.

(2) Separate groups of the poor

The project aims at assisting the rural poor in organizing themselves in separate groupings. The government concerned should accordingly permit such action tacitly or formally by legal arrangements and/or political backing. Preference is given to countries which permit autonomous people's organizations. In countries where separate organizations of the rural disadvantaged are not feasible, the project should have the possibility to promote sufficiently autonomous groups of rural poor within wider formal rural organizations until the groups are sufficiently strong, economically and socially, to secure adequate participation in, or cooperation with, these organizations.

(3) Small homogeneous groups

The project should promote the creation of homogeneous groups of men and/or women. The economic and social conditions of the group members, as well as their needs, aspirations and requirements should thus be similar. The basic groups should be small, normally 8-15 members, and informal. They are to be conceived firstly as starting basis for income-raising, self-help activities; secondly as instruments for participation in local decision-making; and thirdly as a receiving system for

services, facilities and any other support.

(4) Self-organizations and self-reliance

The principle of self-organization should be fully safeguarded: the project beneficiaries themselves select the members and leaders and decide on the rules as well as activities of their groups. Self-reliance of the rural poor is to be stimulated by helping them to eliminate progressively undue dependence on outside assistance, organizations and/or power holders.

(5) Group Organizers (GOs)

The project should stress the recruitment, selection and training of qualified and motivated local GOs as catalysts for group formation and guidance. The GOs, preferably selected or provided by NGOs, should identify with and be accountable to the groups formed. They should facilitate access to government and other services and help organize meaningful action research.

(6) Income and employment generating activities

The groups should firstly engage in self-identified agricultural and/or other appropriate income-raising activities and/or employment creating activities. Social and cultural activities are important but not primary. The initial orientation should be to create economic benefits during a comparatively short time period, so as to create confidence in the project approach. Group-savings and productive investment are to be stimulated as a means of economic self-reliance.

(7) Effective linking mechanism

The project should normally be supported by arrangements for effective and possibly preferential policies and linking mechanisms for delivery of government

and/or other resources and services to meet the various needs of the groups. This should include resource allocation, technical support, training and the provision of credit on the basis of a project guarantee-cum-risk fund for collateral-free group loans with collective liability.

For an effective and integrated delivery system project support committees at local and national levels, representing the relevant servicing agencies and the groups themselves, may be required. It is also essential, however, to safeguard against too much service support in favour of the groups, which may cause over-dependency and impair replicability of the initial pilot project.

(8) Training

Innovative formal and informal participatory training is to be provided to the group members, the GOs and government and other officers involved in the project. It is in the nature of this training that it should be in relation to the needs of the groups and that it should be provided on a continuous basis throughout the project period.

(9) Action-research

This research is of participatory nature, to be undertaken by the beneficiaries themselves in collaboration with the GOs and suitable research institutions or experts as a means of planning and implementing optimal and effective group action. In the initial project phase specific socio-economic surveys may also be necessary to identify the rural disadvantaged, who are the eligible project participants.

(10) Monitoring and Evaluation

This project component, having a participatory emphasis, is essential for improvement of group plans and activities for the pilot project and for follow-up

expansion programmes. It includes group self-evaluation and field workshops with the participation of the rural poor, the GOs and relevant government and NGO personnel.

Encouraging Initiatives in Asian Countries

The urgent need to embark on the People's Participation Programme as a new and innovative action to develop suitable organization structures and methodologies conducive to people's participation at the grass-roots' level has been borne out by FAO programmes such as the Rural Organizations Action Programme (ROAP) and the Small Farmer Development Programme (SFDP).

Of particular interest in this context is the Small Farmer Development Programme since it is not only based on the above-mentioned participatory approach but it was implemented some four to five years ago in three Asian countries. This period of time justifies the drawing of some preliminary conclusions from the initial experience gained. The following observations are based on field surveys and evaluations conducted after three years of operational experience of SFDP projects in three Asian countries.

The Small Farmer Development Programme was originated by the Asian Survey on Agrarian Reform and Rural Development (ASARRD) in 1973/75. During this preliminary period, village level workshops involving small farmers and landless labourers, government officials, researchers and UN representatives, were held in eight countries of Asia to identify local needs and initiate action programmes. Field action projects for a three year period from 1976-79 were implemented in Nepal, Bangladesh and the Philippines as a follow-up to the workshops.

The case of Bangladesh

Bangladesh is the most densely populated among the ten largest countries in the world. 96% of the population are engaged in agriculture. Nearly half of the population is either landless or coming less than an acre. Against this

background the Small Farmer Development Programme was initiated in Bangladesh in 1976 in three districts: Bogra, Comilla, and Mymensingh. The SFDP project in these three districts was supported by the Bangladesh Academy for Rural Development, Comilla, the Rural Academy in Bogra, and the Agricultural University in Mymensingh. Eight villages were selected. In each of the eight villages a group organizer/action research fellow was working. On average, each group organizer was organizing 24 groups with an average size of about nine members. The total number of groups thus formed amounted to 193, with 1,798 members.

One of the most important initial tasks of the group organizers was to assist with a general survey of the project villages in order to identify the target groups. Following this, the objectives of the projects were explained and a detailed household survey was conducted. On the basis of the survey, income-generating activities were identified around which the groups were organized. The groups were then helped by the group organizers to prepare production plans which, after scrutiny and approval of the sub-project implementation committee, were sent to the Commercial Bank designated by the Bangladesh Bank with which the guarantee fund was deposited. It is important to note that the loan was given without collateral, on the basis of group liability.

The major activities ranged from beef fattening, milk cow rearing, draught animal rearing and paddy processing to rickshaw-pulling and silk-worm spinning for women and landless, as well as fishing in ponds, pottery, etc.

After a number of groups were established and operating, there was a need to work together for activities which required operations on a larger scale, in order to increase returns and prevent loss. For these and other reasons, i.e.

provision of common facilities and advisory work, a number of associations were formed by the groups over the project period. Each association was composed of about 12-20 groups.

All surveys and evaluation reports stressed the importance of the availability of credit financing for the initial capital requirements, as an essential condition for carrying out income-raising activities. The Bangladesh project repayment rates of 97% are remarkably high. Also the amount of saving in most of the villages was impressive. "These factors indicate that the traditional baseless. These people are very eager to repay the loan as soon as they have something. What is necessary is to see that they have an assured source of income."

The most important indicator of the success of these projects in terms of economic achievements is, however, the income increase of the members. The evaluation report of the Bangladesh Institute of Development Studies states that "it has been found that incomes have more than doubled since the project started. However, only 32.5% of this increase has been directly attributed to the project. If we consider the secondary and tertiary effects, a much greater percentage of the increase is owed to the project. The project has also led to some improvement in land-holding and housing."

Another indicator of project accomplishment is the effect on employment generating. It has been noted that with the group activities participants have utilized more of their family labour.

Generally the results of the project in Bangladesh have been encouraging. It has brought out an innovative approach to group action and supervised credit. Apart from improving the economic conditions of the group members, the groups have experience in undertaking group action by developing group personality and discipline,

mobilizing savings and establishing contacts with line departments.

While the results in general are encouraging, there are of course also problem areas which require attention. Apart from the fact that some of the groups were less successful than others, one of the major problems still unresolved is the need to link small farmer development groups and their associations to existing cooperative organizations. It should be pointed out that in most of the small farmer development projects, of which Bangladesh is a typical case, the effort was focusing on the "bottom-up" approach. This implied that initially no action was taken to relate to cooperatives and other people's organizations. However, after several years of grass-roots development of small groups and their associations, serious efforts are now underway to relate these small farmer development groups and their associations to the cooperative system. A statement of the Secretary of the Ministry of Local Government, Rural Development and Cooperatives, reflects this policy: "We in Bangladesh are committed to promote rural development through a uniform national framework for the purpose of increasing production and achieving distributive justice. Cooperatives have been adopted as the appropriate institutional framework, keeping in view our past experience and present socio-political realities. It is, however, a flexible framework and provides for the inclusion of newer components and dimensions evolved through innovative pilot projects. We are implementing SFDP not as a substitute for cooperatives but in support of them so that it can make cooperatives better, and represent the interests of small farmers, small fisherman, landless labourers and other disadvantaged groups. As pre-cooperatives, the SFDP groups can strengthen the base of the national framework and, at the same time, test the validity of new policy premises." This policy statement clearly implies that the

SFDP groups and their associations are considered as pre-cooperatives which are to become cooperatives eventually. However, the operational modalities of this process of integration are yet to be developed.

Nepal's experience

The SFDP projects in Nepal are located in two districts: one in the lowland plains, i.e. Dhanusha, and the other in the upland area, i.e. Nuwakot. The projects started in 1975 and comprised a total of 1,265 members in 94 groups. There were four group organizers assisting with the formation and development of groups, which implies that each organizer was assisting about 23 groups. Also the findings in Nepal have been very encouraging. The family incomes of the members have poor developed as self-reliance increased. Individual family and group planning stimulated also non-economic activities such as illiteracy classes, family planning, improved home sanitation and drinking water facilities.

The economic advantages of activities at the inter-group and association level encouraged, for instance, seven groups to construct a weaving factory with 20 hand-looms. One member, trained by the cottage industries department, has in turn trained 32 other members. Also several groups arranged for bulk purchases of thread for weaving and for the group marketing of cheese and other dairy products.

The relationships of the SFDP groups to cooperatives are of particular interest. The SFDP group members are members of existing village cooperatives (sajha) in order to have access to agricultural credit. However, in spite of this formal relationship, the linkage between the SFDP groups and the sajhas leaves much to be desired. The SFDP groups receive loans through the sajhas, but the latter are only used as a channel leading to the Agricultural Development Bank, which then takes the required decisions on the basis of loan applications drawn up by the SFDP group organizers. It would be important to encourage the SFDP farmers to take

an active interest in the management and direction of the cooperatives of which they are full members. As such, the SFDP groups could fully participate in the election of Board Members. As such, the SFDP groups could fully participate in the election of the Ward Committee members of the cooperatives and in the ensuing the election of Board members. Such move is facilitated by statutory measures which have recently been enacted to ensure that small farmers and, in particular, members of SFDP groups have access to the cooperative Ward Committees and to the Board of Directors of their cooperative. Two-thirds of the seats available on the Ward Committees of the cooperatives are now reserved for small farmers, as well as two-thirds of the seats on the Board of Directors for the primary cooperatives. A recent FAO mission to Nepal proposed an additional safeguard to be introduced: 80% of the loan disbursement of primary cooperatives should be allocated to small farmers and, furthermore, in areas where SFDP groups operate, at least 50% of the farmers should be reserved for the SFDP groups. It was also proposed that all members of cooperatives possessing more than ten hectares should be excluded from the credit operations of cooperatives since they can have direct access to credit from the Agricultural Development Bank or from commercial banks. It is assumed that if the above mentioned statutory measures be enforced by the Department of Cooperatives and the Agricultural Development Bank, the main beneficiaries of the sajha movement will then be the small farmers. This is particularly relevant in view of the fact will then be the small farmers. This is particularly relevant in view of the fact that so far about 65% of all sajha credits went to large farmers, while the share of medium, small and marginal farmers was 15%, 12% and 9% respectively.

The relationships of SFDP groups to cooperatives is furthermore confused by the fact that the Department of Cooperatives has recently sponsored the establishment

exclusively under its auspices, of small farmer cooperatives specially reserved for small farmers possessing less than 2.6 hectares in the lowlands and one hectare in the hills, and with an annual income of less than 950 rupees. The aim of the Department was to replicate, on its own initiative, the main features of the Small Farmers Development Programme. This could lead to the development of a second category of cooperatives, in addition to the SFDP groups. It is doubtful whether such a multiplicity of cooperative structures will be in the best interest of the small farmers. The above mentioned FAO mission advised that the small farmer cooperatives which have not yet started operating should be gradually merged into the SFDP regular programme. The small farmer cooperative structure should be discarded and the newly established small farmer groups should be made to function as SFDP groups in accordance with customary SFDP methodology. If proved viable, these groups should affiliate with the primary cooperatives (sajha) operating in their neighbourhood.

Prospects for future development

One of the major purposes of the people's participation projects under the SFDP programme is to serve as "pilot" for further expansion and replication. As such, these pilot projects were devised in such a way that it enables the development of organizational models and methods for disadvantaged rural people's groupings and organizations which could be applied and replicated through expansion programmes in other parts of the area and/or country as a whole. This also implies that the pilot projects are not investment oriented nor should they require excessive cost and administrative density for their operations at local and national levels.

The two projects in Bangladesh and Nepal under review have been supported by

UNDP/FAO for a period of three and four years respectively. In the case of Bangladesh, the pilot project was started in eight villages. It is no small measure of success to learn that this project has now been extended into over 30 villages, especially in the Comilla area, without additional external assistance. This self-sustained expansion is also evident from the loans granted by the bank without additional guarantee-cum-risk fund. This expansion was also due to the positive community reaction. Villagers near most project sites have organized their own groups in the hope of acceptance into a scheme.

It is now proposed by the Government of Bangladesh to extend the total area of the project to 200 villages during 1982-84, i.e. 50 in Comilla, 50 in Bogra, 50 in Mymensingh, and 50 in Kurigram (sub-division of Rangpur district). This further expansion is expected to be supported by FAO/UNDP in the amount of about US\$ 500,000.

As in the case of Bangladesh, also the Government of Nepal, under its five-year development plan, hopes to expand the Small Farmer Development Programme to 38 districts, with a target of forming at least 6,000 groups by 1984. This large expansion will be made possible by support from the International Fund for Agricultural Development (IFAD) in the amount of US \$ 14.5 million. This large undertaking will be closely monitored and evaluated by FAO and the Nepalese authorities since it will be the first ever expansion of a participatory project of this size. This very encouraging development in Nepal is also indicative of the potential for further growth of other people's participation programmes. IFAD and other international lending institutions are prepared to assist on the basis

of pilot effort with sufficient experience.

Also the project of the Philippines will be expanded with support of FAO/UNDP in the amount of about US\$ 850,000. This expansion will cover four additional provinces.

While the expansion of the existing projects in the three Asian countries is progressing, new people's participation projects have been initiated with FAO assistance in Indonesia, Thailand, Sri Lanka, India, Laos and Pakistan. Similar efforts are underway in the African and Near East region. In the African region, people's participation projects are in the process of being identified and/or implemented in Ghana, Kenya, Lesotho, Liberia, Sierra Leone, Sudan, Swaziland, Tanzania, Zaire, Zambia and Zimbabwe. In the Near East, The Yemen Arab Republic, Syria, Jordan and Egypt are in the process of requesting and/or receiving support in the field of PPP/SFDP projects. In Latin America, some 14 projects were identified and are likely to be supported by different donors.

These new developments are certainly encouraging. On the other hand, as one observer in Bangladesh put it, "these projects cannot claim to have made more than a tiny little dent into the problem of rural poverty. Their greatest achievement lies not in leading the disadvantaged groups to break out of the poverty trap, but in awakening them to the possibility of achieving this through group action of a different sort."

V. Programme for the Promotion of Appropriate Management Systems for Agricultural Cooperatives (AMSAC)

Experience in various developing countries has indicated that the capabilities of cooperatives and other organizations of small farmers as agents of agricultural/

rural development can be significantly increased if they become more closely oriented to the production process. This means that cooperatives are concerned with what takes place on the farms and not simply with providing commercial services. In other words, raising the efficiency and improving the viability of the members' farms, and raising the income of farm families, become a prime focus of their attention.

In adopting this orientation, cooperatives achieve greater relevance to the vast numbers of small farmers (whether owners or tenants) upon whom increased production very largely depends. Besides helping the small farmers to raise the level of their performance they provide a broader means of communications between the primary producers at grassroots level and the planners at others. Through this mechanism the farmers can more actively participate in decision-making concerning agricultural development.

Action to increase agricultural production through cooperatives can take many forms. Generally, one of its basic ingredients is some degree of production planning within the cooperative for, by and between the associated farms. Thereby production lines, targets and requirements can be more clearly assessed and the means to deal with them more precisely determined. Such traditional cooperative activities as credit inputs supply, and marketing then become functionally integrated with the production process and with each other. To advance desirable institutional changes in the production system, channels of credit, marketing and processing, cooperatives must also represent and articulate the interests and needs of farmers and other segments of the rural population.

The main functions of cooperatives depend upon the needs of each country, but generally a multi-purpose type of cooperative is seen as the most appropriate. This

may go beyond the well-known functions of credit, input supply, marketing/processing and other facilities. Not infrequently, in fact, it provides extension and farm guidance to joint actions by members in cultivation and animal husbandry, such as joint seedbed preparation, land-preparation, water-supply and control, transplanting, forage-production, procurement of improved seeds and livestock, plant and animal protection, harvesting, etc. Also additional off-farm activities are relevant both to add more value to farm produce and to generate additional sources of income for farmers and members of their families. A case in point is processing of produce besides proper storage and transportation to reduce post-harvest losses as well as improving the capabilities of members as artisans.

Through such procedures, cooperative action is able to transmit improved techniques to broad masses of farmers in typically small-farmer economics. The provision of this "knowledge input" in direct connection with provision of physical inputs (e.g. fertilizers, pesticides, equipment, etc.) considerably enhances the possibilities of a more economical and effective use of such inputs with a consequential improvement of production prospects.

In other words, cooperatives will bring about significant improvements in the lot of the small farmer only if they become more production oriented and develop linkages forwards into processing and marketing, including by-product utilization, to reap the rewards of added value for the farmer. The concept of a production-oriented, integrated system of cooperative development, with the small farmer as prime beneficiary, requires a major thrust in member education since the farmers must understand and support the system in which they operate. The role of the manager becomes more that of development entrepreneur and his training needs to be designed accordingly. The manager, in as much as the members, must understand that the efficiency of a cooperative is to be evaluated not just by reference to its

success as a commercial enterprise, but foremost in terms of its impact on the farm and on farm income.

In the new approach of fully integrated production-oriented cooperatives, primary producers are involved in all the stages of agricultural production from the farm to the consumer. This production oriented and integrated cooperative system provides a structure for grassroots' involvement of the farmer with the provision of a complete package of input services and opportunities of storage, processing and marketing his product to the consumer, in order to improve economic and social gains. This integrated system has further the following main characteristics:

- (a) The main objective of this integrated system is to create conditions for a self-reliant and growth-oriented farmers' organization.
- (b) It attempts to increase income of the members/farmers and simultaneously helps improve social benefits.
- (c) Active involvement of cooperative members in the identification, planning and implementation of cooperative activities-on-farm as well as off-farm.
- (d) The management should be characterized by "development entrepreneurship", supporting and guiding the members in the identification, planning and implementation process.
- (e) The production orientation of the system normally involves the joint undertaking of primary production planning and operations by farmer groups or all farmer members of the cooperative.
- (f) The system, generally, should encompass and utilize all vertical and horizontal linkages that enhance its performance.

In recognizing this integrated system and the economic and social benefits that it can achieve, existing cooperative approaches and structures should be

examined with the intention of enhancing their degree of integration. A step by step approach should be adopted in order to avoid failure. This would involve a careful assessment of the prevailing economic and structural situations to decide on the most suitable form of integration within a particular country. Effective integrated development will necessitate a clear understanding between government and cooperatives to define their respective rôles and to ensure that cooperatives and their members participate in production and marketing systems with satisfactory margins and returns.

Each country has different forms of government organizational structure and many governments operate Marketing Boards or Crop Authorities for marketing agricultural commodities. Vertically integrated developments realize their full economic and social benefits for grassroots' members only if certain basic conditions are fulfilled. There is in particular a need for an even more effective implementation of rural and agricultural development policies which is a part of the development policy of many governments. This would include the improvement of the organization of government services to agriculture through better coordination among the ministries involved. Special attention should be given to the need of harmonizing the agricultural extension services with cooperatives. Another important prerequisite is a government policy, practised in many countries, of permitting cooperatives a gradually wider sphere of action as they develop in capacity. Representation of small farmers on Marketing Boards or Crop Authorities is essential in order to participate in determination of price structures and thereby ensure that primary producers enjoy the full economic advantages of their labour. This should ensure an optimum cash flow back to small farmers. This example emphasizes the need for a careful appraisal of the relationship between cooperative producers

organized on an integrated basis for production and their government. It suggests that support and understanding by the government will be required, with the possibility of adjustments to the relationship which permit scope for initiative and planning functions arising from below.

The Amul Dairy Cooperative at Anand, India, is an example of a fully integrated cooperative handling a non-export commodity. Many arable food crops are ~~more~~ difficult to organize cooperatively. The possibilities of achieving cooperative integration in the field of subsidiary food crops and other commodities should be fully explored.

Many existing cooperatives are multi-purpose societies and they often operate a collection of separate functions not directly aiming at the increase of farm income. In the new approach to integrated functioning, the activities could be examined in the light of management targets set to create the optimum economic and social gains for their members. This may involve additional directly related functions designed in a purposeful manner to build a stronger system.

Potential economic and social benefits from integrated production-oriented cooperative structures should lead to opportunities for allocating part of the surplus to social benefits for members. Economic gains could include increased income; opportunities for capital formation; decreased level of risks; and increased services to members. The social implication for a cooperative having a strong financial base include the possibility of increased employment; increased freedom and self-confidence; better opportunities for skill improvements and educational projects. The effect on a

local population belonging to such a cooperative could result in a substantially improved quality of life.

Training for members is considered particularly important as it is considered essential that they understand the cooperative system in which they participate. In the development of integrated systems, success will depend on the establishment of appropriate management systems capable of responding to meet the needs of an organization growing in size and complexity. This should not be considered to be a constraint or a problem but should be treated as an essential input for which provision must be made. Thus management training should take place from basic to senior levels and be geared to equip staff with appropriate training for their expected tasks and responsibilities, with particular emphasis on management. There will arise needs for re-training of staff in new concepts and also special skills that may be outside the experience of the existing cooperative staff. It is likely that changes of direction or new cooperative ventures will create the need for workshop seminars designed to familiarize local development staff, especially agricultural extension staff, and administrators with the new concepts of cooperative development that are being exploited.

The FAO programme for the development of appropriate management systems for agricultural cooperatives (AMSAC) has been initiated with this end in view. This new approach of integrated cooperative management systems is being developed with national institutions like the Indians Institute of Management, Ahmedabad (IIMA) and the University of Marburg, Germany. The programme is carried out in close collaboration with the German Foundation for International Development (DSE); the Plunkett Foundation,

Oxford; and the Swedish International Development Authority (SIDA). International organizations like the International Cooperative Alliance (ICA) and the Agricultural Cooperative Development International (ACDI) are also participating.

The AMSAC programme envisages four action phases. During the first phase, a guide on Management of Small Farmers' Cooperatives has been prepared, with a view to sensitizing cooperative leaders and trainers in the integrated cooperative approach. The second phase involves assisting the national institutions in developing countries in the preparation of country-specific manuals and training materials, keeping in view the specific management systems related to different crops, organization structures, and taking into account different social and political conditions. The third phase assists, where appropriate, in the development of action-oriented programmes including the testing of the applicability of specific manuals. The fourth phase is to organize comprehensive training programmes for policy-makers and management personnel in cooperative systems. An integral part of such a programme is the development of appropriate methods for the evaluation of rural cooperatives.

In the early stages of implementing programmes of this nature, government support for training would be essential but the cooperatives themselves should eventually assume the responsibility for training their own staff and members.

The role of research, including feasibility studies, constitutes one of the first steps in seeking the way forward in this new type of cooperative approach. Feasibility studies could be conducted within existing cooperative movements to

develop a more integrated approach. This research should include studies on one or more commodities, including the whole range of possible stages of cooperative involvement. Emphasis should be given to studies on the relationship which should be established between cooperatives and outside institutions, particularly Marketing Boards. Governments should be encouraged to support this research with the objective of finding pragmatic solutions to proposed organizational changes. The international agencies already mentioned are requested to assist the research studies with both finance and experienced cooperative personnel. It is considered that a number of small but well-integrated cooperative systems already exist, often supported by non-governmental organizations (NGOs) and these should be studied to see if their experiences could be helpful to those contemplating integrated developments.

While FAO is promoting the AMSAC programme, ILO and ICA continue to develop their training materials and methods programmes, i.e. MATCOM and CEMAS. However, it was jointly agreed between ICA, ILO and FAO to harmonize their respective cooperative training materials programmes, i.e. CEMAS, MATCOM and AMSAC. A study has been prepared recently and is being considered by the parties concerned. Subsequently, action will be taken in order to increase collaboration between the organizations through joint planning and monitoring of action. This constitutes a positive illustration of regional and global cooperation of non-governmental and inter-governmental organizations supporting cooperative development in Third World countries.

VI. Energy Use and Conservation in Agricultural Cooperatives and other Rural Groups

Another illustration of regional and global collaboration in support of

~~cooperatives is the proposed programme for energy use and conservation in agricultural cooperatives~~

~~and~~

cooperative is the proposed programme for energy use and conservation in Agricultural cooperatives and other rural groups. The idea was developed at the ICA Agricultural Congress in Moscow in 1980 which FAO was requested to undertake a study on the subject, with a view to prepare the ground for a programme with ICA. Since the energy crisis of the 1970s, there has been an upsurge and interest in energy conservation throughout the world, with more and more attention being paid to alternative sources of energy and to reducing dependence upon fossil fuels. The first phase of this interest may be seen as culminating in the UN Conference on New and Renewable Sources of Energy, held in Nairobi in 1981, after which a second phase of greater implementation of these ideas can be expected. As a result of increasing costs of energy, particularly those derived from fossil fuels, many countries are facing difficult decisions regarding the use of limited foreign exchange for the purchase of both food and energy. At the lower level, individual inputs while, at the same time, striving to maintain agricultural production. There is thus a tremendous incentive throughout both LDCs and industrialized countries to develop energy saving and substitution systems.

The aim of the proposed programme will be to bring about an awareness of the possibilities of these techniques to highlight the potential for group action and to put them into practise in a variety of rural situations in the Third World.

established. The major distinction to be made in this context is that the traditional government department is mostly confined to regulatory functions in support of cooperative development, with emphasis on registration, law enforcement, etc. Only to a limited extent promotional functions are being performed by these departments. This situation may be improved through the division of labour between government departments performing regulatory functions and separate bodies promoting cooperative development.

A case in point is, for instance, the well-known National Cooperative Development Corporation (NCDC) of India. A more recent development is the establishment of the Cooperative Foundation Philippines Inc. (CFPI) to undertake the promotional role. An amount of Peso 2 million was originally provided from USAID to the National Economic Development Authority (NEDA). An additional Pesos 2 million have been contributed by the private sector. Government approval has been given to increase the fund to Peso 10 million, with a further contribution of Pesos 6 million from USAID through NEDA. The CFPI, according to the agreement, has to invest the money and utilize only the interest. The major reason for this change of policy in respect to government institutions supporting cooperatives were given as follows:

- (i) Running a cooperative business is not within government competence.
- (ii) When government initiates cooperative development, it does not contribute to self-reliance contrary to such initiatives taken by the private sector or non-governmental organizations.
- (iii) The level of technical competence of government personnel is comparatively low due to low salary scales offered by government as compared to the private sector which can hire better qualified persons due to the flexibility in fixing salaries. It is difficult to develop competitive capability required for cooperatives in order

to compete with the private sector within the context of a government support environment.

- (iv) Due to the hierarchical structure of the government machinery, many problems are brought to the attention of the central decision-making level if they were handled by a non-governmental agency.

The above is a vivid illustration of a recent decision in favour of separating the promotional function from the traditional role of government departments in support of cooperatives.

There is yet another aspect to this, i.e. the transfer of expertise and funds from industrialized countries to Third World countries in support of cooperatives. Also in this context a non-governmental agency could promote cooperatives more efficiently than government departments usually are capable of doing. A recent development in Zambia illustrates this aspect. The external aid to cooperatives provided to Zambia by the Swedish International Development Authority (SIDA) was exclusively channelled to the Zambian Government. It is for the first time ever that this has been changed in favour of a direct NGO to NGO cooperation. This implies that the Swedish Cooperative Federation of Zambia with the full support and agreement of the Government of Zambia. Obviously this entails that both the donor NGO and recipient NGO must have the capability to take over the role hitherto performed by the respective government agencies.

While no conclusive lesson can be drawn from the above experiences, it is important to follow these developments closely both from a NGO and inter-governmental point of view since these innovative approaches and methods are very much in favour of genuine cooperative collaboration. It is felt that ICA and other non-governmental organizations would be well advised to seek the collaboration of FAO and other inter-governmental agencies in carefully

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studying the above attempts and similar cases, in order to improve promotional institutions and technical assistance systems in support of cooperatives.

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7TH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT
MANILA (PHILIPPINES) : NOV.5-11,1981

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REPORT OF COMMISSION I

SUBJECT : COOPERATION AMONG MEMBERS AT THE LOCAL LEVEL

Commission Chairman : Prof. Dr.A. Kahar Bador, Malaysia
Commission Rapporteur: Miss Amparo Alvarez, Philippines
Resource Persons : 1. Mr. Motohiro Kameda, Japan
2. Dr. J.M. Gunadasa, Sri Lanka
3. Dr. D. Vir, ICA ROEC, New Delhi
4. Mr. Severino Medina, Jr. Philippines

(For attendance, please see Annex A)

INTRODUCTION

The Chairman welcomed the participants and referred to the two papers on the subject Cooperation Among Members at the Primary Cooperative Level as presented earlier by the resource persons from Japan and Sri Lanka.

By way of introduction, the Chairman remarked that the two presentations provided two different situations of cooperation among members at the local level in the South-East Asian Region.

The following questions were presented to the Commission for deliberations :

1. What in your opinion are the elements that constitute the strength of a cooperative society at the primary level?
2. What approaches and strategies would you recommend to make a cooperative organisation strong and effective?
3. How should a cooperative maintain suitable relationship with other institutions and the government agencies at the local level and other levels?

Concerning question No. 1, the important elements of strength of a cooperative as laid down by the Commission are as follows:-

1. Motivated membership participation
2. Constructive and dynamic leadership
3. Viable size of cooperative
4. Effective management
5. Government recognition
6. Community acceptance

1. Motivated membership participation on a cooperative basis involves

- common problem and/or need identification
- participative planning for solution
- implementation of the planned program and
- education for imparting knowledge to create attitudinal change and to provide the necessary skills

2. Constructive and dynamic leadership is one that is trusted and able to take initiative with a sense of commitment. It should have the following qualities:

- awareness and faith in the effectiveness of the cooperative method as against any other methods
- ability and willingness to take initiatives in the interest of members on a democratic basis
- leadership must be trusted and acceptable to the majority of the members

3. Viability of size must be in terms of membership, area of operation and business operations.

4. Effective Management here refers to one having the following features:

- organizational and structural relationships among the components of the system
- skilled and trained manpower
- constant supervision and vigilance by members
- active participation of the whole range of the personnel involved in the management system including employers and officers

5. Government Recognition

It was recognized that the cooperative movement would not be able to grow and sustain its growth and development independent of the governmental

and political constraints of the countries in the region. It was therefore agreed that recognition by the government without undue interference would be a positive step to strengthen the cooperatives.

6. Community Acceptance

It was also recognized that the cooperative movement cannot exist in a vacuum. Hence, it was felt that acceptance by the community is an equally important factor in the strengthening of the cooperatives

With respect to Question No. 2, the Commission deliberated on the approaches and strategies that may be adopted to strengthen cooperative organizations and to make them more effective. And the following suggestions were made:

1. There has to be recognition of the needs and identification of problems of the community in terms of priorities and also, in order not to duplicate unduly needs and demands that have already been filled.

2. Clear objectives need to be set which are attainable within the resources available to the cooperative. These objectives should be categorized or classified into those which are short-term and long-term.

3. Planning involves an appraisal of the programme and its objective in relation to the economic factors within the framework of cooperative operation that includes the principles of volunteerism, democracy, service-oriented member ownership etc

- the human element must also be included and involved in the planning process. This involves development of leadership manpower, members education, confidence of the community and influence the policy makers.
- the means to achieve the objectives are equally important in the planning process. This involves an appraisal of the physical, financial, man power sectoral locational and communication aspects of the plan.
- the time element needs to be taken into consideration in order to set up target and evaluate their performance of the planned activities.

4. Implementation

In the implementation stage of the plan, it is necessary to take the following steps:

- Develop appropriate strategy for community acceptance, mobilization of members and funds, getting the right leaders and dedicated and suitable staff and manpower as well as strategies for members education, the proper training for the personnel requirement which include motivation and orientation. Strategies need also to be developed to establish good member and public relations as well as government recognition.
- Strategies once mapped out and developed should be followed with provision for monitoring and follow-up to determine how well they have attained the planned activities.

5. Review and Evaluation

This involves study of strengths and weaknesses in the whole gamut of the co-operatives development plan, strategies and implementation processes. The feedback from these investigative and evaluative efforts should be incorporated into more refined development plans for the future.

In addressing itself to Question No. 3 on how should a cooperative maintain suitable relationship with other institutions (which include cooperatives as well as non-cooperative bodies) and the government agencies at the local and other levels, the Commission recommended the following:

1. Seek areas of common interest

- This is necessary in order that the common interest of the respective institutions and government agencies at the various levels could be established so that they may be brought together to serve a common purpose.

2. Seek areas of complementary interests

There is a need also to establish interests which are complementary to one another among the respective institutions and government agencies at the various levels. This would then promote among the institutions concerned an integrated system of linkages which would be mutually beneficial to all parties concerned.

3. Develop the commonalities and complementarities of interests.

In order to sustain the abovementioned efforts, it is necessary to develop the areas of common interests as well as those which are complementary so that common objectives may be pursued without undue conflict and overlapping of functions.

It was also felt that the initiative for the abovementioned steps would depend on the various levels at which such linkages are to be developed. For instance, if the institutions and agencies concerned are able to *manage* the activities at the local level, then the local cooperative may not need the assistance or intervention of an apex cooperative body to *intercede* on its behalf. On the other hand, if the problem transcends local issues, it may be more appropriate for the apex body to take the initiatives.

In order to achieve this mutual understanding, it was suggested that more frequent dialogue and communication system be established by the cooperatives at the various levels. These efforts call for the sincerity and sensitivity on the part of the cooperative leaders in what is happening in the local and national environment. It's only then that the cooperative and the other institutions as well as the government agencies could achieve a mutually beneficial relationship that would be of mutual benefit to all concerned.

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8th November, 1981

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7TH OPEN ASIAN CONFERENCE ON "COOPERATIVE MANAGEMENT"
MANILA (PHILIPPINES) : NOVEMBER 5-11, 1981

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REPORT OF COMMISSION II

SUBJECT : COOPERATION AMONG COOPERATIVES WITHIN A COUNTRY

Local cooperatives are small with limited capabilities. Because of these limitations there is a need to link these primaries to the higher organisation like organisations from the district to the national level. The support can be in terms of function, finance or personnel to take advantage of economy of scale. Some of the examples are - procurement of raw materials, arrangements for education and training, provision of services of experienced personnel etc.

Horizontal linkages can be built between credit institutions and various sectors like consumers and housing.

Most countries represented in this Commission have not fully developed these linkages. Some constraints mentioned were :

1. Duplication or overlapping organisations and structures
2. Absence of organisational structure
3. No direct links developed between the primary and higher level of organisation
4. Complicated procedure and absence of simplified law for all types of cooperatives
5. No clear cut linkages between the banks and cooperative societies.

6. No streamlined function of each institution

By fully developing the horizontal and vertical linkages of cooperatives together with the building up of strong umbrella cooperative organisation we can establish a cooperative system. The umbrella cooperative organisation at the national level can help strengthen cooperatives by taking up problems of cooperative institutions to the higher government authorities. Another device is to convene a national congress to discuss steps to be taken to develop and strengthen the cooperative system.

The countries represented like the Philippines, Thailand, Malaysia, Singapore, Korea, India presented the structure of their federation and there was a considerable discussion regarding this.

MEMBERS OF COMMISSION II

1. Mr. Teerawit Koonsap, Thailand	Chairman
2. Mr. P.R. Dubhashi, India	Resource Person
3. Mr. Lionel Gunawardana, ICA ROEC	
4. Mr. Modesto P. Sa-Onoy, Philippines	Member
5. Ms. Rosa L Niduaza, Philippines	Rapporteur
6. Ms. Conne J. Caballero, Philippines	Member
7. Ms. Avelina M. Salcedo, Philippines	Member
8. Mr. S. Rajasegaram, Malaysia	Member
9. Mr. P. Radhakrishnan, Singapore	Member
10. Mr. Bakaruddin bin Mohd Tahar, Malaysia	Member
11. Mr. Sinari Hirkant Radhakrishna, India	Member
12. Col. Maximo G. Padlan, Philippines	Member
13. Ms Clarita P. Napoles, Philippines	Member
14. Mr. Romeo C. Ranjo, Philippines	Member
15. Mr. Cheah Sin Theam, Malaysia	Member
16. Mohd. Omar bin Hussain, Malaysia	Member
17. Mr. Sapan Hj. A. Kanan, Singapore	Member
18. Maj. Manerto M. Joson, Philippines	Member
19. Mr. Alagarsany s/o Periampillai, Malaysia	Member
20. Atty Julio A. Vivares, Philippines	Member
21. Mr. Teodoro E. Nazareno, Philippines	Member
22. Mr. Gaudencio R. Hernandez, Philippines	Member

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7TH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

MANILA (PHILIPPINE) : NOV. 5-11, 1981

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REPORT OF COMMISSION III

SUBJECT : COOPERATION AMONG COOPERATIVES ON A REGIONAL AND GLOBAL BASIS

The Commission assembled at Sta Hall, Manila Midtown Ramada Hotel, Manila, on 8th November, 1981.

The participants were delegates from India, Singapore, Malaysia and the Philippines.

The Commission was also assisted by Mr. J.M. Rana and Mr. M.K. Puri of the ICA ROEC. The Chairman of the Commission was Dr. R.C. Dwivedi from India.

The Chairman announced to the Commission the questions referred by the Conference for deliberation as follows:

- Question 1 : Discuss the potential of economic collaboration between cooperatives :
- (i) in the region of South-East Asia; and
 - (ii) between your cooperatives and the rest of the world.
- Question 2 : Specify the difficulties you see in achieving such collaboration and suggest ways for overcoming them.
- Question 3 : What do you think can the ICA ROEC do in promoting economic and ideological collaboration between cooperatives?

Dr. S.K. Saxena, Senior Consultant to the Swedish Cooperative Centre, Stockholm, initiated the discussion.

Mr. Bonifacio M Marcos from the Philippines was nominated and elected as the Rapporteur of the Commission.

Dr. Saxena in his introductory remarks said that there was a large range of products of the South-East Asian Region that were in demand in the West. He said that a list of such products which have export potential from countries of South-East Asian Region should be prepared and supplied to cooperative trading organisations in advanced countries. He further observed that the commission may consider after identification of the commodities the problems and the needed institutional framework to solve the problems.

Mr. M.K. Puri, on a point raised regarding follow up in implementation of resolutions of the Open Asian Conference on Cooperative Management held in 1975, informed the Commission on the follow-up action taken by ICA ROEC as follows:-

- a. The Asian Cooperative Development Bank
- b. The Asian Regional Exchange Commodity Centre
- c. The Asian Cooperative Technology Centre
- d. The Asian Cooperative Insurance System

Mr. Puri observed that the establishment of an Asian Cooperative Development Bank was not yet feasible on technical grounds and operational aspects. This was reported and discussed at the ICA Regional Council in their meeting held in Tehran in 1976. In regard to the Commodity Exchange Centre the Commission ^{was} informed that as a follow up action an International Cooperative Trading Organisation was established with headquarters in Singapore having seven countries taken up membership namely Singapore, Malaysia, Indonesia, Australia, Sri Lanka, Philippines and Thailand. Subsequently Philippines had withdrawn from its membership. The experience of the working of ICTO has not been encouraging and has rendered the organisation into languishing situation. As regards setting up of Cooperative Technology Centre it was explained that

a separate institution of this nature could not be set up and member organisation are advised to take advantage of the facilities provided by TECHNINET ASIA which was established by the Canadian International Development Authority in Singapore. The ICA ROEC had taken measures for the promotion of the cooperative insurance systems in the Philippines and Sri Lanka.

The resolution including five points (enclosed) moved by Atty. Vicente Martires, Legal Counsel, Cooperative Union of the Philippines and seconded by Mr. Raja Nasron, Chairman, National Cooperative Housing Society of Malaysia were discussed along with the above listed three questions referred to the Commission.

Potential of economic collaboration between cooperatives

1. A number of commodities were identified in the Region having potentialities for international trade both within and outside the Region. as follows:

	<u>Within Region</u>	<u>Outside Region</u>
<u>India</u>	Onion Mango juice Fish Handloom Tea Spices Garlic	Tea Spices Vegetable Fruit Ground Nut Cotton under garments Tapestry and furnishing Readymade garments
<u>Sri Lanka</u>	Tea Spices Fish	Tea Spices Orchid
<u>Thailand</u>	Rice Maize Tapioca Fruit & vegetable	Orchid Knock down furniture Pineapple
<u>Malaysia</u>	Palm oil	Orchid Batik Prawns

- (iii) In order to be effective at the international level it is necessary to ~~strengthen~~ the cooperative within the country. The Commission did not discuss this aspect elaborately because this subject has been referred to Commission II.
- (iv) The cooperative in each country of the Region should take necessary measures to produce quality goods in order to build up an image and goodwill in the international market.
- (v) The national organisation should prepare an index of commodities produced in their respective countries and supply such index to the national organisations along with the price quotation.
- (vi) The government of each country should be requested to encourage cooperatives for entering into international trade on preferential basis.
- (vii) In order to meet the financial needs a suggestion was made by the Malaysian delegate to explore the possibilities of soft-loans from sources such as the oil exporting countries.
- (viii) The national organisation should give due attention and priority to provide facilities for training in business management, education and know-how in handling the foreign trade.
- (ix) There should be full comprehension of the formalities, legal and procedural for trading with other countries by the cooperative organisation and they should make them known to their counterparts while negotiating the deal.

of economic collaboration and trade relation among cooperatives before the next Cooperative Trade Conference which is expected to be held in Egypt some time in 1982.

(v) The ICA ROEC should arrange from time to time trade delegation of representatives of cooperative trading organisations to explore the possibilities of developing trade links inside and outside the Region.

(vi) As regards the resolution to set up the proposed Asian Cooperative Confederation for business purposes, some participants expressed that cautious approach should be taken in view of the past experience of ICTO and that use of existing organisations should be made. The Commission however, expressed the sense that the confederation should be set up and that the ICA ROEC should set up a preparatory committee to examine the various aspects in setting up the proposed confederation.

(vii) Observing that the ICA Central Committee has always held its meetings in the Western countries, the Commission expressed that it should also meet in the Asian Region in view of the large membership from the Region represented in the ICA. This will also provide an opportunity to the members of the Central Committee to appreciate and understand the aspirations of the developing cooperative movement in this part of the world. It was further recommended that the ICA ROEC should convey the feeling and sentiments of the conference to the ICA Central Committee.

(viii) As regards reorganisation and strengthening of the ICA ROEC, it was suggested that measures should be considered after the findings and recommendations of the Evaluation Committee set up by ICA are made available to the member movements in the Region.

Role of ICA in promoting economic and ideological collaboration between cooperatives

1. The Commission appreciated the work done by the ICA ROEC for South-East Asia in the fields of education and training, promotion of cooperative ideology and international cooperative trade. In this context, it was felt that the ICA ROEC should be strengthened so that it should diversify its activities and also play a more active role in the field of promotion of international trade and economic collaboration between and among the countries within and outside the South-East Asian Region.

The Commission also considered the suggestion made by Atty. Vicente Martires of the Philippines that a preparatory commission be set up for the establishment of an Asian Confederation for business purposes analogous to the Asian Chambers of Commerce.

After considering the above, the following recommendations were made:

- (i) The ICA ROEC should prepare a trade directory of all cooperative organisations in the Region, listing all cooperatives dealing in international trade including brief information about their institution together with names and the type of commodities dealt in.
- (ii) The ICA ROEC should place before each future Open Asian Conferences a detailed report of the follow up action taken on the various recommendations of the previous conferences.
- (iii) The ICA should assist the member organisations in identifying areas where joint ventures could be set up both inside and outside the Region.
- (iv) The ICA ROEC should convene a conference of selected representatives from countries of the Region to discuss various aspects

ANNEX TO COMMISSION III REPORT

PROPOSED RESOLUTIONS
ON REGIONAL AND INTERNATIONAL COOPERATION

FOR THE 7TH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

Cognizant of the need for regional and international cooperation to strengthen the cooperative movement and desirous of ushering a new international economic order based on the cooperative system, the following resolutions are respectfully proposed for consideration and adoption by the 7th Asian Open Conference on Cooperative Management:

1. That the Cooperative Unions and Organizations of the various countries of Asia should establish an Asian Confederation of Cooperatives for the purpose of effecting and implementing regional cooperative schemes for the protection and promotion of cooperatives in Asia and for eventually working for a World Confederation of Cooperatives for the protection and promotion of cooperatives in the World.
2. That the various schemes for Asian Regional Cooperation which were discussed and approved during the Asian Open Conference on Cooperative Management in 1975 and other years be followed up for earliest possible implementation, including the following:
 - a. The Asian Regional Cooperative Banking System.
 - b. The Asian Regional Commodity Exchange System
 - c. The Asian Regional Cooperative Technology Center for effecting cooperative technology transfers and researches among Asian Cooperatives.
 - d. An Asian Regional Cooperative Insurance System.
3. That in order to effectively implement the formation of the Asian Confederation of Cooperatives and the various schemes for Asian Regional Cooperation, an Asian Regional Commission be established for the purpose, to be constituted and funded by the various cooperative Unions and Organizations in Asia.
4. That in view of the need for a supra-national moral force for the protection and promotion of cooperatives, the Cooperative Unions and organizations in Asia, in cooperation with Cooperative Organizations in other parts of the world, work for the elevation of the status of the International Cooperative Alliance to a level or category of the International Labour Organization of the United Nations, with capability to cause formulation of International Conventions for the protection and promotion of cooperatives throughout the world.
5. That a system of dissemination and a system of monitoring implementation of all resolutions of the Asian Open Conference on Cooperative Management a similar conferences be established, the monitoring similar to the treatment of unfinished business in cooperative and corporate meetings.

Respectfully Submitted:

VICENTE A. MARTIRES
Philippines

November 8, 1981
Manila, Philippines

mnfm/ptl

7th OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

November 5 - 11, 1981
Manila Midtown Ramada Hotel
Manila, Philippines

Chairman: Dr. R.C. Dwivedi
Rapporteur: Bonifacio M. Marcos

ATTENDANCE SHEET
COMMISSION III

A.M. SESSION

1.	LADISLAO P. ZARSUELO	Philippines
2.	ZAINAL A. NASOETION	Singapore
3.	ROSDI AHMAD	Singapore
4.	HUSSIN BIN MASWAN	Singapore
5.	GEORGE B. SALISE	Philippines
6.	ALFREDO F. CAPANI	Philippines
7.	MANUEL P. ALONZO, JR.	Philippines
8.	JULIAN M. MAALA	Philippines
9.	SEVERO L. CASTULO	Philippines
10.	AGUSTIN KILAYKO	Philippines
11.	HERIBERTO R. LIZARES	Philippines
12.	VICENTE A. MARTINES	Philippines
13.	GOOI MONG SONG	Malaysia
14.	JOY L. DELA CRUZ	Philippines
15.	I. SOMASEKHARAPPA	India
16.	VEER PAL SINGH	India
17.	NESTOR P. ELEVADO	Philippines
18.	EDUARDO L. GILE	Philippines
19.	REGALADO M. DIZON	Philippines
20.	ZAGHLOL BIN HANAFIAH	Malaysia
21.	REMO RAMOS	Philippines
22.	CORNELIO CONSING	Philippines
23.	ALEXIS JAVELOSA	Philippines
24.	MANUEL F. VERZOSA	Philippines
25.	LEONG KUM CHOON	Singapore
26.	DR. ANGEL A. MENDOZA	Philippines
27.	ISABELO A. FERIDO JR.	Philippines
28.	DR. S.K. SAXENA	Swedish Coop. Center (Stockholm)
29.	ARCADIO S. LOZADA	Philippines
30.	BONIFACIO M. MARCOS	Philippines
31.	DR. R.C. DWIVEDI	India
32.	M.K. PURI	New Delhi
33.	SANTIAGO C. MANONGDO	Philippines
34.	ANTONIO VILLAMOR	Philippines
35.	MOHD. YUSOFF BIN MAT ESA	Malaysia
36.	RAJA NASRON	Malaysia
37.	TIBURCIO DUMANDAN	Philippines
38.	ABD. WAHID BIN AB HJ MANAN	Malaysia
39.	ALFREDO V. SANCHEZ	Philippines
40.	D. RAMALINGAM	Malaysia

DRAFTING COMMITTEE

DR. R.C. DWIVEDI MR. B.M. MARCOS

International Cooperative Alliance

MISCELLANEOUS

7th OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT
November 5 - 11, 1931
Manila, Philippines

COMMISSION I

COOPERATION AMONG MEMBERS AT THE PRIMARY COOPERATIVE
LEVEL

Questions for Discussions

1. What in your opinion are the elements that constitute the strength of a cooperative society at the primary level? Please arrange these elements in order of importance.
2. What approaches and strategies would you recommend to make a cooperative organization strong and effective?
3. How should a cooperative maintain suitable relationship with other institutions and the government agencies at the local and other levels?

7th OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT
November 5 - 11, 1981
Manila, Philippines

COMMISSION III

COOPERATION AMONG CO-OPERATIVES ON A REGIONAL
AND GLOBAL BASIS

Questions For Discussion

1. Discuss the potential of economic collaboration between ^{seven} cooperatives:
 - (i) in the region of South East Asia; and
 - (ii) between your cooperatives and the rest of the world

2. Specify the difficulties you see in achieving such collaboration and suggest ways for overcoming them;

3. What do you think can the ICA Regional Office for South East Asia do in promoting economic and ideological collaboration between cooperatives?

COMMISSION I

1. Mr. R. Rajannan, Malaysia
 2. Mr. Yap Chor Leong, Singapore
 3. Mr. Rosario S. Franco, Philippines
 4. Ms. Hendon Bte Abdullah, Malaysia
 5. Mr. Yap Fook Sin, Malaysia
 6. Ms Hafsah Bt. Mohd Tahir
 7. Mr. K. Sivalingam, Malaysia
 8. Ms D. Halimah Bt Rasul, Malaysia
 9. Mr. Muijsers, ILO
 10. Mr. Feliciano Carlos, Philippines
 11. Mr. Jaafar Ahmad, Malaysia
 12. Mr. Juan S. Tagaro, Philippines
 13. Hj. Abdul Aziz bin Abdul Rani, Malaysia
 14. Mr. B. Sahadivanaidin, Malaysia
 15. Mr. V. Thangarajah, Malaysia
 16. Mr. R. Arumugam, India
 17. Mr. S. Thasapalah, Malaysia
 18. Mr. CMB Bogollagama, Sri Lanka
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 21. Prof(Mrs) Bhukhanwala Shashi, India
 22. Mohd. Noor bin Haji Ibrahim, Malaysia
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 24. Mr. Abdul Raneer bin Mohd. Salleh, Malaysia
 25. Mr. Ishak bin Embong, Malaysia
 26. Mr. Rafai Idris, Malaysia
 27. Mohd. bin Othman, Malaysia
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 30. Mr. A. Gopal Samy, Singapore
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7TH OPEN ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT
MANILA (PHILIPPINES) : November 5-11, 1981

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7TH OPEN ASIAN CONFERENCE ON COOP MANAGEMENT
MANILA (PHILIPPINES): NOV. 5-11, 1981

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7TH OPEN ASIAN CONFERENCE ON COOP MANAGEMENT

MANILA (PHILIPPINES): NOV. 5-11, 1981

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12. Mr. P. Satyamoorthy, Malaysia
13. Mr. A. Kilayko, Philippines
14. Mr. Laddie P. Zarsuelo, Philippines
15. Mr. George Salisi, Philippines.

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