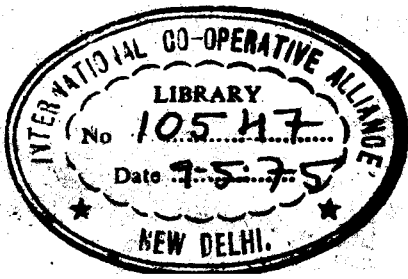


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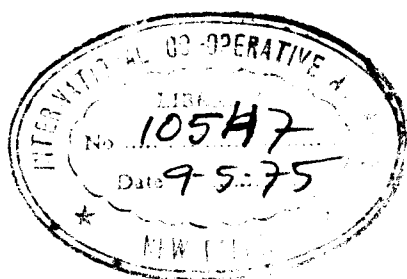
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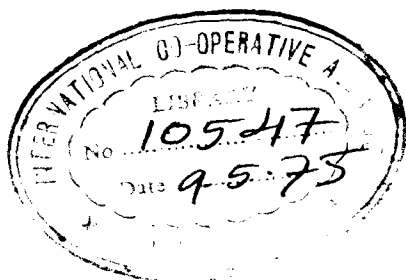
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Speech of the Acting Prime Minister, Hon'ble
Mr. Maithripala Senanayake at the inauguration
of the meeting of the International Cooperative
Alliance "Council for South East Asia."

Mr Chairman, Hon'ble Ministers, Your Excellencies, Members of the International Cooperative Alliance Regional Council, Members of the Board of Advisors of the Institute for the Development of Agricultural Cooperation in Asia, President and Directors of the National Cooperative Council of Sri Lanka, Cooperators and friends, I consider myself privileged to have the honour of inaugurating the meeting of the International cooperative Alliance "Council for South East Asia" and the meeting of the Sub-Committee on Agriculture and Trade for South East Asia. My Prime Minister who was to have performed this pleasant task deeply regrets her inability to attend this function today, as she has had to be away from the Island on very urgent matters of national importance. On behalf of my country and on behalf of the Prime Minister and myself, I wish to welcome most cordially you Mr. Chairman and all other delegates of the I.C.A Regional council. My pleasure in performing this task is all the greater in that we count among the delegates, close friends who have been frequent visitors to this Island and more so because the Regional Director, Mr. P.E. Weeraman of the I.C.A. Regional Council is a distinguished son of Sri Lanka who has been associated with the Cooperative Movement of this country for quite a considerable time.

To many of us in South East Asia, the problems we have to face are similar and it is my view that collaboration at international levels in various fields of activity is necessary for us to make steady headway in the path towards development. Faced with global shortages, and rapidly increasing prices of essential food items on the one hand and decreasing prices for our primary export commodities on the other, faced with severe foreign exchange problems, the energy crisis, increasing unemployment and underemployment and a stagnant economy this Government has through its Five Year Plan attempted to arrest the deteriorating situation and to lay the foundation for the rapid development of the country. It is the avowed policy of this Government that in the implementation of economic policy the cooperatives will play a significant role because we believe that the nature and content of the cooperative form of organisation based on democratic principles will help to eliminate economic, social and cultural inequalities and will accelerate the establishment of democratic socialism within our country. The Hon'ble Minister for Foreign and Internal Trade has outlined to you the achievements of the Cooperatives since this Government came into power in 1970.

It has to be admitted that not all cooperative societies are functioning properly and that with increasing shortages of essential commodities the cooperatives and especially the cooperative employees are faced with the onerous task of making equitable distribution of these scarce commodities in very small proportions and for which services all too often they receive very poor appreciation. But, it is our belief that there is very much more that the cooperatives can do to accelerate the pace of development in the country and that the I.C.A. with its very wide membership and long experience can further assist national movements in the development tasks undertaken by them.

The role played by the I.C.A. from its very inception in 1895 has earned for itself the confidence and approbation of the International community and today, it comprises a membership of over 63 countries representing over 300 million members. The UNO, has conferred on the I.C.A. consultant status in the Economic and Social Council and hence, cooperators all over the world should be proud of an organisation of the stature of the I.C.A., which can not only assist national cooperative movements but also formulate policies on a global basis and help in the formulation of world opinion. It is in this context, I would like to focus the attention of you Mr. Chairman and your Councillors to the needs of the South East Asian Region and the respective roles played by the Cooperative movements in the countries of the region. You are all aware of the proposal made by the Hon'ble Prime Minister for the establishment of the Indian Ocean as a Zone of Peace and I am sure the Cooperative movements within the region and the I.C.A. Regional Council in particular, will be most concerned with the attainment of this objective. We who are faced with grave national problems would require peace and security to harness our resources and apply them towards the development process. In this context, I would like to draw the attention of this Assembly also to the Warsaw resolution on Peace made at the 25th I.C.A. Congress. I would therefore, in this context urge that the I.C.A. and specially, the Regional Council use its influence and stature to work towards the attainment of this objective.

In recent times, we have also placed before the World Assembly, the need to establish a World Fertilizer Fund and I am sure the member countries of the I.C.A. will be deeply interested in the implementation of the proposal. There are in the membership of the I.C.A. and also within the South East Asian Region, countries who have the capacity to help other countries who are members of the I.C.A., on a preferential basis in regard to the problem of fertilizer. The need for increased supply of fertilizer to meet the

requirements of the food production programmes of the nations cannot be denied and I would like to focus the attention of the Council to this grave need so that some solution can be found at least to satisfy the needs of the member countries of the I.C.A.

I am sure most countries represented here today, are facing the problem of increasing unemployment and mostly increasing unemployment among the educated youths. The Hon'ble Minister for Foreign and Internal Trade has outlined some of the steps taken by this Government to solve the educated unemployment problem by providing for them not the traditional white collar jobs but by involving them in the national development effort. In the implementation of the Land Reforms Programmes of the Government we have used the cooperative form of organisation in a very meaningful manner and it is our hope not only to provide avenues of employment to the educated youths through these schemes, but also to re-orient their thinking in regard to individual ownership of land and individual rights and show them the need for the concerted collective effort to reach the goals of national prosperity.

We in Sri Lanka have had a long and commendable history of cooperative development which has had the capacity to adjust itself to national needs and to assist the Governments in the implementation of the various development programmes of the country. Unfortunately, in the development of the cooperative movement, the women of this country have not played a significant role and I believe that this is true of most of the countries of this region. It is my belief that the role of women in cooperatives should be significant and that they have a positive contribution to make towards the development of the cooperative movement. I would like to focus the attention of the I.C.A. Regional Council to this lacuna with the fond hope that the Council in its deliberations will be able to map out suitable programmes for the necessary involvement of women in cooperative activity.

Another area of cooperative activity in which we in Sri Lanka have not achieved much success is that of Cooperative Housing. This Government is implementing a programme to provide adequate housing to the large numbers of both urban and rural persons who today, are living in sub-standard housing conditions. In the goals we have set for the development of housing, there is a significant role that can be played by both the private sector and the cooperatives, and in this context, I am sure the assistance of the I.C.A., in working out suitable development plans and Joint Ventures between movements will facilitate the quicker achievement of the national goals.

Mr chairman and Gentlemen, it is my belief that at the present stage of development of our country there is a need to harness all resources within the country and gear them to the achievement of the development plans set by Government. It is also my belief that in its effort toward development, collaboration between nations without in any way impairing the sovereignty of the concerned countries can be of great assistance and in this context I am sure the I.C.A. and in particular, the I.C.A. Regional Council for South East Asia and the Institute for the Development of Agricultural Cooperation in Asia can play a very significant role. While conveying my Prime Minister's deep regrets of her inability to be present with you today, I wish to thank the President and Board of Directors of the National Cooperative Council of Sri Lanka for inviting me to inaugurate the meeting of the I.C.A. Council. It is my sincere wish that your deliberations will contribute immensely towards the promotion of mutual understanding between our people and will also help in the establishment of peace and security in the region.

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Speech of the Minister for Foreign and Internal
Trade, the Hon'ble Mr. T.B. Ilangaratne at the
inauguration of the meeting of the International
Cooperative Alliance "Council for South East Asia."

Mr Chairman, Hon'ble the Acting Prime Minister, Hon'ble Ministers, Your Excellencies, Members of the International Cooperative Alliance Regional Council, Members of the Board of Advisers of the Institute for the Development of Agricultural Cooperation in Asia, the President and Directors of the National Cooperative Council of Sri Lanka, fellow cooperators and friends, it gives me great pleasure to be associated with the Leaders of the Cooperative Movements in South East Asia and the representatives of the Cooperative Movement in Sri Lanka on the occasion of the inauguration of the meeting of the I.C.A. Council for South East Asia. I am happy that the Board of Advisers of the Institute for the Development of Agricultural Cooperation in Asia have also decided to hold their meeting in Sri Lanka. Among the members of the I.C.A. Council for South East Asia and of IDACA we count many friends who have worked with us in various programmes and who have been welcome visitors to our Island. We are also proud of the fact that a cooperator from Sri Lanka, Mr.P.E.Weeraman, today heads the Regional Office of the I.C.A., and is present here with us to guide the deliberations of the Council. To all members of both the I.C.A. Council and the Board of Advisers of IDACA, I extend a very warm and cordial welcome and wish that their deliberations will be fruitful and that their stay in the Island will be pleasant.

Mr Chairman, I shall take this opportunity to acquaint the distinguished delegates with the recent developments in the field of cooperative activity in my country. I am sure most of you are already aware of the steady progress made by the Movement since its inception in 1911. Some of you may be aware of the fact that a Royal Commission headed by the eminent Canadian Cooperator, Dr. Laidlaw inquired into all aspects of Cooperative activity and made many useful recommendations which we have sought to implement. The Movement about the time of the Royal Commission inquiry was characterised by a plethora of small weak societies performing limited services at various levels of efficiency. It was becoming increasingly evident that there was a need for a radical change in the approach to cooperative organisation. The Commissioners had this to say in their report:-

" We certainly do not advocate a return to pre-war concepts of a small, slow movement made up of select groups catering to their own needs rather than the needs of the community and the nation. We are confident that, with the movement drawing its power from a mainspring of voluntary action but operating within broad guidelines of national planning, co-operative societies can perform two functions simultaneously; they can serve the needs of their members and at the same time make a massive contribution to national development."

Most of you are aware that this Government headed by the Hon'ble Sirimavo Bandaranaike our Prime Minister is pledged to the achievement of democratic socialism in our country and that it is the accepted policy of our Government that the cooperative form of organisation is the ideal institutional framework to ensure the achievement of socialist democracy. Hence, this Government after it came into power in 1970 made certain significant decisions in regard to cooperatives which I might enumerate as follows:-

- (a) For the first time cooperatives were recognized as a distinct sector of the economy with a definite role to play in national development - several Throne Speeches of this Government had made pointed reference to this fact;
- (b) that there was an urgent need for the re-organisation of the Movement if it was to play a significant role in national development;
- (c) that the terms and conditions of service of the cooperative employees were far from satisfactory and that early action was necessary to correct the situation;
- (d) that the standards of management available within the cooperatives has to be developed considerably if the cooperatives were to discharge the new responsibilities devolving on them.

The legal framework necessary to implement these proposals was provided by the enactment of several Laws.

- (1) Cooperative Societies (Special Provisions) Act No. 35 of 1970 which provided the necessary legislation to proceed with the planned re-organisation.
- (2) Cooperative Employees Commission Act No. 12 of 1972 which made provisions for the establishment of a Commission to supervise and regulate the activities of cooperative employees.



**Speech of Mr. P. E. Weeraman, ICA Regional
Director for South-East Asia, International
Cooperative Alliance, at the Inaugural
Function of the ICA Council for S-E Asia
on Thursday, 31st October 1974**

Colombo, Sri Lanka

Speech of Mr. P. E. Weeraman, ICA Regional Director for S-E Asia, International Cooperative Alliance, at the Inaugural Function of the ICA Council for South-East Asia on Thursday, 31st October, 1974

Mr Chairman, Your Excellencies, Ladies and Gentlemen,

It is my great privilege today to welcome you on behalf of the International Cooperative Alliance to this ceremonial inauguration of the Sixteenth meeting of the Council for South-East Asia of the International Cooperative Alliance.

2. On behalf of the ICA, I tender my deepest thanks to you, Honourable Mrs Bandaranaike, for the great honour you have done us by coming here this morning to open our Sessions. Your gracious presence here is a great encouragement to us all and a clear indication of the great importance which you and your Government attach to the Cooperative Movement.

3. We are also very grateful to you Honourable Mr T. B. llangaratna, Minister of Foreign and Internal Trade, and to you, Honourable Mr Hector Kobbekaduwa, Minister of Agriculture, for your presence. It is an indication of your great support to the Cooperative Movement.

4. I am very conscious of the significance of the presence here of the Ambassadors and High Commissioners of the countries in which the ICA Regional Office for South-East Asia works, namely :

5. The presence of so many high-ranking representatives of the Cooperative Movement of Sri Lanka is a source of pride to us and an assurance that the local movement observes the principle of cooperation among cooperatives.

6. To all of you, Your Excellencies, Ladies and Gentlemen, I am very grateful for gracing this occasion with your presence.

7. On behalf of the ICA, I also express my deep gratitude to our member, the National Cooperative Council of Sri Lanka, for inviting the ICA Regional Council and the ICA Sub-Committee on Agriculture and Trade for South-East Asia to hold their annual meetings in Colombo this year, for the excellent arrangements that have been made in this connection and for extending to the Members of these two bodies and the officials of the ICA Regional Office right royal hospitality.

8. I consider it my duty to introduce to this distinguished gathering as briefly as possible the International Cooperative Alliance and its Regional Office for South-East Asia.

9. The International Cooperative Alliance was formed in 1895 and is therefore the second oldest international non-governmental organisation in the world.

10. The ICA has its headquarters in London and today it has a membership covering sixty-four countries and representing over 305 million cooperators. It is therefore also the most widespread international non-governmental organisation in the world.

11. The ICA seeks to set up a non-profit system of production and trade based on mutual self-help and organised in the interests of the whole community. This it seeks to do in complete independence and by its own methods.

12. The ICA shall not associate itself with any political or religious organisation for the ICA regards Cooperation as neutral ground on which people holding the most varied opinions and professing the most diverse creeds may meet and act in common.

13. In 1960 the ICA opened in New Delhi a Regional Office and Education Centre for South-East Asia to serve the Co-operative Movement of the South-East Asian Region, having

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regard to the fact that the benefits of the Cooperative Movement are most needed by the developing countries of this Region.

14. The Regional Office now serves the cooperative movements of fourteen countries *viz.*, Iran, Pakistan, India, Nepal, Bangladesh, Sri Lanka, Thailand, Malaysia, Singapore, Indonesia, the Philippines, the Republic of Korea, Japan and Australia.

15. The main tasks of the Regional Office are to develop the general activities of the Alliance in the Region, act as a link between the ICA and its affiliated organisations in the Region, represent the Alliance in its consultative relations with the regional establishments of the UN and other international organisations, carry out educational programmes, provide technical assistance and consultative services, coordinate the flow of technical and other assistance to the developing cooperative movements of this Region from the developed movements and aid-giving agencies, promote international inter-cooperative trade, provide trade information, make researches, publish books and bibliographies and provide information on cooperative matters for the benefit of cooperatives in the Region.

16. The Regional Office has carried out 105 educational programmes up to date and over 2900 persons have participated in them. These programmes include Seminars, Experts' and Policy Makers' Conferences, Teachers' Exchange Programmes and Fellowships for special studies. The Regional Office also issues half-yearly an Annotated Bibliography of books relating to the cooperative movements in South-East Asia published in the preceding half-year, quarterly a Regional Bulletin, and monthly a digest of Trade News. The Regional Office has published over thirty books based on the findings of its technical meetings and of its own researches, and a vast number of booklets and mimeographed documents.

17. The Regional Office has recently been instrumental in the establishment of a Cooperative Trade Exchange called the International Cooperative Trading Organisation with its office at

Singapore, where cooperative buyers and sellers may meet so that the profits that go to middlemen may be saved for producers and consumers.

18. The funds we require for our work come to us from our member-organisations. A large part of the funds we need for our educational work—and this amounts to about eighty per cent of our total budget—comes to us from the Swedish Cooperative Centre at Stockholm. The Swedish Cooperative Centre is an organisation set up by the national cooperative organisations of Sweden. It has a fund called “the Without Boundaries Fund” to which cooperators and cooperative employees make regular contributions. The Swedish Cooperative Centre is also funded by the Swedish International Development Authority. This latter arrangement is unique and exemplary in that a governmental aid-giving agency channels its developmental funds through its own national cooperative organisation for the benefit of the cooperative movements of the developing countries. It is content to remain in the background, sans publicity, sans strings.

19. We have met here today to witness the inauguration of the sixteenth meeting of the ICA Council for South-East Asia. It is a body composed of two representatives from each of the countries we serve with the exception of Nepal, as we have no member-organisation there. One Councillor represents the agricultural and the other the non-agricultural sector of his country's movement.

20. We have with us today the representatives of the Co-operative Movements of thirteen countries. In the Chair is Mr N. A. Kularajah of Malaysia, the Chairman of our Council. He has the high titles of AMN and PJK which were conferred on him by the Government of Malaysia for his services to the cooperative movement. He is the President of the Cooperative Union of Malaysia and the General Manager of one of the most successful insurance cooperatives in the East, the Malaysian Cooperative Insurance Society.

21. We are grateful to our Councillors for their presence here.

22. Cooperation is working together for the solution of common economic problems in conformity with the Principles of Cooperation. These Principles require that a cooperative shall be a voluntary association, and that its membership shall be available without discrimination or artificial restriction to all those who need and can use the services of the society, that the affairs of the society shall be administered in accordance with the democratically expressed will of the members by a management elected or appointed by the members and accountable to them, that capital shall have only a limited interest if any, that the economic results arising out of the operations of the society belong to its members and are divisible among them in proportion to their transactions with the society but in such manner as would avoid one member gaining at the expense of another person, that every cooperative shall provide for cooperative education, and all cooperatives shall actively cooperate with other cooperatives, having as their aim unity of action by cooperators throughout the world.

23. Thus cooperatives are voluntary and independent institutions of the people, working on the basis of self-help and profit-elimination.

24. It is my great privilege to recall here in this very hall erected to his revered memory the memorable words of S.W.R.D. Bandaranaike in June 1959 when he took over the direct charge of the Department of Cooperative Development by placing it within his Prime Ministry and I had the honour to serve under him as Commissioner of Cooperative Development. He told me, and later to the Cooperative Federation of Ceylon, "I want the cooperative movement to grow from the bottom upwards and not from the top downwards".

25. This is in accordance with the declaration of the 1969 Congress of the ICA that democracy is the essence of Cooperation. Each true cooperative is a little democracy. It is here that the common man can best learn the meaning and the processes of democracy thereby making political democracy real. It is these little democracies that can act as barometers of public opinion,

conveying to the authorities continually the views and needs of the people and joining hands with the government to satisfy those needs. It is these little democracies that can serve the government at its weakest point, the village, and it is these little democracies that can bring about economic democracy without which political democracy will not be meaningful.

26. A cooperative can be a real democracy only if its members have complete control of its management. It is only then that the movement will grow from the bottom upwards as S.W.R.D. Bandaranaike wished it would.

27. The Asian Top-Level Cooperative Leaders' Conference held in November 1973 in Tokyo therefore correctly urged "that in the interest of fostering a healthy legislative climate conducive to the continued growth of the cooperative movement and its leadership, as and when cooperatives progressively develop their own capabilities a policy programme of gradual phasing out of government involvement be drawn up, based solely on the need, if any, for governments to look into the affairs of the cooperatives".

28. In this connection it would interest my distinguished audience to know that the Government of India in August this year presented to the Conference of State Ministers of Cooperation guidelines for cooperative legislation in the Indian States, acknowledging the above recommendation of the Asian Top-Level Cooperative Leaders' Conference as well as the recommendations made in the ICA publication entitled "Indian Cooperative Laws *vis-a-vis* Cooperative Principles" issued earlier in the year. I must take this opportunity to pay public tribute to the Government of India for the great encouragement it has given us to pursue research of this type. This it has done by the then Minister in charge of the Department of Cooperation, the Minister of Agriculture in the Government of India, himself writing the Foreword of the book and also by ceremonially releasing it. He is none other than His Excellency Shri Fakhruddin Ali Ahmed, President of India.

29. The guidelines presented included many of the recommendations made in that book and we of the ICA are greatly encouraged by the fact that our labour has borne quick and fruitful results in the largest country served by our office. It is undoubtedly the first step in a programme of gradual phasing out of government involvement as recommended in the Top-Level Conference Resolution quoted above. This is in line with what that great believer in Cooperation, Jawaharlal Nehru, said in the Indian Parliament on 12th April 1959: "We are quite convinced that the official character of cooperatives should cease and the cooperatives should be free to make mistakes if they want to ... we do not want the cooperatives to start on the wrong foot. If all help flows in from the government, they will never become self-reliant" and in July 1959 he told the State Ministers of Cooperation "It must be remembered that the essence of Cooperation is its voluntary character. There can be no imposed cooperation", almost echoing the words of S.W.R.D. Bandaranaike uttered a few weeks earlier that the cooperative movement cannot grow from the top downwards. And Nehru added in his address to the State Cooperation Ministers in 1961 "Nothing can be more fatal than governmental control, which is the embrace of death".

30. As said by Dr Mauritz Bonow, the President of the International Cooperative Alliance, "we would have mistaken the casket for the gem if we were to perpetuate an arrangement whereby the initiative and the democratic character of the cooperative movement would be impaired".

31. There is no conflict in the aims of government and cooperation. As said by Fauquet, both seek the same thing, to render an organised service in the interests of the whole community in place of the struggle for profit and domination.

32. Also, cooperatives are the best media for the implementation of schemes of national development which require the people's participation for their success. This participation must be real if success is to be achieved. Real participation can come only from voluntary and independent institutions. As said by

Prof. Valko in his "Essays on Modern Cooperation" the latent sources of economic potentiality can develop only in free co-operatives.

33. As said by Mrs Indira Gandhi, Prime Minister of India, there is "no other instrument so potentially powerful and full of social purpose as the Cooperative Movement. It helps people to help themselves. It also enables the State to provide the necessary support and resources, without inhibiting their initiative and individuality. It is the only instrument capable of securing economies of large-scale work without generating the evil consequences of economic concentration."

Cooperation is a reaction against the consequences of individualism but it does not suppress the individual effort. On the contrary it evokes and encourages effort to the right direction; —in the words of Thomas Carlyle "from competition in individualism to individuality in cooperation".

34. As said by the late Mr Gunasena de Soyza, Sri Lanka's most respected Cooperative Commissioner and Registrar, when as Ceylon's High Commissioner in the U.K. he delivered a Presentation Day address at the British Cooperative College in 1960, "Cooperation is the one economic method that applies in all circumstances".

35. Cooperation improves man's standards both materially and morally. Its most important aim is the promotion of the social and economic rights of the people. Its economic purpose is the elimination of capitalistic exploitation. Best expressed by the words "I shall have my hand in no man's pocket and no man shall have his hand in mine". Its social purpose is to make people self-reliant and initiators of policy and its political purpose is the training of men and women in the processes of democracy. Its essence is democracy whilst its spirit is "each for all and all for each".

36. Rabindranath Tagore has said "The Cooperative Principle tells us that in the field of man's livelihood, only when

he arrives at this truth can he get rid of his poverty, and not by any external means. And the manhood of man is at length honoured by the enunciation of this principle".

37. It is for the setting up of an economic order based on this Principle that the ICA works and it is in pursuance of this aim that the ICA Regional Council for South-East Asia and the ICA Sub-Committee on Agriculture and Trade for SE Asia are meeting here and it is to this cause that you, Honourable Acting Prime Minister, are giving your invaluable support today by inaugurating our sixteenth session in this hall dedicated to your revered leader, Sri Lanka's great patriot and one of the world's great internationalists of his time, and a great believer in true Cooperation.

38. Once again my deepest thanks to you Honourable Acting Prime Minister, Honourable Ministers, Your Excellencies, distinguished ladies and gentlemen. And to all of you my compatriots and fellow-cooperators, Vanakkam and Ayubovan.

he arrives at this truth can be get rid of his poverty, and not by any external means. And the manhood of man is at length honoured by the enunciation of this principle.”

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37. It is for the setting up of an economic order based on this Principle that the ICA Regional Council for South-East Asia and the ICA Sub-Committee on Agriculture and Trade for S-E Asia are meeting here and it is to this cause that you, Madam Prime Minister, are giving your invaluable support today by inaugurating our sixteenth session in this hall dedicated to your revered husband, Sri Lanka's great patriot and one of the world's great internationalists of his time, and a great believer in true Cooperation.

38. Once again my deepest thanks to you Honourable Prime Minister, Honourable Ministers, Your Excellencies, distinguished ladies and gentlemen. And to all of you my compatriots and fellow-cooperators, Vanakkam and Ayubovan. □

In addition to providing special legislation, the existing Cooperative Law and Rules which had remained in force with minor amendments for a long period were revised and up dated to meet the requirements of the present day and is now in force as the Cooperative Societies Law No. 5 of 1972. The Rules have been revised in 1973.

Positive steps were taken in collaboration with the Swedish International Development Authority and the I.L.O. to set up an organisation which could assist the cooperatives in their day to day management activities by providing consultancy and other services to the cooperatives. Accordingly, the Cooperative Management Services Centre has been established and is in operation at the moment.

The re-organisation of the cooperatives was undertaken on a phased basis, the first step taken being in respect of Multi Purpose Cooperative Societies. There were prior to the re-organisation over 5,800 Multi Purpose Cooperative Societies of which around 50% were running at a loss. These societies have now been re-organised to form about 350 large primary cooperatives which function through a net work of about 6,200 branches. The amalgamation of societies and the pooling of their resources enabled the new large primary to emerge as an economically viable and financially strong cooperative. Whereas, prior to re-organisation many of the societies depended on consumer trade for over 85% of their turnover, today, many of the re-organised societies have involved themselves in various economic activities thus, reducing their dependance on consumer trade alone. The new strength of the re-organised cooperative has resulted in an acceptance by many development oriented Ministries of the possibility of implementing their development proposals through the Cooperatives. It is this acceptance that has enabled the Multi purpose Cooperative Societies to deversify their activities and get involved with the District Development Councils in giving effect to the proposals of the National Five Year Plan. Today, these cooperatives while performing consumer distributing functions and the function of financing, the production of paddy and other crops and the purchase of paddy and other guaranteed price crops for the paddy marketing board are also involved in the production of articles like School Crayons, Paints, Brushes, Hand made paper, Bicycles, Hand Tractors, Bricks, Tiles, Synthetic Textiles, Children's Garments, Beedi and a whole host of others and are thus, enriching the economy and also providing avenues of useful employment to the youth of the country. In addition to above we have also expanded into areas like Cooperative

Bakeries, Printing Presses, Hotels etc., the services provided by which tend to act as price regulators in their areas of operation, thus performing a valuable service to the community. Along with this phase of the re-organisation, action was also taken to ensure better conditions of service for the cooperative employee. Today with the operation of the Cooperative Employees Commission, the cooperative employee is assured of a stable job and he can look upon employment in a cooperative as a career with attractive future prospects. At the same time, action has also been taken to revise the salaries of cooperative employees and today, every cooperative employee is assured of a minimum of Rs.125/= per month whereas, earlier a very large portion of the cooperative employees were in receipt of less than Rs. 75/= per month.

The second step in the re-organisation process was taken in respect of Fishery Cooperatives and here about 250 small sized fishery cooperatives have been re-organised to form 41 large viable fishery cooperatives. These cooperatives have been able with the active assistance of the Ministry of Fisheries and the Department of Fisheries to increase their mechanized fleet and to modernize their equipment and thus, increase the production of fish within the country. They have also been able to expand into fresh water fishery in recent times.

The third step in the re-organisation process was the re-organisation in regard to national level organisations and here the then cooperative Federation of Sri Lanka has been re-organised to form the present broad based National Cooperative Council of Sri Lanka. The Cooperative Marketing Federation has been set up to safe-guard the agricultural and marketing interests of member cooperative societies and an Industrial Cooperative Union has been set up to service the industrial sector. Action is being pursued to establish closer link between the cooperatives and the cooperative Wholesale Establishment which today functions as the Consumer Apex for Cooperatives.

Alongside this re-organisation process, there has been considerable development in various other fields of cooperative activity. With the active assistance of Ministries like the Ministry of Agriculture, Fisheries, Plantation Industry, Planning and Employment, Industries, Education and organisations like the Land Reforms Commission, the People's Bank etc., several new cooperative societies which were essentially production oriented had been registered and are functioning satisfactorily today. As mentioned earlier, many of the District Council proposals implemented by the Planning Ministry have been implemented through a cooperative form of organisation. In

the Agriculture Ministry, for example, the approach to increased production, especially, of highland crops has been done mainly through the cooperative societies. In the implementation of the Government Land Reforms Policies the Cooperative form of organisation has been widely used and today, there are over 60 Land Settlement Cooperatives which own over 60,000 acres of well developed land under Tea, Rubber, Coconut, Cinnamon etc., It is significant to note that in the programmes being supported by the Ministry of Agriculture and the Land Reforms Commission, ownership of land is no longer on an individual basis and the members of cooperatives only gain a right to work in the land.

The rapidly expanding cooperative sector while making a massive contribution to national development has been able to attract the youth of the country into cooperatives. As many of you are aware, cooperatives hitherto had been an area where the over 50 age group pre-dominated. Today, with the numerous development activities undertaken by the cooperatives a very large number of the educated youth have found meaningful employment: in production oriented activities sometimes in preference to white collar jobs. The intensive efforts made by the Land Reforms Commission in particular, in respect of the cooperatively owned and collectively worked land settlement cooperatives have helped to orient the thinking of the youth towards the concept of collective ownership and collective effort for better national prosperity. It is in this context I would like to focus the attention of the I.C.A. to the urgent need to develop positive plans for the involvement of the educated youth of the country in meaningful activities and thus, help to minimise youth unrest. I am sure, we in Sri Lanka have taken a step in the correct direction to harness the energy of the youth on a cooperative basis for national development. I would also like to focus the attention of the I.C.A. to the need for the establishment of closer contact between Trade Unions and cooperatives and in fact, for the implementation of programmes to involve the Trade Unions in cooperative activity. I am sure this is an area our national movement can be profitably assisted by the I.C.A.

There is one further development in the cooperative sector which I would like to place before this Assembly and that is in respect of "Cooperation" and the school going child. Negotiations carried on over a period of time with the Ministry of Education have resulted in the introduction of the subject of "Cooperation" as a part of social studies in the Schools curricula from Grade 6 onwards. It has also been possible to introduce the subject of "Cooperation" as a part of a discipline of development studies.

at the University level and today, " Cooperation " forms a core subject for several fields of development studies. As a complement to this advance the school cooperatives too have been revitalized and with the able assistance of the Ministry of Education we have been able to provide the school child with not only the knowledge of " Cooperation " but also opportunities to involve them in the practical management of cooperatives. To my mind, the cooperative movement in Sri Lanka has made considerable progress during the last four years and I am sure has come to stay as a vital and dynamic sector in our economy.

Mr Chairman, I have tried to enumerate very briefly the achievements of the cooperatives since we undertook the re-organisation of the movement but as one would expect the task of consolidation and expansion to meet the future needs still remain with us. There are very many areas where intensive activity is necessary to ensure the development of the movement on a satisfactory basis. It is in the context that an organisation like the I.C.A., can come to the assistance of national Movements. We are aware of the role played by the I.C.A., and in particular, by the Regional Office for South East Asia in the setting up of Joint Cooperative Ventures in several countries. It is my view that member countries of the I.C.A., can collaborate to their mutual advantage by establishing joint ventures of this nature. Within the South East Asian region alone, there are member countries at various stages of development and collaboration with the more developed countries can in my view assist the national development of the other collaborating country. We in Sri Lanka too would welcome the opportunity of collaboration to our mutual advantage. We are also aware of the steps taken by the I.C.A., Regional Office to establish an International Cooperative Trading Centre in Singapore. Here again, it is our view that an organisation of this nature can assist developing countries not only by arranging for the sale of their commodities but also by taking steps to ensure better price for the exports of such countries. I am sure, the International Cooperative Trading Centre can assist member countries also in obtaining vital supplies at reasonable prices. I Am happy to announce that the request of the National Cooperative Council of Sri Lanka for permission to become a member of the International Cooperative Trading Centre has been approved by the Cabinet and we look forward to a period of fruitful inter cooperative trading in the future. We as a member of the I.C.A. have been involved in numerous programmes arranged by the I.C.A., Regional Office both in respect of Teacher Exchange and Training and Regional Conferences and Seminars. The I.C.A., Regional Office has assisted us also to conduct

several national Seminars on matters of urgent interest to our country. The IDACA is another organisation which has provided us several opportunities for training, especially, in agricultural cooperation. I would like to mention also that we are taking action to set up a Cooperative Insurance Society and I have been informed by my officials that the I.C.A., and the Malaysian Insurance Cooperative Society have already extended their assistance in the formulation of preliminary plans to set up this new society. I am also informed that the I.C.A., has gifted us £ 5,000 to enable us to modernize our fishing gear and to supply the fishery cooperatives with Repair Vans and equipment. On behalf of the cooperative movement of this country and on my own behalf I wish to thank the I.C.A., for this timely assistance. It is my sincere wish that the I.C.A., and institutions like IDACA, the Malaysian Cooperative Insurance Society and similar cooperative organisations will continue to assist us in the several programmes that are being planned for the cooperative movement of this country.

While conveying my warmest greetings to you Mr Chairman, the members of the I.C.A. Council, the Board of Advisors of IDACA and all other delegates and representatives, I wish to thank the National Cooperative Council of Sri Lanka for associating me with the inauguration of the meeting of the I.C.A. " Council for South East Asia". It is my sincere wish that the meeting will prove a success and that the exchange of ideas and the contacts made will contribute towards better understanding and closer collaboration among the Cooperative Movements of the region. I will conclude with the wish that you will have a very pleasant stay in our country and that you will carry back happy memories of your stay here.

THANK YOU.

gs/-

(From the speech made by the Hon. T.B. Illangaratne, Minister for Foreign & Internal Trade, made at the ceremonial opening of the I.C.A. Conference of South-East Asia on Thursday 31st October, 1974 at the BMICH)

Before I conclude my speech, I am compelled to make a short comment on the references made by Mr. Weeraman as regards the structure of the Co-operatives.

I agree with Mr. Weeraman as to what Co-operatives should be, but different roads suitable to different social systems prevalent in each country will have to be followed in order to reach that ideal goal.

My experience has taught me that no two countries can have the same administrative structure as regards any institution - less so in the Co-operatives.

There are the capitalist countries and the socialist countries. There are also countries which are on the way to socialism. Co-operative organizations cannot take the same form in those environments. There are also one-party Governments and multi-party Governments. There are capitalist democracies and socialist democracies. In all these different systems, Co-operatives cannot play the same role.

Sri Lanka, as you know, is a country which has at present a multi-party set-up and a Government pledged to democracy and socialism. We are on our way to have a socialist society built along a socialist and democratic line. As such, we have had to organise our Co-operatives to help us achieve that objective which is not different in any way to an ideal Co-operative Society, where capital, employer and employee have no conflicts.

COOPERATIVE MOVEMENT IN INDIA1. INTRODUCTION

1.1 Co-operation represents institutionlisation of the principle and impulses of mutual aid. It has the merit of combining freedom and opportunity for the small man with the benefit of large-scale management and organization. Co-operation, is, therefore, eminently suited to bring about the desired socio-economic changes in the context of the existing conditions in the country. There is no other instrument as potentially powerful and full of social purpose as the Co-operative Movement. Thus the building up of a strong and viable co-operative sector, with special emphasis on the needs of the peasants, the workers, and the consumers, is one of the major objectives of national policy in India.

1.2 In the Fifth Plan, which has been recently launched co-operative development has four specific objectives. The first objective is to strengthen the network of agricultural co-operatives (credit, supply, marketing and processing) so as to serve as the principal institutional frame work for a process of sustained agricultural development. The second objective is to build up a viable consumer co-operative movement to enable it to function as an important element in a consumer oriented distribution system. The third objective is to make efforts towards the correction of regional un-balances, in the level of co-operative development particularly in the sphere of agricultural credit. Finally special efforts are to be made towards restructuring and reorienting the co-operatives so as to shift the focus of their activities increasingly in favour of small and marginal farmers and other under privileged section of the people.

2. STRATEGY OF COOPERATIVE DEVELOPMENT

2.1 In the strategy of co-operative development in the Fifth Plan, structural reformation will receive special attention. The co-operative movement has shown particular weakness in those areas where there is greatest need to provide credit to the farmer for his uplift. The small and marginal farmers still continue to be at a great disadvantage in many states in the country, inspite of various statutory measures taken by the Government. Against this background, it has now been decided to try out in certain areas where small and marginal farmers are to benefit and the co-operative system is weak, a new concept of a Farmers' Service Society, postulated by the National Commission on Agriculture and developed further by a Study Group. This Society, while keeping the co-operative frame sunstantially intact, would act as a guided co-operative with its activities focussed mainly on the economy of the small and marginal farmers and agricultural labourers. It will have professional management generally under the supervision of a commercial bank which will loan the funds required by the society. Some projects in Eastern states have already been initiated on these lines. An Expert Group constituted by the Government of India on the co-operative credit structure in the tribal areas have recommended the organization of large sized credit-cum-marketing societies on the pattern of the Farmers' Service Society for these backward areas. As the programmes for scheduled tribes will be substantial in the Fifth Plan, this concept is to be introduced on a large scale. Arising from the general recommendation of an Expert Group instituted by the Planning Commission, structural recormation is also envisaged on a district by district basis at the level of a large number of non-viable primary agricultural credit societies and weak district central co-operative banks so that these weaknesses do not inhibit the credit structure of reaching the farmer in these areas. Reorganization of a large number of consumer co-operative stores is also contemplated.

2.2 Besides these structural changes envisaged in the strategy of co-operative development emphasis will also be placed on introducing measuring for professionalised management within the co-operatives. Besides changes in bye-laws and procedures, the building up of a cadre of co-operative managers will be given special attention. A growing collaboration is envisaged between public sector commercial banks and primary credit societies. An intimate working relationship is also visualised between public undertakings such as the Food Corporation of India, Jute Corporation of India and Cotton Corporation of India and the marketing and processing co-operatives dealing in the relevant commodities. For giving a boost to co-operative development in co-operatively underdeveloped states, special central sector schemes in the sphere of credit, marketing and processing are proposed to be adopted in the Fifth Plan.

2.3 The co-operative credit structure, both short and medium-term as well as long-term gravely suffers from high overdues. One of the reasons of this problem has been the dominance of beneficiaries, i.e. borrowers in the management of co-operative credit institutions. It is, therefore, envisaged that, during the Fifth Plan steps will be taken to induct persons other than borrowers, i.e. professional bankers, representatives of the commercial banks, etc. in the management of the co-operative banking institutions to tone up their working.

2.4 At the end of the Fourth Plan, only about one-third of the primary agricultural credit societies have paid-secretaries even though the need for full-time paid secretaries was stressed again and again. It is, proposed that out of about 1.15 lakhs primary societies which are likely to be retained by the end of the Fifth Plan at least 80,000 societies should be brought under the cadre scheme by 1978-79. This would be done in phased programme. To begin with, it is contemplated that all societies which have reached a loan business of at least Rs. 150,000 should be covered by this scheme.

2.5 In the co-operative marketing sector, as against 3335 primary marketing societies at the end of 1970, only 1636 co-operative societies had managerial staff of their own. The remaining obtained their managers on deputation from government departments. The State Marketing Federation were required to create common pools/ cadres of managerial personnel for being lent to their affiliated societies for which subsidies were provided by State Governments. Much progress has, however, not been made in this regard.

It is visualised that the total public sector outlay for programmes co-operative development during the Fifth Plan will be Rs. 423 (1 crore = Ten million i.e. 10,000,000) crores as against an estimated expenditure of Rs. 258 crores in the Fourth Plan.

3. PROGRESS ACHIEVED

3.1 SHORT & MEDIUM TERM CREDIT:

On the eve of the Fourth Plan i.e. 1968-69, the primary agricultural credit societies provided short term production credit of Rs. 456.47 crores. The medium-term advances in that year amounted to Rs. 47.50 crores. The Fourth Plan envisaged advancement of short and medium-term credit of the order of Rs. 750 crores in 73-74 by co-operatives. Judged against these targets, the performance achieved by co-operatives in the disbursement of short and medium-term credit is note-worthy. The advances gathered momentum from 70-71 when the aggregate of short and medium-term loans advanced by the primary agricultural credit societies reached a level of Rs. 578 crores. This increased further to Rs. 614.53 crores in 1971-72 and to an estimated Rs. 685.56 crores in 72-73. In the year 1973-74, the co-operative would have disbursed more than Rs. 750 crores credit, thus exceeding Fourth Plan target.

3.2 Although the progress of co-operative credit institutions in the country as a whole is satisfactory, in regard to individual States the progress continues to be strikingly uneven. Efforts are to be made to remove this disparity. Special projects and measures are also to be taken up to provide credit to small and marginal farmers and weaker sections of the community.

4. LONG TERM CREDIT

There has been considerable expansion in the loaning operations of the Land Development Banks as reflected in the following figures :-

<u>Year</u>	(Rs. in crores) <u>Loans disbursed</u>
1961-62	16.03
1965-66	58.00
1969-70	155.48
1970-71	170.36
1971-72	154.44
1972-73	178.47 (Estimate)
1973-74	200.00 (Programme)
Total target (IV Plan)	900.00
Likely achievement (IV Plan)	848.75

4.2 It may be observed from the above that against a target of Rs. 900 crores the total loans advanced (both ordinary and special) by Land Development Banks during the IV Five Year Plan period are estimated at Rs. 859 crores, leaving a marginal short-fall of Rs. 41.

The draft V Five Year Plan document contemplates an investment credit target of Rs. 2400 crores with the following break-up :

i) Co-operatives	(Rs. in crores)
a) Medium-term	325
b) Long-term	1500
ii) Commercial banks	<u>575</u>
Total :	<u>2400</u>

It may be seen that the target of Rs. 1500 crores is envisaged in respect of the total loans to be advanced by the co-operative land development banks - Rs. 1,100 crores under the ordinary programme and Rs. 400 crores by way of special loans under A.B.C. The total loaning under special loans during V Five Year Plan may be estimated at Rs. 900 crores.

4.3 The Working Group on Co-operation for the year 1974-75 has recommended a target of Rs. 256.47 crores in respect of long term loans to be advanced by the Co-operative Land Development Banks during the year. Against this, a programme of Rs. 248.73 crores has been approved by the Reserve Bank of India as under :-

	(Rs. in crores)
i) Normal Loaning Programme	125.23
ii) Special lending programme under special schemes.	123.50
Total	248.73

5. COOPERATIVE MARKETING

5.1 There are about 3300 primary marketing societies covering all important mandies in the country and state level federations in all the States. At the All India level there is a National Federation. The main emphasis to the Fifth Plan will be on the consolidation and strengthening of existing societies. Additional societies are to be organized only in cases where new secondary markets come up which cannot be catered to by the existing societies through opening branches, etc. or for handling certain specialised commodities such as fruits and vegetables, plantation crops, etc. According to provisional data, agricultural produce worth Rs. 914 crores was marketed by the co-operatives during 1972-73. It is estimated that this figure may reach over Rs. 1000 crores during 1973-74. Against the Fourth Plan targets of Rs. 900 crores. The Fifth Plan envisages that, in the last year of the Plan (1978-79), co-operatives will handle agricultural produce worth Rs. 1900 crores, including foodgrains worth Rs. 800 crores and sugarcane worth Rs. 600 crores. Inter-state and export trade by co-operatives are envisaged to be of the order of Rs. 80 crores and Rs. 15 crores respectively during 1978-79. Particular emphasis will be laid on developing marketing in the co-operatively under-developed States and also in marketing finance, personnel and organizational efficiency.

5.2 Although the cooperative marketing structure is by and large complete, yet operationally a sizeable number of marketing societies at the primary level have remained ineffective due to various reasons. Intensive efforts are necessary to implement the programme so that all these societies are revitalised and enabled to attain viability in the next 2-3 years. For this purpose, the State Governments may have to strengthen their departmental machinery to ensure effective supervision and guidance to the marketing societies. The State level federations should also make special efforts to assist the weaker marketing societies through business support and other promotional measures.

6. COOPERATIVE PROCESSING:

By the end of 31st March, 1974, there were 1865 agricultural processing units organised in the cooperative sector of which 1540 were actually installed. During the Fifth Plan, about 650 more units would be established. Of the 1865 processing units organised, over 235 could be classified as large and medium size agricultural industries like sugar factories, spinning and jute mills, distilleries, solvent extraction plants, vanaspati and cattle feed factories, etc. Since the last few years, the number of such units has been increasing as a result of the policy to integrate primary processing with secondary and tertiary stages of processing. In addition, encouragement is being given to by-product utilisation and diversification of processing activities. N.C.D.C., in its promotional and financing policies, is laying greater emphasis on launching of area development schemes, particularly in the command area of new irrigation projects. This approach is expected to yield benefits of growth of mutually supportive programme of both on-farm and off-farm development within a well articulated plan, leading to maximum economic impact on such areas.

6.2 The existing share of cooperatives in the country's total licensed capacity is 52 per cent. In cotton ginning and pressing, the cooperatives at present account for 12 per cent of installed capacity. This capacity may rise to 25 per cent by the end of the Fifth Plan. In paddy and oilseeds, the installed capacity of cooperatives may reach 15 per cent and 12 percent respectively by the end of the Fifth Plan from the existing percentages of 12 and 8 respectively.

6.3 As a result of various steps taken, utilisation of installed capacities of the processing units has started showing improvement. In respect of cooperative sugar factories, as against their installed sugar capacity of 16.31 laks tonnes, in 1972-73 crushing season they produced 14.59 lakh tonnes of sugar. More than half of the cooperative cold storages in operation are utilising almost 100 per cent of their storage capacity. A majority of the solvent extraction plants that are

in production have started larger utilisation of their installed capacity of the cooperative oil mills, however, continues to be a problem. This is mainly on account of the speculative character of the oilseed trade. Situation is now improving. In respect of fruit and vegetable processing units, utilisation of installed capacity is still not very encouraging.

7. COOPERATIVE SUPPLIES.

Cooperatives maintained their dominant role in the distribution of fertilizers and have been distributing about 60% of the total fertilizer consumed in the country. During the cooperative year 1971-72, they distributed fertilisers worth Rs.288.24 crores as against Rs. 249.78 crores during 1970-71 through a network of 42,242 retail depots. The cooperatives recorded a nine fold increase in their fertilizer business turnover by 1971-72 as compared to their business in the year 1961-62 which was merely Rs.32 crores. They are expected to have handled business worth Rs. 322 crores in 1972-73 and Rs.400 crores during 1973-74. Keeping in view the experience and the organisational strength developed by the cooperatives over the years, it is envisaged that the cooperatives will be able to handle fertilizer business of the order of Rs. 475 crores during 1974-75 and Rs. 800 crores during the last year of the 5th Plan. Of late cooperatives have been experiencing a number of problems in the procurement of fertilizer from the indigenous manufacturers.

7.2 Next to fertilisers, the cooperatives have been playing an important role in the distribution of improved hybrid seeds. There was a perceptible increase in the seed distribution activity of cooperatives in the year 1961-72, when they handled seeds worth Rs.44.82 crores as against Rs. 39.0 crores during 1970-71. It is estimated that the cooperatives had undertaken this business to the extent of Rs. 48.50 crores and Rs. 58.50 crores. during the years 1972-73 and 1973-74 respectively. The involvement of Cooperatives in this field of activity has, however, been uneven. The cooperatives are also engaged in distribution of agricultural machinery, implements, pesticides, insecticides etc.

7.3 A large net-work of consumer cooperatives has been developed in the country and these cooperatives are proposed to be further strengthened to enable them to function as an important element in the consumer-oriented distribution system especially for basic essential commodities like foodgrains, pulses, edible oils, sugar and standard cloth etc. In rural area, distribution of consumer

goods is undertaken by marketing and service cooperatives. About 1500 marketing cooperatives and over 25,000 service cooperatives are engaged in the distribution of essential consumer goods and these cooperatives are estimated to be running about 45,000 fair price shops in rural areas. The value of consumer articles distributed by these cooperatives in rural areas during 1971-72 was of the order of Rs.180 crores. With greater association of cooperatives the public distribution system, the turnover of these cooperatives in consumer goods is expected to be of the order of Rs.230 crores during 1973-74.

7.4 As indicated above only about 12% of cooperatives marketing societies and about 15% of service cooperatives are undertaking distribution of consumer goods in rural areas. In the present context of spiralling prices of consumer articles and restricted availability of some essential goods. It is necessary that the cooperative structure in rural areas should be increasingly pressed into service for distribution on consumer articles, for the benefit of rural consumers.

8. URBAN CONSUMER COOPERATIVES.

8.1 The activities of consumer cooperatives received a large spurt due to the greater involvement in the public distribution system. The importance of the role of consumer cooperatives in the distribution of essential consumer goods at fair and reasonable prices was increasingly recognised, having regard to the over all task of stabilisation of prices of consumer goods, reduction in distributive costs and adoption of healthy trading practices. Consumer cooperatives in urban areas, and marketing and service cooperatives in rural areas were considered to be most suitable agencies to undertake fair and equitable distribution of consumer goods in short supply at reasonable prices. Under the revised scheme of distribution of controlled cloth, effective from April 1974, the National cooperative consumer Federation, the State Consumer Co-Operative Federations, and the net work of consumer cooperatives will continue to be in the main agencies for distribution of about 90% of production of controlled cloth, which will be doubled raising the quantity from 400 million meters to the 800 million meters. The significance of a strong and viable consumer cooperatives structure has been increasingly recognised in the Fifth Plan, and a pivotal role is assigned for consumer cooperatives in the matter of distribution of essential consumer goods, including food stuffs, clothing and other consumer articles of mass consumption.

8.2 The four-tier infra-structure of consumer cooperatives now comprises about 400 wholesale/central stores, 13,100 primary consumer cooperative stores, 14 State Consumer Cooperative Federations, and the National Cooperative Consumers Federation at the national level. The Central/Wholesale Stores had also set up about 2050 branches and were operating 109 large departments stores as at the end of June, 1973. The Wholesale/ Central Stores have been organised to cover almost all cities and towns, as also districts with an urban population of more than 50,000. The trends in the structural organisation of consumers cooperative show a reduction in the number of primary consumer cooperatives and closure of uneconomic branches of wholesale/ Central Stores, though at a slow pace. As a step towards diversification of business and reduction of dependence on controlled commodities, about 30% of the wholesale stores have set up department stores (Super Bazars-Janta Bazars) etc. to provide a wide range of goods and services to consumers. Besides, large-sized retail outlets with diversified range of business are also been set up on an increasing scale. The Wholesale / central stores have mostly adopted the ' mixed ' pattern, enrolling individuals as well as societies as members leading to larger individual membership and setting up of multi-retail units.

8.3 As against the target of Rs. 400 crores stipulated for the terminal year of the Fourth Plan, i.e. 1973-74, the actual level of retail sales achieved by the end of 1972-73 is about Rs.300 crores, and is estimated that for the year 1973-74 the achievement may be around Rs. 325 crores. It is significant that the sales turnover of consumer cooperatives, which had remained stationary at about Rs. 250 crores during the first three years of the Fourth Plan (1969-70 to 1971-72). owing to relaxation of controls on foodgrains and sugar during these years, picked up considerably during the years 1972-73 and 1973-74 owing to their involvement in the distribution of foodgrains, controlled cloth, levy sugar etc.

8.4 The working of Wholesale/ Central Stores, a larger number of which had incurred losses in the past, showed improvement during 1972-73. During the year 1972-73, the trend of majority of stores operating in losses in many states was reversed after a spell of nearly five years, and about 52% of stores were operating in profit in that year. This was due to increase in business turnover, adoption of better business and operational procedure, reduction in overhead expenditure, including establishment, and adoption of improved purchase and inventory management policies. In a number of states, steps were also taken to rehabilitate weak and sick wholesal institutions on the basis of well-formulated plans of development.

8.5 There has been a reduction in the number of primary consumer cooperatives stores; as against 13,930 primary consumer cooperatives at the end of June, 1969, the number has been reduced to 13,147 as on June, 1973, i.e. a reduction of 785 societies. This has resulted from closure and liquidation of weak and dormant societies. As in the case of wholesale/central stores, the business turn over of the primary consumer cooperatives is expected to have increased further during 1973-74, with larger involvement of primary stores in the distribution of levy sugar, foodgrains, controlled cloth and other articles.

8.6. The performance of the State Consumers' Cooperative Federations has shown considerable improvement in the past 2 years both in respect of business turnover and their profitability. The total turnover of State Consumers' Cooperative Federations, which was Rs.9.06 crores in 1968-69, has increased Rs.15 crores during 1972-73. The Federations expanded their activities in procurement and supply of textiles, pulses, spices, imported and confiscated goods, besides reallocation and distribution of quotas of commodities like baby good, tyres, tubes, razor blades, dry battery cells, paper and soda ash etc. Distribution of controlled cloth provided substantial business to the federations.

8.7 The National Cooperative Consumers Federation, has been continuously expanding and diversifying its activities attaining substantial increase in business as also profitability. Its sales during 1972-73 increased to Rs.11.43 crores as against Rs. 6.04 crores in 1971-72, and is expected to be around Rs.25 crores for 1973-74. Customs confiscated goods distributed by the Federation increased from Rs.2.14 crores to Rs.3.22 crores in 1972-73. The Federation has also expanded its business in groceries and general mercantiles items which recorded an increase from Rs.1.1 crores in 1971-72 to nearly Rs.1.80 crores in 1972-73. The Federation has been recognised as procurement and co-originating agency, at the national level for the statutory scheme for distribution of controlled cloth introduced in November, 1972 and further expanded in April, 1974. It has also been appointed as the sole distributor of HMT watches in places other than those where HMT has its own sales depots. The Federation has made a beginning in international cooperative trade and had entered into a trade protocol with CENTRO-SOYUS (Soviet Cooperative Union) for export and import on barter basis of goods of the value of Rs. 4 lakh US/subjects to agreement regarding individual transactions. As a first step, the USSR Cooperatives have agreed to buy from NCCF cufflinks and cigarettes of the value of Rs. 1 lakh US \$ contract worth nearly Rs.4.56 lakhs have been

finalised and goods have been shipped. Besides, the Federation has undertaken processing of dal in its own factories set up at Hissar (Haryana), Nagpur (Maharashtra) and Madras. The Federation has been continuously earning profits since commencement of its operations in 1966-67, and it has paid a dividend of Rs. 2.16 lakhs up to 30.6.1971 to the Central Government on the share capital held by them.

8.8 Besides business activities, the NCCF has also set up a Consultancy and Promotional Cell for providing expert technical guidance to consumer cooperatives in the task of streamlining their working and business operational procedure. The ILO in collaboration with the SIDA (Swedish International Development Authority) have also extended technical assistance to consumer cooperatives which will be dovetailed with the Consultancy and Promotional Cell of the NCCF already set up. The ILO technical assistance envisages provision of five foreign exchange experts (a total of 120 man months) and also training of Indian personnel in consumer cooperative institutions abroad (a total of 48 man-months). The project would be spread over a period of about 2½ years commencing from December, 1973.

9. Besides this there are a large number of other types of societies especially in the sphere of housing, transport, poultry, dairy, labour contract small engineering, handloom, handicrafts, specially to help the weaker sections of the community which have not been discussed above. In agricultural field, special projects like SFDA and MFAL had been taken up under centrally sponsored scheme. The World Bank and several other international organisations are also assisting various projects in the country.

10. The Government of India and the Cooperative Movement together are carrying a programme of cooperative education and training with a view to ensure members' participation, democratic functioning and proper management in the Cooperative organisations. The CCT, a Committee of the National Cooperative Union of India financed by the Government is running one National Institute, 16 Cooperative Training Colleges and conducting functional seminars and workshops. For Junior level personnel 66 Cooperative Training Centres are managed by the State Governments. A Member Education Scheme to educate the members and office bearers of primary cooperative societies is also being implemented by the National Cooperative Union of India through State Cooperative Unions. More than 500 peripatetic instructors are working under this scheme. An expert committee of the Government of India recently reviewed the working of Training Programme and some far reaching reforms have been suggested which will make the programme more effective and useful.

Progress in 1973/1974

by: EDDIWAN.

1. Overall Progress.

In general, development in co-operatives has quantitatively been showing progress. This may be seen from the following figures:

	<u>1972</u>	<u>1973</u>
1. Co-operative Development	18.064	19.795
2. Membership	2.791.076	2.973.555
3. Capital(thousand rupiahs)	Rp.27.580.980,-	Rp.27.912.432,-
4. Savings(thousand rupiahs)	" 4.977.396,-	" 6.788.187,4
5. Savings of individual members.	" 1.783,-	" 2.282,05
6. Turn-over	" 34.225.622,-	" 61.513.359.-

Co-operatives engaged in the production of food (paddy and secondary agricultural products) enjoy first priority in the policy of fostering and guiding, while fishery, cattle breeding and poultry, people's horticulture and handicraft co-operatives are given secondary priority. This is in agreement with the provisions of the Second Five Year Development Plan, by which is determined that food production is to be given a most important place in the plan, primarily in order to maintain stability in the economic conditions of the people.

Apart from what has been mentioned above co-operatives also play a role in the provision of employments to the greatest number of employment-seekers possible, since the rate of population growth annually is quite high (2.65%) and approximately 1,600,000 new manpower annually are waiting for employment.

Every year since 1970 the Government has been enlarging the amount of the funds administrated by the "Cooperative Credit Insurance Funds" (Lembaga Jaminan Kredit Koperasi) and these funds, designated to give support to co-operatives in their need for more working capital and business expansion, have grown to Rp.6,000 millions in 1974.

Some co-operatives, such as for instance the rubber, the copra, the textile and the consumers' cooperatives have suffered set-backs or have not yet been able to develop, due to either certain economic conditions, or to their own internal organization.

Next to Government assistance in obtaining funds for capital, the endeavours in the educational field may be considered as very important.

In the.....

In the framework of the Second Five Year Development Plan the Government and the movement has furnished 36,999 co-operative cadres with education.

Satisfactory advancement has been achieved by the functional co-operatives as a result of the improvement made on their organizational and management system and of the constant help from the Government.

However, it cannot be denied that many secondary co-operatives have experienced a set-back or have lost the function for which they have been designated due to the fact that the development policy has principally been laying the emphasis on the Primary Co-operatives.

The Indonesian Co-operative Council held a National Co-operative Conference in 1973, in which many important resolutions were adopted to be realized in the near future.

Another event worthwhile noting is the declaration of eight Co-operative banks to amalgamate in order to provide the possibility to establish one single Bank for Co-operatives in Indonesia for the purpose of channellizing the funds of the Co-operative movement throughout Indonesia.

2. Agriculture Co-operatives.

As was made mention of the previous year the co-operative pattern in the rice production is developed by the Village Unit Cooperation/Village Unit Cooperatives (BUUD/KUD), which has in the meanwhile brought 2,457 units into existence. This Plan involves altogether 600 - 1.000 hectares of land. In some cases three to five villages under the plan are united under one management. The Plan endeavours to supply agricultural input such as fertilizer, pesticide and selected seed. In this seeing season the Plan has been supplying 500,000 tons of Urea fertilizer. It is in many cases equipped with a Rice Milling Unit and store-houses.

Paddy/rice has been bought up under this Plan from the members for the Government as well as for sale in the free market.

Until the end of the November 1973, the Indonesian People's Bank has provided credits to the amount of Rp.11,700 millions for the purchase of food under the Plan.

Every BUUD/KUD - Unit (Village Unit Cooperation/Village Unit Cooperatives) has a manager, a qualified book-keeper and a Rice Milling Unit machine operator, who all have had previous special training.

It has.....

It has been the intention of the Indonesian Government to increase the number of units until approximately 4,000 units all over Indonesia.

A start has been made this year with the establishment of 42 Central Co-operatives for the village units that then form the Secondary Co-operatives under the VUC/VUC Plan.

The VUC/VUC is equipped with a special guidance providing body, in which nearly all Government agencies involved in the production of food, are represented.

It is true that difficulties were experienced in the beginning because of the newness of the system, but afterwards, within a relatively short period of time, the VUC/VUC is able to show its effectiveness and the advantageous results for the farmers and the correctness of the Government policy of forming rice stocks.

Observing the earnestness of the management and the members in the execution of their jobs and the attitude of the Government we may expect with optimism that within the period of 2 - 3 years the schedule of converting the BUUD (VUC) into co-operative organizations will be fully realized.

The VUC pattern of giving guidance to producers of agricultural products other than paddy such as maize, vegetables and various sorts of beans have already been started, and in 1974 will involve several hundred thousand hectares.

3. Consumers Co-operatives.

Consumers co-operatives of the type that is generally known, seem as yet not to be able to flourish in Indonesia. In some cities and towns one may find one or two co-operative shops which are often an enterprise unit of a co-operative organization. The army co-operatives runs about 1300 shops all over the country. The services rendered by these shops are of not much significance.

The reason of this less flourishing situation of the Consumers Co-operatives lay in the fact that there are not many active and enthusiastic workers available for the sake of the Consumers Co-operatives, further in the shortage of working capital and in the economic structure (collecting and distributional trade), which is controlled by a free market which in turn is dominated by groups of merchants with a well organized network of distribution channels, provided with substantial capital and assisted by experienced staff.

Nevertheless, functional co-operatives are encouraged to make preparations for the forming of marketing centres for the co-operative

movement.....

movement in the form of co-operative shops, a super-market, which will be a nucleus for consumers co-operatives.

4. Housing Co-operatives.

Setting up cheap houses is an important item in the programme of the Second 5 year Development Plan and according to the plan 660.000 houses for the lower middle class will be built.

There are not many Housing Co-operatives in Indonesia yet. It can be expected with much certainty that this programme in the Development Plan to build cheap houses will wake up the desire to organize housing co-operatives.

The National Federation of Civil Servant Co-operative has already built some 150 houses in Jakarta and this activity of building houses is a business activity of the cooperative.

The houses are sold to the members on credit and are payable in five years.

One of the obstacles for Housing co-operatives is that at the moment the level of salaries and wages is not in proportion with the price of the houses built, so that it will be difficult for these Co-operatives to accumulate the necessary initial capital. The Government is making preparations in this connection to organized bodies for the purpose of rendering assistance to the people to overcome the difficulties mentioned earlier.

5. Development in Co-operative Legislation and Governmental Policies vis-a-vis Co-operatives.

In order to help the co-operative movement to realize its programme in the field of education, the Government has issued a regulation in which is stipulated that the 5% set aside from the net profit in favour of the Co-operative Educational Funds shall be collected and administered by the Indonesian Co-operative Council.

In this connection the Indonesian Co-operative Council is preparing the establishment of a Co-operative Educational Institute to arrange the Educational plan on national as well as on regional level.

The Government has also stipulated that every co-operative that is granted a credit from the government shall set aside 1/2% of the nominal value of the credit in favour of the Indonesian Co-operative Council for the purpose of covering its organizational expenses.

In the.....

In the middle of 1973 i.e. on the occasion of the celebration⁴⁰ of the Indonesian Co-operative Day on 12 July, the Government established the Co-operative Educational Consultative Council, designated to provide the Minister of Manpower, Transmigration and Co-operatives with their consideration and findings concerning Co-operatives with their consideration and findings concerning Co-operative Educational Problems.

The Director General of Co-operatives has also made an agreement with the Bank Rokyot Indonesia (People's Bank) a state Bank to facilitate and smoothen the provision of credit to Co-operatives, which are guaranteed by the Co-operative Credit Insurance Funds.

In Development Plan II (1974-1979) Co-operatives in particular those engaged in the production of food, in fisheries, cattle and poultry, people's horticulture and handicraft, are given an important place, so that the role of these co-operatives may become of more significance in connection with their extensive programme.

6. Recent Developments in international trade between co-operative or between co-operatives and others.

There is no international trade between co-operatives as yet. Export carried out by Co-operatives of rubber and copra in particular has gone down whereas that of batiks appears to be running well.

The export of Co-operatives in the field of fisheries through joint ventures went up, in particular those of prawn.

In order to set up the activities of the co-operatives in the field of international trade, preparations are being made to establish a special co-operative organization for international trade, bearing the name of the Indonesian Export and Import co-operative (Koperasi Ekspor dan Impor Indonesia). This co-operative is to be formed by the Indonesian co-operative movement with full support from the Government. With the establishment of this co-operative it is hoped that the activities in the international trade may be stepped up.

7. Technical assistance, financial and other aid.

The Indonesian co-operative movement as a rule receives neither technical assistance nor financial or other forms of aid direct from foreign sources since everything is arranged by and passes through the Government channel.

In 1973, however, a training of Management of fishery and Agriculture co-operatives was held for the duration of six weeks for which purpose assistance was received from the British Commonwealth and Overseas Aid Institute.

8. Main.....

8. Main problems of the Co-operative Movement.

The main problem being faces by the Co-operative movement in Indonesia lies particularly in the field of organization and management and in the economic weakness of the members of co-operatives.

Consolidation in the organization will be endeavoured after, through certain measures, e.g.:

1. amalgamation, vertically and horizontally,
2. stepping up knowledge of board members as well as of the common members,
3. expanding the provision of information with regard to the ideology of co-operatives and the implementation of its principles,
4. to improve the service to members and the organizational discipline,
5. to enlarge the advantageous effects of the co-operative way of working through improvement of the co-operative business enterprise.

In order to improve managerial skill additional education or training is provided to managers, candidate managers and the rest of the staff of co-operatives who are selected for the purpose. This additional education/training is provided continually.

The acquisition of capital and to a certain extent also the accumulation of capital from another rather serious problem since the members of co-operatives in general are still lacking the ability to save part of the profits for this purpose in spite of the fact that the Government has already provided the co-operatives with opportunities to obtain credits and that the co-operative Credit Insurance Funds has been established. What is urgently needed by the Co-operatives is an improvement in the provision of credits required for the expansion of business enterprise of co-operatives and of the members and the procedure of applying for such credits.

In order to bring about quicker economic improvement, efforts have been made to raise the entrepreneur spirit of the boardmembers, of the managers and of the common members.

9. Outline of programme for future development.

The programme for further development of the co-operatives has been given a place among the items to be realized in the framework of Development Plan II. This implies that the co-operatives that come into consideration for assistance are those engaged in production, i.e.. the production co-operatives, including: a.paddy.....

- a. paddy, secondary agricultural product, maize, vegetables, etc.-co-operatives.
- b. fishery co-operatives (inland and sea fisheries).
- c. cattle and poultry co-operatives (meat, dairy, poultry).
- d. people's horticulture co-operatives (tea, coffee, pepper, rubber, copra, sugar cane, tobacco.)
- e. people's handicraft co-operatives.

This programme is aimed at the production of supplementary food and clothing of improving quality and of for the community acceptable prices, bringing better and more evenly spread welfare, and creating more employment opportunities.

Besides the assistances given to the co-operatives mentioned above endeavours are made to:

- a. step up and enlarge the role and activities of the Indonesian Bank for co-operatives, which in the end will have to be able to arrange and to serve all financial and credit matters of the co-operative movement.
- b. develop co-operatives for village electric current supply, people's housing, small businesses, transport and village credits supply.
- c. step up the activities and the endeavours to bring about improvements in the co-operatives engaged in activities in the selections of people's mining, of service rendering, of functional groups, and of consumption.

The Government programme for the purpose of developing co-operatives are implemented through the following plans:

1. Stepping up the Co-operative Capital Development Plan.
2. Providing guidance and Extension (Information) to Co-operative Business Enterprises.
3. Developing Co-operative Organization and Administration.
4. Co-operative Education and Training.
5. Stepping up Co-operative Research/Survey.

It is estimated that in the five coming years 1974/1979 the Government will appropriate a budgetary allocation of Rp. 27,9 thousand millions or approximately US\$ 67,25 millions in favour of co-operative Development. In this amount is not include the credits to be received by the co-operatives from foreign agencies.

10. The follow-up action taken on the recommendations of the Asian Top level Co-operative Leaders Conference.

At the Asian Top Level Co-operative Leaders Conference Indonesia was represented by the Government and by the Indonesian Co-operative Council. Indonesia's representatives at the conference gave an outline on the condition and the position of the co-operative movement and on the policy determined by the Government with regard to the position of the co-operatives and the implementation of the co-operative movement promotion.

In great outlines the resolutions and recommendations at the conference regarding subject I, II and III are for the larger part confirmations of the policy and the execution of this policy, which has been practised in Indonesia for some time in particular since Development Plan I.

Indeed, Co-operatives in rural areas, in particular production co-operatives from the centre of co-operative development in Indonesia with the purpose of raising the farmer's income and at the same time spread the yields of the development more evenly.

The extensive assistance rendered by the Government to the Co-operatives does not imply abolishment of Co-operative Democracy; it is even aimed at consolidation of co-operative democracy as I also made clear at the Conference.

It is obvious that the measures taken by the Government with the purpose of fostering and giving guidance to the co-operatives are always aimed at safeguarding the development programme of the co-operatives, enlarging co-operative democracy and strengthening cooperative economy.

The above in agreement with the provisions in the Act on Co-operatives in Indonesia which in a detailed way stipulates the extent of autonomy enjoyed by the co-operatives and determines the role of the Government with regard to the policy of fostering, guiding, protecting and the provision of facilities to co-operatives.

The recommendations of the Asian Top Level Co-operative Leaders Conference are therefore basically in agreement with the Indonesian Act on Co-operatives and also with the programme for its execution, as well as with the policy determined by the Government and the standpoint taken by the Co-operative movement.

11. Follow-up action taken on Regional and National Seminars.

The recommendations of the Regional and National Seminars have always had the attention of the Indonesian Co-op. Council. Part of the recommendations has already been realized, another part is in preparation and still another part will be implemented if the most suitable moment has come. As has been shown above the realization of the recommendations is brought into agreement with the situation and with the needs of the co-operative movement in Indonesia.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
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vsr/21.10.1974

BACKGROUND PAPER OF IRAN

The cooperative movement in Iran specially during the last few years has taken attractive strides. With the establishment of the Ministry of Cooperative and Rural Affairs - change in the law of cooperative societies - increase in the number of societies, unions and capital have all resulted in its development in every aspect. Moreover, extensive cooperative training - cooperative newspaper and magazines - interviews and speeches on the radio and television as well as regular programmes under the explicit instructions of His Imperial Majesty the Shahanshah Arya Mehr, the cooperative movement has progressed rapidly. It is hoped in the coming years, cooperative economy will play an important role in the economic field which is the belief of the majority of the people.

With the complete execution of the land reform and the abolishment of landlord-peasant regime, cooperative societies in all the fields of agriculture - rural - consumer - housing and credit - handicrafts etc. have increased in numbers. Attached herewith is the latest statistics which if we compare the figures with that of ten years, we can easily judge the progress. The young generation will be acquainted practically with this economic phenomenon as cooperative training is now been given to students from school to university.

The policy of the government is to intensely protect the cooperative societies. Enforcement of social justice is included in the government's programme which should be extended by cooperative organisations who are non-profiteers and should attract people from all walks of life. Moreover, the work of the people should be assigned to the people so that difficulties may be eliminated. It is for this reason that it has been laid down that all government organisations should establish cooperative societies for their employees. Necessary credits have been envisaged and secured in the fifth Development Plan for assistance and development of cooperative societies.

Foreign transaction between cooperatives is still in the initial stage. Meantime, Sepah Consumers Cooperative has been successful in some foreign transactions with Japan and Turkey and hope to enlarge their business relations.

At present there does not seem to exist problems. But the government is trying to acquaint the public more with the cooperative principles as far as possible.

Future policy will be as follows:-

1. Establishment and increment of cooperative unions.
2. Development of sales network through formation of cooperative societies.
3. Extend cooperative training technical and generally through establishment of classes - institutions - conferences - seminars - newspaper and magazines - radio and television etc.

Statistics of Cooperative Societies & Unions

<u>TYPE</u>	<u>URBAN</u>	<u>LABOURER</u>	<u>RURAL</u>	<u>TOTAL</u>
CONSUMER	382	378	-	760
HOUSING	239	158	-	397
SUPPLY & DISTRIBUTION	129	-	-	129
CREDIT	39	622	-	661
HANDICRAFTS	30	-	-	30
PRODUCTIVE	-	6	2730	2736

COOPERATIVE MEMBERS

<u>TYPE</u>	<u>NUMBER OF MEMBERS</u>
URBAN	361055
LABOURER	249051
RURAL	2269465
Total	<u>2879571</u>

COOPERATIVE UNIONS

<u>TYPE</u>	<u>NUMBER</u>	<u>NUMBER OF MEMBERS</u>
URBAN CONSUMERS	1	98
LABOURERS	1	285
RURAL PRODUCTION	131	2704
Total	<u>133</u>	<u>2987</u>

BACKGROUND PAPER ON THE CONSUMERS' CO-OPERATIVE
MOVEMENT IN JAPAN

- 1) The prices increased last year comparing January this year with that of last year at the rate of 37.0% in wholesale and 26.3% in consumers goods which are extraordinary high and tightened the livelihood of the people. In these hard circumstances the consumers' co-operative movement played an important rôle for the safe-guard of the livelihood and health of the people, which heightened the expectations for the movement of the people.

And the movement played increasing important role in consumers movements in general.

- 2) The following figures indicate the development of the movement. The total turnover of our members societies in consumer sector amounted 353,200 mil. yen (134.7% against 1972) in 1973 which is the highest rate in the past except just after the World War II (117.1% in 1972 against 1971). This was attained by the advance of buying amount of members at co-op stores and efforts of the management. Also the rapid increase of consumers prices influenced it to certain extent. This figure occupies 1.37% in the national retail market.

The total members of the member societies amounted 4,030 thousand people by adding 400 thousand which indicated 13% increase against the previous year. The characteristic in the organisation sector is that the tendencies to join Han group increased, so the number of Han organised in 1973 is 21,000 and the total number of members of primary societies amounted 630,000. The total number of the Han group amounted 64,000. This means that so called "lack of goods" and rapid price increase consumers confronted last autumn in Japan elevated the consciousness of the livelihood protection of members. Accordingly the ratio of the members organised in Han groups in the total members was increased from 14.6% in 1972 to 15.5% in 1973 which was 1% increase. The increase ratio of members sharecapital is 124.8% and by 2,370 mil. yen which is higher than that of members. This is the result of the active movement of raising sharecapital in the daily activities at the primary societies level.

- 3) We have not yet succeeded in amending the Consumers' Livelihood Co-operative Society Law. But there is some move to amend it in the Government and its party by our movement through the opposition parties, so we will make the most of every chances in this direction and realise it. On the other hand the Government is still negative in raising consumers' co-operative movement.

- 4) Regarding co-operative trade, our Cooptrade Japan Ltd. attained in 1973 the following figures, 6 billion yen in import and 1 billion yen in export total 7 billion yen (160% against in 1972). The company is now making efforts in developing such goods as answer for the demands of members societies. Honey, soya beans, salmon, its roe, herring roe, vermicelli and others are the main items for supplying to our member societies whose amount was last year 1,200 million yen equivalent to 20% (10% in 1972) in the total amount of import. We are intending to enlarge the trading amount of consumer goods with the co-operative organisations in such countries as South-East Asian countries, Canada, USA, Australia, USSR, East European countries, European countries and others.
- 5) We don't receive any financial assistances to our movement, but we learn much from the advanced co-operative movements.
- 6) 1. The movement against inflation and to attain the system
7) of politics and economy devoted to the livelihood of the people.
2. The role of consumers' co-operative movement in the consumers' movements as a whole.
 3. The mass (popular) movement (activities) to elevate the social status of the consumers' co-operative movement.
 4. To strengthen the well planned business activities in dealing with daily necessities centralised on Co-OP branded goods.
 5. Consolidation in the activities of the Central and prefectural Unions through the collaboration among the member societies.
 6. To strengthen the structure of the management and its movement.
 7. Collaboration and co-operation between different kind of co-operatives and fraternal bodies.

In 1974 we are making efforts to realise the above targets.

8.9.10)

1. In order to enlarge co-operative trading activities we are planning to enlarge the trading amount of consumer goods with the co-operative organisations in South-East Asia. In

connection with the Trading Center in Singapore we are now talking with Mr Madane on our attitude. At present we are reserving our attitude in joining the Center.

2. Regarding our participation in the conferences and seminars sponsored by the ICA Regional Office and other international organisations, we have been participating in these as many as possible and exchanging experiences. And we decided to send Mr.. Motoyoshi KOBAYASHI, executive director of our Union as the member of the Council for South-East Asia being recommended by the JJC. We should like to promote collaboration with the countries in South-East Asia under the leadership of the Regional Office and Education Center.

P.S. Supplementing to 4) on page 2, our trading activities are in the very severe conditions by the world-wide inflation, domestic economic recession and unstable foreign exchange.

AGRICULTURAL COOPERATIVE
MOVEMENT
OF
JAPAN

Its

1. Surrounding situation
2. Problems
3. Priority areas of activities

APPENDIX

Statistical informations

October, 1974

The Central Union of Agricultural
Cooperatives

Tokyo

I IMPACT ON AGRICULTURE AND AGRICULTURAL COOPERATIVES
BY RECENT ECONOMIC AND SOCIAL CHANGES.

Acceleration of inflation caused by energy crisis, comprehensive demand control policy of the Government, tightening of financial control, stagnation of industrial activities, etc. have brought about serious impacts on agriculture and agricultural cooperatives as follows;

1. Impact on agriculture and farm households

1) Changes in food demand

Food habits of Japanese have been diversified and westernized as income level increased. However, external factors mentioned above resulted in substantial decrease of income and restrain of food expenses. More attention will, therefore, have to be given to the new trend of food demand in the market with a view adjusting agricultural production, especially in the field of livestock, fruits and vegetable production.

2) Stagnation of agricultural income and low-hanging of farm products' prices

Sharp increase of prices of agricultural production materials, slow increase of farm products' prices and large increase of marketing and processing costs in the last one year have been resulted in worsening of marketing terms and stagnation of agricultural income. Particularly, serious difficulties are found in maintaining the same production level in livestock industry and orange production due to enormous price increase of feedstuffs and production materials as well as slow-hanging of the prices of products.

Since farm products are essential commodities for the population, the increase of production cost can not be easily reflected in sales price. More efforts are to be made, therefore, in rationalizing production cost and establishing new reasonable price level for farm products.

3) Tightening of supply of production materials which largely depends upon import

Securing production and supply of feedstuffs and fertilizers, of which most of the raw materials depends upon import, will become more difficult in the future because of the tightening of demand and supply situation in the international market. High prices of materials in the international market will maintain high domestic price level for feedstuffs and fertilizers.

- 4) Decrease of non-agricultural income of farm households and of substantial consumption expenses

Under the general stagflation, farmers are getting less opportunities for seasonal jobs which were the main source of non-agricultural income. Decrease of non-agricultural income will put heavy pressure on farmer's home budget together with consumer price increase in rural areas, and farmers will be compelled to curtail household expenditure.

2. Impact on organization, businesses and management of agricultural cooperatives

1) Organizational impact

Under very unusual circumstances caused by energy crisis, consciousness of members on the need of cooperation to protect their own farming and living has been increased. At the same time their demands to cooperatives tend to become acute because of an increasing consciousness of members on economic and agricultural critical situation.

2) Impact on cooperative management

It is envisaged that the profit of cooperatives at the end of fiscal year 1974 will be largely reduced compare to that of 1973 because of the increase of business costs under stagflation while business gross income will be much higher than the previous year.

Especially, there will be more difficulties in management of cooperatives due to a sharp increase of personnel and other administrative expenses, an increase of account receivable for feeds supply or difficulties in loan repayment on account of acute situation of livestock industry, etc.

3) Impact on businesses

a) Credit business

- i. Environment for members' saving will be aggravated.
- ii. Cost of fund procurement will be increased because of an increase of interest rates on savings, wage increase and other increase of administrative costs.
- iii. As a result of rapid increase of long-term loans during the period of active transaction of lands by industrial sectors, it may be concerned about shortage of reserve fund for payment.
- iv. Internal loan to supply department may be more increased.

b) Economic business

- i. Many unstable factors in demand and supply relation and large price fluctuations are involved in strategic items for supply business such as feedstuffs, fertilizers, agricultural chemicals, etc. which are products of petroleum.
- ii. It will be difficult to meet cost increase of production materials and increases of other expenses by price increase of farm products. On the contrary prices of some farm products are maintained at low level.
- iii. Demand for processed foods does not increase as expected while the costs of processing and distribution are largely increased by inflation.
- iv. Reduction of non-agricultural income has weakened the purchasing power of farm households for durable consumers' goods.
- v. It may be concerned about the worsening of financial position and financial soundness of business counterparts.

c) Mutual-insurance business

- i. Members tend to show an increasing interest in such insurances with higher liability due to their anxiety caused by depression.
- ii. There is substantial devaluation of long-term insurance under inflation.
- iii. Severe competition is envisaged in the market.
- iv. New insurance contracts may be decreased on account of reduction of total farm households income.

II. PRIORITY AREAS OF AGRICULTURAL COOPERATIVE ACTIVITIES TO COPE WITH THE PREVAILING ECONOMIC AND SOCIAL CONDITIONS

1. Integration of production and marketing through Farming Complex

- 1) Consolidation of production system to meet the changing demands for food

Considering international food demands and supply situation and price changes, long-term national and regional production plans are to be established by the Government in consultation with agricultural cooperatives.

Agricultural cooperatives should also work out their own long-term production plans at the primary level and then to be integrated as prefectural plans in coordination with the Government plans.

In order to attain the production targets in the plan, further systematic promotion of farming complexes is to be made.

2) Maximum utilization of land and maintainance of land fertility

It should be further promoted that the large scale mechanization of production by group of farmers. Special attention is also to be paid to agricultural recycling - use of compost manure to maintain the land fertility which has been spoiled by the use of chemical fertilizers for so many years.

3) Development and promotion of new techniques for farm management saving resources and materials.

4) Securing supply of production materials

International trade by agricultural cooperatives is to be further strengthened to secure the production materials from abroad by diversifying sources of import and by promotion of international cooperative trade.

5) Demand and supply control and strengthening of cooperative marketing in large cities

The dull demands in market for beef and oranges have kept prices for them lower. therefore, it is necessary, as a short-term measure, to re-establish sound prices through stock and production control. Also more efforts are to be made for market expansion within local communities and in large cities. Especially in case of the latter various marketing facilities of the national federation should be strengthened and effectively utilized.

2. Promotion of activities to protect living and health of members

1) Organizational promotion of activities to protect living

a) Encourage members to produce necessary products for their home consumption to avoid unnecessary effect of inflation.

b) Encourage women members to set up small groups to study various consumers' problems and make joint purchase.

c) Establish feed-back system of members opinions on protection of life and health , and promote commodities test system.

d) Establish systematic exchange system of farm products among agricultural cooperatives in various regions through secondary or national federations.

2) Promotion of activities to protect health

a) Strengthening of health control programme of agricultural cooperatives in collaboration with other institutions concerned.

3. Measure on Land Use

1) Effective reflection of farmers' and agricultural cooperatives' opinion in the basic land utilization plan to be worked out by the Government with a view to maintaining fertile land for agricultural production.

2) Land committees are to be established within agricultural cooperatives at different levels to consider such plans of the Government in 1975.

4. Strengthening of cooperative management and education/ publicity

1) Organizational consolidation by amalgamation

2) Management and business improvement

3) Education and publicity promotion

5. Promotion of agricultural policy based on conditions set by agricultural cooperatives and members

1) Increase of self-sufficiency ratio on food by setting up of production target.

2) Establishment of new price policy for farm products considering new economic conditions.

3) Securing of production materials for supply and setting up of stockpiling system

4) Improvement of agricultural financing system under high rate interest in the money market.

5) Reduction of farm land inheritance tax so that farming may be succeeded by the next generation without losing the farm land.

APPENDIX

Table 1. Self-sufficiency ratio agricultural products

Unit: %

	1960	1965	1970	1971	1972
Total Agri. Food Products	90	81	76	72	73
Grains (total)	83	61	48	42	43
Rice	102	95	106	92	100
Wheat	39	28	9	8	5
Barley	104	57	28	23	15
Potato	100	100	100	100	100
Beans	44	25	12	11	13
Vegetables	100	100	99	99	99
Fruits	100	90	84	81	82
Meat	93	92	89	83	81
Egg	101	100	97	98	98
Milk & milk products	89	86	89	88	87
Raw sugar	0	5	3	3	3

Table 2. Import of Major Agricultural Products

Unit: Quantity-1,000 M/T
Value -US\$ million

	1965		1970		1971		1972		1973	
	Q	V	Q	V	Q	V	Q	V	Q	V
Wheat	3,645	251	4,685	318	4,872	344	5,148	361	5,386	660
Soybeans	1,847	226	3,244	366	3,212	422	3,396	474	3,635	771
Maize	2,946	198	4,383	294	3,401	244	4,346	272	5,825	552
Grain sorghum	1,425	84	3,773	230	3,798	252	3,250	199	3,260	303
Meat	83	39	204	124	263	182	353	321	472	771
Bana	358	61	844	144	989	139	1,062	148	931	124
Raw sugar	1,693	149	2,596	283	2,495	316	2,776	445	2,372	434
Total import of agri. products (A)	- 1,940		- 3,248		- 3,545		- 4,337		- 7,083	
Total import (B)	- 8,169		-18,881		- 19,712		- 23,471		- 38,314	
(A)/(B) (%)	23.7		17.2		18.0		18.5		18.5	

Table 3. Cultivated Land Area

Unit: 1,000 ha

57

	Total	Paddy field	Upland field (vegetables, fruits, etc.)	Average per household (ha)
1960	6,071	3,381	2,690	1.00
1965	6,004	3,391	2,614	1.06
1970	5,796	3,415	2,381	1.08
1973	5,647	3,274	2,373	1.10

Table 4. Sales Price of Farm Land for Agricultural purpose (National Average)

Unit: Yen per 0.1 ha

	Paddy field	Upland field
1965	203,902	123,202
1970	327,706	184,442
1971	344,416	196,624
1972	379,751	220,348

Table 5. Sales Price of Farm Land for Non-agricultural purpose (National Average)

Unit: ¥1,000 per 3.3 sq. m.

	Paddy field				Upland field			
	1968	1970	1971	1972	1968	1970	1971	1972
Housing	7.2	11.4	13.3	15.2	7.0	11.2	13.2	14.9
Industry	7.8	13.1	14.5	16.5	7.6	12.6	14.3	16.2
School	5.5	9.6	11.6	12.9	5.3	9.4	11.7	12.6
Other build'g	6.2	10.5	12.2	13.2	6.4	10.3	11.9	12.8
Park, etc.	5.1	9.3	10.5	10.6	5.2	9.3	9.9	10.1
Road, etc.	3.3	5.3	6.2	6.8	3.1	5.1	6.0	6.6

Table 6. Present Status of Hamlets

As of Feb. 1970

Total No. of hamlets	No. of hamlets by sizes						Average no. of house- holds per hamlet		
	less than 10 farm families	10~ 19	20~ 29	30~ 49	50~ 99	more than 100	Total	Farm house- holds	Non-farm house- holds
142,699	7,772	31,474	34,327	39,252	24,281	5,593	81	37	44

Note: Hamlet -- basic unit of rural community and social relations.

Table 7. Farm Households and No. of Family Members mainly engaged in farming

Unit: 1,000 households

	Total number of Farm Household	No. of family member being mainly engaged in farming			
		Non	One	Two	More than three
1965	5,664.8	1,303.7	1,652.8	1,896.8	811.4
1970	5,341.8	1,879.6	1,546.2	1,453.0	463.1
1972	5,170.4	1,986.8	1,511.5	1,308.4	363.7
1973	5,099.9	2,075.3	1,482.2	1,224.4	317.9

Note: Total farm households include Hokkaido.

Table 8. Farming Population by sexes

Unit: 1,000 persons

	Total		Male		Female	
	Number	%	Number	%	Number	%
1960	14,542	100.0	5,995	41.2	8,546	58.8
1965	11,514	100.0	4,565	39.7	6,949	60.3
1970	10,252	100.0	3,973	38.8	6,279	61.2
1971	9,596	100.0	3,782	39.4	5,814	60.6
1972	9,002	100.0	3,457	38.4	5,545	61.6
1973	8,486	100.0	3,190	37.6	5,296	62.4

Table 9. Farming Population by age groups in 1971

		Number (1,000)	Annual rate of increase or decrease			Composit ratio	
			63-69	69-70	70-71	63	71
Total		8,636	-2.8	-2.4	-3.5	100	100
Male	Male total	3,705	3.1	-2.8	-3.9	44.3	42.9
	Below 19	67	-4.8	-13.0	-23.0	1.2	0.8
	20 - 34	610	-9.4	-6.6	-8.0	11.9	7.1
	35 - 59	1,984	-1.7	-2.9	-3.3	21.7	23.0
	Above 60	1,044	0.3	0.9	-0.8	9.5	12.1
Female	Female total	4,931	-2.5	-2.1	-3.2	55.7	57.1
	Below 19	40	-11.5	-14.8	-23.1	1.2	0.5
	20 - 34	947	-8.3	-8.2	-10.4	17.8	11.0
	35 - 59	3,182	-0.4	-1.2	-1.9	31.1	36.8
	Above 60	762	2.3	5.3	2.8	5.7	8.8

Table 10. Number of Farm Households

Unit: 1,000 households

	Total No. of farm households	Full-time farm households	Part-time farm households		
			Total	Part-time I	Part-time II
1960	6,057	2,078	3,979	2,036	1,942
1965	5,665	1,219	4,446	2,081	2,365
1970	5,342	831	4,510	1,802	2,709
1971	5,261	798	4,462	1,566	2,896
1972	5,170	743	4,427	1,404	3,023
1973	5,100	675	4,425	1,303	3,122

Note: Full-time farm household - no member of a family is engaged in other occupation.

Part-time farm household I - one or more members of a family is/are engaged in other occupation but agricultural income is more than non-agricultural income.

Part-time farm household - one or more members of a family is/are engaged in other occupation but agricultural income is less than non-agricultural income.

Table 11. Number of Farm Households by sizes of land holdings (except Hokkaido)

Unit: 1,000 households

	Total	Less than 0.5 ha	0.5-1.0	1.0-1.5	1.5-2.0	2.0-3.0	More than 3.0 ha
1960	5,823	2,275	1,907	1,002	404	201	36
1965	5,466	2,096	1,762	945	407	214	41
1970	5,176	1,999	1,604	868	404	241	60
1971	5,101	1,918	1,588	870	402	323	-
1972	5,017	1,922	1,553	832	393	317	-
1973	4,953	1,918	1,529	806	384	244	72

Table 12. Number of Farm Household by Sales Amounts
of Farm Products

60

Unit: 1,000 households

	Total No. of house- holds	No sales	Less than ¥50,000	50,000- 200,000	200,000- 500,000	500,000- 700,000	700,000- 1,000,000	More than one million yen
1960	6,057.6	1,003.0	1,664.8	2,077.5	1,115.3	130.2	50.3	15.5
1965	5,664.8	911.8	648.3	1,822.1	1,496.1	426.1	221.3	139.1
1970	5,341.8	775.1	558.3	1,105.9	1,122.7	580.5	512.7	686.8
1973	5,099.9	924.9	451.8	925.1	965.2	500.8	467.4	864.9

Table 13. Marketing Prices of Vegetables at
different levels in November 1972

Unit: Yen per 10 kg

	Producer's price	Wholesalers			Retailers	
		Shipping cost	Margins	Wholesale price	Retailer's margins	Retailer's price
Radish	161	61	21	243	151	394
White cabbage	86	54	13	153	125	278
Cabbage	48	65	10	123	136	259
Tomato	1,213	184	130	1,527	734	2,261
Cucumber	1,604	278	175	2,057	474	2,531
Onion	176	180	33	389	191	580
Green pepper	1,863	365	207	2,435	839	3,274
Lettuce	543	241	73	857	414	1,271

Table 14. Farm Household Economy (National Average/household)

Unit: ¥1,000

	1960	1965	1970	1971	1972
Gross agri. income	358.7	638.8	984.6	961.4	1,127.5
Non-agri. income	211.2	443.2	972.3	1,163.3	1,385.4
Other income	39.5	74.3	198.7	237.9	292.6
Total income	609.4	1,156.3	2,155.6	2,362.6	2,805.5
Farm management exp.	133.5	273.6	476.6	491.8	542.3
Non-agri. expenses	26.9	47.6	87.1	95.2	117.7
Taxe and others	29.9	60.0	143.1	179.1	236.5
Household expenses	368.4	654.5	225.2	361.7	550.9
Total expenses	558.7	1,035.7	1,932.0	2,127.8	2,447.4
Surplus	50.7	120.6	223.6	234.8	358.1

Table 15. Average Farm Household Expense

Unit: ₦1,000

	1960	1965	1970	1971	1972
No. of family members	5.72	5.32	4.88	4.78	4.68
Food expense	153.9	234.2	353.5	377.7	407.1
Tobacco	6.8	9.1	14.6	14.4	15.8
Clothings	41.6	68.1	118.3	132.6	154.9
Light, fuel, water	17.2	29.5	42.8	45.9	49.3
House, furniture	51.1	101.9	169.7	191.0	213.4
Health, education, cultural	49.1	106.0	190.0	202.3	231.5
Miscellaneous	34.5	76.9	273.1	319.5	374.3
Temporary exp.	15.5	29.4	67.7	82.6	109.2
Total	369.7	655.1	1,229.7	1,366.0	1,555.5

Table 16. Farm Household owns Durable Consumer Goods

Unit: in percentage

	1966	1970	1973	Non-farm household 1973
Black & white TV	94.1	91.6	58.1	58.1
Color TV	0.4	18.1	81.5	82.8
Stereo Rec. Player	5.5	18.6	44.4	46.7
Piano	0.9	1.1	9.9	11.1
Organ	5.0	11.1	23.7	25.0
Camera	31.1	45.3	74.7	78.2
Car	8.7	22.4	73.8	72.0
Refrigerator	36.6	83.1	94.7	94.8
Washing machine	68.6	90.6	96.9	96.8
Elect. cleaner	15.6	48.3	88.0	89.7
Kerosene Stove	25.8	69.7	88.3	88.7

Table 17. Farmers' children returned to farm after graduation

	1965	1970	1972	1973
Total graduates (1,000)	1,334.7	1,161.6	1,044.4	992.2
Those got jobs (A)	598.4	496.6	401.7	375.7
Those engaged in farming (B)	68.0	36.9	22.0	18.3
B against A (%)	11.4	7.4	5.5	4.9

Table 18. Farm Lands permitted to transfer
for non-agricultural purposes

62

Unit: ha

	1968	1969	1970	1971	1972
Total	39,549	42,876	46,519	47,609	50,667
Housing	13,605	19,585	19,899	17,377	18,595
Industry	3,369	6,601	8,128	6,370	6,395
School	739	752	702	207	164
Park, Play ground	301	420	528	339	379
Road, irrigation	531	624	552	426	455
Buildings	7,424	8,882	8,723	8,073	9,065
Reforestation	4,581	6,012	7,988	14,817	15,614

Table 19. Number of Hamlets under
Pollution Dispute

According to 1970 World Agri. Census

Total No. of hamlets under disputes	Hamlets poluted by water	Hamlets poluted by air	Hamlets poluted by livestock	Others
11,102	6,351	3,402	1,633	2,898

Table 20. Number of Agricultural Cooperatives

As of March 1972

	With Share Capital	Without Share Capital	Sub-total
Multi-purpose cooperatives	5,688	0	5,688
Single-purpose cooperatives			
General service*	52	225	277
Sericultural	104	1,976	2,080
Livestock	392	246	638
Dairy	640	64	704
Poultry	266	12	278
Grass land	58	930	988
Horticultural	486	78	564
Rural industry	266	34	300
Settlers'	1,395	1,129	2,524
Farm broadcasting	120	35	155
Others	128	271	399
Sub-total	3,907	5,000	8,907
Grand total	9,595	5,000	14,595

* General service cooperatives do not undertake credit business.

Chart 1. Organizational Structure of Agricultural Cooperatives

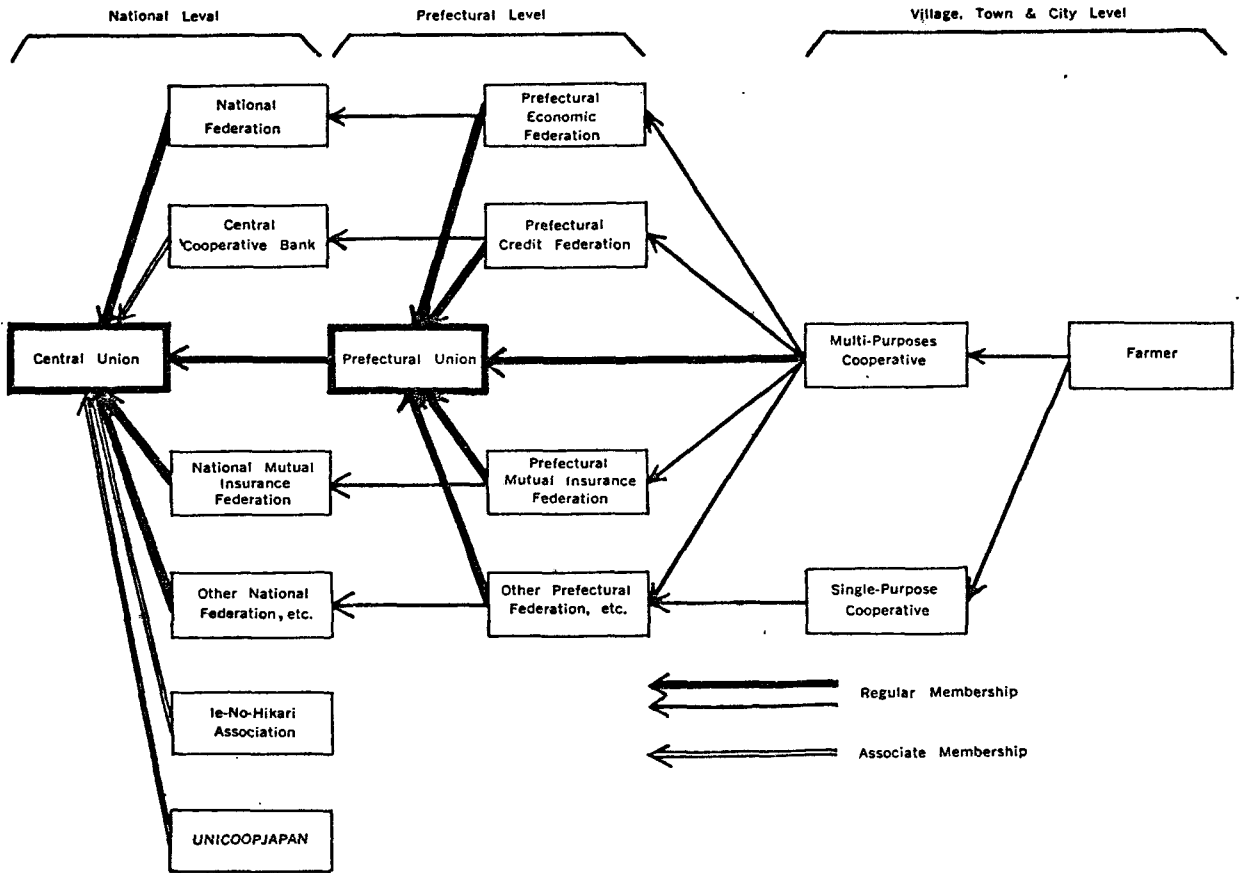


Chart 2. General Pattern of Internal Structure of Multi-purpose Cooperative Society

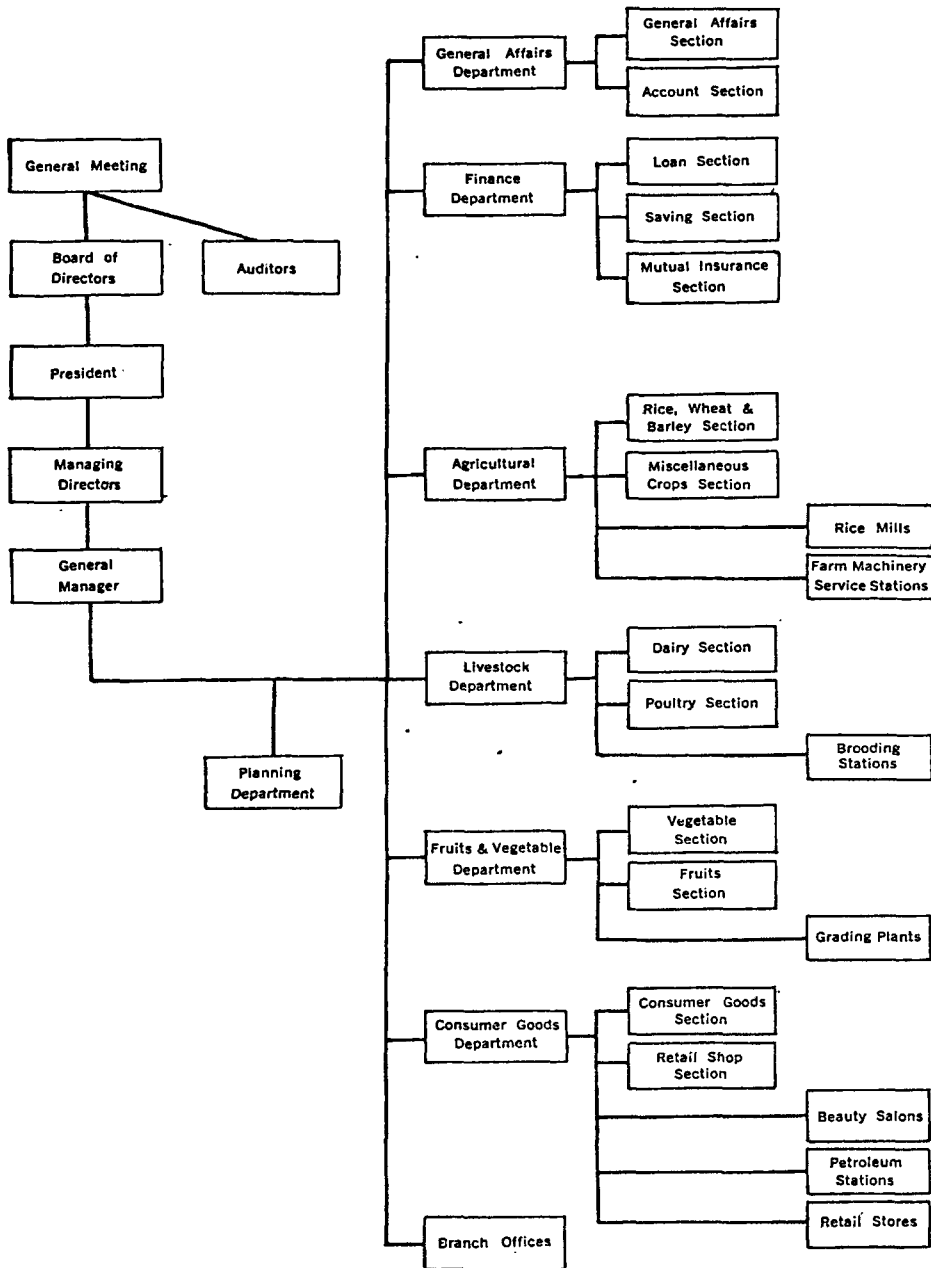


Table 21. Number of Unions and Federations

65

As of March 1972

Level	Less than Prefecture	Prefecture	More than Prefecture	National	Total
Unions	0	46	0	1	47
Federations					
Credit	0	46	0	0	46
Economic	9	47	0	1	57
Marketing	5	1	0	1	7
Purchasing	2	0	0	1	3
Mutual-insurance ...	0	46	0	1	47
Welfare	10	21	1	1	33
Transportation	5	2	0	0	7
Sericultural	117	26	1	4	208
Livestock	104	17	1	3	125
Dairy	35	35	0	1	71
Poultry	11	4	0	2	17
Horticultural	68	8	0	5	81
Rural industry	41	2	0	0	43
Settlers'	13	37	0	1	51
Guidance	12	2	0	2	16
Emigration	0	25	0	1	26
Farm broadcasting ...	32	0	0	0	32
Others	34	1	0	0	35
Total	558	320	3	24	905

Table 22. Budget of Prefectural Unions
for 1973

Unit: ¥ million

	Income		Expenditure		
	Amount	Composit ratio		Amount	Composit ratio
Membership fees	9,778	90.5	Business exp.	2,406	22.3
Business income	782	7.2	Personnel exp.	5,666	52.5
Misc. income	84	0.8	Admn. exp.	1,693	15.7
A/C carried forward	134	1.3	A/C to be transferred to Fund	912	8.4
Others	23	0.2	Reserve fund	115	1.0
Total	10,801	100.0	Others	9	0.1
			Total	10,801	100.0

Table 23. Budget of the Central Union of
Agricultural Cooperatives for 1974

Unit: ¥1,000

	Income		Expenditure	
Membership fees	1,229,337		Business exp.	408,878
Misc. income	12,500		Personnel exp.	444,191
Carry over	5,000		Admn. exp.	121,645
Gov't subsidy	19,577		Transfer to special a/c	261,700
			Reserve fund	30,000
Total	1,266,414		Total	1,266,414

Table 24. Membership of Multi-purpose Agricultural Coop. Societies

Business Year	Regular membership		Regular member households (Households)	Associate membership		Total		Total
	Individuals (Persons)	Organizations (Groups)		Individuals (Persons)	Organizations (Groups)	Individuals (Persons)	Organizations (Groups)	
1966	5,902,831	2,833	5,321,391	1,016,871	35,406	6,919,702	38,293	6,957,995
1967	5,931,155	3,627	5,378,017	1,090,460	35,810	7,021,615	39,437	7,061,052
1968	5,900,350	4,125	5,345,540	1,173,547	38,316	7,073,897	42,441	7,116,338
1969	5,874,818	4,042	5,325,024	1,257,126	38,327	7,131,944	42,369	7,174,313
1970	5,884,699	5,337	5,303,579	1,347,951	39,054	7,232,650	44,391	7,277,041
1971	5,818,664	4,376	5,267,188	1,452,797	40,864	7,271,461	45,240	7,316,701
Average Per Coop.	1,003.4	0.8	908.3	250.5	7.0	1,253.9	7.8	1,261.7

Table 25. Educational Status of newly recruited personnels of Muti-purpose societies

	1968		1970		1971	
	Persons	%	Persons	%	Persons	%
Male						
Junior high school	493	9.8	309	5.6	341	6.6
Senior high school	5,560	81.4	4,299	77.7	3,900	75.6
College	499	7.3	477	8.7	422	8.2
University	280	4.1	422	7.7	495	9.6
Sub-total	6,832	100.0	5,438	100.0	5,158	100.0
Female						
Junior high school	826	6.7	612	5.8	556	5.9
Senior high school	11,141	90.2	9,230	88.7	8,397	89.1
College	374	3.0	516	4.9	435	4.6
University	12	0.1	42	0.4	32	0.3
Sub-total	12,353	100.0	10,400	100.0	9,420	100.0
Total	19,185		15,838		14,578	

Table 26. Officials and Employees of Multi-purpose Societies

Business Year	Officials				Employees				
	Full-time director	Part-time director	Elected auditors	Total	General manager	Farm advisors	Better living advisors	Other employees	Total
1966	9,874	76,366	26,854	113,094	4,436	13,579	-	194,360	214,261
1967	9,282	75,313	25,904	110,499	4,471	14,523	-	203,570	224,211
1968	8,987	73,502	25,105	107,594	4,252	14,828	1,972	209,115	231,650
1969	8,573	71,091	23,698	103,362	4,041	15,471	1,631	220,839	241,982
1970	8,108	69,753	22,733	100,594	4,033	15,512	1,735	226,099	247,379
1971	7,952	68,816	22,560	99,328	3,975	15,469	1,823	230,660	251,927
Average Per Coop.	1.4	11.9	3.9	17.1	0.7	2.7	0.3	39.8	43.4

Table 27. Officials and Employees of
Single-purpose Societies

As of March 1972

		Silk-worm raising	Livestock	Dairy	Poultry	Horti- culture	Re-cla mation	Total
With share-capital	Officials elected	643	1,661	4,655	1,195	3,532	2,493	14,179
	Average per society	11.3	15.7	13.1	10.3	11.9	9.1	11.7
	Employees	397	761	4,544	1,478	1,192	814	9,186
	Average per Society	7.0	7.2	12.8	12.7	4.0	3.0	7.6
Without share- capital	Officials elected	7,866	185	105	57	243	877	9,333
	Average per society	9.8	16.8	10.5	14.3	12.8	7.4	9.7
	Employees	168	19	10	1	16	20	234
	Average per society	0.2	1.7	1.0	0.25	0.8	0.2	0.2

Table 28. Officials and Employees of Prefectural
Federations of Agricultural Coops.

As of March 1972

Federations	Officials		Employees		Total
	Total	Per fed.	Total	Per fed.	
Credit	803	17.5	7,025	153	7,828
Economic	832	17.7	21,456	456.5	22,288
Insurance	792	17.2	4,321	93.9	5,113
Welfare	320	16.0	16,639	832.0	16,959
Reclamation	385	9.9	477	12.2	862
Silkworm	335	12.9	1,933	74.3	2,268
Livestock	139	15.4	183	20.3	322
Dairy	475	14.4	737	22.3	1,212
Horticulture	129	18.4	947	135.3	1,076
Immigration	363	14.5	17	0.7	380
Transport	45	22.5	27	13.5	72
Poultry	55	13.8	26	6.5	81
Total	4,673	15.4	53,788	176.9	58,461

Table 29. Progress of Amalgamation of
Multi-purpose Societies

	No. of cases of amalgamation	No. of Societies which participated in Amalgamation	No. of Multi-Purpose Societies	Note
1960			12,050	
1961	137	535	11,586	(31-3-1961 (Act was (enacted
1962	210	902	10,813	
1963	216	955	10,083	Validity of the Act was
1964	237	1,048	9,135	5 years
1965	578	2,565	7,320	
1966	35	120	7,209	
1967	58	166	7,074	9-5-1966 First Revision: Extended
1968	218	821	6,470	3 years
1969	99	371	6,185	
1970	42	160	6,049	23-5-1970 Second Revision: Extended 2 years
1971	102	434	5,688	
1972	101	391	5,488	
Total	2,033	8,468		22-3-1972 Third Revision Extended 3 years

Table 30. Number of Amalgamated Societies
by sizes of Membership

Member-ship	less than 1,000	1,001~ 2,000	2,001~ 3,000	3,001~ 4,000	4,001~ 5,000	More than 5,001	No. of Amalgamated Societies
61 - 65 (%)	274 19.9	586 42.5	260 18.9	122 8.6	73 5.3	63 4.6	1,378 100.0
66 - 68 (%)	85 27.3	110 35.4	51 16.4	42 13.5	12 3.9	11 3.5	311 100.0
69 (%)	14 14.1	47 47.5	17 17.2	7 7.1	6 6.1	8 8.1	99 100.0
70 (%)	12 28.6	14 33.3	8 19.0	5 11.9	1 2.4	2 4.8	42 100.0
Total (%)	385 21.0	757 41.4	336 18.4	176 9.6	92 5.0	84 4.6	1,830 100.0

Table 31. Number of Societies and Administrative units

Area covered Year	Covering more than 2 prefectures	Prefecture	County or City	Less than County	Town & Village	Less than Town & village	Total	No. of cities, towns and Villages
1955	3	89	177	3,474	3,298	5,793	12,834	3,975
(%)	-	0.7	1.4	27.1	25.7	45.1	100.0	
1960	4	123	209	3,888	1,597	6,229	12,050	3,470
(%)	-	1.0	1.7	32.3	13.3	51.7	100.0	
1965	4	126	385	2,113	1,823	2,869	7,320	3,372
(%)	-	1.7	5.3	28.9	24.9	39.2	100.0	
1968	4	137	422	1,855	1,827	2,230	6,470	3,285
(%)	-	2.0	6.5	28.7	28.2	34.5	100.0	
1969	4	132	410	1,838	1,866	1,930	6,185	3,279
(%)	-	2.2	6.6	29.7	30.2	31.2	100.0	
1970	4	137	417	1,833	1,842	1,816	6,049	3,247
(%)	-	2.3	6.9	30.3	30.5	30.0	100.0	

Table 32. Departmental Gross Business Profits of Multi-purpose Societies

Unit: ¥ million

	1969		1970		1971	
	Amount	Against previous year	Amount	Against previous year	Amount	Against previous year
Credit	118,831	123.5	150,289	126.5	177,914	118.4
Market'g	29,301	111.4	30,809	105.2	32,770	106.4
Supply	94,300	114.5	108,976	115.5	128,653	118.1
Insurance	19,811	123.7	24,842	125.4	30,689	123.5
Others	26,737	124.8	29,526	110.4	30,095	101.9
Total	288,980	119.2	344,442	119.2	400,121	116.2

Table 33. Administration Cost and Personnel Cost
of Multi-purpose Societies

Unit: ¥ million

	1969	1970	1971
Administration cost	240,267	284,867	336,320
% against previous year	117.7	118.6	118.0
Personnel cost	168,479	200,913	239,816
% against previous year	118.6	119.3	119.4

Table 34. Management Index of M-P Societies

	1970	1971	1972
Administration cost against business gross profit (%)	82.7	84.5	80.1
Personnel cost against business profit (%)	58.3	59.9	57.2
Gross business profit against total no. of full-time officials and employees (¥1,000)	1,345	1,539	1,855
Ratio against previous year (%)	116.7	114.4	120.5
Personnel cost against total no. of full-time officials and employees (¥1,000)	786	922	1,069
Ratio against previous year (%)	117.0	117.3	115.9

Table 35. Number of Societies with Profit or Loss

	1970	1971	1972
Societies with profit against total M-P Socs. (%)	97.5	96.6	97.8
Average profit per society (¥1,000)	6,593	7,958	10,441
Societies with loss against total M-P socs. (%)	2.5	3.4	2.2
Average loss per society (¥1,000)	6,060	6,630	6,042

Table 36. Fixed Assets and Own Capital

Unit: ¥ million

	1969	1970	1971
Fixed assets (A)	433,107	513,294	591,231
Own capital (B)	212,737	253,814	298,837
(B)/(A) %	49.1	49.4	50.5

Table 37. Total Capital and Own Capital

Unit: ¥ million

	1969	1970	1971
Total capital (A)	6,402,427	7,565,844	8,939,144
Own capital (B)	212,737	253,815	298,836
(B)/(A) %	3.32	3.36	3.34

Table 38. Paid-up Share Capital against Own Capital

Unit: ¥ million

	1969	1970	1971
Own capital (A)	212,737	253,814	298,836
Paid-up share capital (B)	176,886	204,167	231,767
(B)/(A) %	83.2	80.4	77.6

Table 39. Commodity-wise Average Value of Marketing per M-P Society and Pref. Economic. Fed.

Items	Primary Coop (¥1,000)				Pref. Eco. Fed. (¥ million)			
	'68	'69	'70	'71	'68	'69	'70	'71
Rice purchased by Gov't	195,733	186,280	147,357	109,540	27,762	26,455	18,496	13,169
Rice sold to wholesalers	-	16,349	32,286	43,970	-	()	3,822	5,862
Rice disposed in other way	-		674	2,094	-		313	131
Wheat, Barley	9,542	7,622	5,183	5,159	1,323	963	638	596
Misc. Grain and Peas	2,629	2,954	3,099	3,481	348	406	617	665
Yellow & White potatoes	5,218	4,792	5,021	4,723	631	754	315	298
Silk Cocoon	9,114	9,386	11,708	9,830	96	100	116	114
Vegetables	14,351	21,434	29,444	33,790	1,626	2,157	2,949	2,957
Fruits	19,884	27,831	33,172	38,440	1,100	1,376	1,495	1,824
Tea	1,542	2,172	2,701	2,953	30	47	64	68
Products for processing	3,147	4,808	5,729	6,171	99	110	121	156
Straw products	567	650	422	375	29	22	20	13
Others & Forestry products	6,704	6,792	8,236	9,795	291	296	404	680
Milk for processing	8,829	12,577	14,102	15,458	1,419	1,739	1,929	1,885
Fresh milk	2,262	1,994	2,395	2,930	36	43	21	182
Egg	8,314	9,725	10,564	11,656	994	1,151	1,238	1,355
Chicks, Breeding Chicken	156	366	280	322	23	22	27	13
Broiler Chicken	1,900	2,782	3,395	4,141	189	256	341	370
Milk cow	414	517	754	1,112	54	33	42	64
Meat cattle	7,592	9,790	12,245	16,038	545	623	726	1,001
Pig	9,870	12,091	13,598	17,854	887	1,075	1,275	1,659
Breeding Pigs & Cow	5,876	7,217	7,141	9,911	557	658	781	1,017
Other livestock products	1,946	2,258	2,199	2,369	125	164	207	449
Total	315,587	350,382	351,702	352,112	38,161	38,449	35,897	34,527

Table 40. Commodity-wise Composition in Marketing Value of M-P Societies, Pref. Economic Federations and National Fed. of Agri. Coops.

Classification	Fiscal year	Rice	Wheat, Barley	Fruits & vegetables	Other Agr. & Forestry products	Livestock, Poultry products	Total %
M-P Societies	'60	61.0	8.0	7.8	15.1	8.1	100.0
	'65	59.1	4.4	11.5	11.2	13.8	100.0
	'70	51.3	1.5	17.8	10.4	19.0	100.0
	'71	44.2	1.5	20.5	10.6	23.2	100.0
	'72	44.8	0.8	20.1	11.0	23.3	100.0
Pref. Economic Feds	'60	72.5	9.2	3.3	8.2	6.8	100.0
	'65	69.6	5.0	7.3	6.3	11.8	100.0
	'70	63.1	1.8	12.4	4.5	18.2	100.0
	'71	55.5	1.7	13.9	5.8	23.1	100.0
	'72	54.9	1.0	14.7	4.9	24.5	100.0
National Fed of Agri. Coops.	'61	86.7	0.6	2.9	5.5	4.3	100.0
	'65	86.0	1.0	3.3	2.8	6.9	100.0
	'70	78.4	0.4	6.9	4.7	9.6	100.0
	'71	73.0	0.6	8.0	4.6	13.8	100.0
	'72	73.5	0.3	8.5	3.8	13.9	100.0

Table 41. Commodity-wise Marketing Commission
Rate of M-P Societies and Pref. Economic
Federations in average

Items	Rate of commission of M-P societies				Rate of commission of Pref. Economic Feds.				
	'68	'69	'70	'71	'68	'69	'70	'71	'72
Rice sold to Gov't	1.1	1.2	1.2	1.3	0.2	0.3	0.2	0.2	0.2
Rice sold to wholesaler -		1.7	1.6	1.7	-	-	0.6	0.6	0.5
Rice imposed other way -		-	2.7	2.1	-	-	1.2	3.3	0.6
Wheat, Barley	2.1	2.2	2.4	2.4	0.3	0.3	0.3	3.2	0.3
Misc. Grain, Peas	6.3	7.0	6.4	4.5	1.3	1.7	1.6	1.1	0.2
Yellow & White Potatoes	3.5	3.3	3.1	3.2	1.2	1.1	1.2	1.2	1.5
Silk Cocoon	1.1	1.1	1.1	1.2	1.3	1.3	1.3	1.5	1.3
Vegetables	2.8	2.9	2.8	2.7	1.0	0.9	1.0	1.0	1.1
Fruits	2.7	2.5	2.5	2.5	0.9	1.0	0.9	0.9	0.9
Tea	2.8	2.6	2.6	2.5	3.7	3.3	2.9	2.9	3.1
Products for processing	1.7	1.5	1.5	1.7	1.4	0.8	0.8	1.2	2.0
Straw products	6.6	5.6	6.6	5.5	3.5	3.4	3.3	2.2	-
Others, Forestry products	3.0	3.0	3.2	3.0	2.0	0.2	2.8	2.3	3.1
Milk for process'g	1.3	1.3	1.2	1.2	0.6	0.6	0.6	0.6	0.7
Fresh milk	1.4	1.6	1.6	1.6	0.2	1.0	1.2	0.5	5.6
Egg	2.0	1.9	1.9	1.9	0.9	0.8	0.8	0.9	0.9
Chicks, Breeding chicken	4.8	2.9	5.6	3.3	5.1	4.0	3.8	4.6	-
Broiler	2.1	1.8	1.9	1.9	1.5	0.4	1.0	1.1	1.5
Milk cow	1.9	1.8	1.9	1.8	2.5	2.2	2.0	2.1	2.0
Meat cattle	1.3	1.3	1.2	1.3	1.2	1.5	1.3	1.2	1.4
Pig	1.6	1.6	1.6	1.6	1.3	1.3	1.2	1.2	1.2
Breeding pigs & Cows	1.6	1.4	1.6	1.4	2.5	2.5	2.2	1.8	2.2
Others	2.7	2.5	2.3	2.4	2.7	2.8	3.2	2.8	2.4
Total	1.6	1.6	1.7	1.8	0.45	0.52	0.62	0.70	0.74

Table 42. Cooperatives' Share against Total
Agricultural Products sold at
different Levels

Items	Pri.Coops		Pref.E.Feds		ZEN-NO	
	'68	'71	'68	'71	'68	'71
1. Agr. products	64.7	59.1	58.9	48.6	52.7	40.8
Rice	86.8	79.7	87.4	79.5	85.9	77.9
Wheat, Barley	68.3	68.1	67.2	63.8	12.5	15.7
Misc. Grain, Peas	37.3	42.3	34.9	65.3	2.1	0.8
Potatoes	60.0	48.0	51.4	24.5	40.7	41.9
Vegetables	21.4	32.6	17.2	23.1	6.6	9.5
Fruits	51.9	60.5	20.4	23.2	9.7	10.7
Products for processing	15.6	26.1	3.1	5.2	...	0.4
Others	70.9	57.2	22.1	57.2	39.0	30.2
2. Sericultural products	54.5	55.2	4.1	5.2	-	-
3. Livestock, poultry	37.2	41.7	27.0	33.1	10.9	14.6
Milk	38.6	43.3	36.0	39.4	1.2	2.9
Egg	22.8	23.9	19.3	22.6	19.9	26.2
Animals	47.7	51.5	29.0	36.9	10.6	14.6
Total	57.6	53.5	49.5	42.5	41.1	31.6

Table 43. Commodity-wise Marketing Commission Rate of Nat'l Fed. of Agri. Coops. (ZEN-NOH)

Items	Commission rate of ZEN-NOH				
	'68	'69	'70	'71	'72
Controlled Rice	0.04	0.04	0.04	0.05	0.049
Uncontrolled Rice	-	0.3	0.3	0.3	0.3
Beer Barley	0.1	0.1	0.1	0.1	0.1
Barley	0.7	1.0	1.6	-	-
Potatoes	1.7	1.7	1.8	1.8	1.8
Seed potatoes	1.3	1.1	1.5	1.4	1.4
Rape Seed	1.2	1.2	1.0	1.1	1.3
Soya Bean	0.8	0.8	1.0	-	0.7
Vegetables	0.3	0.3	0.3	0.3	0.3
Fruits	0.3	0.3	0.3	0.3	0.4
Meat	1.0	1.0	1.0	1.0	1.0
Raw Milk	0.3	0.3	0.3	0.3	0.3
Milk Cow	2.1	2.1	2.1	2.0	-
Chicks	3.3	3.6	3.7	3.8	-
Egg	0.8	0.8	0.8	0.8	0.7
Broiler	1.0	1.0	0.8	1.0	1.0

Table 44. Commodity-wise Supply Value per Multi-purpose Society

Unit: ¥1,000

	'68	'69	'70	'71	'72
Production materials					
Feeds	216,619	239,011	296,265	325,785	331,975
Fertilizers	160,974	167,055	169,905	169,869	175,644
Agri. Chemical	61,949	69,993	72,347	78,982	90,039
Hot-house material	10,124	13,271	16,494	20,682	*
Packaging material	21,542	24,433	27,103	30,023	*
Machinery	111,568	123,965	129,344	135,307	146,402
Petrol	40,734	52,025	67,616	89,603	102,685
Automobile	14,441	22,016	29,367	37,400	50,079
Build'g material	3,590	4,651	7,055	0,424	*
Others	76,484	83,808	93,119	102,977	189,366
Total	717,935	800,227	908,716	1,000,051	1,102,056
Consumer goods					
Rice	31,776	32,404	35,705	40,487	45,102
Foods	92,418	110,350	133,069	158,151	187,884
Clothings	16,309	17,681	19,376	21,525	26,218
Durable Goods	8,830	24,075	29,987	35,725	38,797
Medicine etc.	29,951	34,417	39,844	47,423	54,584
L.P. Gas	14,666	18,692	21,985	26,993	30,708
Others	43,618	49,890	51,056	52,762	58,617
Total	247,568	288,409	331,110	383,004	443,136
Grand Total	965,504	1,088,636	1,239,827	1,383,055	1,544,872

Table 45. Commodity-wise Supply Value per
Pref. Economic Federation

Unit: ¥ million

	'68	'69	'70	'71	'72
Production materials					
Feeds	182,426	211,355	268,983	286,914	293,719
Fertilizers	129,987	132,593	128,969	133,219	140,117
Agri. Chemical	40,087	45,383	47,367	52,277	59,201
Hot-house material	7,020	9,138	11,488	16,640	24,315
Packaging material	23,388	25,862	29,178	24,511	36,368
Machinery	76,002	86,296	90,362	93,652	101,209
Petrol	31,831	40,182	52,866	69,453	78,956
Automobile	25,623	30,009	35,220	39,828	40,223
Build'g material	14,681	25,411	30,032	36,287	42,051
Others	40,256	38,135	45,649	58,628	42,340
Total	571,301	644,364	740,114	811,419	867,500
Consumer goods					
Rice	56,714	68,665	80,426	93,991	122,526
Foods	41,594	45,157	55,294	61,844	80,533
Clothings	11,526	12,973	15,895	17,473	23,009
Durable goods	15,478	20,307	27,998	24,299	30,238
Medicine etc.	13,149	14,068	13,035	24,283	22,450
L.P. Gas	8,020	10,900	12,127	12,819	15,948
Others	10,262	13,033	8,740	12,404	16,963
Total	156,743	184,103	213,515	247,013	301,667
Grand Total	728,046	828,487	953,629	1,058,432	1,169,167

Table 46. Commodity-wise Ratio in Total Supply at different Levels

	Multi-purpose societies			Pref. Eco. Feds of agri. coops.			ZEN-NOH		
	68	70	72	68	70	72	68	70	72
Production materials total	74.3	73.3	71.3	78.5	77.6	74.2	89.6	89.8	88.2
Feeds	22.4	23.9	21.5	25.1	28.2	25.0	34.4	40.4	36.7
Fertilizers	16.7	13.7	11.4	17.9	13.5	12.0	23.1	17.3	15.5
Agri.chemical	6.4	5.8	5.8	5.5	5.0	5.1	8.1	7.0	7.2
Hot-house materials	1.0	1.3	-	1.0	1.2	2.1	0.9	1.1	1.3
Packaging materials	2.2	2.2	-	3.2	3.1	3.1	1.9	2.0	2.5
Agri.machinery	11.6	10.4	9.5	10.4	9.5	8.7	12.1	9.2	10.3
Petrol	4.2	5.5	6.6	4.4	5.5	6.8	4.5	6.9	8.7
Automobile	1.5	2.4	3.2	3.5	3.7	4.2	3.0	3.5	3.9
Building materials	0.4	0.6	-	2.0	3.1	3.6	0.6	0.7	0.9
Others	7.9	7.5	13.3	5.5	4.8	3.6	1.0	1.7	1.2
Consumer goods total	25.7	26.7	26.7	21.5	22.4	25.8	10.4	10.2	11.8
Rice	3.3	2.9	2.9	7.8	8.4	10.4	-	-	-
Clothings	1.7	1.6	1.7	1.6	1.7	2.0	1.5	1.7	2.0
Durable goods	2.0	2.4	2.5	2.1	2.9	2.6	3.3	2.2	2.5
Medicine, etc.	3.1	3.2	3.5	1.8	1.4	2.6	3.3	2.2	2.5
L.P.Gas	1.5	1.8	2.0	1.1	1.3	1.4	1.0	1.1	1.3
Others	4.5	4.1	3.9	1.4	0.9	0.6	-	-	-
Grand total	100.0			100.0			100.0		

Table 47. Cooperative's Share in Supply
at different levels for 1972

Unit: %

	Rate of members' purchase from M-P societies	Procurement ratio of M-P societies from Pref. Eco. Feds	Procurement ratio of Pref. Economic Feds from ZEN-NOH
Production materials			
Feeds	69.9	93.9	93.5
Fertilizers	85.2	93.6	84.2
Agri.chemical	85.4	79.4	94.0
Hot-house materials	36.3	61.9	45.8
Packaging materials	38.2	70.6	61.4
Agri. machinery	54.6	79.0	73.5
Petrol	35.9	85.5	83.8
Automobile	12.0	63.1	52.5
Build'g materials	3.5	34.9	24.6
Others	45.0	65.1	29.2
Total	-	83.5	80.3
Consumer goods			
Rice	23.6	96.6	21.0
Other foods	20.5	53.3	42.7
Clothings	9.5	59.3	60.1
Durable goods	15.2	66.6	63.9
Groceries	12.3	54.2	47.7
L.P. Gas	35.2	84.3	66.7
Others	18.6	52.3	26.1
Total	-	74.8	36.7
Grand Total	-	76.2	67.6

Table 48. Supply Commission Rate at different levels

Unit: %

	M-P society			Pref.Eco.Fed			ZEN-NOH		
	68	70	71	68	70	72	68	70	72
Production materials									
Feeds	5.1	4.9	5.1	2.1	2.1	2.2	0.6	0.6	0.5
Fertilizers	10.2	10.0	10.0	2.2	2.1	2.2	0.6	0.6	0.6
Agri. chemicals	9.8	9.9	10.0	4.0	3.9	3.9	1.6	1.3	1.5
Hot-house materials	8.5	8.2	8.0	3.7	3.6	3.4	1.5	1.8	1.6
Packaging materials	7.4	7.3	7.6	2.7	2.7	2.8	1.7	1.4	1.7
Agri. machineries	7.5	7.8	8.0	4.9	4.7	4.4	1.7	1.5	1.6
Petrol	12.1	13.3	14.5	3.3	3.4	3.1	1.0	0.9	2.1
Automobile	5.6	5.5	5.6	2.2	2.4	2.1	0.8	0.9	0.7
Building materials	7.7	6.2	6.0	2.5	2.2	2.4	0.7	0.7	1.0
Others	7.9	7.8	8.0	2.9	3.2	3.2	1.2	0.8	0.8
Total	7.9	7.7	8.1	2.8	2.8	2.8	0.9	0.8	0.9
Consumer goods									
Rice	6.0	6.6	7.1	2.5	2.7	2.9	-	-	-
Other foods	11.9	12.5	12.8	2.5	2.8	2.6	0.6	0.8	0.8
Clothings	12.3	12.7	12.9	5.3	4.9	5.1	1.7	2.0	1.9
Durable goods	10.8	10.7	11.4	4.9	4.7	4.2	1.7	1.3	1.9
Groceries	12.4	12.9	13.3	6.0	5.8	4.8	1.8	2.0	2.0
L.P.Gas	36.0	39.6	41.3	7.7	6.6	6.3	1.1	1.2	1.2
Others	11.9	11.9	12.3	4.1	3.8	4.8	-	-	-
Total	12.6	13.5	14.0	3.6	3.6	3.5	1.3	1.4	1.4
Grand Total	9.1	9.3	9.8	3.0	3.0	2.9	1.0	0.9	0.9

Table 49. Balance of Savings and Loans per Farm Household

Unit: ¥1,000

	Savings			Loans from	
	March 1973	Composit ratio %		March 1973	Composit ratio %
Deposit	2,008	68.1	Gov't fund	97	19.1
with coops	1,185	(59.0)	Agri.Coop.fund	284	55.8
" Post Off.	234	(11.7)	Comm. Banks	23	4.5
" Banks	476	(23.7)	Individuals	61	12.0
" Others	112	(5.6)	Others	43	8.5
Reserves	726	24.6			
Loans	49	1.7			
Securities	165	5.6			
Total	2,950	100.0	Total	509	100.0

Table 50. Financial Status of Agricultural
Coops at different levels

As of December 1973

Unit: ¥1,000 million

(1) Multi-purpose primary cooperatives			
Deposits	11,498	Loans	5,702
Borrowings	795	Surplus	6,170
Other a/c	342	Other a/c	763
Total	12,635		12,635
(2) Prefectural (secondary) credit federations			
Deposits	6,122	Loans	3,010
Borrowings	430	Surplus	3,954
Other a/c	488	Other a/c	76
Total	7,040		7,040
(3) CCBAF			
Deposit	2,638	Loans	2,629
Debentures	792	Securities	837
Other a/c	620	Other a/c	584
Total	4,050		4,050

Table 51. Outstanding Loans classified by
Financial-Institutions

As of March 1973

Banking Institutions		(A) Balance of Total Loans (1,000 million yen)	(B) Balance of loans to Agriculture Forestry & Fisheries (1,000 million yen)	Share of (B)%	B/A%
Private Banks	All Banks (Local Banks)	63,537 (18,368)	523 (322)	6.4 (4.0)	0.8 (1.8)
	Mutual Banks	8,214	126	1.6	1.5
	Credit Associations	9,930	176	2.2	1.8
	Others	10,211	36	0.4	0.4
	Total	91,892	861	10.6	0.9
Cooperative Banking Institutions	CCBAF	1,885	699	8.6	37.0
	Agr. Credit Fed.	2,032	1,573	19.4	77.4
	Fisheries Credit Fed.	224	224	2.8	100.0
	Primary Agri. Coops	3,526	3,342	41.4	94.8
	Primary Fisheries Coops	82	82	1.0	100.0
	Total	7,749	5,920	72.9	76.4
Governmental Banking Institutions	AFFFC	1,346	1,312	16.1	97.5
	People's Finance Corporation	999	16	0.2	1.6
	Others	5,641	16	0.2	0.3
	Total	7,986	1,344	16.5	16.8
	Grand Total	107,627	8,125	100.0	7.5

Table 52. Interest Rate of Agricultural Modernization Fund

Kinds of Fund	Annual Interest Rate (%)		Period of Repayment		Deferred Period	Maximum Amount (₹,0000)	
	Farmer	Agri. Coop.	Farmer	Agri. Coop.		Farmer	Agri. Coops.
1. Fund for Agricultural Buildings and other constructions	6.0 (5.0)*	7.0 (6.0)*	12	15	3	Individual 2,000	50,000
2. Fund for acquiring Farm Machinerics			7	10	2		
3. Fund for Fruits Trees			15	{7 for fruits, (tea, Olive)}	3		
4. Fund for Animals			{7 for milk (cow & breeding cattle)}	2	5		
5. Fund for Sheter-belt for crops	5.5	10	2	Farming Group 10,000			
6. Fund for Small Scale Land Improvement	5.0	10	2				
7. Fund for Environmental Improvement	/	7.0	/	15 (20 for clinics)	3		
8. Specially Approved Fund	** 6.0	/	5	/	2		
	Flowers 6.0* (5.0)	7.0 (6.0)*	6	3			
	Plain water Fish Culture 6.0	7.0	15	3			

* = Special rate for Farming Complex

** = For breeding cattle, pig, chicken

Table 53. Types of Insurance undertaken by
Agricultural Coops and Value of
Insurance Policies issued

Unit: ¥ million

Business year	Life Endowment Insurance		Children insurance		Building rehabilitation insurance		Building Insurance	
	Numbers	Value	Numbers	Value	Numbers	Value	Numbers	Value
1966	6,128,893	2,307,937	867,872	254,112	5,086,046	2,640,010	—	—
1967	7,066,010	2,785,249	928,599	270,757	5,635,198	2,986,914	—	—
1968	7,993,612	3,371,296	1,007,867	294,177	6,184,334	3,470,087	—	—
1969	8,834,260	4,126,288	1,058,302	329,993	6,590,345	4,031,917	—	—
1970	9,709,263	6,125,238	1,089,893	359,684	6,850,643	4,524,933	4,736	15,043
1971	10,569,231	8,199,006	1,106,467	385,523	7,035,436	5,036,562	7,699	27,870
Average per coop.	1,858.2	1,441	194.5	68	1,236.9	885	1.35	4.9

Business year	Fire insurance		Car accident insurance		Compulsory car accident reparation insurance	
	Numbers	Insurance value	Numbers	Insurance value	Numbers	Insurance value
1966	—	—	—	—	—	—
1967	178,265	134,257	117,381	422,842	2,625,466	9,670
1968	336,635	241,993	962,276	5,043,557	2,711,362	8,291
1969	427,934	376,563	1,462,574	8,551,660	2,802,426	10,465
1970	523,463	516,249	1,936,196	11,953,408	2,923,254	19,256
1971	619,112	710,619	2,227,180	14,247,309	3,155,499	24,273
Average per coop.	108.8	125	391.6	2,505	554.8	4.2

* Reckoning fractions of .5 and over as a unit

BACKGROUND PAPER
ON AGRICULTURAL COOPERATIVE IN KOREA

Meeting of ICA Council
for South-East Asia

October 27 - November 4, 1974
Colombo, Sri Lanka

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1. Overall Progress of Agricultural Cooperatives

Since the inauguration of present multi-purpose agricultural cooperatives in 1961, strenuous efforts have been made to strengthen the organizational base and to develop cooperative activities.

As a result of successful implementation of the merger program, the number of primary cooperatives was reduced to 1,549 in 1973 from 16 thousand in 1968, i. e., the scale of primary cooperative was expanded from village level to township level.

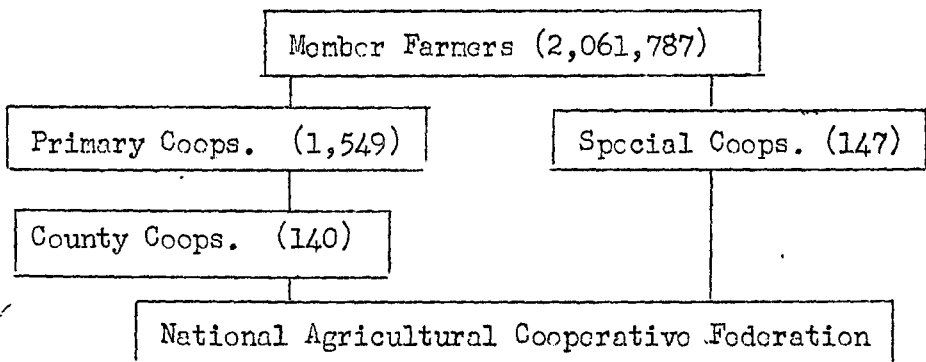
Meanwhile, the business activities have been steadily expanded mainly due to the introduction of additional businesses such as mutual life insurance in 1965 and mutual credit program, supply of consumer goods and foreign exchange in 1969. All of these activities have been firmly connected with government policies and programs for agricultural development. Along with the growth of national economy, total business turnover of agricultural cooperatives (NACF & county coops) has increased from 38 billion won in 1962 to 839 billion won in 1973.

The national economy has grown at an average rate of 9.9 percent through the successful implementation of the First and the Second Five-year Economic Development plans during the last decade (1962-71), while agricultural sector achieved an average annual growth rate of 3.7 percent.

As the industry has kept growing at a faster rate than agriculture, the recent economic policies shifted their emphasis to balance development of agriculture with other industries.

The Republic of Korea launched a nation-wide campaign known as the Saemaul or New Community movement in 1971. The intention has been to stimulate diligence, self-help, and cooperation among village people, thereby to build up an affluent rural society. Thus, agricultural cooperatives have, now more than ever, been recognized as an important vehicle for the development of agriculture.

To meet the demands of the economy and agriculture, agricultural cooperatives have recently strived to: (1) strengthen managerial base for primary cooperatives, (2) expand cooperative role in marketing and processing of farm products, and (3) improve operating efficiency at all levels of management. Under these policy guidelines, agricultural cooperatives shifted their emphasis from banking-oriented to marketing-oriented business operations.



2. Cooperative Activities in 1973

Korean economy achieved a record high growth in 1973.

The gross national product increased 16.9 percent in real terms over the previous year. According to the preliminary estimates, GNP was 4,884 billion won, up 26.5 percent from the previous year and GNP per capita was 373 U. S. dollars, 22.7 percent over the previous year. Agricultural, forestry and fishery sector grew at a rate of 5.3 percent in 1973. This was mainly due to bumper rice crop and continued expansion of fishery industries.

Agricultural cooperatives have contributed greatly to the rural development through expansion of their activities. They have made utmost efforts to increase efficiencies particularly in cooperative marketing and agricultural credit services. Their total business turnovers in 1973 reached 839 billion won (about 2 billion U. S. dollars), up 22.5 percent from the previous year. This increase was largely due to 40 percent increase in credit and banking businesses.

Credit and Banking : To meet farmers' demand for credit, agricultural cooperatives put emphasis on expanding savings in rural and urban areas. As a result of savings promotion campaign, deposits increased to 169 billion won, a 26.6 percent increase over 1972. ~~1972.86~~ that loanable fund reached to 277 billion won by the end of 1973, up 26.4 percent from the previous year.

Sixty-one percent came from deposits, and 24.5 percent from the government and the Bank of Korea

The mutual credit program of primary cooperatives initiated in 1969 has recorded a rapid progress as a key business under the positive patronage of the member farmers. The number of primary cooperatives which conduct mutual credit business increased to 1,338 and total fund mobilized for the program increased to 2,779 million won, out of which deposits amounted to 27,725 million won.

Foreign Exchange and Foreign Loan : NACF, which had engaged in foreign exchange business through the intermediary of other banks, was authorized to conduct international banking business directly with banks abroad in 1973. During the year, it finalized correspondent contracts with 275 banks abroad. Since the commencement of banking business, the overseas transactions have been rapidly increasing.

Export bills bought totaled 36 million dollars, up 27 percent over the previous year, and letters of credit opened amounted to 144 million dollars, five fold increase over the previous year. Foreign exchanges reached 68 million dollars and payment guarantees amounted to 41 million dollars. In addition, a total of 12,790 million won was loaned to finance exports.

Total foreign loans induced in 1973 were valued at 950 million won, and loan repayments totalled 1,035 million won.

Thus foreign loans outstanding by the end of the year amounted to 4,724 million won.

Cooperative Marketing : For an efficient link between production and marketing, intensive aids were given to commodity groups at primary cooperatives in the form of production loans, advance payments and market informations to promote marketing of their products through cooperatives. Marketing facilities were expanded by establishment of 1,229 farm products collection-centres, in the county and primary cooperatives. Furthermore, standardized packaging models for 12 commodities and labels for 8 fruits were designed and introduced to promote cooperative marketing.

Farm Input Supply : Fertilizer is distributed to farmers exclusively by agricultural cooperatives and more than half of the total agricultural chemical needs of farmers are met by cooperatives. In supply of fertilizer to farmers, most of the distribution businesses have been transferred from county cooperatives to primary cooperatives for better service to member farmers. Seventy-nine stations for farm machinery services were established to provide convenient and timely repair services to farmers. In order to supply live-stock feeds to farmers at fair and stable prices, NACF has been operating a feed-mixing plant, whose scale was expanded in 1972 to annual capacity of 45 thousand tons of feed production.

Consumer Goods Supply : The cooperative chain stores have been operating as a part of the farmer-consumer movement in the rural areas and as a key business of the large-scale primary cooperatives since 1970.

Additional 42 stores were opened in 1973, and 549 stores handled about 5.1 billion won of consumer goods, almost double the last year sale. The major goods handled by these stores were foods, clothes, shoes and other durable goods. Food sales accounted for 63 percent of the total.

Trend in Business Activities

*(In million won)

	1971	1972	1973
Credit and Banking	276,451	337,572	470,219
Deposits received	108,926	132,741	169,219
Loans	123,068	148,246	164,400
Foreign exchange	37,860	43,582	108,723
Mutual credit(deposit)	6,597	13,003	27,725
Farm Input Supply	44,947	46,378	72,735
Fertilizer	30,606	33,002	42,670
Feed	3,105	3,325	14,639
Others(chemical, machinery)	11,236	10,051	15,426
Marketing	143,674	156,893	181,146
Mutual Life Insurance	84,581	90,373	105,393
Consumer Goods Supply	2,164	2,406	5,000
Others	3,481	3,702	4,343
TOTAL	555,298	637,324	838,836

Guidance and Education: The guidance programs are centered on (1) strengthening managerial base of primary cooperatives, (2) supporting group farming, and (3) training rural leaders.

For viable and efficient management of primary cooperatives, NACF classified primary cooperatives into four categories according to their development stages and provided relevant supports for each category. The financial assistances for construction of public facilities such as office buildings, chain stores, warehouses and rice-mills were provided to primary cooperatives, amounting to 815 million won.

For efficient cooperative farming and marketing of major farm products, 3,458 commodity groups were organized in primary cooperatives and were supported with production loans.

Education and training programs were continuously carried out at national and local levels with emphasis on training rural leaders and primary cooperative staffs.

Number of Trainees in 1973

	National level	Provincial level	County level
Rural leaders and member farmers	4,789	8,318	30,015
Cooperative staffs	5,311	6,992	24,844
TOTAL	10,100	15,310	54,859

Foreign Trade: Export and import business of NACF has grown rapidly in recent years. Major export items are canned mushroom, pork, silk, fruits and handicrafts. Total exports of farm and subsidiary products in 1973 reached 9,789 thousand U. S. Dollars, almost double that of 1972.

Major increase was recorded in exports of canned mushroom..

Those items were exported mainly to the United States, Canada, Japan and European countries.

NACF also has imported food grains, fertilizers, agricultural chemicals and other farm inputs. Total imports amounted to 117 million U.S. dollars in 1973. The total of each items imported by NACF was a part of the import targets set by the government and done by NACF under the governmental request.

Export and Import by NACF

(In thousand U. S. dollars)

Export	1972	1973	Import	1972	1973
Canned mushroom	3,862	8,240	Barley	21,207	55,861
Pork	634	392	Wheat	19,666	2,361
Ginseng	-	349	Soybean	-	3,293
Dried mushroom	113	461	Corn	13,377	20,012
Others	429	347	Fertilizer	-	33,508
SUB-TOTAL	5,038	9,787	Farm chemicalas	1,085	1,095
Sales to UN Forces	912	807	Others	1,010	931
TOTAL	5,950	10,596	TOTAL	56,345	117,061

3. Government Policies and Legislation for Agricultural Cooperatives

1) Government Policies on Agricultural Cooperatives

- (a) Agricultural cooperatives have tax privileges: they are exempted from business and property taxes imposed by the central and local governments.
- (b) Agricultural fund financed by government are supplied to farmers and agricultural enterprises exclusively through agricultural cooperatives.
- (c) Government gives interest subsidy to agricultural cooperatives for the medium-term loan from banking sources. The difference of interest rates between medium-term loan (9%) and commercial loan (15.5%) has been compensated by the government budget.
- (d) Government also applies a lower reserve ratio for the deposit received by agricultural cooperatives so that more part of the deposits can be channeled to rural sector.
- (e) Agricultural cooperatives are authorized to be an exclusive agent some of the government programs such as fertilizer and grain distribution.

2) Revision of Agricultural Cooperative Law

As primary village level cooperatives were organized to township level ones under the merger program, several articles of Agricultural Cooperative Law related to primary cooperatives were revised in March, 1973.

- (a) The title of primary cooperative was changed from "Ri, or Dong (village) cooperative" to "Primary cooperative".
- (b) The operational area of primary cooperative which was confined by one or several adjacent administrative jurisdiction area of Ri or Dong shall be determined in consideration of administrative jurisdiction and economic zone.
- (c) Credit service of primary cooperatives was limited by the former law to play only the messenger role for farmers to deposit in county cooperatives and to making loans to farmers within its own financial resources. But the revised law eliminates these limitations, so that primary cooperatives can receive deposits from farmers and borrow from county cooperatives as well as the Federation. Further, they can loan to their members farmers.

4. Major Problems and Future Plan

1) Self-support of Primary Cooperatives

Thanks to the successful implementation of merger program, primary cooperatives were reorganized into larger ones in scale. But most of them are very weak in managerial base and only one-fifth of them are self-supporting.

Thus, strenuous efforts are made in recruiting able managers and employees, constructing public facilities, increasing share-capital and training rural leaders. Our target is to make all the cooperatives viable by 1977.

Number of Primary Cooperatives
by development stage

Development stage	1973	Target			
		1974	1975	1976	1977
Self-supporting	300	600	1,000	1,300	1,500
Semi-supporting	600	700	550	250	-
Support-needed	400	250	-	-	-
Primary stage	250	-	-	-	-

2) Strengthening of Sub-cooperative Organizations.

As the areas covered by primary cooperatives were expanded, alienation between member farmers and cooperatives turns up to be a serious problem. To maintain active participation of member farmers in cooperative programs, it is needed to introduce sub-groups within primary cooperatives on the basis of the given conditions of each village and needs of farmers .

The organizations of Cooperative Committee of village level and "commodity groups" have been promoted. The Cooperative Committee functions as a link between farmers and primary cooperatives. Commodity groups are organized as farming groups such as rice group, pig group, vegetable group and so on. Such groups will be fostered as follows.

	1973	1974	1976	1981
Commodity group	3,458	7,000	18,000	55,000
(Number of participants)	(143,671)	(245,000)	(521,500)	(1,610,000)
Cooperative committee	27,012	35,000	35,000	35,000

3) Expansion of Cooperative Marketing

In spite of sharp increase in cooperative marketing in recent years, the market share of agricultural cooperatives still remain at about 14 percent of total farm products marketed. Strenuous efforts

have been made to expand the cooperative marketing in which primary cooperative will play a leading role. The market share of the cooperatives is planned to increase to 30 percent by 1981.

4) Mobilization of Financial Resources

The total loanable fund continued to increase during the last decade and the share of internal sources of fund increased rapidly. However, such an increase was not sufficient to meet ever increasing demand for agricultural credit. Agricultural cooperatives have taken various measures to expand financial resources. They launched a campaign so called "Rural Savings 1,000 billion won" which put a great emphasis on mobilizing rural financial resources. The mutual credit program of primary cooperatives is expected to play an important role in mobilizing financial resources.

Plan for Financial Resources

(In billion won)

	1973	1974	1976	1981
Rural Area				
Mutual credit	23.5		167.4	1,113.7
Share capital	16.5	23.0	39.0	105.0
Mutual insurance	21.2	26.9	41.8	207.6
SUB-TOTAL	61.2	103.2	248.2	1,426.3
Urban Area				
NACF & county coop's	163.0	188.0	254.0	577.0
TOTAL	224.2	291.2	502.2	2,003.3

16TH MEETING OF ICA COUNCIL FOR SOUTH EAST ASIA
COLOMBO, SRI LANKA
NOVEMBER 1ST AND 2ND, 1974

BACKGROUND PAPER ON THE COOPERATIVE MOVEMENT IN
MALAYSIA

Presented by
ISMAIL DIN
Member for Malaysia
ICA Council for South East Asia

IN MALAYSIA

By

ISMAIL DIN

Member for Malaysia

ICA Council for South East Asia

1. Overall Progress of the Cooperative Movement

1.1 Cooperative Movement in Malaysia is over fifty years old. It was started way back in 1922 with the introduction of thrift and loan societies in the urban areas and small single purpose credit societies of the Raiffeisen type in the rural areas with the main objectives of alleviating chronic urban indebtedness and eradicating rural poverty and usurious credit system prevalent among the farmers, as well as to encourage the people the practice of thrift. These objectives have been achieved to the present time with a greater degree of success in the urban than in the rural sector, which are illustrated by the comparative figures for the year 1972 as given below:-

<u>No. of Societies</u>	<u>Membership</u>	<u>Capital</u>	<u>Total Resource</u>
		(M \$ mill.)	(M \$ mill.)
Rural 1,830 (75%)	288,604 (42%)	37.757 (16%)	149.975 (26%)
Urban 645 (25%)	434,339 (58%)	202.080 (84%)	409.396 (74%)
Total 2,475 (100%)	722,943 (100%)	239.837 (100%)	559.371 (100%)

(The above statistics refer to Peninsular Malaysia only)

1.2 The philosophy of approach to the development of the Cooperative Movement has undergone some change over the past few years and it reflects the expression of both government and the people to establish the new socio-economic order in the country under the broad terms of the Second Five Year Development Plan wherein again the aims are to put in the hands of the people a greater and more equitable share of the economy of the country and thereby hoping to up-lift the socio-economic condition of the people.

1.3 Second Malaysia Plan 1971 - 75

For the period 1971 - 75 during the Second Malaysia Plan, the Department of Cooperative Development which until November 1973 was responsible for the promotion and development of the entire cooperative movement promulgated new concept of approach.

1.3.1 The New Concept.

In July 1970, the Department of Cooperative Development launched a survey and evaluation exercise of 2,720 cooperative societies. The survey gave birth to new concepts of the cooperative movement. Cooperatives shall be of multiple functions, of large size and membership with large resources, and having wide areas of operation. The movement will be geared towards the formation of:-

- (i) Multipurpose societies in rural areas with all the integrated functions of credit, processing, marketing, and consumers' supplies. The process involves the liquidation and amalgamation of single-purpose societies;
- (ii) Multipurpose societies with two or more functions in urban areas in cases where single-purpose societies have the means and resources for further expansion;
- (iii) Single-purpose societies with one objective and service in rural areas and in areas or situations where other agencies cannot provide such services, e.g. rural transport, industrial projects, weekly fairs;
- (iv) Single-purpose societies in urban areas for providing services such as housing, insurance, printing, consumers' supplies and auto-works.

1.3.2 At secondary level, primary societies will federate into national functional unions. In addition, there will be societies having country-wide area of operation, with membership open to individuals and cooperative societies.

1.3.3 The apex organisation of the Cooperative Movement in Malaysia will be ANGKASA, the functions of which are:-

- (i) Guidance on organisation, business and management;
- (ii) Provision of audit and financial management services to cooperatives;
- (iii) Education and Publicity;
- (iv) Liason; and
- (v) Research and studies.

1.4 The Government in its enlightened aim of alleviating and eliminating the scourge of rural and urban poverty and in an attempt to find a solution to the related ills and evils, has turned its attention to cooperatives to take the lead-line. A very ambitious target has been placed for the development of the various cooperative sectors viz. credit, processing, marketing, consumer supplies, transport, housing, industrial and commercial activities.

1.5 Realising that this ambitious programme can only be initiated and sustained by the catalytic energy of education and training activities, greater emphasis was given on cooperative education and training. Foreign experts were invited to make up for the inadequate training facilities.

2. Recent Development in the Field of Agriculture, Consumer, and Housing Cooperation and Cooperative Education; Quantitative Progress and Trends of Development

2.1 Agriculture

2.1.1 In February 1973, The Farmers Organisation Act was passed, and Farmers Organisation Authority was created with the expressed functions, viz:-

- (i) To register, control and supervise farmers organisation
- (ii) To promote, intensify, facilitate and undertake socio-economic development of farmers organisations;
- (iii) To plan and undertake any form of development programme in any farmers development area;

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- (iii) To plan and undertake any form of development programme in any farmers development area;

(iv) To coordinate the activities carried out by the ¹⁰⁴ farmers organisations.

2.1.2 Towards the end of 1973, some 1,535 agro-based cooperative societies have been transferred from the Department of Co-operative Development and 126 farmers associations have been transferred from the Department of Agriculture to the Farmers Organisation Authority (FOA). Subsequent to this handing over, steps were taken by FOA to amalgamate the agro-based cooperatives with the farmers associations.

2.1.3 The FOA has formulated a concept of "Farmers Development Centre" (FDC) covering between 5,000 to 10,000 acres of farm involving 1,000 to 2,500 farm households. In each FDC there will be established an area farmers' organisation consisting of several agro-based cooperatives and farmers associations in the locality as unit-members. Until now 58 area farmers organisations have been formed involving 320 agro-based cooperatives and 50 farmers associations. Henceforth all services, facilities and aids by various institutions and government agencies will be channelled to the farmers in an FDC through the area farmers organisation. It is envisaged that altogether 169 FDCs will be created throughout Peninsular Malaysia, and that each such centre will be served by an amalgamated farmers organisation which is hopefully to be big, viable, and functionally multi-purpose in nature.

2.2 Consumer

2.2.1 With the recent phenomena of the oil crises and the inflationary situation which seem to effect Malaysia, the government, out of concern for rising prices, exploitation by middle men using the oil crises as an excuse to increase prices arbitrarily, has fallen upon the cooperative movement to establish and promote consumer cooperative activity with a view to stabilising domestic prices of essential retail commodities. In this area too cooperative organisations have taken upon themselves to meet the call of the government.

A rural oriented Bumiputra cooperative called Shamelin has established a number of chain-stores in small towns and villages with the help of loan from the government. The urban consumer movement led by the Malaysian Cooperative Super-market Society has established two super-markets, one emporium/department store and a chain of essential food distribution centres all over West Malaysia. Koperatif Usahajaya, an urban Bumiputra cooperative based in Kuala Lumpur with several branches in Kuala Lumpur, Petaling Jaya, and Port Klang areas having been operating very successfully, has very lately embarked into modern mini-market cum emporium type of operation. It can be said that the Malaysian consumer cooperative movement has now entered a new era of development and sophistication.

2.2.3 To further boost the activity of the consumer cooperatives there has also been a recent effort to establish a warehousing society and a national wholesale cooperative. A feasibility study is now being undertaken.

2.3 Housing

2.3.1 In view of the rising cost of materials and rentals due to the shortage of housing in the country caused by rapid urbanisation and development, the cooperative movement has embarked on the programme to develop more housing units for its members. Today, 58 housing societies are in existence, 27 of these societies have programmes to develop 3,600 units of houses costing over \$86 million.

2.4 Cooperative Education

2.4.1 Since 1956 the Cooperative College of Malaysia (Maktab Kerjasama Malaysia) was used to provide for the educational requirements of rural and urban cooperators. Courses have been catered for by the college up to diploma level. However, the lack of teaching staff has in some way thwarted the full accomplishment and possibilities of cooperative educational activity.

2.4.2 National seminars and week-end courses and their like were also an integral part of national cooperative educational programme. The bigger cooperatives such as MCIS and Bank Rakyat conduct their own training programmes for their staff. Recently, to cater to the requirement of the new direction and development of the cooperative movement and its rôle in nation building, the Malaysian Cooperative Institute of Technology was established. The Institute was established to undertake to provide training in the fields of hotel catering, motor mechanics, printing, electronics and other courses of technical nature.

3. Recent Developments in Cooperative Legislation and Governmental Policies vis-a-vis Cooperatives

Cooperative Legislation

3.1 There has been a long felt need for reformation of Malaysian Cooperative Ordinance of 1948, which was considered out moded and not in keeping with present needs and aspirations of the cooperative movement in the country. A symposium on Cooperative Law, comprising of top level leaders of the movement and government officials and assisted by an expert on cooperative legislation from West Germany, was held recently to discuss areas of legislative changes to remedy the present inadequacies. A National seminar is expected to be held in a near future to further discuss the findings of the symposium and formulate draft recommendations for consideration by the government.

4. Recent Developments in International Trade between Cooperatives or between Cooperatives and others

4.1 The first step towards promoting international cooperative trade was taken with the establishment of the International Cooperative Trading Organisation (ICTO) based in Singapore. Subsequently the Malaysian cooperative movement took a further independent step in this direction by setting up a trading company called the Omanco Holdings Sendirian Berhad, to act as an import-export house for local cooperative requirement. This joint-venture has been established in conjunction with an import-export

5. Technical Assistance, Financial and Other Aid Received by the Movement from or through Aid-giving Authorities and Developed Cooperative Movements

5.1 Malaysian Cooperative Movement continued to receive technical assistance from the ICA and the Swedish Cooperative Centre in the forms of education and training as well as technical expertise. ANGKASA (National Cooperative Front of Malaysia) has also received some technical and financial assistance from the Institute for International Partnership of the Konrad Adeneuer Foundation of West Germany in 1973 and 1974.

6. Main Problems of the Cooperative Movement

6.1 The main problems of the cooperative movement can be outlined as follows:-

- (i) Personnel and leadership;
- (ii) Competition from the private enterprises; and
- (iii) The lack of an integrated approach.

6.2 Personnel and Leadership

6.2.1 There is a dire need for good trained personnel in both the urban and rural sectors of cooperative activity. The problems include the difficulty of attracting good qualified personnel, the lack of training facilities and the difficulty of retaining such personnel within the movement.

6.2.2 It could be said that the lack of awareness of cooperation at the school level has prevented many from developing sympathy, leave alone empathy, for the principles and ideals of co-operation. Commercial houses which have been longer established draw away prospective personnel by offering better terms and conditions of service.

6.3 Problem of Leadership in Rural Area

6.3.1 Among other things the biggest problem faced by the cooperatives in the rural area is the lack of able and good

leaders who can devote sufficient time and efforts towards organisation and administration of cooperative societies. The problem becomes more acute because a great majority of rural cooperatives cannot afford to employ full time personnel due to limited fund, and therefore have to depend to a very great extent, for organisation, administration and management of their societies upon the rural leaders who serve these societies as office bearers on honorary and part-time basis.

6.4 Competition from the Private Enterprises

6.4.1 The lack of protective measures to the advantage of cooperatives is in some way responsible for cooperatives losing out to private enterprises in the ever keen competition which exists in our laissezfaire economic system. Their monopoly/monopsony position over production, processing and marketing has been the main reasons for the inability of cooperatives to adequately meet the competition.

6.5 Lack of Integrated Approach

6.5.1 Although cooperatives are involved in areas of production, processing, marketing and retailing, there is a marked absence of an integrated approach within the cooperative movement. It is hoped that some of these problems would soon be overcome with the establishment of a Cooperative Warehousing Society and a National Cooperative Wholesale Society. These two organisations and the establishment of more industrial joint-ventures would provide the nucleus and the stimulus for an integrated approach to cooperative activity in the national economy.

7. Outline of Programmes for Future Development

7.1 The newly integrated Ministry of Agriculture and Rural Development, through the Department of Cooperative Development and the Farmers Organisation Authority, and in cooperation with the Malaysian cooperative movement will be embarking on more dynamic expansion programmes of the cooperative movement and turn it into a strong and effective movement comparable to those in the European countries. The expansion programmes include:-

- (a) To expand the consumer movement so that it can become an effective agent of consumer protection and to check rising commodity prices and inflation;
- (b) To expand activities of housing cooperatives in order to overcome shortage of housing and to check rising cost of housing and rentals;
- (c) To encourage greater equity and management participation of cooperatives in commerce and industry either singly, or jointly by the cooperatives, or by way of joint-venture between cooperatives and private sectors;
- (d) To promote formation of more cooperatives in the secondary schools throughout the country, and to organise a Federation of School Cooperatives (to be known as Koperatif Nasional Sekolah) as an apex organisation serving the needs of all school cooperatives;
- (e) To embark on land development schemes on collective farming or plantation basis for area of not less than 3,000 acres;
- (f) The liquidation of some 200 odd non-viable agro-based cooperatives. The good agro-based cooperatives will be converted into multi-purpose societies and merged with farmers associations to form a loose federation to be called Area Farmers Organisation serving a much bigger area, termed as Farmers Development Centre (FDC). These loose federations are envisaged to pave the way to a more concrete integration in future to be known as Koperatif (Pertubuhan) Peladang i.e. Farmers (Organisation) Cooperatives.

8. The Follow-up Action taken on the Recommendations of the Asian Top Level Cooperative Leaders Conference

8.1 Most of the recommendations of this conference have either been or are being implemented by the Malaysian Government and the Malaysian cooperative movement. Some of the recommendations are still being studied, both by the Government and the movement.

8.2 International Cooperative Trading Organisation (ICTO)

While the Malaysian cooperative movement is willing to participate in the ICTO both in equity and trading but it has not yet received the permission from the Malaysian Government to invest fund in a foreign-based organisation.

8.3 Asian Cooperative Development Bank

The Malaysian cooperative movement has still to take up this matter with the Malaysian Government to get clearance to participate in the establishment of the Bank.

9. The Follow-up Action taken on the top Regional Seminars held by ICA, ROEC in 1973

9.1 The recommendations of the Regional Seminars are being studied by the Malaysian cooperative movement.

10. Particulars of National Seminars held and Follow-up Action taken on their Recommendations

10.1 A national seminar was held in June 1973 in Penang with the collaboration of ICA ROEC on the subject "Cooperation in the Changing Scene in Malaysia". The seminar, inter alia, recommended the cooperative movement in the country to expand and diversify its activities into commercial and industrial enterprises. These recommendations are being seriously taken up by the bigger cooperatives such as MCIS, Bank Rakyat, MCIDS and some Thrift and Loan Societies. Among the commercial and industrial activities being undertaken at present include assembling and manufacturing of machineries, agro-based industries, development of housing schemes and commercial complexes, hotel, import-export business and merchant banking. Bank Rakyat is presently geared to go into full commercial banking in a very short future.

Cooperative Societies by Number, Membership
and Share Capital in PENINSULAR MALAYSIA
1972

<u>No.</u>	<u>Type of Societies</u>	<u>No. of Soc.</u>	<u>Membership</u>	<u>Share Capital</u>
<u>RURAL</u>				
1.	Rural Credit	847	36,757	\$ 3,821,512
2.	Seasonal Credit	30	2,811	317,199
3.	Fishermen's Coop. Credit	53	9,287	511,392
4.	Rice Milling	211	28,586	1,241,008
5.	Rubber Marketing	11	1,275	75,308
6.	Pineapple	4	810	29,385
7.	Coffee Marketing	1	51	745
8.	Multipurpose	467	93,731	5,587,722
9.	Rural Malay Shops	44	8,641	201,627
10.	Land Development	39	11,453	889,799
11.	Banking Unions	7	65 (356) (Coops)	301,456
12.	Fishermen's Unions	3	(38) (Coops)	50,866
13.	Rice Milling Union	9	(198) (Coops)	133,741
14.	Fairs	23	1,938	162,086
15.	General Purposes	25	11,186	104,027
16.	Bank Rakyat	1	9,018 (940) (Coops)	7,176,384
17.	Land Finance	1	59,826	15,063,932
18.	Investments	54	13,234	2,088,811

<u>No.</u>	<u>Type of Societies</u>	<u>No. of Soc.</u>	<u>Membership</u>	<u>Share Capital</u>
<u>URBAN</u>				
19.	Thrift & Loan	165	214,705	\$172,412,878
20.	Employees Credit	126	17,152	7,211,029
21.	Housing	58	10,806	6,801,119
22.	Insurance	1	70,000 (140) (Coops)	1,500,000
23.	Transport	42	9,435	877,641
24.	Schools	49	10,344	61,399
25.	Industrial	10	12,094 (866) (Coops)	3,814,260
26.	Coop. Central Bank	1	9,745 (117) (Coops)	4,158,611
27.	Investment Union	1	(7 Coops)	13,723
28.	Thrift & Loan	5	(121 Coops)	1,636
29.	Store Union	1	(5 Coops)	7,200
30.	Fed. of Housing	1	(13 Coops)	-
31.	Malaysia Coop. Wholesale Society	1	(42 Coops)	19,743
32.	Coop. Union of Malaya	1	(5 Coops)	-
33.	Multipurpose	90	53,198 (23 Coops)	4,017,366
34.	Consumers	56	22,961	788,979
35.	Other Primary Soc.	36	3,834	390,344
<u>NATIONAL</u>				
36.	ANGKASA	1	(733 Coops)	8,630
TOTAL		2,475	722,943 (3,610 Coops) (5 union)	\$239,837,315

Cooperative Societies by Number, Membership
and Share Capital in SABAH
1972

<u>No.</u>	<u>Type of Societies</u>	<u>No. of Soc.</u>	<u>Membership</u>	<u>Share Capital</u>
1.	Thrift & Loan	4	1,771	\$ 11,190
2.	Fishermen's Coop. Credit	6	1,025	2,425,669
3.	Rice Milling	3	697	10,010
4.	Rubber	3	165	4,347
5.	Timber	6	17,987	248,475
6.	Multipurpose	31	2,666	107,413
7.	Housing	1	163	50,200
8.	Transport	5	747	54,980
9.	Consumers	18	1,741	64,638
10.	Land Development	77	6,686	348,921
11.	Farming	8	724	129,720
12.	Meat Marketing	1	68	15,680
13.	Breeding	2	73	600
14.	Contract	1	34	70
15.	General Purpose	19	1,907	62,721
16.	Regional Fed. Sikuati	1	5 Coops.	683
17.	Regional Fed. Sandakan	1	10 Coops.	-
18.	Regional Fed. Kinabalu	1	15 Coops.	-
19.	Regional Fed. Balak Sekilau	1	3 Coops.	177,905
		<u>189</u>	<u>36,454</u>	<u>\$3,713,222</u>
			33 Coops.	

APPENDIX C

Cooperative Societies by Number, Membership
and Share Capital in SARAWAK
1972

<u>No.</u>	<u>Type of Societies</u>	<u>No. of Soc.</u>	<u>Membership</u>	<u>Share Capital</u>
1.	Rural Credit	4	308	\$ 16,315
2.	Padi Storage	55	2,205	1,895
3.	Thrift & Loan	4	6,452	-
4.	Labourers' Credit	2	593	106,980
5.	Fishermen's Credit	2	138	32,215
6.	Rice Milling	33	1,257	75,830
7.	Pepper Marketing Credit	1	108	3,960
8.	Vegetable Marketing	2	72	3,000
9.	Farming	3	144	9,750
10.	Breeding	8	886	85,717
11.	Land Development	1	186	15,940
12.	Consumers	21	3,308	168,133
13.	Transport	1	64	15,000
14.	Trade & Finance	2	287	18,835
15.	Union	1	17 Coops.	15,600
16.	Central Bank	1	193	44,550
17.	Multipurpose	92	8,144	558,297
	TOTAL	233	24,345	\$1,172,017

17 Coops.

I. The Cooperative Situation

A. Past Experience. The cooperative concept was introduced in the country more than fifty (50) years ago although up to now, the movement still stands at a level that leaves much to be desired.

From a total of more than 6,000 cooperatives registered in the past, only a small number has managed to grow into truly viable organizations. Among the major causes identified are the following:

- (1) inadequate and/or discontinuous efforts in cooperative education;
- (2) mismanagement or lack of qualified, trained cooperative managers;
- (3) absence of a capital build-up program; and (4) use of the cooperative as an extension of government in providing credit, for which reason the cooperative was hardly regarded as an institution where people pool their resources together in order that they may perform economic activities collectively.

B. The Cooperative Reform Program. With the enactment into law of Presidential Decree No. 175 and Letters of Implementation No. 23 (April 14 and July 9, 1973, respectively), a new cooperative development program was launched. The ultimate goal is to maximize farm income, to effect a more equitable income distribution, and to promote the welfare of the people in consonance with the desired growth and development of the national economy. Specifically as a direct support to the agrarian reform program, the cooperative program envisions to: (1) prepare the farmers to become producers; (2) enforce timely payment of land amortizations; (3) enforce savings among the farmers; (4) encourage farmers to perform their economic activities collectively, and (5) develop marketing outlets for their produce.

The whole program contemplates four stages of activity: (1) organization of barrio associations (called Samahang Nayon in Pilipino) which are pre-cooperative organizations with a minimum of 25 members, maximum of 200; (2) organization of full-fledged cooperatives (after establishing a substantial grassroots-level pre-cooperative base); (3) organization of consumers' cooperatives and other types of cooperatives; and (4) integration of the whole system.

C. Status of the New Program. As of the end of May, 1974, some 7,921 barrio associations (SNs) have been organized and registered, comprising a total of 322,000 registered members, primarily farmers. Some 200,000 more are in the process of being registered. Organization goes in continuously.

Each of these pre-cooperative members undergo synchronized, individual education and training activities, pre-determined and pre-programmed on a weekly basis with the use of computer programming. The educational process includes cooperative membership, and educational, technical, and culture, and management training.

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Field reports ...

Field reports are likewise fed into the computer programming thereby allowing speedy reporting and time and input/output analysis. A verification and evaluation system has been put into operation to allow for an accurate measurement of the degree of penetration and the impact of the program at barrio (village) level. Compulsory savings schemes are well under way for the purpose of building up two types of funds: (1) a Barrio Savings Fund, meant to accumulate much needed capital for cooperative undertakings, and (2) a Barrio Guarantee Fund, meant to be a social fund from which guarantees for land amortization payments and premium payments for social insurance cover, inter alia, are supposed to come.

At the present stage of the program, a number of area marketing cooperatives, either at multi-town or provincial levels and composed of pre-cooperatives, have come up which, on the basis of performance, are fast proving the effectivity of this type of a structure.

For credit, a system of cooperative rural banks has been initiated; ~~this~~ is still at experimental stages but can easily be duplicated whenever desired and depending on the result of the experiment.

A cooperative insurance system has already been organized designed to provide much needed social insurance to farmers and members of cooperatives. This is expected to be operational in a month or so, with the ownership base being completely owned by pre-cooperatives and cooperatives of all types.

A cooperative publishing company has likewise already come up and is in operations, meant to serve as the publication arm of the cooperative movement.

A pilot consumer wholesale-retail complex to service the whole Greater Manila area as a start is already at an advanced planning stage and expected to be operational sometime next year. Depending on the experience again, this could be duplicated in other large cities and urban centres

An important, and vital part of the on-going program is integration of the producer and consumer ends, in an effort to assure the producer fairer returns for his produce, at the same time enabling the consumer to pay less due to the removal of middleman margins.

With the exception of rural electric cooperatives, only one government department is in charge of the cooperatives program: the Department of Local Government and Community Development through its Bureau of Cooperatives Development. By express provision of the cooperative law, government involvement is to be phased out just as soon as the cooperative movement itself is ready to take over.

II. Philippine Attitude to External Assistance.

From the beginning, the country has always been receptive to external assistance to cooperatives. Even earlier cooperative laws were patterned ~~after~~ foreign legislations with technical assistance from outside. Subs--

Substantial external aid has been coming in, either on a government-to-government basis or direct to some cooperative structures. In later portions of this case study, a detailed enumeration of external aid agencies is listed down. It may be interesting to note that even the new cooperative law (Presidential Decree No. 175 and Letters of Implementation No. 23) envisions receiving external aid for the cooperatives program.

III. Assistance to Cooperatives

A. Government. As indicated elsewhere, with the enactment of the new cooperative law, registration and supervision of all types of cooperatives (except rural electric cooperatives) have been concentrated in just one government agency. The new law has likewise erased the artificial wall between the agricultural and the non-agricultural cooperatives and now allows all types of cooperatives to pool their resources together to put up any type of business enterprise which they need. Along with these new, and welcome powers, have been created two new bodies, viz.:

1. Cooperative Development Loan Fund - meant to serve as the source of loanable funds to cooperatives, guarantees for loans to cooperatives, and for the purchase of equity in existing rural banks in an effort to diffuse the base of ownership of such financial institutions, and funded, inter alia, from general appropriations.

2. Management and Training Assistance Program - meant to build up a pool of highly trained, competent, professional corps of cooperative managers who can be fanned out to distressed areas, with part of the program being the development of understudies in each and every cooperative under professional management. On a decreasing basis, over a period of five years, government subsidizes the salaries of these professional managers.

Both bodies are corporate entities by themselves, run by boards where representatives from both government and the cooperative sector sit to plan out and implement activities.

B. Cooperative Development Group. There is now a CDG Philippines, organized along the lines of the UN resolution urging the establishment of such a structure, composed of the cooperative sector including educational institutions, the government sector, and the UNDP and other international and-giving agencies. This is of very recent vintage, and has come up with its first proposal to establish a national cooperative training centre in response to a very felt need at this stage of the program, not only for physical facilities but also for technical guidance and expertise in this field.

C. Cooperative Development Councils. There exists now a legal entity known as the Cooperatives Development Council although as constituted, this is a mixed private sector-cooperative sector membership, unlike the council-type structures recommended by the ICA. A number of

A number of very substantial private sector groups are members of CDC, and it is here where the commitment of the private business sector to cooperatives is felt. The Philippine Business for Social Progress and the Sugar Industry Foundation are two of the private sector members involved in this program. The Economic Development Foundation is another. The main aim is to encourage and foster the cooperative ideology in the country as an instrument to achieve social equity and economic well-being. The CDC is also represented in the CDG.

D. Cooperatives. Of the total number of more than 6,000 cooperatives existing at the onset of the new cooperatives program, only some 2,457 societies signified their intention to re-register as cooperatives under the new cooperative law, broken down as follows:

credit union	1,355 societies
consumer	465
agricultural	270
multi-purpose	271
service	50
industrial	26
federations	20
Total - - - -	<u>2,457 societies</u>

In the meantime, a number of new cooperative federations have come up on a national level in response to the demands of the new program, among them the National Publishing Cooperative and the Cooperative Insurance System of the Philippines a general description of which appears in I, C her of. The NPC has been operational for the past seven months and is fast proving its viability as such judging from the results of its operations for this very limited period. The CISP, expected soon to be operational will offer massive social insurance coverage at low cost, utilizing to the maximum the various barrio associations as channels at grass-roots level and the cooperatives as channels at middle levels as well as in the urban areas.

One of the newest cooperative structures to come up is the Cooperative Union of the Philippines (CUP). As the name implies, it is basically a union-type organization, non-business, where all types of cooperatives are represented. Structured to be the apex body of all cooperatives in the country, this was a product of the first Cooperative Congress held sometime in December of 1973. Pending formal organization and registration as such, an interim Board of Directors has already been constituted to carry on and implement the mandates of the Congress. Already, the CUP has taken the lead in on-going education and training programmes. The Cooperative Congress is scheduled to re-convene in July, this year to consider and hopefully to pass the basic documentation necessary to formally organize the CUP as a legal cooperative body. This development would not have been possible under the earlier existing legislation for the simple reason that there was no enabling provision for such a national union-type structure. For the first time too, cooperatives are able to look forward to the coming into existence of one legal body collectively.

collectively to serve as the spokesman of the cooperative movement, as well as to serve as a coordinating body for different activities at all levels of the cooperative hierarchy. The CUP is expected to play a key role in the running of the National Cooperative Training Center if and when this comes into being.

E. Community Councils and Development Committees.

1. Local government network. - The entire country is divided into eleven (11) regions, each region headed by a Regional Development Director. At the provincial level, of which there at present seventy two (72), there are Provincial Development Officers. At the municipal level, there are Municipal Development Officers. And at the barrio or village level, there are the Barrio Development Workers. In cities, there are the City Development Officers. All are being utilized by the Department in charge of overseeing the entire cooperatives program in implementing its programs.

2. Community Councils - At the provincial level, there are the Provincial Rural Development Councils composed of the Governor of the province, the Provincial Development Officer, the Division Superintendent of Schools, and other civic organizations. At the municipal level, there are the Municipal Rural Development Councils composed of the Mayor of the municipality, the Municipal Development Officer, the barrio captain, and other civic leaders. All are taking up, and implementing, the cooperatives program.

3. Auditing services - At each of the eleven regions of the country is assigned an auditing team composed of ten (10) per region who conduct financial and management audits. Plans for expansion of these services are in the offing.

F. Religious institutions - The predominant religion in the country is Catholic next dominant group is the Protestant faith. Both are actively engaged and involved in promoting the cooperative ideology. Many are taking the initiative in starting cooperative projects in pilot areas both in rural and in urban centers. To mention a few, the National Social Action Center (Catholic) as well as the United Church of Christ (Protestant) have provincial networks which are being utilized for the promotion of cooperatives, among other social programs.

G. External aid agencies - Some of these follow: USAID (very directly and substantially involved for sometime now), FAO, ILO, Friedrich Ebert Stiftung (extensively involved in cooperative and trade union development through education and training), International Executive Service (IES-USA) and Volunteer Development Corps (VDC-USA), Canadian CIDA (substantial

(substantial grants and technical assistance for the Cadayan Valley Project expected), Israel (technical assistance in farming and labor), Taiwan (technical assistance in fishing), ICA (through its regional office in Delhi and its members in the Philippines), and AAFL (American Asian Free Labor Institute-cooperatives in the trade union movement), etc. This list is by no means exclusive, and a number of other agencies too, are substantially involved.

IV. Objectives of the Program and Functional Lines.

As stated in Presidential Decree No. 175, the principal overriding objective is to foster the creation and growth of cooperatives as a means of increasing the income and purchasing power of the lower income sector of the population in order to attain a more equitable distribution of income and wealth.

To effectively attain this end, the Department of Local Government and Community Development, through the Bureau of Cooperatives Development is vested with full authority to promulgate rules and regulations to govern the promotion, organization, registration, regulation and supervision of all types of cooperatives. This consolidation of functions has done away with the involvement before of some twenty different agencies in implementing various cooperative laws and regulations which had somehow contributed to the fragmentary and ineffective implementation of earlier cooperative programs.

Immediately below the Department Secretary, there is an Under-secretary for Cooperatives Development, then comes the Director of the Bureau of Cooperatives Development. For implementation and administration of the program, the entire regional, provincial, municipal and barrio network of the Department has already been described.

On the part of the cooperative sector, the CUP is now being looked upon as the national apex coordinating body for all cooperative activities. Even pending its formal organization and registration as a legal body, the CUP is now being consulted on such programs and has been actively involved in planning for and implementation of massive education programs for members of cooperatives. Where specialized national, regional or provincial federations exist, CUP utilizes and/or channels its activities through these federations. Its coming into legal existence hopefully by next month should accelerate the pace at which the entire cooperative sector should get involved in the overall program. Incidentally, the Chairman of the Interim Board of the CUP happens to be one of the cooperative sector representatives in the two new bodies created by Presidential Decree No. 175 treated of in III, 1 & 2 hereof. Depending on the entire organizational structure to be decided sometime in July when the Congress re-convenes, all-out effort should now be exerted to streamline lower-level federated structures for representation purpose in the governing body of the CUP.

V. Problems

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V. Problems

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As elsewhere stated, the problems can well be categorized into three main headings, viz.: (1) inadequate and/or discontinuous efforts in cooperative education; (2) mismanagement, or lack of competent, well-trained cooperative management personnel; and (3) absence or lack of capital to finance cooperative undertakings.

The new program is realistically tackling all of these problems. Understandably, the one which requires most massive effort is the first problem which has to do with education, and this is where the help and assistance of all sectors are needed.

Hence, the proposal of the CDG Philippines for the establishment of a National Cooperative Training Center. The details of such proposal are contained in a separate paper. Detailed project feasibility studies will follow later.

VI. Documentation Enclosed

Attached hereto are the following documents which may help in providing a broader, overall picture of the entire Philippine cooperative situation:

1. Presidential Decree No. 175 and Letters of Implementation No. 23, the two basic legislations embodying the prevailing cooperative law;
2. Presidential Decree No. 27, the law on agrarian reform;
3. Strategy for Rural Development;
4. Pertinent circulars of the DLGCD; and
5. Education and training materials, and training manuals for trainers.

(1) OVERALL PROGRESS OF THE MOVEMENT

There have been appreciable progress and significant changes in the Co-operative Movement. The overall position is as per Annexe, showing statistics of Co-operative Societies as at 31.12.73.

Collective membership in 1973 - 74,264; 1972 - 59,077; increase 15,194;

Subscription/share capital in 1973 - \$30,726,345; 1972 - \$26,151,914;
increase - \$4,574,431;

Working capital in 1973 - \$44,644,608; 1972 - \$24,421,655;
increase - \$19,622,953.

The traditional thrift and loan Societies are gradually moving into multi-purpose activities or are changing into multi-purpose Societies. Better understanding and relationship have been established between Officials of the Co-operative Union, the Ministry of Social Affairs and the Co-operative Registry. There is continued collaboration between the Co-operative Movement and Trade Union Movement in that 7 Co-operative Societies have invested in the share capital of "WELCOME", the Co-operative Consumers Society set up by the N.T.U.C.

(2) RECENT DEVELOPMENTS

(a) AGRICULTURAL CO-OPERATIVES

A Livestock & Agricultural Co-operative Society Ltd. (sponsored by the Teachers' Society) has been registered on 10.9.74 to develop mechanised pig farming, chicken farming, vegetable and fruit cultivation and producing animal feed.

(b) CO-OPERATIVE SOCIETIES SET UP BY THE NATIONAL TRADES UNION CONGRESS

(i) The Co-operative Insurance Commonwealth Enterprise Ltd. (INCOME) - registered 29.5.70.

At the end of 1973, 13,734 Ordinary Policies were in force for sums assured totalling \$68.01 million. INCOME's investments yielded a net income of \$254,549, and the Shareholders' Fund disclosed a net profit of \$86,572 during 1973.

At the Annual General Meeting on 27.6.74 a 6% dividend to shareholders was declared.

INCOME has introduced a low premium life insurance plan called the Income Umbrella Plan and also a Children's Welfare Plan.

In August 1973, INCOME launched the single premium INCOME BOND PLAN. INCOME has embarked upon the re-insurance business by subscribing to the capital of the newly formed Singapore Re-insurance Corporation Ltd., and it is to introduce a low premium insurance scheme to cover Housing Board flats and other small houses against fire and other hazards.

(ii) The Workers' Co-operative Commonwealth for Transport Ltd. (COMFORT) - registered December 1970.

By the end of 1973, COMFORT owned 1,198 taxis and 347 mini-buses. It is planning to add another 200 taxis in 1974.

COMFORT has repaid the Government \$12.5 million of the \$15 million loan.

In June 1974, the first batch of 12 COMFORT operators became the proud owners of their taxis. COMFORT has set up a Mutual Aid Scheme and a scholarship fund for the children of its taxi and mini-bus operators.

(iii) The N.T.U.C. Co-operative Dental Care Society Ltd. (DENTICARE) - registered 30.8.71

Denticare is presently running 2 clinics, one at the Trade Union House and one in Jurong. Denticare has drawn up 2 schemes for Unions to negotiate with employers in collective agreements. Under Scheme One, the employer will pay for the actual treatment of employees. Scheme Two is applicable where the employer retains Denticare for consultations and pay lower charges.

(iv) The N.T.U.C. Consumers' Co-operative Ltd. (WELCOME)

The first Co-operative Supermarket was established in Singapore at Toa Payoh. It was registered on 14.3.73 and declared officially open by the Prime Minister on 22.7.73.

The 2nd Supermarket was opened on 13. .74 at Bukit Ho Swee, the 3rd at Porchester Road in Serangoon Garden Estate on 2.5.74 and the 4th at Peace Centre in Selegie Road on 7.10.74.

WELCOME made a net profit of \$423,808 in its first 16 months of operation ending 30.6.74. It has a total personal membership of 10,023 and an Institutional Membership of 41. At the 1st Annual General Meeting on 23.10.74, a dividend of 6% on fully paid up shares and 5% rebates on purchases were declared.

(c) CONSUMERS' CO-OPERATIVES

Apart from WELCOME, this category of which there are 13, includes shop and store societies, 1 shoe-making Society and 2 Co-operative bookstores. Mention may be made of the following:-

(i) The Shoe-makers' Co-operative Industrial Society Ltd. with a membership of 17, exclusively confined to ex-political detainees.

(ii) The Jurong Shipyard Co-operative Store Society Ltd., which entered its 6th year of operation, scored a good turnover of about \$2 million and a net profit of \$105,885.

(d) HOUSING/LAND PURCHASE CO-OPERATIVES

There are 3 housing and 3 land purchase societies. The Government Officers Co-operative Housing Society and INCOME are proposing jointly to develop a housing estate at 10 $\frac{1}{4}$ m.s. Changi Road. There is no progress in the 3 Land Purchase Societies except the Sharikat Jalan Greja Bedok Be kerjasama² Bagi Membeli Tanah Dengan Tanggungan Berhad has succeeded in purchasing a plot of land for its members.

(e) MULTI-PURPOSE CO-OPERATIVES

There are 6 Multi-purpose Co-operative Societies of which the following are most active:-

(i) The Singapore Teachers' Multi-purpose Co-operative Society Ltd.

In 1973 a pilot project in supplying consumer services to members was undertaken, and travel services were provided in the form of organised tours to India and the Philippines at very fair rates. In May 1974, the Society opened a second consumer store at the Institute of Education.

(ii) The Pioneer Industries Employees Union PIEU Multi-purpose Co-operative Society Ltd.

In October 1973, the Society opened a Co-operative showroom in Jurong, displaying and selling electrical and home appliances.

(iii) The Singapore Industrial Labour Organisation (SILO) Multi-purpose Co-operative Society Ltd.

The Society is running a printing service jointly with the PIEU Society, and is providing canteen and consumer services. It has converted its Headquarters at Upper Serangoon Road into a mini-supermarket.

(f) SCHOOL CO-OPERATIVES

The St. Joseph's Institution Co-operative Society Ltd. - the first School Co-operative - was registered on 21.8.74 to supply textbooks, stationery and other essential consumer items as required by the members. It may undertake to organise tours and excursions and operate a school canteen.

(g) CO-OPERATIVE EDUCATION

Members of the Union participated at:-

- (i) The Regional Seminar on Member Education & Member Communication in Japan (3.4.74 to 23.4.74).
- (ii) The Regional Conference of Principals of National Co-operative Training Institutions and Selected Teachers of Co-operative Training Centres in Jakarta (12.6.74 to 25.6.74).
- (iii) The Asian Conference on Consumer Co-operation in Kuala Lumpur (23.10.74 to 25.10.74).

The Education Sub-Committee of the Union will organise a workshop on operation of consumer services between 4.11.74 to 8.11.74, and plan to set up a Co-operative Training Centre for Co-operators.

(3) CO-OPERATIVE LEGISLATION & GOVERNMENT POLICIES VIS-A-VIS CO-OPERATIVES

(a) Dr. J. Von Muralt, an I.L.O. Co-operative Technical Officer, stationed at Bangkok, was assigned to the Ministry of Social Affairs from 2.4.73 to 19.4.73 to advise the Government in Co-operative Development, with particular emphasis on the revision of the Co-operative Law and the re-organisation of the Co-operative Registry.

(b) As a result of Dr. Muralt's recommendations, Professor Hans H. Munkner of the University of Marburg, was sent from the I.L.O. to Singapore in July 1974 for a period of 2 months to study the Co-operative Movement and to help redraft the Co-operative Law. Proposals have been made for the establishment of a Central Co-operative Fund and an Apex Organisation for the unification of the Co-operative Movement.

(4) INTERNATIONAL TRADE BETWEEN CO-OPERATIVES

The I.C.A. Select Committee met in Singapore on 25.2.74 and 26.2.74 to finalise the Memorandum & Articles of Association of the proposed International Co-operative Trading Organisation (I.C.T.O.). 8 Co-operative Societies have indicated that they would subscribe to the share capital of I.C.T.O. On 22.5.74, the Registrar accorded his approval in principle for Co-operative Societies to subscribe to the share capital of I.C.T.O. The Company was incorporated on 7.6.74.

(5) TECHNICAL ASSISTANCE AND OTHER AID RECEIVED BY THE MOVEMENT

The Co-operatives established by the N.T.U.C. received various forms of support from Government. The Chairman of the Board of Trustees of INCOME is the Dy. Prime Minister & Defence Minister, and the Chairman of the Board of Trustees of WELCOME is the Minister for the Environment. The Minister for Social Affairs exempted INCOME from contribution to a reserve fund. The Trade Division of the Ministry of Finance has given advice and support to the establishment of I.C.T.O.

In view of its plan to set up a Co-operative Training Centre, the Union has been given a special invitation to participate at the recent Regional Conference of Principals of Co-operative Training Institutions at Jakarta.

(6) MAIN PROBLEMS OF THE CO-OPERATIVE MOVEMENT

The Movement has been hamstrung by numerous organisational problems.

There is need for a unified Movement with all Societies identifying themselves with a Central Organisation, which co-ordinates promotional, educational and developmental activities.

There is lack of full-time executives and professional expertise for diversified ventures.

(7) OUTLINE OF PROGRAMMES FOR FUTURE DEVELOPMENT

- (i) Unification of the Movement under an Apex Organisation.
- (ii) Co-ordination of multi-purpose activities of Societies.
- (iii) Joint Co-operative undertakings among Co-operatives.
- (iv) Establishment of a "Co-operative House".
- (v) Re-establishment of a "Co-operative Bank".
- (vi) Encouragement of active youth and women participation in Co-operative activities.

(8) FOLLOW-UP ACTION ON RECOMMENDATIONS OF ASIAN TOP LEVEL CO-OPERATIVE LEADERS CONFERENCE

With the revision of the Co-operative Law in Singapore, with provision for the establishment of a Central Co-operative Fund, the proposed formation of an Apex Organisation for the Movement, the objectives as envisaged in the various recommendations would be given effect in due course.

(9) FOLLOW-UP ACTION ON THE TWO REGIONAL SEMINARS HELD BY I.C.A. R.O. & E.C. in 1973

Our delegates to the 2 seminars on "Co-operative Management in the Philippines and on "Co-operative Credit" in Japan in 1973 have endeavoured to utilise their experiences and knowledge gained to improve the management and operations of their Societies.

(10) PARTICULARS OF NATIONAL SEMINARS HELD

No National seminar has been held in Singapore during the period under review.

TABLE

ANNEXE

STATISTICS OF CO-OPERATIVE SOCIETIES IN THE REPUBLIC OF
SINGAPORE AS AT 31ST DECEMBER, 1973

Types of Societies	Number of Societies	Membership	Shares and Subscriptions \$	Specific Deposits \$	RESERVES		ASSETS				Working Capital \$
					Statutory Reserves \$	Other Reserves \$	Fixed Assets \$	Investments \$	Current Assets (less loans) \$	Loans \$	
Thrift and Credit	46	27,948	20,904,297	1,651,696	1,998,872	1,151,812	4,240,290	6,258,360	2,831,217	13,296,789	25,75,677
Consumers	13	15,379	1,405,394	5,941	151,591	105,657	208,610	21,146	907,857	100,045	1,668,583
Housing	3	5,388	4,744,431	29,819	220,432	53,517	1,075,428	5,000	759,086	8,698,481	5,108,199
Land Purchase	3	219	38,353	..	2,969	..	14,999	23,516	17,247	17,227	41,322
Transport	3	1,713	120,382	690,750	263,332	1,330,830	5,704,590	8,000	476,238	3,797,331	2,405,294
Insurance	1	13,582	1,128,800	..	..	4,333,478	103,240	1,243,422	4,296,853	16,467	5,462,278
Medical	1	11	100,760	..	..	..	19,963	60,000	35,797	..	100,760
Multi-purpose	6	9,994	2,254,428	788,533	135,853	70,143	60,474	1,008,543	1,955,903	436,562	3,248,957
Banking	1	13	29,500	208,000	19,080	46,958	103	125,000	52,336	133,183	303,538
Union	1	17	..	..	..	..	..	14,000	585	..	..
Total	78	74,264	30,726,345	3,373,739	2,852,129	7,092,395	1,427,697	8,767,007	11,333,119	26,496,085	44,044,608

Note:- previous year's figures taken where 1973's is not available.

BACKGROUND PAPER ON THE CO-OPERATIVE MOVEMENT
IN SRI LANKA

1. Overall Progress of the Movement.

The Co-operative Movement in Sri Lanka has, in its sixth decade, burgeoned into one that embraces almost all spheres of economic activity in the land. The new era was ushered in with the implementation of the recommendations of the Laidlaw Commission which carried out a probe into all aspects of the Movement. The re-organisation of the Co-operatives was carried out in the early seventies. Through a process of amalgamation, over five thousand Multi-Purpose Co-operative Societies were reduced to three hundred and sixty eight large primary Co-operative Societies more capable of playing the significant role assigned to the Co-operatives in the implementation of the Government Five Year Plan.

2. Recent developments in the field agriculture consumer and housing cooperation and Co-operative Education.

District Development Council Projects in the fields of Agriculture, Fisheries and Industries sponsored by the Ministry of Planning were organised and carried out through the Co-operative Societies. In addition to the distribution of all essential Consumer Goods, the Co-operative have been entrusted with Development of Agricultural lands taken over under the Land Reforms Act. A number of Co-operative Villages formed on an experimental basis have proved immensely successful in the development of subsidiary food crops, fruit growing and animal husbandry. Mention may be made of Lassanagama (Beautiful Village) the first Co-operative Village which is an outstanding success. In the field of Fisheries the amalgamation of small societies into one for each maritime district has enabled the members to acquire more and more machanised fishing craft, and thus

increase their output. The setting up of the Co-operative Marketing Federation was a significant land mark in the sphere of consumer co-operation, thereby, establishing the essential link between the Co-operative Societies to enable them to transact business among themselves. The Marketing Federation also expects to establish the necessary co-operative link internationally in the near future.

3. Recent Development in Co-operative Legislation and Government Policies Vis & Vis Co-operatives.

The United Front Government of Sri Lanka in its first Throne Speech laid emphasis on the major role the Co-operative Movement had to play in the Development of the economy of the country, particularly in rural development. To carry out the role effectively major changes had to be brought about in the law governing Co-operatives. The Co-operative Societies (Special Provisions) Act No. 35 of 1970 conferred special powers on the Registrar to amalgamate one or more societies to enable the formation of economically more viable units. The Co-operative Employees Commission Act No. 12 of 1970 provides for safeguards in the service for co-operative employees with salary scales, appropriate to their responsibilities, and guarantees security of employment. The Co-operative Law now in force in Sri Lanka is the Co-operative Societies Law No. 5 of 1972. This law promotes the growth and development of Co-operative Societies. A special feature of the new law is that the Registrar has to satisfy himself before he registers a society that the activities in which the society proposes to engage are economically feasible and fits into the overall Development Plan of the Government. It could be said that the new law provides a sound legislative base for the growth of the Co-operative Movement.

The expressed policy of the Sri Lanka Government has always

been that the Co-operatives were an excellent means of improving the Socio-economic condition of the peoples and that the Co-operative Movement was the best instrument through which the Goal of the Five Year Plan of self-sufficiency could be achieved.

4. Recent Development in International Trade between Co-operatives and others.

Recently some of the Co-operative Societies have begun to play a minor role in earning foreign exchange for the country. Among the societies in the export trade are the Co-operative Marketing Federation which exports betel to Pakistan and minor export crops to a few other countries. The Co-operative Industries Union exports "Ceyesta", rubberised coir mattresses & travellers' quilts to the Far East. The Coconut Producers' Co-operative Union exports dessicated coconut and coconut oil. While the Rubber Producers' Co-operative Union exports rubber. The Orchids & Exotics Co-operative Society exports cut-flowers. Thirteen Societies who are members of the Co-operative Fish Sales Union export Lobster, Prawns, Beche de Mer and Shark fins.

5. Technical Assistance, Financial & other aid received by the Movement from and through aid giving authorities and developed Co-operative Movement.

Aid received by the Movement took the form of scholarships, Seminars and study tours for selected co-operators. In August 1973 four Co-operators from Sri Lanka visited the USSR on the invitation of Centrosoyus; three co-operators visited GDR on scholarship to study consumer co-operation in that country. The President of the National Co-operative Council and the Commissioner of Co-operative Development participated at the Seminar for Top Level Co-operative Leaders held in Tokyo in October 1973. Inventory control

was the theme of a study course held in November in India and three of our Co-operators had the opportunity of following this course.

6. Main problems of the Co-operative Movement.

The Co-operative Movement in Sri Lanka is beset with many problems common to third world countries. Lack of trained personnel to man top managerial posts, scarcity of suitable buildings to house retail outlets, lack of adequate storage and transport facilities are some of them.

7. Outline of Programmes for Future Development.

Training of personnel of societies and education have been programmed with the assistance of the publicity section of the Co-operative Department and the National Co-operative Council of Sri Lanka. The teaching of Co-operation as a subject in schools and the organisation of school societies is already underway. The Movement itself is geared to the development programme of the Government and it is expected that it will play a significant role in the development of the economy of our country aimed towards self sufficiency in food in the near future.

8. Follow up action taken on recommendation of the Asian Top Level Co-operative Leaders Conference.

The Government of Sri Lanka has allowed a central place to Co-operative development in the country's national plans and has provided support to the Co-operatives to enable them to emerge as strong economic units. The Government of Sri Lanka has carried out Land Reforms and formed Co-operatives for the development of agriculture, including animal husbandry. The Government has adopted a price support policy for agricultural produce and ensured a fair

- 5 -

return to the producer. The state has channelled its financial assistance to the co-operatives through the Peoples Bank which took into its fold all Co-operative Provincial Banks. It is the accepted view of the Government that the Co-operative system would clear the path to socialism.

9. Follow up action taken on the two Regional Seminars held by ICA ROEC in 1973.

10. Particulars of National Seminars held.

ICA/SCC Seminar on Agricultural Co-operative Marketing was held during the period 26th November - 8th December 1973. 28 Co-operators participated at the above seminar. 3 Resource persons from the ICA and 7 from Sri Lanka gave lectures and led the discussions at the end of the seminar. 5 Co-operators were selected for further training in Sweden.

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Brief History

Cooperative development in Thailand was initiated by the government in 1916 when the first cooperative society was established among the small paddy farmers in a village. It was known as a village credit cooperative with unlimited liability, based on the Raiffaisen model.

The primary intension of the then government was to help relieving farmers from severe indebtedness and maintaining their landownership. At the initial stages, the government directly provided the cooperatives with funds to be loaned to their members against land mortgages and guarantors. The success of the first batch of village credit cooperatives led to a moderate expansion of the cooperatives of this type later on. But all these cooperatives were registered under the special legislation called "The Civil Associations (Amendment) Act, B.E. 2459."

The Cooperative Societies Act, B.E. 2471 (1928) was promulgated in 1928 paving the way for further development of cooperatives of various types. But it was not until 1932 when other types of cooperatives were organized, such as land hire-purchase, land settlement, marketing and processing, consumers', land improvement, cottage industry, fisheries, and thrift and credit cooperatives.

In 1943, the Bank for cooperatives was organized to serve as a financing centre of the agricultural cooperatives and to take the place of government's direct lendings. It was superceded in 1966 by the Bank for Agriculture and Agricultural Cooperatives which was established in that year, in order to widen the scope of operations to include lendings to individual farmers as well as agricultural cooperatives.

In 1968, the Cooperative Societies Act, B.E. 2511(1968) was promulgated, repealing the Cooperative Societies Act B.E.2471, in order to facilitate the expansion and improvement of the cooperatives. The new legislation embodies two new features, i.e. the amalgamation of cooperatives and the establishment of the Cooperative League of Thailand.

At present, there are six main types of Cooperatives in Thailand. They are: Agricultural Cooperative, Land settlement Cooperative, Fishery Cooperative, Consumers' Cooperative, Thrift and credit Cooperative and Services Cooperative.

Agricultural Cooperatives.Structure.

The structure of agricultural cooperative in Thailand is a three-tier structure, with primary society at the local level, secondary society at the provincial level and the apex society at the national level.

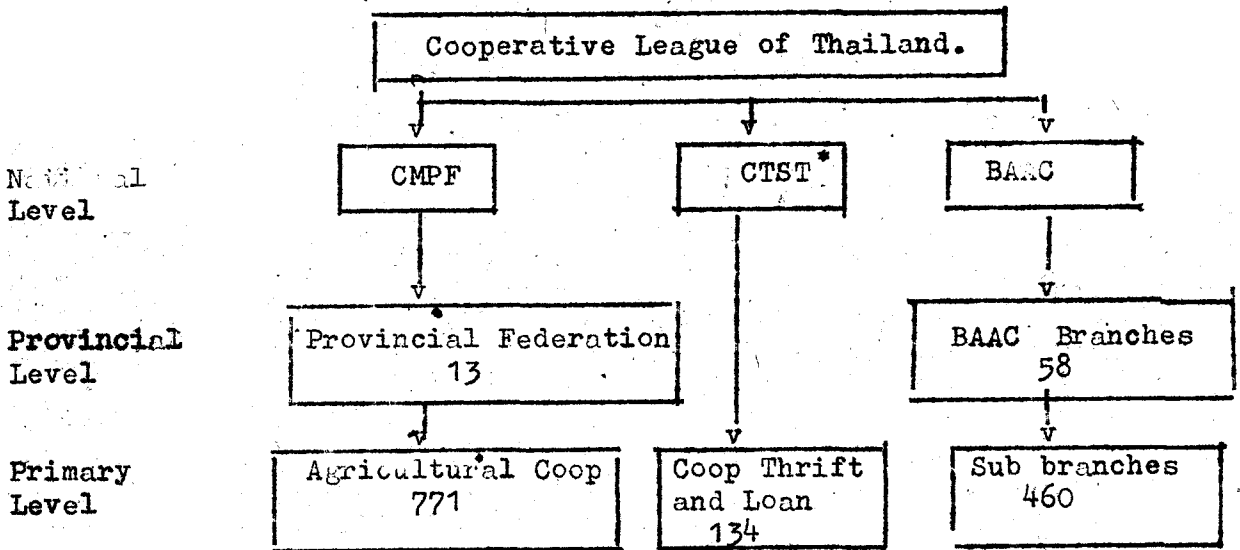
The primary society comprises of individual farmers at the district or local level. The society is divided into various groups of farmers ranging from 5 - 30 groups. The main function of such society is the provision of credit and other services to the members: marketing, farm supplies, farm extension, processing, water management and funeral services.

The secondary level or provincial federation comprises of at least three or more societies in particular areas joining together. This society is functioning similar to that of the primary society but at a larger scale. Special processing activities is undertaken by the federation, such as rice milling, tapioca processing, feed stuff mixing and so on.

The national level comprises of primary and secondary societies. At present " The Cooperative Marketing and Purchasing Federation of Thailand " (CMPF) is the apex society of agricultural cooperatives in Thailand. The membership of this society is comprised of both agricultural and consumers' Cooperatives throughout the country. But the main activity of the society is emphasised on agricultural cooperative business: farm marketing, farm supplies, providing credit for marketing including the exporting and importing of business concerned.

Besides The Cooperative Marketing and Purchasing Federation of Thailand (CMPF), there are other related organizations functioning at the national level as well: the Bank for Agriculture and Agricultural Cooperatives (BAAC), for the provision of credit to agricultural Cooperatives and other farmer organizations; and the Cooperative League of Thailand (CLT), for conducting research, education and training for the cooperative movement in Thailand.

The structure of cooperative organization in Thailand as the end of 1973 can be shown as follows:

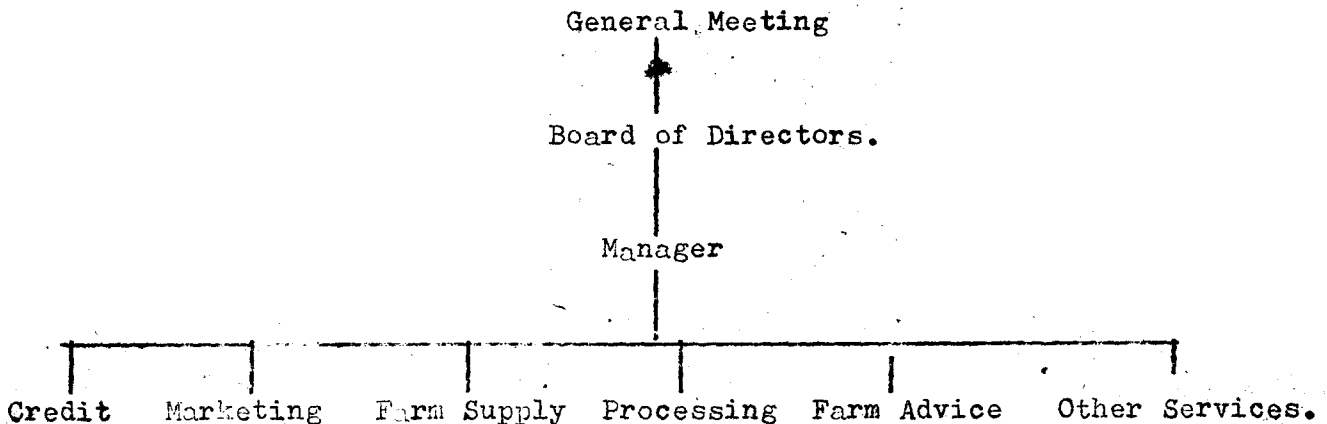


Organization.

The cooperative consists of all members who form the general meeting. The general meeting elects the board of directors. The board of directors is responsible for the formulating of cooperative policy and decision making as well as to elect and appoint the manager of the cooperative. The manager will administer the whole business under the advice and supervision of the board of directors.

* CTST = Cooperative Thrift and Savings Federation of Thailand.

(3)

The Organizational Structure of Agricultural Cooperatives.

At present, there are 771 agricultural cooperatives in Thailand, with the total membership of 324,043 persons(families) as follows:

<u>Types of Agri.Coops.</u>	<u>No of Society</u>	<u>Membership</u>	<u>Member per Society</u>
Village Credit Coops.	49	1,207	26
Agri.Coops(Amalgamated)	382	165,874	342
Agri.Coops(Newly established)	81	33,109	409
Agri.Marketing	73	50,080	686
Land Improvement	186	73,768	397
Total	771	324,043	420
	=====	=====	=====

Present Situation of Agricultural Cooperatives.

Agricultural cooperatives have played a very significant role in agricultural development in Thailand especially on the provision of agricultural credit to member farmers. In 1972 agricultural cooperatives have extended credit to 269,316 farmer members or 23.0% of the total farmers assisted by total agricultural credit institutions: * This amounted to 400.6 million or 31.6% of the total money assisted to farmers by all agricultural credit institutions. According to the study made by the Cooperative League of Thailand on " Financial Situation of Agricultural Cooperative in Thailand " in 1972, it was revealed that each society (of 410 societies surveyed) has an average paid up share capital of ฿ 222,639, reserved fund of ฿ 511,785, working capital of ฿ 351,555, loan given to members of ฿ 890,000, income of ฿ 238,156 expenditure of ฿ 165,065 and a net profit of ฿ 73,091, and a membership of 446 per society.

The main sources of working capital are drawn from:

- (1) share capital,
- (2) reserve funds,
- (3) borrowings,
- (4) deposits and,
- (5) others.

According to the study on "Financial situation of Agricultural Cooperatives in Thailand in 1972 " it is revealed that by average each society has the working capital of ฿ 1,351,555 as follows: share capital ฿ 222,639 (16.5%), reserve funds ฿ 511,785(37.9%), other funds ฿ 58,958 (4.4%), borrowings ฿ 527,604 (39.0%) deposits ฿ 30,589 (2.2%).

* Farmers institutions, cooperatives, Bank for Agricultural and Agricultural cooperatives and Commercial Banks.

Now all types of agricultural cooperatives: Village Credit Coops, Agri. cultural Coops (Amalgamated and newly established) Agri. Marketing Coops, and Land improvement Coops are being amalgamated into larger Units of Agricultural Cooperatives at local level.

National Federation of Agricultural Cooperatives.

At present, the Cooperative Marketing and Purchasing Federation of Thailand, Ltd. serves as a national federation of almost all agricultural cooperatives for their business dealings. The federation undertakes bulk purchases of both agricultural inputs and consumers' goods to supply to their affiliates. It imports directly such goods as fertilizers and light farm machinery and exports such farm products as maize, sorghum, and black beans collected from member cooperatives. Its foreign trade has been done mainly with the Japanese agricultural cooperative movement. The federation operates three large warehouse and a wharf rented from the government. Since 1970 it has cooperated with the Japanese agricultural cooperative movement in setting up, on a joint-venture basis, a T.J.C Chemicals Co., Ltd. to produce on pack various kinds of pesticides and insecticides to supply to the farmers.

It should be noted that the federation embraces all consumers' cooperatives as their members too, since it was transformed and reorganized in 1967 from the then cooperative Wholesale Society of Thailand, Ltd.,. It has a separate department looking after the needs of the consumers' cooperatives.

Land Cooperatives:

Land Cooperatives can be sub-divided into three types:

a) Land Settlement Cooperatives This type of cooperatives was started in 1938 for purposes of helping landless farmers on those with uneconomic cultivated lands to own and operate the conserved of public land allotted to them. Currently, there are 231 land settlement coops with 7,396 farm households operating total land areas of about 80,000 acres, mostly for agricultural production and some for salt farming and fish culture.

b) Land Hire-Purchase and Tenant Cooperatives This type of Coops are also aimed at helping the landless or small farmers to become land owner-operators through a hire-purchase system. Another objective is to arrest the severity and insecurity of land tenancy. There were, at present, 17 Cooperatives of this type with a total membership of 334 farm households.

c) Irrigation or Land Improvement Cooperatives. The purpose of organizing land improvement cooperatives is to encourage the farmers owning adjoining plots of land in irrigated areas or near sources of water to increase or diversify their production by proper usage of land and water resources. Advice and guidance on farming techniques and application of fertilizers and insecticides is also provided.

Thrift and Credit Cooperatives.

There are, at present, 134 thrift and credit cooperatives with a total membership of 218,441 persons and combined working capital of about baht 1000 millinn. These cooperatives are distributed in every province throughout the country, with a majority in the metropolitan city of Bangkok-Thonburi. They were organized mainly among school teachers, police, and salary-earners of various government departments and Universities. The development of these cooperatives started in 1949. They are quite successful in encouraging among their members to save systematically with the cooperatives. The cooperatives, in turn give the members loans on terms and conditions suitable for this class

of law-or middle - income people. Purposes of loans are either for income - yeilding activities, education or providence. Now many cooperatives with ample loanable funds can lend for acquiring house ownership and other durable consumers' goods.

Consumer's Cooperatives.

Consumer's cooperatives were first organized in 1938 among the urban as well as the rural pcpulation. Through years of development, it proved that mostly the cooperative stores in the towns or urban areas could survice and make some progress, especially two stores in Bangkok and a few in provincial towns. Other could enjoy merely a limited success. The two cooperative stores in Bangkok have a total membership of almost 60,000 families. They are comparatively efficient in their management and are now developing department stores and/or supermarkets.

Currently there are 91 cooperative stores in operations with a total membership of 116,866 persons and a total annual turnover of baht 236.1 million in 1970.

Other Cooperatives.

Other types of Cooperatives are fishery Cooperative and Services Cooperatives. At present there are 3 fishery cooperatives with total membership of 815 and 14 Services Cooperatives with total membership of 7938. They are:

- a) Five rural-electricity cooperatives with a membership of about 2400 families,
- b) One taxi-drivers' cooperative with a membership of 1420 persons.
- c) Four housing cooperatives with a membership of 3719 persons.
- d) Other Services cooeratives with a total membership of 385 families.

THE COOPERATIVE LEAGUE OF THAILAND.

The Cooperative League of Thailand was established under the Coeoperative Societies Act B.E.2511 (1968) to serve as a non-official organ for the promotion of cooperative development in throughout the country. All cooperatives, according to the above mentioned law, have to be affiliated to the CLT. Not less than 12 board members must be elected in the general meeting of delegates from cooperatives, and not more than five appointed by the Minister of Agriculture and Cooperatives. The Director appointed by the board of directors, is responsible for the administration of CLT under the general supervision and direction of the board. The Director is an ex-offices board member.

The main functions of CLT are as follows:

- 1. To promote and make publicity cooperative activities.
- 2. to make research and analyse cooperative activities including statistics,
- 3. To give technical assistance and advice to cooperatives and to facilitate their coodination of work or contacts with the government departments or other persons,
- 4. To give cooperative education and training,
- 5. To promote relationship between CLT and other foreign or interna-tional organizarions which prefers for similar objectives.

CLT derives its main income from annual subscription fees paid by the cooperatives which have net surplus on their operations.

Agricultural Cooperatives in Thailand

Prepared by

Pradit Machima
Director

Cooperative League of Thailand

24 October 1974

Introduction

The first cooperative society was established in Thailand in 1916 along with the Raiffeisen model or what is known as the "Village Credit Cooperative." This cooperative was later on become the model type of other cooperatives, both agricultural and non-agricultural, for example marketing cooperatives, consumers' cooperatives, thrift and loans cooperatives, land cooperatives, and services cooperatives. At the end of 1954, 22 types of cooperatives had been organized in Thailand, with the total number of 10,338 societies. They were village cooperatives, marketing cooperatives, consumers cooperatives, land cooperatives, industrial cooperatives and many others. However, the most important one was the village credit cooperative.

The main purpose of organizing cooperative in Thailand was to help relieve the farmers from severe indebtedness and to provide credit facility to farmers for the improvement of agricultural production which was indeed very successful at the beginning. The number of village credit cooperative increased from one society in 1916 to 81 in 1927, and increased rapidly after the Second World War to 9,819 societies in 1954. However, this type of cooperative did not make any progress since the main function is limited to the provision of credit and the volume of business is very small owing to the small number of membership averaging 17 members per society. Therefore, in order to create the viable cooperative in the district or local level. The Government of Thailand through the then, Ministry of National Development had planned to amalgamate these small village credit cooperatives into the bigger units called "agricultural cooperatives" since 1969.

Structure, of Agricultural Cooperatives

The structure of agricultural cooperative in Thailand is a three tier structure, with primary society at the local level, secondary society at the provincial level and the apex society at the national level.

The primary society comprises of individual farmers at the district or local level. The society is divided into various groups of farmers ranging from 5 - 30 groups. The main function of such society is the provision of credit and other services to the members: marketing, farm supplies, farm extension, processing, water management and funeral services.

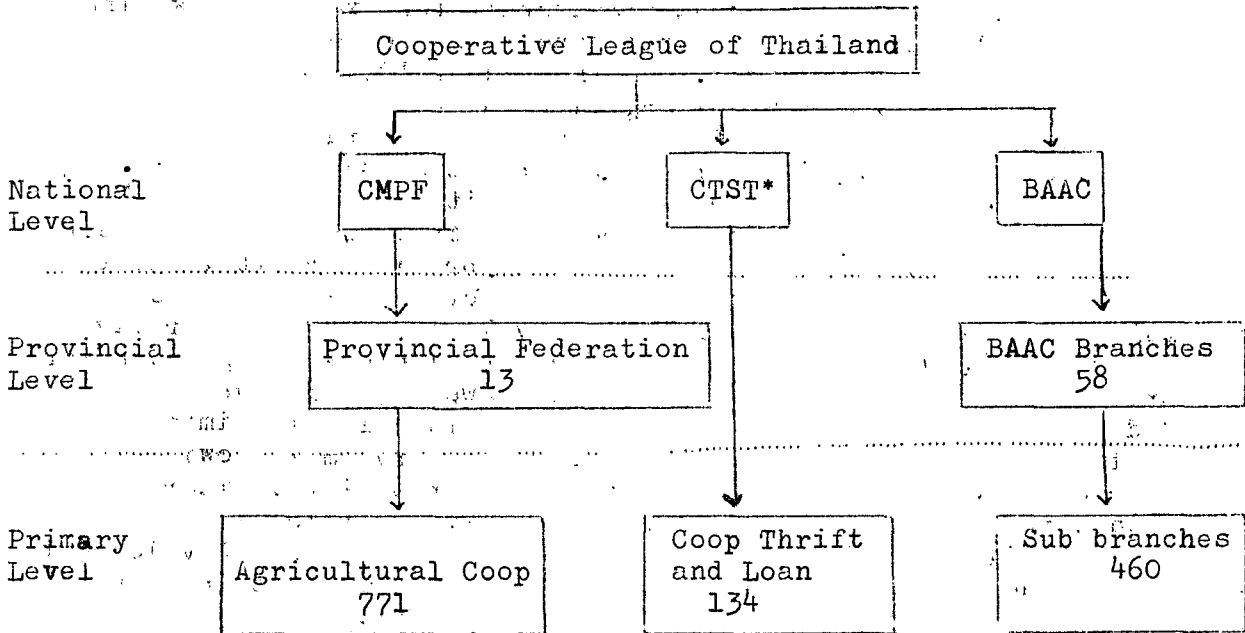
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Besides The Cooperative Marketing and Purchasing Federation of Thailand (CMPF), there are other related organizations functioning at the national level as well: the Bank for Agriculture and Agricultural Cooperatives (BAAC), for the provision of credit to agricultural cooperatives and other farmer organizations; and the Cooperative League of Thailand (CLT), for conducting research, education and training for the cooperative movement in

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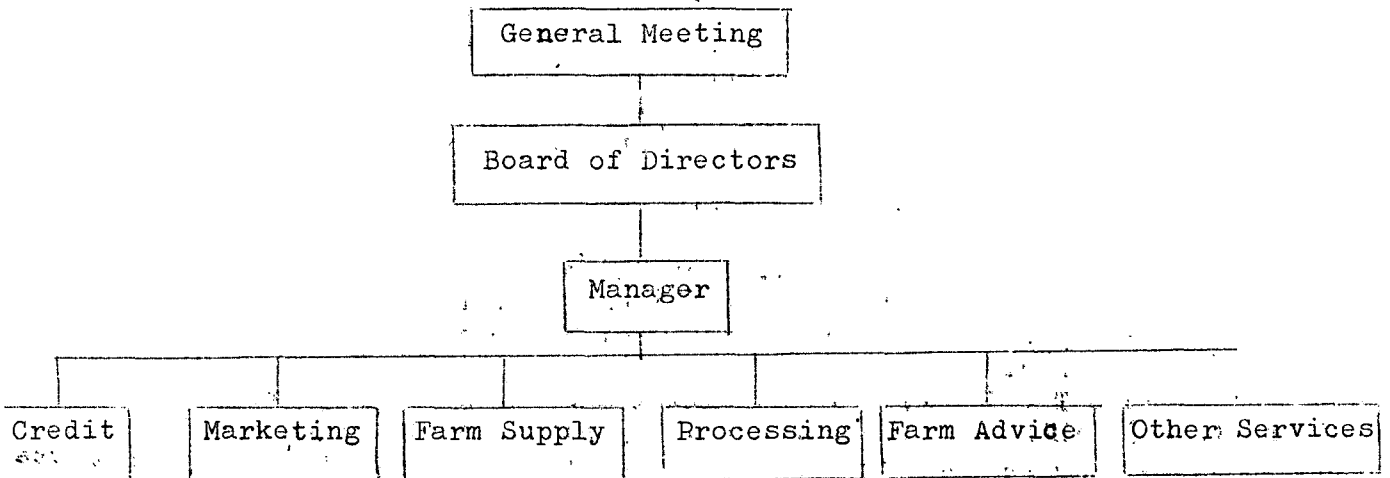
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Organization and Administration of Agricultural Cooperatives

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The Organizational Structure of Agricultural Cooperatives



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Agri. Marketing	73	50,080	686
Land Improvement	186	73,768	397
Total	<u>771</u>	<u>324,043</u>	<u>420</u>

Present Situation of Agricultural Cooperatives

Agricultural cooperatives have played a very significant role in agricultural development in Thailand especially on the provision of agricultural credit to member farmers. In 1972 agricultural cooperatives have extended credit to 269,316 farmer members or 23.0 % of the total farmers assisted by total agricultural credit institutions.* This amounted to Ba 400.6 million or 31.6 % of the total money assisted to farmers by all agricultural credit institutions. According to the study made by the Cooperative League of Thailand on "Financial Situation of Agricultural Cooperative in Thailand" in 1972, it was revealed that each society (of 410 societies surveyed) has an average paid up share capital of Ba 222,639, reserved fund of Ba 511,785, working capital of Ba 1,351,555, loan given to members of Ba 890,000, income of Ba 238,156, expenditure of Ba 165,065 and a net profit of Ba 73,091, and a membership of 446 per society.

Working Capital

The main sources of working capital are drawn from:

- (1) share capital,
- (2) reserve funds,
- (3) borrowings,
- (4) deposits and
- (5) others.

According to the study on "Financial Situation of Agricultural Cooperatives in Thailand in 1972," it is revealed that by average each society has the working capital of Ba 1,351,555 as follows: share capital Ba 222,639 (16.5 %), reserve funds Ba 511,785 (37.9 %) other funds Ba 58,958 (4.4 %), borrowings Ba 527,604 (39.0 %) deposits Ba 30,598 (2.2 %). The detail is shown in table 1 below.

* Farmers institutions, cooperatives, Bank for Agricultural and Agricultural cooperatives and Commercial Banks.

Table 1

Sources of Working capital of Agri. Coops. average per society
by areas as of 1972

Unit = Baht

Area *	Share Capital	Reserve funds	Others	Borrowings	Deposits	Total
1	272,757	900,855	100,515	594,039	42,010	1,920,176
2	279,063	743,145	94,352	483,760	51,563	1,651,884
3	178,991	420,982	39,562	506,969	8,590	1,155,094
4	158,713	354,684	56,629	502,010	8,126	1,080,162
5	241,814	487,916	24,694	428,140	17,541	1,200,106
6	238,801	483,231	50,129	609,979	22,592	1,404,732
7	257,924	548,011	63,308	625,446	69,549	1,564,238
8	259,959	513,335	69,153	658,434	60,030	1,560,911
9	179,459	321,643	37,181	323,122	21,608	883,009
Average	222,639	511,785	58,928	527,604	30,598	1,351,555
percentage	16.5	37.9	4.4	39.0	2.2	100.0

Sources: Cooperative League of Thailand

- * Area 1: Ayudhaya (cover 6 provinces)
 " 2: Chacheongsao (" 8 ")
 " 3: Udonthani (" 8 ")
 " 4: Nakorn-Rajsrima (Cover 8 provinces)
 " 5: Lampang (" 5 ")
 " 6: Pitsanuloke (" 6 ")
 " 7: Nakorn-Sawan (" 7 ")
 " 8: Petchaburi (" 8 ")
 " 9: Nakorn-Srithammaraj (" 14 ")

Business Activities

It is interesting to note that the purpose of organizing agricultural cooperative in Thailand is to form an "integrated package" to help improve the standards of living of rural community through the provision of credit, marketing, farm supply, processing of agricultural produces, farm extension and other related services to farmers. However, in reality, only agricultural credit has played the active part in achieving its goal. Other services or business activities such as marketing, farm supply, extension and other services have been very meagre or almost non existence. For example, in 1972, 94.69 % of income derived from interest on loans where as 2.27% and 3.04 % respectively from other business activities (farm marketing and farm supplies) and miscellaneous items as shown in Table 3

Lending Operations

As mentioned earlier, the main business activity of cooperative is lending. According to the same study it is revealed that each cooperative has extended loans to members in 1972 amounting to ฿ 890,609. Out of this ฿ 160,747 was on short term (18.05 %) and ฿ 729,862 (81.95 %) on long term as appeared in table 2.

Table 2

Showing Short Term and Long Term Loans per Society
by areas as of 1972

Area	Short term		Long term		Total	
	Baht	%	Baht	%	Baht	%
1	152,314	14.71	883,078	85.29	1,035,392	100.00
2	163,465	15.72	876,620	84.28	1,040,085	100.00
3	232,533	28.53	582,472	71.47	815,005	100.00
4	76,617	10.56	649,007	89.44	725,624	100.00
5	47,405	5.55	807,190	94.45	854,595	100.00
6	265,023	28.15	676,500	71.85	941,523	100.00
7	224,176	19.51	925,116	80.49	1,149,292	100.00
8	214,045	21.79	768,106	78.21	982,151	100.00
9	49,751	8.45	539,300	91.55	589,051	100.00
Average	160,747	18.05	729,862	81.95	890,609	100.00

Source: Cooperative League of Thailand

Economic Activities

The share of economic activities (farm marketing and farm supply) undertaken by cooperative is indeed very small, accounting for 2.27% of the total income as shown in table 3

Table 3

Sources of income of Agri. Coops. per Society by Areas as of 1972

Area	Interest		Economic activities		Others		Total	
	Baht	%	Baht	%	Baht	%	Baht	%
1	259,796	96.94	4,624	1.73	3,572	1.33	267,992	100.00
2	281,847	91.85	14,203	4.63	10,804	3.52	306,854	100.00
3	211,284	95.55	7,115	3.22	2,730	1.23	221,129	100.00
4	165,422	96.51	4,253	2.48	1,728	1.01	171,403	100.00
5	256,576	97.72	3,328	1.28	2,684	1.00	262,588	100.00
6	229,754	93.12	3,334	1.35	13,647	5.53	246,735	100.00
7	237,594	89.05	5,421	2.03	23,804	8.92	266,819	100.00
8	250,858	96.30	5,151	1.98	4,497	1.72	260,506	100.00
9	188,179	96.25	2,653	1.36	4,680	2.39	195,512	100.00
Average	225,511	94.69	5,404	2.27	7,241	3.04	238,156	100.00

Source: Cooperative League of Thailand

Loan Repayment

The repayment of over all agricultural cooperatives has been remarkably improved. For example the repayment rates of amalgamated agricultural cooperatives increased from 40.07% in 1970 to 48.63% in 1972 and for production credit cooperatives increased from 77.10% in 1967 to 79.20% in 1972. Contrast to the agricultural cooperatives, the repayment rates of other credit institutions have been declined. For instance it declined from 50.10% in 1970 to 14.58% for farmer institutions, from 94.12% in 1967 to 58.85% in 1972 for the BAAC'S clients and from 73.77% in 1968 to 67.33% in 1972 for the Bangkok Bank Ltd. It is evident that the cooperative is a sound business organization that can be greatly improved if necessary measurements such as better management and sound plan are well taken by the government.

Showing the repayment rates by farmers under selected credit institutions between 1967 - 1972

Year	Farmer Institutions 1/	Agri. Cooperatives 2/		BAAC 3/	Bangkok Bank 4/
		Amalgamated	Production credit coops.		
1967	*	*	77.10	94.12	*
1968	*	*	76.50	94.00	73.77
1969	*	*	68.40	88.00	68.86
1970	50.10	40.07	89.40	72.50	77.19
1971	14.17	44.50	79.20	50.74	76.59
1972	14.58	48.63	*	58.85	67.33

In 1972, the rate of repayment was highest in area 2 (54.33 %) and lowest in area 4 (42.46) while the country average was 48.63 %. This shows that the living condition of people in area 2 was better than others and the poorest was area 4.

Table 5

Showing the repayment rates of agri. coops. per society by areas as of 1972

Area	Due payment (Baht)	Actual payment (Baht)	Rate of payment
1	1,680,723	804,227	47.85
2	1,653,475	898,253	54.33
3	1,305,173	596,253	45.68
4	942,771	400,334	42.46
5	1,447,147	759,626	52.49
6	1,527,475	667,517	43.70
7	1,610,398	861,001	53.47
8	1,661,272	874,958	52.67
9	1,093,162	506,906	46.37
Average	1,400,346	681,029	48.63

Source: Cooperative League of Thailand

* = Not available

1/ Report on financial statement and equipments of farmers institutions, 1972, Department of Cooperative Auditing

2/ The Cooperative League of Thailand

3/ BAAC' Journal, second year, March 1, 1973

4/ "Agricultural Economics of Thailand", research paper of Kasetsart University

Income, Expenditure and Profit

There is some misunderstanding among the public that cooperative operation in Thailand is failed. In fact, it is quite successful, because the majority of societies have been performed successfully. According to the study on "Financial Situation of Agricultural Cooperatives in Thailand in 1972" it is revealed that 397 out of 410 societies surveyed had made surplus, while the remaining 13 societies or 3.17 % had met the loss. Those deficiated societies were newly established, and it is hoped that some improvement will be made in the following years. From the same study, each society had total income of $\text{฿ } 238,156$, expense of $\text{฿ } 165,065$ and net profit of $\text{฿ } 73,091$ as shown in table 6 below.

Table 6

Showing income, expense and net profit
per agri. coops. by areas as of 1972

Area	Income (Baht)	Expenditure		Net profit	
		Baht	% of income	Baht	% of income
1	267,992	166,399	62.09	101,593	37.91
2	306,854	200,137	65.22	106,717	34.78
3	221,128	154,651	69.94	66,477	30.06
4	171,403	121,061	70.63	50,342	29.37
5	262,588	181,574	69.15	81,014	30.85
6	246,735	175,714	71.22	71,021	28.78
7	266,819	183,906	68.93	82,913	31.07
8	260,506	191,083	73.35	69,420	26.65
9	195,512	145,976	74.66	49,536	25.34
Average	238,156	165,065	69.31	73,091	30.69

Source: Cooperative League of Thailand

Major problems of agricultural cooperatives

Although agricultural cooperatives have been performing quite successfully, major problems are also existed.

Major problems of agricultural cooperatives are:

(1) Lack of sufficient funds with which to finance agricultural production. It is reported by a study on "Problems of Agricultural Credit Cooperatives in Thailand" in 1971 that only 42.8 % of the credit needed by the members were provided. This shows that the co-operative members cannot expand their production as planned which in turn causes the "economic vicious circle"

(2) Lack of education among co-operative members. This factor has affected over all cooperative and agricultural development resulting from ignorance, inefficiency in production and others. From the study of three newly amalgamated agricultural cooperatives in 1970 by Kasetsart University, it was reported that 29 % of the members interviewed have no education at all, 61 % have been in school between 1 - 4 years, 9 % finished primary school (7 years) and 1 % finished high school.

(3) Lack of managerial skill. This is one of the main factors affecting the slow progress of cooperative development in Thailand due to poor performance of managers as well as board members.

(4) Low pay in cooperatives, many efficient young men and women show no interest in getting employment in agricultural cooperatives. This is because of the low scale of salary laid down by the cooperatives. It is revealed by the Cooperative League of Thailand on a "Study of Welfare of Cooperative Employees" in May 1973 that each manager earns $\text{฿ } 714$ a month which in fact not too low, but the place of work is in rural area or small towns.

(5) Low production and low productivity.

(6) Lack of better understanding on cooperative principles and technical know-how on production among cooperative members.

(7) Lack of agricultural extension and inadequate training programme, especially on credit administration and farm planning.

(8) Lack of study of agricultural cooperatives and lack of long term development programme for cooperatives.

(9) Lack of better coordination among concerning agencies.
