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Regional Office for  
Asia & the Pacific

NINTH ICA JAPAN TRAINING COURSE FOR  
STRENGTHENING MANAGEMENT OF AGRICULTURAL  
COOPERATIVES IN ASIA,

INDIA, INDONESIA, AND JAPAN

OCOBTER 31, 1994 - APRIL 22, 1995

MATERIAL DISTRIBUTED AT INDIA, PART I.

INAUGURATION;

1. Brochure on the Training Course
2. Programme for Inaugural Function
3. Address by Dr Daman Prakash, Project Director
4. Inaugural Speech b y Mr Seiji Kojima, Charge de Affaires Ad Interim of Japan.
5. Background paper on Coops in Bangladesh
6. Indian Coop Movement a Profile
7. Agricultural Cooperatives in India - background paper
8. Agricultural coops in India by C Sehar
9. Agrl Coop Movement in Indonesia
10. Introduction to Indonesia
11. The development of KPSBU Lembang
12. Dairy cooperative organisation
13. GKSI its activities
14. KUD in Indonesia
15. Situation of Korean Agriculture and role of coops
16. Agrl Coops in Myanmar
17. Agrl coops in the Philippines
18. Agriculture and agricultural coop movement in Vietnam
19. Situation of agricultural coops in Hochi Minh city.







**9th ICA/Japan Training Course for Strengthening  
Management of Agricultural Cooperatives in Asia  
India, Indonesia and Japan.  
October 17,1994-April 22,1995**

**International Cooperative Alliance  
Regional Office for Asia and the Pacific**

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E-Mail : icageneva@gn.apc.org

Course Director : Dr. Daman Prakash  
Programme Officer : Mr. A.H.Ganesan

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MANCHESTER 1995



**October 1994**

*Cover: His Excellency Seiji Kojima, Minister, in the Embassy of Japan in India, delivering his Inaugural Address of the 9th ICA-Japan Management Training Course. (l-r) Dr Daman Prakash, Project Director, ICA/Japan Management Training Project, H.E. Seiji Kojima, Mr G.K.Sharma, ICA Regional Director for Asia and the Pacific, and Mr. B.D. Sharma, Chief Executive of the National Cooperative Union of India.*



# **NINTH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA**

**India – Indonesia – Japan**

**October 17,1994 - April 22,1995**

## **Course Information and Programme**

### **01. BACKGROUND**

Based on discussions held between the International Cooperative Alliance (ICA), the Central Union of Agricultural Cooperatives of Japan (JA-ZENCHU) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan, a Regional Training Project for Strengthening Management of Agricultural Cooperatives in Asia was developed and agreed upon for implementation through the ICA. The first course attended by 15 participants from 9 countries of Asia was held during 1986-87. The Ninth Course starts on October 17, 1994. The six-month long training programme is implemented by the ICA through its Regional Office for Asia and the Pacific (ICA ROAP) and with the collaboration of well-known institutions e.g., the Institute for the Development of Agricultural Cooperation in Asia (IDACA), Tokyo, Japan; Institute of Rural Management (of India) (IRMA), Anand (Gujarat); Vaikunth Mehta National Institute of Cooperative Management, Pune (VAMNICOM-India); and the ICA member-organisations in India, Indonesia and Japan.

The ICA, an international non-governmental organisation of long history and rich experience in the cooperative sector worldwide was chosen by the MAFF to implement the Project. Within the United Nations system, the ICA enjoys Category-I Consultative Status with the UNEconomic and Social Council (UN/ECOSOC). The ICA has affiliates in 101 countries with 225 national organisations and 9 international organisations serving over 730 million individual members. The ICA Regional Office for Asia and the Pacific (ICA ROAP), operating from New Delhi since 1960, serves 62 national level organisations from 26 countries and the ACCU, representing over 470 million individual cooperators.

Until the end of the Eighth Course, 120 participants consisting of senior to middle-level managers responsible for agricultural cooperative development, men and women, have participated in the programme successfully. As a part of their training they have also produced concrete, technically-sound and potentially viable 118 projects in the agricultural cooperative sector aiming at enhancing the participation and income of grass-roots level farmer-members. Several of these projects are already under implementation in various countries.

Because of the strong technical inputs made, the programme has been able to enhance the management capabilities of the participants. The course is extremely popular among cooperative managers and increasing demands are being made on the ICA to further broaden the scope of the programme. The user-organisations in the Region have also found the programme very useful and effective.

### **02. OBJECTIVES**

The overall objective of the training programme under this Project “is to help strengthen and improve agricultural cooperative performance in the Asian region in order to bring about a qualitative and quantitative improvement in cooperative services to member-farmers at the grass-roots level with the ultimate objective of increasing member’s income and ensuring his active participation in cooperative business.”

### **03. PARTICIPANTS**

Fifteen participants holding middle or senior level managerial positions in agricultural cooperatives and their supervising organisations are selected to attend this course. Participants for the Ninth Course

have been selected from 07 Asian countries i.e. Bangladesh, India, Indonesia, Republic of Korea, Myanmar, the Philippines, and Vietnam.

#### **04. PROGRAMME OUTLINE**

The structure of the Programme is designed in such a way that the participants are given theoretical inputs in the principles and practices of management of agriculture and agricultural cooperatives and with special emphasis on producing technically sound and feasible development projects, class-room teaching, opportunities to meet leaders and managers of agricultural cooperatives and to study the various development models of agricultural cooperatives through study visits and reference material, and visiting several countries in which the training programme is located. The main idea behind taking the participants to various other countries is to enable them to compare their own home situations with other movements and to help them understand the various development models in agricultural cooperative sector. In brief, the main features of the programme are:

***i. Part-I of the Programme in India including Study Visits  
October 31,1994 - December 31,1994***

First part of the programme is of two months duration and is held in India. This part covers: exposure to communication strategies, management techniques and practices, study visits in the States of Haryana, Punjab, Chandigarh, Himachal Pradesh, Maharashtra and Delhi, with a view to meet leaders and managers of successful agricultural cooperatives and to observe the application of value-addition in agro-processing.

***ii. Home Country Assignments***

***October 17-30, 1994, and January 01- February 07, 1995***

An important component of the training programme is the participant's field assignment in his/her home country for about 45 days. The Home Country Assignments (HCA) are intended to provide to the participants an opportunity to identify areas for viable projects in the course-related subjects, in consultation with their organisations and formulate cooperative development projects for appraisal at the Projects Appraisal Sessions (PAS) in Tokyo, Japan. It is expected that these projects, to be finalised towards the end of the training course, will provide a valuable framework for the sponsoring organisations to plan and implement development projects on similar lines for strengthening the structure and functioning of agricultural cooperatives in the respective countries.

It is thus important that the participants, as a first priority in their home countries, collect all possible technical details and information, and then produce a complete draft of the proposed project outline. The main idea is to have in hand a technically-sound and viable project for discussion and analysis at the Projects Appraisal Sessions to be held during Part-II of the Course in Japan.

The Home Country Assignment has been divided into two parts. During HCA-I, (October 17-30 1994), the participants are expected to collect the basic material, statistics and other information which will be needed by them in the preparation of their field projects. Part-II of HCA (January 01-February 6, 1995) comes into play only after completing part-I of the training course in India during which a thorough and exhaustive input is made through class-room work, study visits, lectures and background notes etc. During HCA-II, the participants will actually produce viable projects using all the techniques, information, data and methods including the on-the-spot consultations with home leaders.

***iii. Study Visits in Indonesia and Follow-up Review Workshop  
of former Participants from Indonesia. February 07-20, 1995***

Study Visits of two-weeks duration is organised in Indonesia. The participants will be able to observe the Indonesian model of agricultural cooperatives; participate in the National Follow-Up Review Workshop for former participants from Indonesia; and meet leaders and managers of agricultural cooperatives.

The National Follow-up Programme (5th in the series) is being organised with a view to have a feedback from the former participants in Indonesia on the progress of the implementation of their development projects and to enable the 9th Course participants to learn from the experiences of the former

participants. (The previous follow-up workshops were held in the Republic of Korea, India, Sri Lanka and Thailand). At the same time, the IDACA plans to hold its IDACA Re-Union Programme for Indonesia.

#### **iv. Part-II of the Programme in Japan including Study Visits**

**February 21-April 22,1995**

Part-II of the Programme is held in Japan. This segment includes: a Projects Appraisal Session on the draft projects prepared by the participants during their Home Country Assignments; a thorough exposure to management practices followed in agricultural cooperatives in Japan through class-room teaching delivered by well-known lecturers drawn from agricultural cooperatives, cooperative institutions and government; direct interaction with agricultural cooperative leaders and member-farmers; finalising training programme reports of the participants and an End-of-the Course Evaluation.

Agricultural cooperatives in Japan are the most sophisticated high-tech managed cooperative institutions which, not only produce and market the needed agricultural products but also look after the members and their interests in its totality. The phenomenal rise of Japanese post-War economy can safely be attributed to the hard and systematic work done by these agricultural cooperatives in consolidating people, land resources and producing the needed food and providing the needed services to the community.

The Japanese agricultural cooperative movement had successfully introduced a number of innovations which are of great relevance to the movements in the region. Some of the interesting features of the agricultural cooperatives have been: amalgamation of cooperatives to make them more viable and service-oriented; farm guidance and better-living services to achieve a high degree of communication with the members and to enrich their social life; protection of interests of farmer-members through mutual insurance, health care; carefully planned and well-executed marketing and supply functions through specially-created and cooperative-owned holding companies; production of quality consumer goods and services; successfully interacting with the government through a process of policy dialogue; education and training of farmer-members through a network of cooperative training institutions; ensuring higher economic returns to the farmer-members through a process of value-addition; encouraging women and youth to form associations to compliment and supplement the work of agricultural cooperatives especially in taking care of sustaining interest of the young and the aged in the honoured profession of farming; encouraging the farmer-members in controlling pollution to produce and market the health and nourishing agricultural products to safeguard the interests of consumers; and extending technical collaboration with the developing movements.

During their participation in Part-II of the programme, the participants will be exposed to all these core segments of the Japanese agricultural cooperative movement through a process of class-room teaching, field visits, interaction with members and leaders of cooperatives and through a well-documented literature. The programme in Japan is coordinated by IDACA.

### **5. METHODOLOGY**

05.1 Participative methods will be followed throughout.

05.2 Group work based on assignments given by resource persons (case studies, documents, books, computer software).

05.3 Group exercises.

05.4 Lectures will mainly be for introducing a subject for group discussion. The lecturer will act as a facilitator of learning. Case studies will be widely used.

05.5 Participants will be actively involved in the preparation of model plans for integrated cooperative development and detailed plans for various levels of activities. They will also be asked to prepare budgets, financial statements and field situation reports. Towards the end of Part-II of the programme in Japan, the participants will be asked to prepare a Regional Agricultural Promotion Plan (RAPP) on the Japanese model.

05.6 Use of related books and documents will be encouraged. Relevant books, general reference material and technical documents will be supplied.

05.7 Audio-visual aids will be used extensively.



05.8 An End-of-the-Course Evaluation is carried out.

05.9 The course day-to-day programme has been developed after intensive discussions with host organisations. However, the dates and timings could be altered by the Project Director as and when needed to take care of any special circumstances and reasons.

## 06. RESOURCE PERSONS

Resource persons for the Indian Part of the course will be drawn from the ICA Regional Office, the Vaikunth Mehta National Institute of Cooperative Management, VAMNICOM, Pune; the Institute of Rural Management (IRMA-India), Anand; the Maharashtra State Cooperative Union, Pune; and others. Services of resource persons and specialists in different fields will also be obtained wherever necessary.

For Part-II of the Course in Japan, the resource persons will be recruited through IDACA from the Japanese Agricultural Cooperative Movement and other National Federations.

For the Projects Appraisal Sessions in Tokyo, resource persons will be drawn from ICA, IDACA, and IRMA-India.

The Dewan Koperasi Indonesia, Dekopin (the National Cooperative Organisation of Indonesia) will provide resource persons to coordinate the field study visits in Indonesia. The National Cooperative Union of India, and the Maharashtra State Cooperative Union, Pune, will provide resource persons to carry out the study visits programmes in India.

## 07. ACCOMMODATION

The ICA has been able to arrange good quality accommodation for the participants at hotels and hostels. The accommodation is on a 2-in-one sharing basis. The names and addresses of hotels and hostels are given below in case the participants wish to receive their messages while outside New Delhi.

### **New Delhi, India**

#### **Vikram Hotel**

Ring Road, Lajpat Nagar

**New Delhi 110024**

Phone : (91-11) 643-6451 (10 lines)

Telex : 031-71161 STAR IN

Cable : Hotel Vikram, New Delhi

### **During study visits in India**

#### **Institute of Rural Management-India**

IRMA Hostel, Post Box No.60

**Anand 388001. Gujarat**

Phone : (91-02692) 23120, 23303

Fax : (91-02692) 23719

E-Mail : root@irm.ernet.in

Telex : 0172/262

#### **Vaikunth Mehta National Institute of Cooperative Management**

VAMNICOM Hostel, University Road

**Pune 411 007. Maharashtra**

Phone : 91-212-59445

Fax : 91-212-327766

Telex : 91-145-706 VICM

#### **Hotel Natraj**

135 Netaji Subhash Road

**Bombay 400 020. Maharashtra**

Phone : (91-22) 204 4161

Fax : (91-22) 204 3864

Telex : 82302 RAJA IN

**Sunbeam Hotel**  
Udyog Path, Sector 22.B,  
Chandigarh-160022  
Phone : (0172) 41335, 41390

**Hotel Holiday Home**  
Cart Road  
**Shimla-171001.** Himachal Pradesh.  
Phone : (0177) 212890  
Fax : (0177) 3887

**Jakarta, Indonesia**

**Arcadia Hotel**  
Jl K.H. Wahid Hasyim, No.114  
**Jakarta 10340.** Indonesia  
Phone : (62-21) 2300-050  
Fax : (62-21) 2300-995

**Bandung, Indonesia**

**Paniisan Hotel**  
Jalan Sukajadi 202  
**Bandung**  
Fax : (62-22) 232095

**Yogyakarta, Indonesia**

**Sahid Garden Hotel**  
Babarseri  
**Yogyakarta.**  
Phone : (62-74) 3697.

**IDACA, Tokyo, Japan**

**Institute for the Development of Agricultural Cooperation in Asia**  
IDACA Hostel, 4771 Aihara-cho  
Machida-shi, Tokyo. 194 02. Japan.  
Phone : (3-81) 427-82 4331  
Fax : (3-81) 427-82 4384  
Telex : (3-81) 720-287 2205 IDACA J  
Cable : Idacainasia, Tokyo

## **08. COURSE COORDINATION**

The entire programme will be coordinated by the Project Director for the full duration of the Training Course. Details on all arrangements will be communicated from time to time.

The Project Director will be responsible for the day-to-day implementation of the Programme. In case any assistance is needed by any of the participants, it is expected that a contact with the Project Director is established in the very first instance. All participants are expected to participate in the Programme for its full duration.

### **ICA Training Project for Management of Agricultural Cooperatives in Asia**

International Cooperative Alliance  
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E-Mail : icaroap@unv.ernet.in

**Dr. Daman Prakash** Off. Phone : (91-11)683-5123  
Project Director Res. Phone : (91-11)644-2751  
**Mr. A.H.Ganesan** Res. Phone : (91-11) 559-4516  
Programme Officer

## **COURSE PROGRAMME**

- Oct 17. Mon- Home Country Assignment Part-I  
Oct 30. Sun Collection of basic information as a preparatory to produce development projects

### **PART-I : TRAINING COURSE IN INDIA INCLUDING STUDY VISITS**

- Oct 29. Sat Arrivals of participants in India.  
Oct 30. Sun Stay at Vikram Hotel, New Delhi  
Oct 31. Mon FN Inauguration of Part-I of the Course at ICA ROAP, New Delhi.  
Inauguration by H.E. Mr. Seiji Kojima, Minister, Embassy of Japan in India  
- General Orientation Session  
- Methodology of Training Course, and related practical matters.  
AN Introduction to ICA and its activities in Asia-Pacific Region.  
by Dr. Daman Prakash, Project Director.  
Nov 01. Tue FN Visit National Cooperative Union of India  
AN Introduction to India, New Economic Policies and the Role of  
the Cooperative Movement  
by Mr BD Sharma, Chief Executive, National Cooperative Union of India  
Nov 02. Wed FN Country Background Papers  
AN Country Background Papers  
Nov 03. Thu DIWALI HOLIDAY. Free  
Nov 04. Fri FN Visit to NAFED-India (National Agricultural Cooperative Marketing  
Federation Limited)  
AN Country Background Papers  
Nov 05. Sat FN Country Background Papers  
AN Country Background Papers  
Nov 06. Sun VISIT TO TAJ MAHAL, Agra. (Day trip by bus)  
Nov 07. Mon Travel to Ahmedabad/IRMA, Anand. (by air)  
(M9-109 at 1300 hrs. Arrival Ahmedabad at 1420 hrs)  
Nov 08. Tue- ICA/IRMA MODULES ON MANAGEMENT PRINCIPLES, METHODS AND  
Dec 07. Wed TECHNIQUES WITH SPECIAL REFERENCE TO MANAGEMENT LEAD-  
ERSHIP DEVELOPMENT IN AGRICULTURAL COOPERATIVES IN ASIA  
A detailed period-wise time-table has been prepared by the IRMA which will be  
distributed among the participants separately. However, the following main  
subjects will be covered during the ICA/IRMA modules:  
- Accounting (Methods and Practices)  
- Communication (Methods and Techniques)



- Costing (Methods and Procedures)
- Executive Effectiveness
- Financial Management
- Integrated Cooperative Systems
- Marketing (Methods and Practices)
- Personal Computers (Familiarisation)
- Project Management (Formulation and application)

Nov.12 Sat Field Visits  
 Nov.13 Sun Free  
 Nov.19 Sat Field Visits  
 Nov.20 Sun Free  
 Nov.26 Sat Field Visits  
 Nov.27 Sun Free  
 Dec.04 Sun Visit to Gandhinagar/Ahmedabad  
 Dec.07 Wed - Valedictory and Feedback Session  
 - ICA Dinner at IRMA.

Dec 08. Thu Return to New Delhi (by air)  
 (IC-862 at 2045 hrs. Arrive Delhi at 2210 hrs)  
 Stay at Hotel Vikram, New Delhi

Dec 09. Fri OPEN (Individual Assignments)

Dec 10. Sat OPEN (Individual Assignments)

Dec 11. Sun FREE. Prepare for Study Visits.

**STUDY VISITS IN PUNJAB, HARYANA  
 AND HIMACHAL PRADESH STATES**

Dec 12. Mon  
 0800 Dep. for Chandigarh. On the way visit the HAFED  
 Trawari Complex: (5 hrs drive)

- HAFED Pesticides Plant at Trawari
- HAFED Rice Milling Unit at Trawari
- HAFED CAP Wheat Storage at Trawari

Stay at Sunbeam Hotel, Udyog Path,  
 Sector 22-B, Chandigarh-160 022

Dec 13. Tue Briefing on Cooperative Movements of Punjab & Haryana  
 Venue : Institute of Cooperative Management  
 Sector 32-C, Chandigarh-160 047

FN 0830-0930 ICM  
 0930-1030 HAFED-Haryana  
 1100-1300 MARKFED-Punjab

AN Visit MARKFED's Vanaspati Mills at Khanna.

Dec 14. Wed Briefing on Punjab and Haryana Cooperatives (contd).  
 Venue: ICM

FN 0930-1030 Punjab State Cooperative Bank  
 1100-1300 Haryana State Cooperative Bank

AN Local sight-seeing in Chandigarh

Dec 15. Thu  
 0800 Dep. for Shimla (about 4 hrs drive)

- Visit on the way : NAFED's Fruit Processing Plant at Jabli.  
 Stay at Hotel Holiday Home, Cart Road, Shimla-171001
- Dec 16. Fri Briefing on Himachal Pradesh Cooperative Movement.  
 Venue : Agricultural Cooperative Staff Training Institute  
 Sangti, Summer Hills, Shimla
- FN - ACSTI  
 & - Himachal Pradesh State Cooperative Bank  
 AN - Himachal Pradesh State Cooperative Union
- Dec 17. Sat
- 0700 Travel to Chail (about 2 hrs drive)  
 1030 Visit: Koti Multipurpose Cooperative Society  
 1330 Briefing on HIMFED (Himachal Pradesh State Cooperative  
 Consumers and Marketing Federation Ltd)  
 Venue: Hotel Holiday Home, Shimla
- Dec.18. Sun
- 0800 Dep. for New Delhi (6-7 hrs drive)  
 Lunch (at King Fisher Rest House, Ambala)  
 Stay at Vikram Hotel, New Delhi
- Dec 19. Mon OPEN (Individual Assignments), Prepare for field visits.
- Dec 20. Tue Dep. for Pune. (Morning flight)  
 (Dep. M9-459 at 0800 hrs. Arrive Pune 1000 hrs)
- Dec 21. Wed- **WORKSHOP ON MANAGEMENT OF PROCESSING AND MARKETING**  
 Dec 22. Thu **COOPERATIVES AT VAMNICOM**  
 Venue : Vaikunth Mehta National Institute for  
 Cooperative Management, Pune, Maharashtra.
- Dec 23. Fri Study Visits to Pravaranagar Sugar Cooperative  
 0700 Dep by bus for Pravaranagar. (4 hrs drive)  
 Visit to Pravaranagar Cooperative Sugar Factory its facilities and  
 related institutions  
 Stay at Gorodia Hotel at Shirdi.
- Dec 24. Sat Visit to Pravara Sugar Factory Complex.  
 Discussion on Social Objectives of Cooperatives.  
 Venue : PIRENS, Loni.  
 Stay at VAMNICOM Hostel, Pune
- Dec 25. Sun **Christmas Holiday**  
 (Local visits in Pune City)
- Dec 26. Mon Visits in Pune:  
 - Katraj Cooperative Dairy  
 - Maharashtra State Cooperative Union  
 - Indian Films and TV Institute
- Dec 27. Tue Dep. for Bombay (by bus, about 4 hrs drive)  
 Stay at Hotel Natraj in Bombay
- Dec 28. Wed FN Visit Maharashtra State Cooperative Bank Limited  
 AN Free

- Dec 29. Thu Dep. for New Delhi.  
(9W-311 at 1750 hrs. Arrive Delhi 1945 hrs)
- Dec 30. Fri ICA ROAP. IRMA Round-up Session.  
ICA Farewel Dinner
- Dec 3,'94 Sat Departures for Home Country Assignments Part-II  
Jan-01,'95 Sun Departures for Home Country Assignments Part-II
- HOME COUNTRY ASSIGNMENTS**
- Jan 01. Sun- Home Country Assignments of Participants for Preparation  
Feb 06. Sun of Cooperative Development Projects in their Respective Countries.  
The group will re-assemble in Jakarta, Indonesia on February 07, 1995.
- STUDY VISITS IN INDONESIA & NATIONAL FOLLOW-UP REVIEW WORKSHOP FOR FORMER PARTICIPANTS FROM INDONESIA**
- Feb 06. Mon Arrivals in Jakarta of ICA, IDACA, CUAC and MAFF officials  
Stay at Hotel Arcadia  
JI KH Wahid Hasyim. No.114, Jakarta.
- Feb 07. Tue Meetings  
Arrivals in Jakarta of ICA/Japan 9th Course Participants.  
Stay at Hotel Arcadia, Jakarta.
- Feb 08. Wed **NATIONAL FOLLOW-UP REVIEW WORKSHOP OF FORMER PARTICIPANTS FROM INDONESIA**  
Venue: Auditorium of Depkop
- 0930- Inaugural Session of the Workshop  
1130 - Introduction by Dr Daman Prakash  
- Welcome by President, Dekopin  
- Statements by IDACA/CUAC/MAFF  
- Inaugural Address by Hon'ble Minister for Cooperatives and Small-Scale Industries, Republic of Indonesia  
Tea break  
1130 Statements by User-Organisations  
- Dekopin  
- GKSI  
- INKUD  
1210 Lunch Break  
1330 "Cooperative Movement in Indonesia with special reference to Agricultural Cooperatives - Achievements and Problems."  
Special Talk by Drs. Solarso, Director-General, Depkop.  
1500 Presentation of Status Papers by Former Participants of ICA/Japan Courses
- Feb 09. Thu 0930 **IDACA REUNION PROGRAMME**  
for former participants from Indonesia to IDACA  
Venue: Auditorium of Depkop  
1330 ICA-Japan National Follow-up Workshop (contd.) at Depkop.  
1830 IDACA Dinner



Feb 10.	Fri		Leave for Bandung via Puncak by bus Lunch on the way
		1200	Visit to the following: - KUD Cipanas in Puncak area - BALATKOP on way to Hotel
		1500	- KUD Pasir Jambu. (Vegetables, Black tea, and Agricultural tools) Stay at Paniisan Hotel in Bandung
Feb 11.	Sat		Visits to Cooperatives in Bandung Area. - KUD Sinar Jaya (Fruits and Vegetables, Rice milling, dairy and loans) - GKSI Factory - IKOPIN (Institute of Cooperative Management) - DEKOPINWIL at IKOPIN itself.
Feb 12.	Sun		Sight-seeing in Bandung area.
		AN	Free in Bandung
Feb 13.	Mon		Leave for Yogyakarta by bus (10 hrs) Stay at Hotel Sahid Garden in Yogyakarta
Feb 14.	Tue		Visits to the following:
		0900	- Kanwilkop Office
		1000	- Puspeta Sari at Kopti in Kelatan, - Vanila Cooperative, Furniture Activities - Perambanan Temple Complex (on way back).
Feb 15.	Wed		Visits to the following
		0900	- Puskud - Wholesaling, Retailing for KUDs
		1700	- KUD Warga Mulia - Dairy Cooperative - Gajah Madah University Cooperative KOPMA (including consumer store) Stay at Sahid Garden Hotel, Yogyakarta.
Feb 16.	Thu	0800	Leave for Borobodur Temple Complex by bus. Depart for Jakarta from Borobodur Stay at Hotel Arcadia, Jakarta
Feb 17.	Fri		Supplementary Information on the following:
		0900-	- National Batik Cooperative Federation.
		1300	- National Dairy Cooperative Federation. - National Cooperative Bank - Bukopin. - KPI
			Venue : Bank Bukopin Building JI MT Haryono, Jakarta Selatan
		AN	Cooperative Training Structure in Indonesia ICA Dinner
Feb 18.	Sat		Visit to the following:
		0800-	- Dairy Cooperative in Bogor Area
		1600	- Kopti in Bogor - Safari Garden









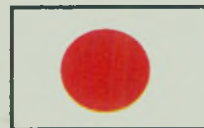






## PARTICIPANTS

9th ICA/Japan Training Course for Strengthening Management  
of Agricultural Cooperatives in Asia  
India, Indonesia, Japan. October 17, 1994 – April 17, 1995



**Siddiqur Rahman**  
Bangladesh  
Bangladesh Milk Producers  
Cooperative Union Ltd.



**Durga Pada Patra**  
India  
Indian Farmers' Fertiliser  
Cooperative Ltd. (IFFCO)



**Kanhalya Lal Nalwaya**  
India  
National Cooperative  
Union of India



**C. Sehar**  
India  
Tamil Nadu Cooperative  
Marketing Federation Ltd.



**Ayl Suhendi**  
Indonesia  
Union of Dairy Cooperatives  
of Indonesia



**Ms. Marleen Erna Dien**  
Indonesia  
Rural Unit Cooperative  
Federation, North Sulawesi



**Drh Rias Dyah Tri Silvana**  
Indonesia  
Union of Dairy Coop-  
eratives of Indonesia



**Jong Soo Lee**  
Rep. of Korea  
National Agricultural  
Cooperative Federation



**Pyeong Woo Min**  
Rep. of Korea  
National Livestock  
Cooperatives Federation



**U Aung Maung**  
Myanmar  
Central Cooperative  
Society



**Ms. Htay Htay**  
Myanmar  
Township Cooperative  
Society



**Eddie B Lantaca Jr.**  
Philippines  
Perpetual Help Credit  
Cooperative



**Rony L Farquerabao**  
Philippines  
EARN Romblon Fede ration  
of Cooperatives



**Ms. Tran Kim Linh**  
Vietnam  
Central Council of Viet-nam  
Coops. Union



**Ms. Truong Ngoc Oanh**  
Vietnam  
Saigon Cooperative



**Daman Prakesh**  
Project Director  
ICA ROAP  
New Delhi



**A. H. Ganesan**  
Programme Officer  
ICA ROAP  
New Delhi

Feb 19.	Sun	Free. (Optional Visits to Ancol, Taman Mini Indonesia).
Feb 20.	Mon	Concluding Session: 0900- - Reporting by Participants 1200 - Comments from Resource Persons - Concluding Statements 1700 Group Departure for Tokyo by Evening flight.
Feb 21.	Tue	0600 Arrival in Tokyo at Narita Airport. Move to IDACA by bus.

## **PART-II : TRAINING COURSE, JAPAN**

### **Management Practices Adopted by the Agricultural Cooperatives in Japan with Special Reference to Value-Addition and Agro-Processing**

Feb 21.	Tue	Arrival of participants at IDACA for Part-II.
Feb 22.	Wed	Formal Inaugural Session of Part-II at IDACA.
	FN	- Inauguration - Introduction to IDACA
	AN	Projects Appraisal Session
Feb 23.	Thu	Projects Appraisal Session
Feb 24.	Fri	Projects Appraisal Session
Feb 25.	Sat	Projects Appraisal Session
Feb 26.	Sun	Free
Feb 27.	Mon	Projects Appraisal Session
Feb 28.	Tue	Projects Appraisal Session
Mar 01.	Wed	Projects Appraisal Session
Mar 02.	Thu	Projects Appraisal Session
Mar 03.	Fri	Projects Appraisal Session - Comments by Resource Persons
Mar 04.	Sat	Free
Mar 05.	Sun	Sight-seeing in Tokyo
Mar 06.	Mon	Japanese Culture, Economy and Society
Mar 07.	Tue	Agriculture in Japan
Mar 08.	Wed	History of Japan and Change of Rural Communities
Mar 09.	Thu	Organisation and Business of Agricultural Cooperatives
Mar 10.	Fri	Marketing Business of Agricultural Cooperatives
Mar 11.	Sat	- Visit to Ohta Fruits and Vegetables Wholesale Market - Visit to Yamato Distribution Centre
Mar 12.	Sun	Free
Mar 13.	Mon	Purchasing Business of Agricultural Cooperatives
Mar 14.	Tue	Farm Guidance Activities of Agricultural Cooperatives
Mar 15.	Wed	Credit Business of Agricultural Cooperatives
Mar 16.	Thu	Visit to Central Union of Agricultural Cooperatives - JA ZENCHU and other national level federations

Mar 17.	Fri	Better Living Activities and Women's Associations in Agricultural Cooperatives
Mar 18.	Sat	Summing-up of Lectures and Group Discussions
Mar 19.	Sun	Free. Prepare for field visits.
Mar 20.	Mon	- Travel to Nagasaki - Visit to Fishery Cooperative
Mar 21.	Tue	Sight-seeing in Nagasaki
Mar 22.	Wed	- Visit to JA Saga Chuokai - Visit to JA Saga Keizairen
Mar 23.	Thu	- Visit to JA Ogigun Study of Better Living Activities
Mar 24.	Fri	- Visit to JA Kanzakigun Study of Farm Guidance Activities
Mar 25.	Sat	Travel for Tokyo
Mar 26.	Sun	Free
Mar 27.	Mon	Measures for Giving Additional Values to fARM Producers
Mar 28.	Tue	Case Study I - Processing Business
Mar 29.	Wed	Exercise on Regional Agricultural Promotion Plan-I
Mar 30.	Thu	Exercise on Regional Agricultural Promotion Plan-II
Mar 31.	Fri	Case Study II - Environment-Friendly Agriculture
Apr 01.	Sat	Group discussions
Apr 02.	Sun	Free
Apr 03.	Mon	Educational Activities of Agricultural Cooperatives
Apr 04.	Tue	Visit to Forestry and Fishery Cooperative Federations in Tokyo
Apr 05.	Wed	Present Situation and Problems of Trade among Cooperatives
Apr 06.	Thu	Business Administration in Agricultural Cooperatives
Apr 07.	Fri	Mutual Insurance Business: Agricultural Loss Compensation Scheme
Apr 08.	Sat	Group Discussions
Apr 09.	Sun	Free. Prepare for field visits.
Apr 10.	Mon	Travel for Aichi Prefecture
Apr 11.	Tue	- Visit to Aichi Prefectural Union Study of Long Term Planning
Apr 12.	Wed	- Visit to Anjou City Agricultural Cooperative. Study of Long-Term Planning
Apr 13.	Thu	- Visit to Higashi Chita Agricultural Cooperative. Study of Long-Term Planning
Apr 14.	Fri	Visit to Kyoto
Apr 15.	Sat	Travel to Tokyo
Apr 16.	Sun	Free
Apr 17.	Mon	Summing-up of Study visits, and group discussions
Apr 18.	Tue	Supplementary Lecture
Apr 19.	Wed	Report Writing
Apr 20.	Thu	Report Writing
Apr 21.	Fri	- End-of-the-Course-Evaluation - Closing Ceremony - Award of Certificates
Apr 22.	Sat	Departure for home countries



## PARTICIPANTS

- Bangladesh** 1. Mr. Siddiqur Rahman  
Senior Assistant Manager  
Bangladesh Milk Producers Cooperative Union Ltd  
139-140, Tejgaon Industrial Area  
**Dhaka**, Bangladesh.
- India** 2. Mr. Durga Pada Patra  
Area Manager,  
Indian Farmers' Fertilizer Cooperative Ltd (IFFCO)  
Kalibari Road, 2nd floor,  
**Siliguri-734 404**, Darjeeling Dist.734 404. India
3. Kanhaiya Lal Nalwaya  
Director  
National Cooperative Union of India  
3 - Siri Institutional Area,  
Khel Gaon Marg,  
**New Delhi - 110016**. India
4. Mr. C. Sehar  
Secretary  
Tamil Nadu Cooperative Marketing Federation Ltd.  
91 St Mary's road, **Madras-600 018**, Tamil Nadu. India.
- Indonesia** 5. Mr. Ayi Suhendi  
Senior Manager, KPSBU Lembang,  
Bandung, West Jawa.  
C/o Union of Dairy Cooperatives of Indonesia, GKIS  
Jl Prof Soepomo Sr No. 178  
**Jakarta Selatan**. Indonesia.
6. Ms. Marleen Erna Dien  
Division Chief  
Rural Unit Cooperative Federation, North Sulawesi.  
C/o Induk Koperasi Unit Desa, Wisma Koperasi  
Jl Let.Jen. S. Parman Kav.80, Slipi  
**Jakarta Selatan**. Indonesia.
7. Drh Rias Dyah Tri Silvana  
Coordinator, KUTT 'SUKA MAKMUR', Grati, Pasuruan, East Java  
C/o Union of Dairy Co-operatives of Indonesia, GKSI  
Jl. Prof.Soepomo SG 178  
**Jakarta**. Indonesia.

- Republic of Korea**
8. Mr. Jong Soo Lee  
Assistant Manager, Marketing Planning Department  
National Agricultural Cooperative Federation  
75, 1-ka, Choongjeong-ro, Jung-ku  
**Seoul-100 707. Korea**
9. Mr. Pyeong Woo Min  
Assistant Manager, Research Department,  
National Livestocks Cooperative Federation  
451 Songnae Dong, Kangdong-gu  
**Seoul-134 763. Korea.**
- Myanmar**
10. U Aung Maung  
Manager, Sagaing Division Coop Syndicate  
C/o Central Cooperative Society  
334-336 Strand Road, **Yangon. Myanmar.**
11. Ms. Htay Htay  
Manager, Township Cooperative Society  
C/o Central Cooperative Society  
334-336 Strand Road, **Yangon. Myanmar**
- Philippines**
12. Mr. Eddie B Lantaca Jr.  
Manager, Perpetual Help Credit Cooperative  
Redemptorist Compound  
**Dumaguete City-6200, Negros Oriental. Philippines**
13. Mr. Rony L Farquerabao, Chairman,  
EARN Romblon Federation of Cooperatives, Inc.  
1143 E Quintos Street  
1008 Sampaloc. **Manila. Philippines.**
- Vietnam**
14. Ms Tran Kim Linh  
Chief, Accounts Deperatment  
Central Council of Vietnam Cooperatives Union  
6 Lang Ha Road, Ba Dinh District  
**Hanoi. Vietnam.**
15. Ms Truong Ngoc Oanh  
Propaganda Official  
Saigon Cooperative  
56 Nguyen Trai Street, Dist-I  
**Hochi Minh City. Vietnam.**
- ICA ROAP**
- Dr. Daman Prakash**  
Project Director
- Mr. A.H.Ganesan**  
Programme Officer

**CHRONOLOGY OF ICA-JAPAN AGRICOOPS MANAGEMENT  
TRAINING COURSES HELD**

<i>Course No.</i>	<i>Dates</i>	<i>Countries were Courses held</i>	<i>Participating countries</i>
FIRST	Nov 01, 1986- May 03, 1987	India, Thailand, Japan & Republic of Korea	15 PARTICIPANTS FROM: Bangladesh, China, India, Indonesia, Korea, Malaysia, Philippines, Sri Lanka and Thailand
SECOND	Oct.26, 1987- May 10, 1988	India, Thailand Japan & Republic of Korea	Bangladesh, China, India, Indonesia, Korea, Malaysia, Philippines, Sri Lanka and Thailand.
THIRD	Oct 24, 1988- May 07, 1989	India, Thailand, Japan & Peoples	Bangladesh, China, India, Korea, Rep. of China, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand
FOURTH	Oct 23, 1989- May 10, 1990	India, Thailand, Japan and Republic of Korea.	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand.
FIFTH	Oct 22, 1990- May 10, 1991	India, Thailand Japan and Republic of Korea	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand.
SIXTH	Oct 21, 1991- May 10, 1992	India, Thailand Japan and Peoples Republic of China	Bangladesh, China, India, Indonesia, Iran, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.
SEVENTH	Nov 09, 1992- May 08, 1993	India, Thailand, Japan and Rep.of Korea	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam.
EIGHTH	Oct 20, 1993- Apr 21, 1994	India, Sri Lanka, Thailand and Japan	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand and Vietnam.
NINTH	Oct 17, 1994- Apr 22, 1995	India, Indonesia and Japan	Bangladesh, India, Indonesia, Korea, Myanmar, Philippines, and Vietnam.
TOTAL NUMBER OF PARTICIPANTS :			135



**COUNTRYWISE PARTICIPATION IN ICA/JAPAN MANAGEMENT TRAINING COURSES  
HELD DURING 1986/87 - 1994/95**

COUNTRY	1986-87 JTC I	1987-88 JTC II	1988-89 JTC III	1989-90 JTC IV	1990-91 JTC V	1991-92 JTC VI	1992-93 JTC VII	1993/94 JTC VIII	1994/95 JTC IX	TOTAL
BANGLADESH	1	1	1	1	1	1	1	1	1	9
CHINA	2	2	2	2	2	2	-	-	-	12
INDIA	3	3	2	2	2	2	3	2	3	22
INDONESIA	1	2	-	-	-	1	1	2	3	10
IRAN	-	-	-	-	-	1	1	1	-	3
KOREA, REP.OF	2	2	2	2	2	2	2	2	2	18
MALAYSIA	1	1	1	2	1	1	1	1	-	9
MYANMAR	-	-	-	-	-	-	-	1	2	3
PAKISTAN	-	-	1	1	1	1	1	1	-	6
PHILIPPINES	2	1	2	2	2	1	1	-	2	13
SRI LANKA	1	1	2	1	2	1	2	2	-	12
THAILAND	2	2	2	2	2	1	1	1	-	13
VIETNAM	-	-	-	-	-	1	1	1	2	5
<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>135</b>



THE INSTITUTE OF RURAL MANAGEMENT, Anand, Gujarat, India. The IRMA was established in 1979 at Anand, Gujarat. It was initiated with the support of the Government of India, the State Government of Gujarat, the National Dairy Development Board (NDDDB) and others. Beginning with providing management training and research support to the cooperatives in the dairy sector, IRMA currently extends its services to a wide variety of organisations: cooperatives in oilseeds, fruits and vegetables, credit, sugar, handlooms, and handicrafts sectors; voluntary/non-governmental agencies; and governmental and other bodies. The core of IRMA's operating philosophy is that the partnership between rural people and committed professional managers is the basis of sustainable rural development. It offers a variety of programmes, prominent among these are: 2-year Post Graduate Programme in Rural Management; one-year programme; 6-week programme on Management of Agricultural Cooperatives in Developing Countries; 6-week Management Appreciation Programme for Voluntary Organisations; and several specialised orientation and training activities including workshops and seminars for cooperatives and rural institutions.

The IRMA provides technical support to the International Cooperative Alliance Regional Office for Asia and the Pacific in conducting "Modules on Management Principles, Methods and Techniques with special reference to Management Leadership Development in Agricultural Cooperatives in Asia" for its 9th Training Course.



The INSTITUTE FOR THE DEVELOPMENT OF AGRICULTURAL COOPERATION IN ASIA (IDACA) was established on July 8, 1963, by the Central Union of Agricultural Cooperatives of Japan, with funds raised from among agricultural cooperatives in Japan and with the support of the Government of Japan. The Institute, established on the basis of recommendations of the First Asian Agricultural Cooperative Conference, held in Tokyo in April 1962, imparts training to overseas agricultural cooperators as part of its international cooperative projects and has assumed the role of a survey and research organisation. During the last 30 years, the IDACA has trained more than 3000 participants from different countries of Asia and Africa. It has active collaboration on technical assistance programmes with the ICA and its Regional Office for Asia and the Pacific.

The IDACA offers to the ICA ROAP a specially-designed programme on 'Management Practices adopted by the Agricultural Cooperatives in Japan with special reference to Value Addition and Agro-processing' of 2 months duration for its 9th Training Course.



The INTERNATIONAL COOPERATIVE ALLIANCE (ICA) is a worldwide confederation of cooperative organisations of all types. Founded in London on 18th August, 1895, the ICA has affiliates in 101 countries with 225 national and 9 international level organisations as members serving over 730 million individual members.

The ICA Regional Office for Asia and the Pacific (ICA ROAP), located in New Delhi, India, since 1960, serves 62 national level organisations from 25 countries, and one international organisation (ACCU), representing nearly 470 million individual cooperators. Main activities include: coordination of cooperative development efforts within the Region and promotion of exchanges and experiences; project identification, formulation and evaluation; promotion of establishment and development of national cooperative apex organisations; and organisation of seminars and conferences on specific subjects including support for programmes aimed at the involvement of women and youth in cooperative activities.

The ICA enjoys Category-I Consultative Status with the United Nations Economic and Social Council (UN/ECOSOC) and has active working relations with UN and other international organisations.



**ica**  
centennial  
MANCHESTER 1995





Regional Office for  
Asia & the Pacific

NINTH ICA JAPAN TRAINING COURSE FOR  
STRENGTHENING MANAGEMENT OF AGRICULTURAL  
COOPERATIVES IN ASIA

OCTOBER 17, 1994 - APRIL 22, 1995

INAUGURATION DAY,

MONDAY, 31st OCTOBER 1994

P R O G R A M M E

=====

11.00 a.m.

Opening Address by

Dr Daman Prakash  
Project Director  
ICA Japan Management Training Project.

Welcome by

Mr G K Sharma,  
ICA Regional Director for Asia and the Pacific

Welcome on behalf of the  
Indian Cooperative Movement

Mr B.D.Sharma  
Chief Executive,  
National Cooperative Union of India

Inaugural Address by

H.E. Seiji Kojima,  
Minister, Embassy of Japan in India.

Vote of Thanks

Tea.





Regional Office for  
Asia & the Pacific

Monday, October 31 1994

#### 9TH ICA/JAPAN TRAINING PROGRAMME:

Welcome Address by Dr Daman Prakash, Project Director

---

Mr Chairman, His Excellency Seiji Kojima, Minister in the Embassy of Japan in India, Mr BD Sharma, Chief Executive of the National Cooperative Union of India, distinguished representatives of the Indian Cooperatives, distinguished guests, participants of the 9th Training Programmes, my colleagues, ladies and gentlemen

01 It is my pleasant duty to welcome you all at this inaugural session of the 9th ICA/Japan Training Programme on the Management of Agricultural Cooperatives in Asia. The 6-month long programme is financially supported by the Government of Japan in the Ministry of Agriculture, Forestry and Fisheries and conducted in collaboration with the Central Union of Agricultural Cooperatives of Japan (JA Zenchu) and the Institute for the Development of Agricultural Cooperation in Asia (IDACA). The first programme was held in 1986-87 and since then 120 participants consisting of senior to middle-level managers responsible for agricultural cooperative development, men and women, have participated in the programme successfully.

02 Like all other previous programmes, this course is also attended by 15 managers of agricultural cooperatives. The participants in this programme have come from 7 Asian countries, viz., Bangladesh, India, Indonesia, Republic of Korea, Myanmar, the Philippines and Vietnam. The programme, this time, will be located in three countries e.g., India, Indonesia and Japan. To run this programme we have enlisted the cooperation of our member-organisations in these three countries plus the technical support of several specialised institutions e.g., the Vaikunth Mehta National Institute of Cooperative Management, Pune, the Institute of Rural Management, Anand, and the IDACA-Japan. To

conduct field programmes and study visits we have enlisted the support of the National Council of Cooperative Training of India, the Institute of Cooperative Management in Chandigarh, the Maharashtra State Cooperative Union, Pune, the National Cooperative Council of Indonesia, the Department of Cooperatives of Indonesia, and a number of agricultural cooperative institutions in Japan.

03 The training programme consists of several segments which are inter-connected in order to give the maximum possible exposure to the participants on "value addition through agro-processing" by using class-room work, field visits, group and individual assignments, interaction with cooperative members, managers, leaders and well-prepared documentation. This particular programme has the following principal components:

- Review of participating country situations;

- Management Modules consisting of: Communication strategies; Accounting, Costing, Executive Effectiveness, Financial Management, Integrated Cooperative System, Marketing, Computer Awareness, Project Formulation and Appraisals - all with special emphasis on value-addition through agro-processing;

- Management practices followed in the Japanese agricultural cooperative movement; Development models of agricultural cooperatives in India and Indonesia;

- Techniques of formulating and appraising an agricultural cooperative development project.

04 All these components have been included in the programme to achieve the project objectives. The main aim of the project is "to help strengthen and improve agricultural cooperative

performance in the Asian Region in order to bring about a qualitative and quantitative improvement in cooperative services to member-farmers at the grass-roots level with the ultimate objective of increasing member's income and ensuring his active participation in cooperative business."

05 India and Indonesia have mainly agricultural-oriented economies and thus we find agricultural cooperatives participating effectively in national economic development efforts. India has over 350,000 cooperatives, out of which nearly 75% are agricultural cooperatives. These cooperatives serve nearly 160 million farmer-members. Some of the outstanding achievements of this sector can be appreciated through some of the successful ventures like the Milk cooperatives, Chemical Fertiliser cooperatives, Sugar cooperatives, Cooperative banks, Marketing cooperatives etc. etc. In the national context these cooperatives have served some useful purpose. In Indonesia, the 8,500 KUDs - the village multipurpose cooperatives - are a part of the government programme mainly to sustain the national food-stocks, consolidate people and land resources.

06 The agricultural cooperatives in Japan had introduced a number of innovations which are of great relevance to the movements in the region. Some of the interesting features have been: Amalgamation of cooperatives to make them more viable and service-oriented (and the amalgamation is done with the consent of the participating cooperatives, not through the dictum of the government); Farm guidance and better living services to achieve a high degree of communication with the members and to enrich their social life (cooperatives pay for such services); Protection of interests of farmer-members through mutual insurance, health care; Carefully planned and well-executed marketing and supply functions through specially-created and cooperative-owned companies (the concept of cooperative companies

has been implemented with success); Production of quality consumer goods and services; Successfully interacting with the government through a process of policy dialogue (the government respects such suggestions); Education and training of farmer-members through a network of cooperative training institutions and extension programmes; Ensuring higher economic returns to the farmer-members through a process of value-addition; Encouraging women and youth to form associations to compliment and supplement the work of agricultural cooperatives especially sustaining interests of the young and the aged in the time-honoured profession of farming; Encouraging the farmer-members in controlling pollution to produce and market the healthy and nourishing agricultural products to safeguard the health and interests of consumers; and Extending technical collaboration and assistance to the developing movements.

07. The participants will spend two months in India, two months in Japan, about 15 days in Indonesia and rest of the time will be used by them to produce development projects as a part of their home assignments. It is expected that the participants, upon completion of their training, will be able to perform their managerial responsibilities more efficiently and with a special emphasis on providing greater services to the basic units of agricultural cooperatives, the farmer-members. Many of the development projects produced by the former participants have been taken up by their respective cooperatives and these are now operational. User-movements have found this programme to be useful and highly relevant. The programme is in such a great demand that for each programme we normally have a waiting list. Due to the limitations of financial and other resources, we cannot broaden the scope of the programme. We hope that in future, the Government of Japan and our member-organisations in Japan will enable more of agricultural cooperative managers to benefit from this programme.

08 The International Cooperative Alliance, an international non-governmental organisation of long history and rich experience in the cooperative sector world-wide was chosen by the MAFF to implement the Project. The ICA has affiliates in 101 countries with 225 national organisations and 9 international organisations serving over 730 million individual members. The ICA Regional Office for Asia and the Pacific, operating from New Delhi since 1960, serves 62 national level organisations from 26 countries and one international organisation, representing over 470 million individual cooperators. The ICA enjoys Category-I Consultative Status within the United Nations Economic and Social Council and has active working relations with the UN Specialised Agencies and other international organisations.

09 Your Excellency, your Government has contributed significantly to the development of agricultural cooperatives in the Region through this programme. We would appreciate if you could kindly convey the appreciation of the Movements and that of the ICA to your Government.

10 With a view to assess the effectiveness of the programme and to enable the former participants to get together, we have also, with the support of the IDACA, JA-Zenchu and MAFF, organised follow-up workshops and the feedback from these workshops has been quite encouraging.

11 On behalf of the Project, on behalf of the ICA Regional Office, on behalf of the participants and on my own, I thank you, Your Excellency, and your colleague Mr Fukushima, for your kindness to be with us and to formally inaugurate this programme.



Regional Office for  
Asia & the Pacific

Monday, October 31 1994

9TH ICA/JAPAN TRAINING PROGRAMME:

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JTC/Speech.9th

dp.Oct 27 94

SPEECH BY MR. SEIJI KOJIMA, CHARGE D'AFFAIRES AD IMTERIM OF  
JAPAN AT THE INAUGURATION OF 9TH ICA/JAPAN TRAINING COURSE  
FOR STRENGTHENING MANAGEMENT OF AGRICULTURAL COOPERATIVES  
IN ASIA

NEW DELHI: 31st October 1994

Mr. G. K. Sharma, Regional Director, ICA

Mr. B. D. Sharma, Chief Executive, National Cooperative  
Union of India

Mr. Daman Prakash, Project Director, ICA

Distinguished Participants,

Ladies and Gentlemen:

I deem it an honour being invited to inaugurate this 9th ICA/Japan Training Course for Strengthening Management of Agricultural Cooperatives in Asia hosted by International Cooperative Alliance. This Training Course brings together trainees from several countries in Asia to learn management practices aiming to strengthen agricultural cooperative activities in their respective countries. It gives me great pleasure to note that the Training Course has been financially supported by the Ministry of Agriculture, Forestry, and Fisheries, Government of Japan, while the Central Union of Agricultural Cooperatives (JA-Zenchu) and the Institute for the Development of Agricultural Cooperation in Asia (IDACA) from Japan have lent their collaborative support to ICA in organizing this training programme. On this happy occasion I wish to commend ICA and the collaborating organizations for successfully holding this meaningful

programme with an impressive participation.

Notwithstanding the great strides taken by many Asian countries which are emerging as newly industrialised economies, I believe that the agriculture sector is still playing, and will continue to play an important role in the economy and the lives of the people. Agriculture today faces a major challenge, calling for improved management and usage of latest agriculture techniques for its viable and competitive existence. In a traditional sector like agriculture, it is the cooperatives which can provide leadership in bringing about such new orientation. In Japan in the post-war period such a lead was provided by agricultural cooperatives making possible introduction of newest technologies, improved management of agricultural land and better marketing of the agro-products. The experience of Japanese agricultural cooperatives, I am sure, should be of great interest and usefulness to other countries in Asia which too are undergoing dramatic transformation.

This Training Course offers an excellent opportunity to you representatives from agricultural cooperatives in Asia to learn newer management techniques, and no less important, to also share your knowledge and practical experience with each other. The latter part of the Course which will be conducted in Japan will provide you the opportunity to observe at first hand the functioning of agricultural cooperatives in Japan. I hope your training and stay here and latter in Japan will be most rewarding and enjoyable. Going back to your respective countries, I believe, you will appropriately put to practice the knowledge you will have acquired during the Course. I am sure that the improved management of cooperatives will contribute to the strenthening and development of viable

and prosperous agricultural cooperatives in your country.

I have great pleasure in inaugurating this Training Course and I wish it a grand success.

Thank you.

N I N T H

ICA/JAPAN TRAINING COURSE FOR STRENGTHENING  
MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA.

1994-95.

A CRITICAL EXAMINATION OF CO-OPERATIVE ORGANISATIONAL  
STRUCTURE AND MANAGEMENT PRACTICES AND PROBLEMS IN  
BANGLADESH

BY

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## COUNTRY PROFILE

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### INTRODUCTION:

Bangladesh is a Low-lying riverine & an Independent country of South east Asia. It comprises an area of 1,44,000 Square Kilometers with Population of 110 million which is increasing at the rate of 2.3% annually. It is one of the largest deltaic land of the world. It is an Agricultural Country of which 85% of the total population living in the rural areas depending mainly on Agriculture for their livelihood. It's main agricultural crops are rice, Jute, tea, sugar cane, Potato, Spices, oil seeds etc. Besides various types of tropical fruits and vegetables are also produced here. The rural sector occupies a remarkable position in the country. The social and economic Condition of the rural people are disappointing. The per capita income is 215.00 U.S. Dollar.

### CLIMATE:

Bangladesh has six seasons in a year of which three clearly defined seasons are present. They are winter (November to February), Summer (March to May) and Monsoon or Rainy season. It's annual average temperature ranges from 24.4°C to 26.7°C. Temperature throughout the year varies from 7°C-20°C in winter & 30°C-36°C in Summer, months. The annual average rain fall is 203 c.m.

### INDUSTRY:

The Industrial sector of the country is not so developed but it plays an important rule in the economy of the country. The Industrial sector covers appx. 11% of the total local production.

It's role in the national economy is increasing gradually. It provides essential equipment and machineries for agricultural sector and other industries, essential consumers goods, Transportati sector and accounts for about 65% of foreign exchange earnings through export. It also provides employment for a large number of work force. Due to high rate of population, cultivable land becomes limited and for this reason Stability in economic and social development of the country is not possible without rapid Industrialization. The main Industry of the country are Jute Industries, Garments factories, Sugar Industries, Paper Mills, Cement Industries, Fertilizer Industries, Machine tools factories, textile Mills, Tanneries, are important. Industrial policy emphasize development of small, cottage, handloom, Dairy & Poultry industries as priority basis. Industrial policy of the country provides special emphasis for the development of the private sector. To improve the Private sector some special measures have been taken.

#### NATIONAL INCOME:

During the fourth five years plan( 1990-95) the annual average growth of Gross Domestic product (GDP) has been fixed at 5.0 percent with sectoral targets being 3.6 percent for agriculture 9.1 percent for industries, 11.0 percent for power, gas and natural resource sector, .8 percent for construction, 5.4 percent for transport and communication, 5.1 percent for trade and other services, 3.5 percent for housing and 3.9 percent for public sector.

During the second year (1991-92) of the fourth plan GDP (at constant factor cost of 1989-90) is estimated to increase by 4.04 percent. In 1990-91, the growth of gross domestic product (GDP) was 3.6 percent.

During 1991-92 GDP and per capita GDP are estimated at Taka 94,760 crore and Tk. 8630.

TYPES OF CO-OPERATIVES:

There are two types of co-operatives controlled under the Ministry of L.G.R.D. one of which is directed by the Department of Co-operative, (General Co-operative) and the other by BRDB.

TRADITIONAL CO-OPERATIVES (General Co-operatives):

Traditional or general Co-operatives was started in this part of the Sub-Continent to support the farmers by distributing loan in kind & in Cash to increase Agricultural Products. This was performed through three tier viz. (i) National Co-operative called Apex Co-operative Society (ii) Secondary co-operative or central Co-operative Society and (iii) Primary co-operative Society.

National or Apex co-operative society provides necessary credit and other services, support to the Central Co-operative societies. The central Co-operative Societies Provides credit, Support & all services to the Primary co-operative societies. The Primary Co-operative societies located at Village & they provide credit & other development services to the individual farmer members.

DESCRIPTION OF BANGLADESH MILK PRODUCERS CO-OPERATIVE UNION LTD. (BMPCUL):

The Dairy sector of the country is one of the principal Agricultural Industry. Since the basic National objective is to provide inputs to farmers at low cost and to reduce the income gap between rich and the poor, the present government is keen to undertake programmes in the light of the objectives outlined. In the tune, it has been recognised that some rural benefits are already flowing to a group of co-operatively organised small farmers through the Bangladesh milk producers' co-operative union Ltd. (BMPCUL)

BACKGROUND OF BANGLADESH MILK PRODUCER'S CO-OPERATIVE UNION LTD.  
( BMPCUL ):

In 1946, a Dairy Plant with a capacity of 2,000, litres per day was established at Lahirimohanpur, in Pabna, district ( presently Serajgonj ) with the target to send milk Products to calcutta (India) market, that was within the easy rail communication system. After partition of India and Pakistan Eastern Milk Products Limited, a Private Company purchased this dairy in 1952 from the original owner. In 1965 the first Milk producers co-operative was formed under the name Eastern Milk producers co-operative Union Limited (EMPCUL) through government patronization over the plant at Lahirimohanpur. About 1000 Village Milk producers co-operative societies were formed through a development scheme and the federal Union was termed as Milk Union.

There was another dairy plant. ASTO dairy at Dhaka run by the National Co-operative Marketing Society which was amalgamated with the EMPCUL in 1974. The debts, assets and liabilities were transferred to the Eastern Milk Producers co-operative Union Limited. The organisation was renamed as Bangladesh Milk Producers Co-operative Union Limited in 1977.

PRESENT DEVELOPMENT OF BMPCUL:

After the emargence of Bangladesh, based on the recommendation from DANIDA & UNDP/FAO, a development Scheme titled Co-operative Dairy Complex, under the Pattern of AMUL, India was initiated by the Government of the People's Republic of Bangladesh. Under this Scheme 5 Dairy Plants was established in the first five years plan ( 1973-78 ). These were established at Faridpur, Pabna, Manikgonj, Tangail and in Dhaka. These projects envisages the purchase of Milk from individual farmer members of the Primary Milk producers societies, twice daily, transport of this Milk rural dairy plants of Tangail, Manikgonj, Faridpur & Baghabarighat, (Pabna) by various types of transportation.

After preliminary processing at the rural plants Milk is to be transported to Dhaka in insulated road Milk tankers for processing Packaging and marketing of Pasteurised liquid Milk and Milk products. At Baghabarighat Dairy plant, Ghee, Butter, Milk Powder produced from liquid Milk collected from the Primary societies. All products however, are to be marketed through Dhaka marketing Unit under the Brand name of (MILK-VITA). Another plant has been established at Munshigonj in 1993.

DESCRIPTION OF A TYPICAL PRIMARY MILK PRODUCER'S CO-OPERATIVE SOCIETY:

A village Milk producer's co-operative Society consists of three or four villages & cover an area of appx. 1.00 to 2.00 sq.miles having a marketable surplus of 100 -200 litres of Milk daily.

Organisation and Registration of the Milk Producers Co-operative Societies commenced from October 1973 and their functioning started since 01 February, 1974.

Out of those who are registered members of Milk Producers Co-operative society on the 30th June, each year, this being the end of every financial year, a managing Committee is elected at the annual general meeting of the society. This committee is responsible for the administration of the co-operative society and work in an honorary capacity under the co-operative bye-laws. To become a member, a farmer has to own a cow and has to buy a share of Tk.10.00 and pay an admission fee of Tk. 1.00 only.

BMPDUL has 275 Primary Milk Producers co-operative societies, in the 4 Milk shed areas. Covering in 1000 Villages. Approximately over 35,000 farming families are getting benefit from this organisation.

Contd....P/6.



The organisation (BMPCUL) extends the following Services to the farmer member of the Primary Milk producers co-operative society:

- i) Free treatment of all cattle -heads by qualified veterinary doctors.
- ii) Free vaccination done against common epidemic diseases.
- iii) Fodder extension services for high yielding.
- iv) Distribution of cattle feed at subsidised price.
- v) Training for better animal husbandry practices.
- vi) Display of Audio-visual show for importing knowledge and information on cattle and co-operative management.

Very recently a cattle Development Training unit (CDTU) established at Baghabarighat (Pabna) and there is proposed suggestion of establishing a cattle feed factory which will be supplied among the farmer member of the Primary societies. 5 Shahiwall bull imported from Pakistan for semen collection which will be preserved as frozen semen in the Laboratory of CDTU for Artificial Insemination.

#### THE MARKETING AFFAIR OF BMPCUL:

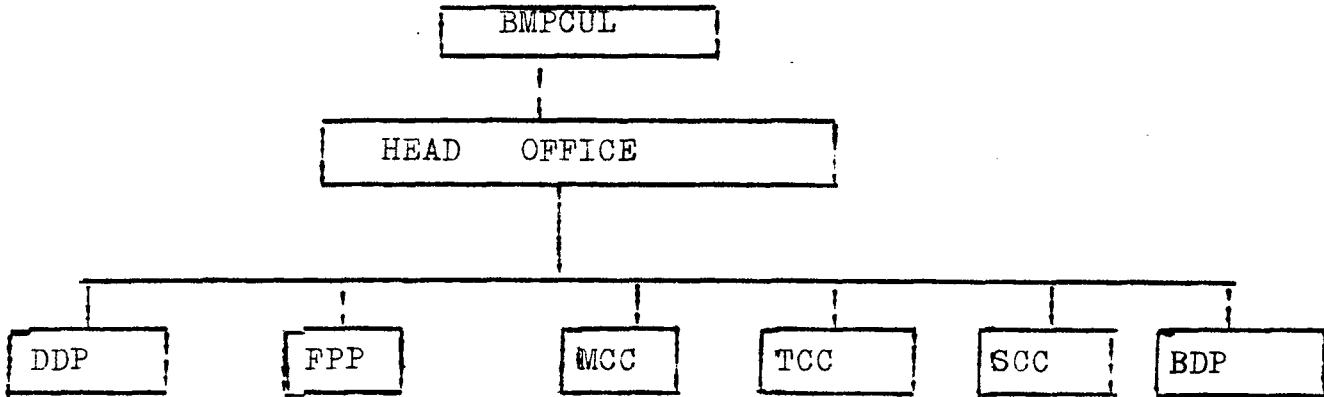
The ver expanding city of Dhaka used to get 45,000 litres of Milk Vita liquid Milk perday which was only 6000-7000 litres about 3 years back. This is hpped within the next couple of years the organisation will be able to market 60,000 - 70,000 litres per day alongwith sunstantial quantities of Milk products such as Butter, Ice cream, sweet curd, Milk powder, flavoured Milk, Ghee etc. New avenues of marketing with new products are also being explaned to strengthen the marketing operation.

The organisation collected 1,20,50,818 litres of raw Milk in the 1993-94 financial year.

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: 7 :

OPERATIONAL STRUCTURE OF BMPCUL:



DDP = Dhaka Dairy Plant

BDP = Baghabarighat Dairy Plant.

FPP = Faridpur Pasteurising Plant

MCC = Manikgonj Chilling centre

TCC = Tangail Chilling Centre

SCC = Srinagar Chilling Centre.

OPERATIONAL STRUCTURE OF EXECUTIVE BODY:

GENERAL MANAGER  
ADDITIONAL GENERAL MANAGER  
DEPUTY GENERAL MANAGER  
MANAGER  
DEPUTY MANAGER  
SR.ASSTT. MANAGER  
ASSISTANT MANAGER  
JUNIOR OFFICER.

Contd...P/8

The General Manager is the chief of the body. Additional General Manager is the 2nd Chief. Then D.G.M. and Manager's are under controll of A.G.M. systematic structures are shown above.

THE FINANCIAL AFFAIR OF BMPCUL:

The Net profit of the organisation in the financial year 1993-94 is Tk. 4,00,64,000/-

Sale Proceeds of the organisation in 1993-94 Session:

<u>Sl.No.</u>	<u>Name of items</u>	<u>Quantity</u>
01.	Pasteurized Liquid Milk	1,03,37,000 Litre.
02.	Flavoured Milk	29,32,000 Packed.
03.	Butter	2,10,000 Kg.
04.	Ghee	51,000 Kg.
05.	Ice cream	1,33,000 Litre.
06.	Chocobar	3,30,000 Pcs.
07.	Powder Milk	1,74,000 Kg.

THE MANAGEMENT AFFAIR:

BMPCUL is managed by a Managing Committee consisting 9(nine) members This is honorarily elected from the Village Milk producer's co-operative societies alongwith the nomination from the Government side. Chairman is the Chief of the Managing Committee with eight directors. This committee takes various Programme, Project & Planning for the development of the organisation & also for the farmer member of the Primary societies. They throw their programmes, to the Executive body of the organisation for implemantation of the same. This body is the supreme authority of the organisation.They take decision for the welfare of the farmer member & for the organisation.

LIST OF NATIONAL APEX CO-OPERATIVE UNION:

1. Bangladesh Jatyo Samabay Union.
2. Bangladesh Milk Producer's co-operative Union Limited (BMPCUL)
3. Bangladesh Rural development Board.
4. Bangladesh Samabay Bank Ltd.
5. Bangladesh National Fishery Co-operative Union Ltd.
6. Bangladesh CO-operative marketing Societies Ltd.
7. Comilla Industrial Co-operative society Ltd.

BANGLADESH  
DESCRIPTION OF/JATYO SAMABAY UNION (BJSU):

Bangladesh Jatyo Samabay Union Ltd. is only the organisation which leads all co-operative movement of the country. It was established in 1960 & became the member of the International co-operative Union in 1962.

It's objectives areas follows :-

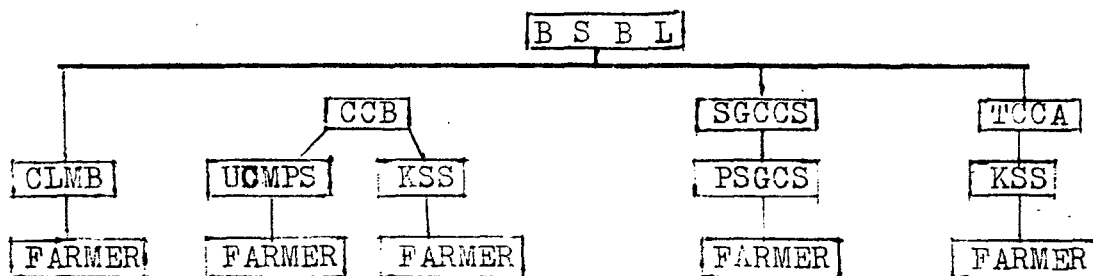
1. It organise Co-operative member, train them, help to employ the co-operative member and direct the Co-operative member to improve their economic status.
2. It prepare Project planning, implementation improve co-operative movement.
3. It helps to maintain inter relationship among co-operators & organise these to improve their socio-economic status.
4. It helps the illeterate, un-employed, landless people through co-operative movement to earn.
5. The organisation organise trainee for all classes of co-operator.

BANGLADESH SAMABAY BANK LIMITED:

The then East Pakistan Provincial Co-operative Bank Ltd. has been turned into the Bangladesh Samabay Bank Ltd. in 1971.

THE OPERATIONAL STRUCTURE OF THE BANGLADESH SAMABAY BANK LTD.  
IS AS FOLLOWS :\*

---



- BSBL : Bangladesh Samabay Bank Limited.  
CCB : Central Co-operative Bank  
SGCCS: Sugar Cane Growers Central Co-operative Society.  
TCCA : Thana Central Co-operative Association.  
CLMB : Co-operative Land Mortgage Bank.  
UCMPs: Union Co-operative Multipurpose Society.  
KSS : Krisi Samabay Samity.  
PSGCS: Primary Sugar cane Growers Co-operative Society.

The Bank is managed by a Board of directors, The chief Executive of the Bank is the General Manager. The Bank issued cash, seeds, Fertilizer, fuel, etc. to the farmer, Longterm loan is provided by the co-operative land mortgage bank.

BANGLADESH RURAL DEVELOPMENT BOARD (BRDB):

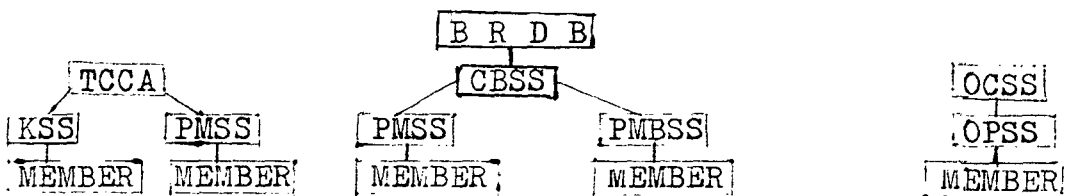
Bangladesh Rural Development Board is the institution for implementing the two-tier cooperative system evolved at the then Pakistan Academy for Rural Development in early sixties. Under the BRDB system the co-operatives are two-tier in nature at the Village, level the farmers are organised in KSS and these associations are federated in to Thana Central co-operative Association (TCCA). The TCCA provides production inputs, training, credit and other services to the primary societies.



The major functions of BRDB may be summed up as follows :-

- 1) To promote village based primary co-operative societies(KSS) and Thana central co-operative Associations (TCCA) with a view to enabling them to be self-managed and financially viable.
- 2) To create employment opportunities for the rural poor.
- 3) To promote intensive irrigated agriculture for increasing agricultural production.
- 4) To channel and ensure Productive utilization of International credit through co-operatives and simultaneously promote members accumulation of capital, Moreover, BRDB encourages finally viable TCCA's to diversify activities specially in the marketing of agricultural inputs and produce as a service to its affiliated members. The Board arrange training of members of the Managing Committee of Village based primary co-operative societies and TCCA's

OPERATIONAL STRUCTURE OF BRDB:



TCCA : Thana Central Co-operative Association.

CBSS : Central Bittahin Samabay Samity

OCSS : Other Central Samabay Samity.

KSS : Krishi Samabay Samity

PMSS : Primary Mohila Sambay Samity.

~~PM~~BSS : Primary Mohila Bittahin Samabay Samity.

OPSS : Other Primary Samabay Samity.

As a whole, Agricultural Sector contributes about 46% in G.D.P. in which 17.86% is Contributed by the co-operative farmers and 20.58 the non-co-operative farmers.

In Bangladesh BSBL & BRDB are the only sources of formal Co-operative Agricultural credit which covers around 15% of the total agricultural credit in the country. The rest is covered by the Commercial bank & others.

PROBLEM OF DIFFERENT CO-OPERATIVE SOCIETIES:

1. The rural co-operative societies are led by a class of Influential & selfish people, who are politically involved. It is completely adverse to the co-operative rule, . The leadership of the society go under the above classes of people as a result the poor co-operator are cheated by them,
2. Lack ~~of~~ of sincere, honest & trained leadership.
3. Rural co-operators are illeterate (maximum portion) so they are easily cheated by the cunning, Influential rich people.
4. Board of directors are elected/nominated for two years only which is not enough time to take any effective plan & implementary measures to improve the managerial & financial position.
5. The budget prepared by the society requires approval of the concerned co-operative officers which takes unusual time & thereby hampers the normal activities of the society.
6. Proposed budget of the society sometimes curtailed by the concerned officers which creat various problems in the operation of the society
7. The lender society may supervise the financial activities, check records and cash position of the affiliated loanee societies but cannot take any action for any irregularities.

The following steps are under consideration of the Government to over come the Problems :-

- i. No co-operative society will be registered if it is not fund economically viable.
- ii) The co-operative societies which is not viable as well as workable will be placed under liquidation.
- iii) The co-operative societies with huge amount of overdue loans will be placed under liquidation.
- iv) The membership of willfull defaulters will be Cancelled.
- v) Re-organisation of BSBL as the siggle agency for all kind of ce-operative loans.
- vi) Unification of traditional and BRDB agricultural co-operatives at Village level.
- vii) Introduction of rural based project financing for creating off farm season employment.
- viii) Planning for intigration of co-operatives at all levels and introduction of competent profeesional management.

Contd..P/14

## EFFORTS MADE FOR DEVELOPMENT OF COOPERATIVE MANAGEMENT PRACTICES :

The Government has already set up Bangladesh Academy for Rural Development (BARD) at Comilla and Rural Development Academy (RDA) at Bogra for training on "Rural Development and Management of Rural Industrial and Agricultural Projects". BRDB has set up a Rural Development Training Institute at Sylhet for the same purpose.

The Cooperative Department has set up one Cooperative College and Eight Zonal Training Institutes at suitable places for providing training "Cooperative Management Practices" for Cooperative Officials as well as the representatives of the different levels of the cooperative societies.

Apart from those training centres, the TCCs are providing training facilities for the cooperatives on modern farm practices.

## MEASURES FOR FINANCIAL MANAGEMENT, INVENTORY & PERSONNEL MANAGEMENT:

All levels of cooperative societies have their own financial policies that may not be similar but in major cases it is identical. The objective of the policy is to ensure maximum return through investment of financial assets. In this case societies are using modern capital budgeting techniques such as ROI, ARR, Pay back period, Break-even point, Cash flow statement, BCR, NPV & IRR to select profitable investment projects. The Cooperative Societies at different stages assess the financial needs covering credit programme and any other business and manage the required capital from the different sources such as collection of share capital,

mobilisation of savings, borrowing aids, grants etc. The societies are maintaining accounts and other records xxxxxxxxxxxx in modern process. To control the operation and performance of the society the financial budget is used as controlling technique to check & confirm physical and financial activities the societies are audited by the concerned departmental officers. In case of cooperative societies, debt/equity ratio has been fixed at 20:80 for encouraging its business and undertaking local resources based project. For this encouraging policy the cooperative societies are mobilizing shares and savings deposits from the members to improve its financial position as well as to undertake profitable projects. Through some TCCAs and other cooperative societies have their own godowns for timely supply of production inputs at reasonable cost but those are very insufficient as per requirement and as such JADC's godowns are used to meet the requirement.

Though no major problems arise in case of preservation and supply of inputs, problems arise in case of preservation of agricultural produces. Godowns/Ware houses constructed at different places at different capacities, by the public agencies are not enough for scientifically managed to preserve the agricultural produces. To mitigate the above situation the cooperative societies are taking steps to construct new godowns and cold storages as per requirement of the farmer members, on the one hand and managing the necessary working capital for marketing the surplus produces of the farmer members at attractive prices to protect the benefit on the other.



At present there is a practice of deputing Government Officers to manage the affairs of the cooperative societies in which government participation is more than 50% of share capital or loans and advances is given or guaranteed. The Government deputed Officers perform their duties under the direct control of the Managing Committee but the management of the societies cannot initiate any administrative action against them in case of their negligence to duties as they belong to the Government. To overcome this problem government has recently taken steps to withdraw its officers from the cooperative societies and advise the management of the cooperative societies to recruit the officers. Accordingly the management of the societies has started recruitment of officers to ensure better performance and improvement of the society as a whole. The officer will be held responsible in discharge of their duties to the Managing Committee.

The objective of the short and long range planning is to improve the living standard of the members through economic and social gain. Preparing draft plan physical and financial (Budget estimated) the operational management place it to the Board Meeting and the Board Check and Examine the objectives, strategies, alternative course of action, policies before placing the same to the A.G.M. for approval. In cooperative planning major emphasis is given for ensuring members benefits by giving them all sorts of development and promotional services. The development/progress of physical financial activities are checked and controlled by the competent authorities as per budget provisions.

## AREAS FOR PLANNED DEVELOPMENT :

In Bangladesh, there is no scope of full time employment in agricultural sector. During off-farm season marginal and small farmers including farm labourers become fully un-employed which creates financial and economic crises for them. Besides, the small farmers cannot gain through farming, because they sell their products at lower price during harvesting period and purchase it at higher price sometimes after the harvesting for this own consumption.

To overcome this situation and to make the farmer prospective through gainfull farming, there is need of creation of additional productive base and employment facilities.

For these, marketing facilities and rural based profitable industrial project implementation is essential. The cooperative society, as the promoter, can originate project proposal through its management and submit it to the Bangladesh Samabaya Bank Ltd. for financial support. TCCAs and its member societies can originate project proposal and apply for necessary financial assistance & other services to BRDB. BRDB may sanction project to any TCCA or primary cooperative societies.

The project sub-committee of the society implement and monitor the operation of the project. TCCA review the operation of the project from time to time.

Besides, the TCCA evaluate the operational performance of the project under implementation phase-wise. Any member society of Bangladesh Samabaya Bank Ltd. may originate project proposal and apply for loan for implementation of the same. Before sanctioning loan, BSBL official conduct pre-investment study for checking its investment worth. If it is found financially sound, technically and economically viable the BSBL approve the proposed project for implementation. There after BSBL arrange necessary monitoring and evaluation process of the operation of the project by its local officers/staff.

#### COMPARATIVE ROLES :

No separate role is played by the agricultural cooperative societies for implementation of schemes wheather it is allotted by the Government, other agencies or their own. In major cases operation is hampared by the natural calamities like flood, hail-storm, draught etc.

The percentage of probabilities of "Damages State of the World" are as follows :-

Probabilities of the heavy damage is 25%

Probabilities of the moderate damage is 35%

Probabilities of the light damage is 40%

#### CONCLUSION :

The cooperatives have been playing a very important role in nation building activities by using modern technique of development of agriculture inspite of manifold hindrences, drawbacks and deficiencies. The cooperatives have been motivating the farmers to use fertilizers, insecticides, HYV crops, Power pumps, Deep Tube-wells, Shallow Tube-well and other machinery and equipment to augment the agricultural production and help the country to achieve self sufficiency in food.

# Indian Cooperative Movement : A Profile



*Developed by*

**National Resource Centre of National Cooperative Union of India**

Third Edition 1993

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ABBREVIATIONS

Hec	:	Hectare
SC	:	Scheduled Caste
ST	:	Scheduled Tribe
Agri.	:	Agriculture
Popu.	:	Population
Labrs.	:	Labourers
GDP	:	Gross Domestic Product
Coops	:	Cooperatives
Emplyd	:	Employment
Kg.	:	Kilograms
Gms.	:	Grams
SSC	:	Secondary
Hr.	:	Higher
Prof.	:	Professional
(ST)	:	Short-term
(MT)	:	Medium-term
(LT)	:	Long-term
RRB	:	Regional Rural Bank
Socys	:	Societies
LAMPs	:	Large Size Adivasi Multi-purpose Cooperative Societies.
PACS	:	Primary Agricultural Cooperative Societies
Govt.	:	Government
Cpl.	:	Capital
Mkt'd	:	Marketed
Cons	:	Consumer
Dist.	:	Distributed
Nabard	:	National Bank of Agriculture & Rural Development Bank
SCB	:	State Cooperative Banks
CLDB	:	State Cooperative Agricultural Development Banks
PLDB	:	Primary Agricultural Rural Development Banks

Source :

1. National Bank for Agriculture & Rural Development (NABARD).
2. Reports of Registrars of Cooperative Societies.
3. Statements from Institutes of Cooperative Management.
4. Agricultural Statistics at a Glance Government of India.
5. Annual Report of NCDC.
6. Annual Report of Ministry of Labour.
7. Annual Report of Ministry of Human Resource Development.
8. Annual Report of concerned National Level Cooperative Federations.



## FOREWORD

Documentation of information is one of the deciding factors for successful working of any socio-economic system. In spite of great deal of diversification, cooperative sector is yet to evolve an effective information system of its own to project its achievements effectively. To fill in this gap, National Cooperative Union of India has set up a National Resource Centre, main constituent of which is National Cooperative Data Bank.

One of the important functions of this National Resource Centre is to build up information and data base for Cooperative in different segments of our economy. The publication "Indian Cooperative Movement : A Profile" is a part of Data Series brought out by the National Cooperative Data Bank to project the progress and achievements of different segments of Indian Cooperative Movement with an impressive graphic presentation of the trends.

This publication has been possible on account of strenuous efforts put in by Shri K.L. Nalwaya, Director and his colleagues in the National Cooperative Data Bank and functional support of Artist, Shri S.R. Nanda and National Cooperative Printing Press.

I hope this would be a useful reference hand out for the cooperative policy makers and implementers.

*B. D. Sharma*

(B.D. SHARMA)  
Chief Executive

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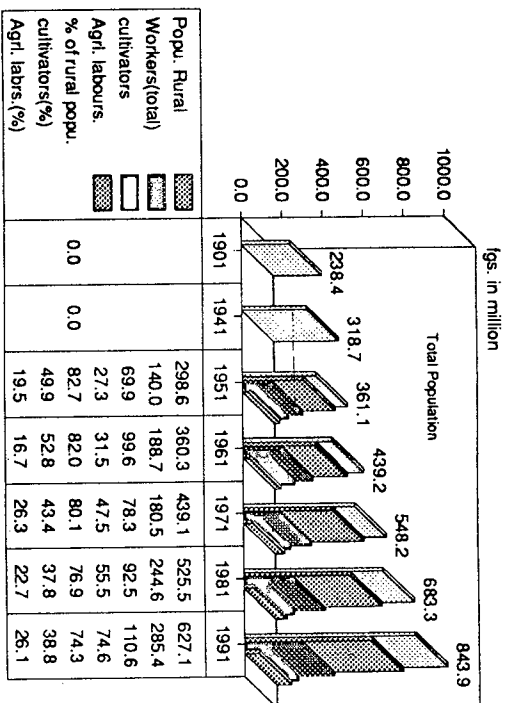
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10.	State cooperative Land/Agrl. & Rural Dev. Banks	12	29.	Petrolfiles Cooperative	27
11.	Primary Land/Agrl. coop. Dev. Banks	13	30.	Sugar Cooperatives	28
12.	Primary coop. Banks including Urban Banks	14	31.	Cooperatives Spinning Mills	28
13.	Marketing Cooperatives(primary, District & state)	15	32.	Weavers Cooperatives	29
14.	Consumers Cooperatives	16	33.	Industrial Cooperatives(non-weavers)	29
15.	Agro-Processing Cooperatives(Sugar, Spinning)	17	34.	Dairy cooperatives	30
16.	Dairy, Other Agri-Processing & Weavers Coops	18	35.	Fisheries Cooperatives	30
17.	Fishery, Poultry, Labour Construction, Forest labour & Women coops.	19	36.	Labour Cooperatives	31
18.	Housing Coops., Education & Training programmes	20	37.	Housing Cooperatives	31
			38.	Heavy Engineering Cooperatives	32

**GENERAL INFORMATION**  
(GLIMPSES OF INDIAN ECONOMY)

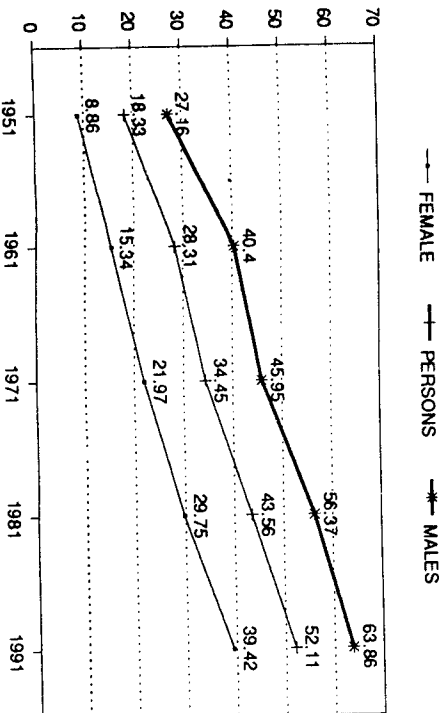
<b>Population*</b>	:	843.93 Million
- Population of India	:	437.60 Million
- Male	:	406.33 Million
- Female	:	15.8%
- % of SC Population	:	7.8%
- % of ST Population	:	89.2%
- % of Rural Population	:	10.8%
- % of Urban Population	:	328.73 Million hec.
- Total Area	:	185.0 Million hec.
- Cultivated Area	:	78.9 Million hec.
- Irrigated Area	:	33.0 Million hec.
(a) Major & Medium irrigated area	:	45.9 Million hec.
(b) Minor irrigated area	:	
<b>Population by Age Group</b>		
0-4	:	12.85%
5-14	:	23.15%
15-59	:	57.50%
60+	:	6.5%
<b>Villages</b>		
- Total Villages	:	5,57,149
<b>Distribution of Villages According to Population</b>		
- Less than 1000	:	4,06,724
- 1000 to 1999	:	4,464
- 2000 to 4,999	:	46,893
- 5,000 to 9999	:	7,202
- 10,000 above	:	1834
<b>Literacy Rate</b>		
- Persons	:	52.11%
- Male	:	63.86%
- Female	:	39.42%

\*Census 1991

**POPULATION AND AGRICULTURAL WORKERS**



**LITERACY RATE**  
(Census of India)



### Gross Domestic Product at Factor cost

- GDP (1991-92) at 1980-81 Price : Rs. 2093.0 Billion\*
- GDP (1991-92) at Current Price : Rs. 5350.55 "
- Share of Agriculture in GDP : 32.2%
- Share of Manufacturing : 20.6%
- Trade, Hotels & Restaurants : 12.7%
- Transport, Storage & Communications : 5.4%

### Crop-wise Productions of Foodgrains 1990-91 (Million Tonnes)

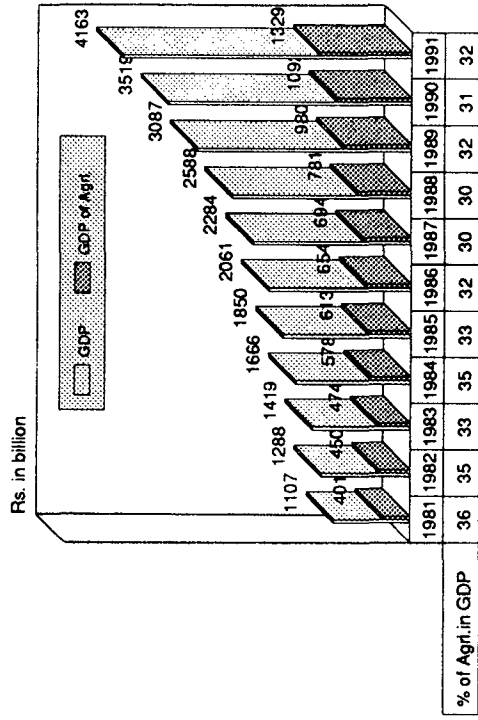
- Total Foodgrains : 176.83
- (a) Pulses : 14.06
- (b) Rice : 74.52
- (c) Wheat : 54.52
- (d) Coarse Cereals : 33.05
- Sugarcane : 24.03
- Oilseeds Production : 18.06
- Cotton (Million bales of 170 kg.) : 9.76 bales
- Jute & Mesta (Million bales of 180 kg.) : 9.1 bales

### Employment in Organised Sector

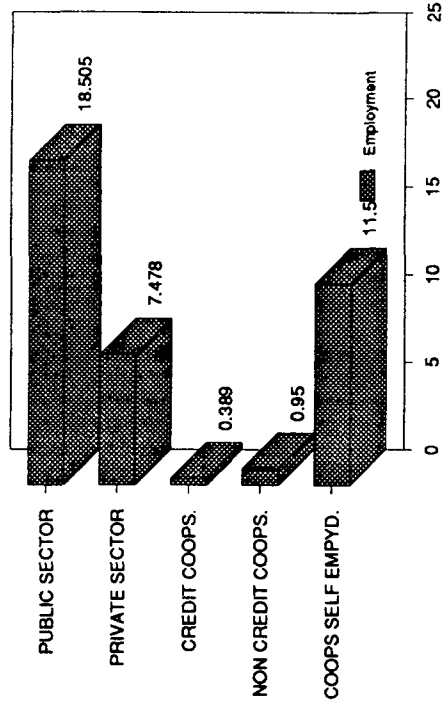
- Public Sector : 18.5 Million
  - Private Sector : 7.48 Million
  - Cooperative Sector
  - Credit Coops. : 0.36 Million
  - Non Credit Coops : 0.95 Million
  - Self-employed in Coops. : 11.5 Million
- (Value Rs. in Million)
- Total Export : Rs. 32533.4
  - Total Import : Rs. 431928.6
- ### Export of Textile
- Textile Export : Rs. 2460.7
  - Ready Made Garments : Rs. 4639.6
  - Woollen Textiles : Rs. 190.3
  - Man-made Textiles : Rs. 631.6

\* 1 Billion = 100 Crores

### Gross Domestic product at current price



### SECTOR WISE EMPLOYMENT GENERATION IN THE ORGANISED SECTOR (Figs. in million)



- Silk Textiles : Rs. 440.3
- Coir : Rs. 47.2

**Export of Handicraft** (Value Rs. in Million)

- Handicraft including Hand knotted Carpets : Rs. 12200.0
- Jute : Rs. 3020.0

**Export of Plantation** (Value Rs. in Million)

- Tea : Rs. 10700.6
- Coffee : Rs. 2521.9

**Export of Agricultural and Allied Products**

(Value Rs. in Million)

- Total : Rs. 38579.7
- Of which Rice : Rs. 4615.7
- Spices : Rs. 2339.4
- Tobacco : Rs. 1939.3
- Cashew : Rs. 4469.5
- Khali : Rs. 6085.0
- Fruit & Vegetables : Rs. 2132.5
- Sugar and Molasses : Rs. 375.7

**Exports of other items**

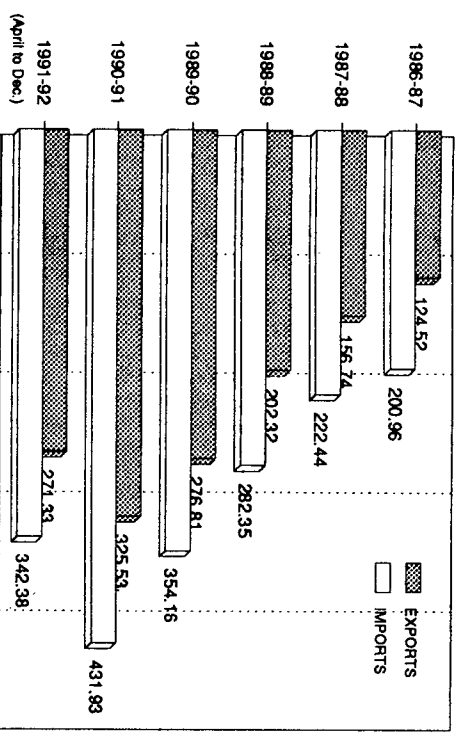
- Meat and Meat products : Rs. 1398.4
- Leather and its products : Rs. 25540.0
- Gems and Jewellery : Rs. 52100.0
- Chemicals and related products : Rs. 31960.0
- Engineering goods : Rs. 35490.0
- products : Rs. 5600.0
- Ores and Minerals : Rs. 16950.0
- Petroleum products : Rs. 9380.0

**Production of Cloth (Sector-wise)**

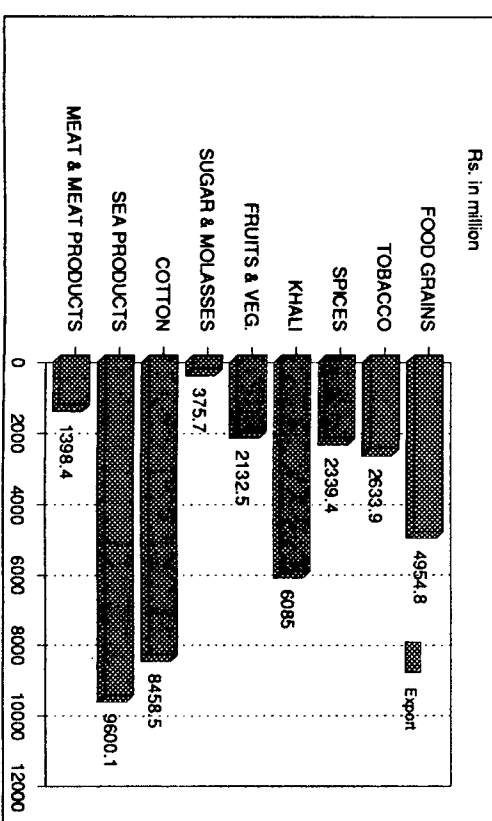
- Total cloth production : 20354 Million Metres
- Mill Sector : 2720 Million Metres
- Handloom Sector : 4888 Million Metres
- Powerloom Sector : 10988 Million Metres

**INDIA'S FOREIGN TRADE**

(Rs. in billion)



**EXPORTS OF AGRICULTURAL AND ALLIED PRODUCTS DURING THE YEAR 1990-91**



**Per Capita availability of important articles for consumption**

- Edible Oils in (kg.) : 5.4
- Vanaspati (kg.) : 1.1
- Sugar (kg.) : 12.5
- Tea (gms.) : 6.6
- Coffee (gms) : 68.0
- Electricity (Domestic KWH) : 37.7
- All kind of Cloth : 16.35 Metres
- Cotton : 10.75 Metres
- Non-cotton cloth : 2.40 Metres
- Blended : 3.20 Metres

**Education Institutions**

- Primary School : 550700
- Middle School : 143747
- SSC/Higher Secondary : 76119

**Colleges**

- (a) Genral Education : 4755
- (b) Prof. Education : 891
- Universities : 184

**Status of School infrastructure (Primary & Upper Primary)**

- (a) Kachcha Building : 84057
- (b) Thatched huts : 39061
- (c) Tents : 2860
- (d) Open space : 42274

**Post of Primary Teachers sanctioned**

- Primary School
- (a) Male : 1148952
- (b) Female : 452765

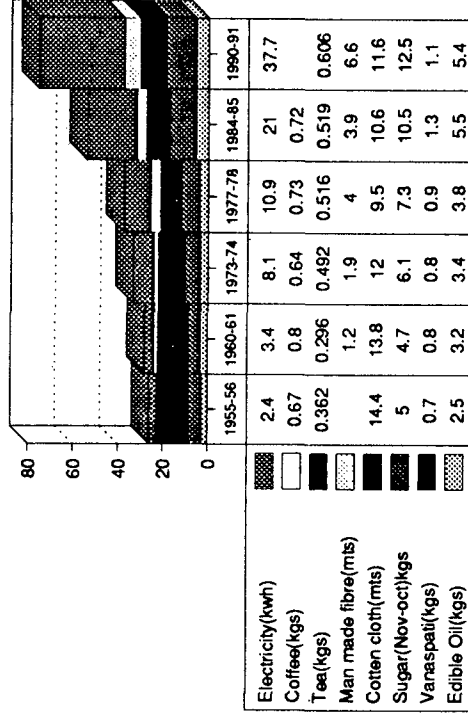
**Middle School**

- (a) Male : 702958
- (b) Female : 344630

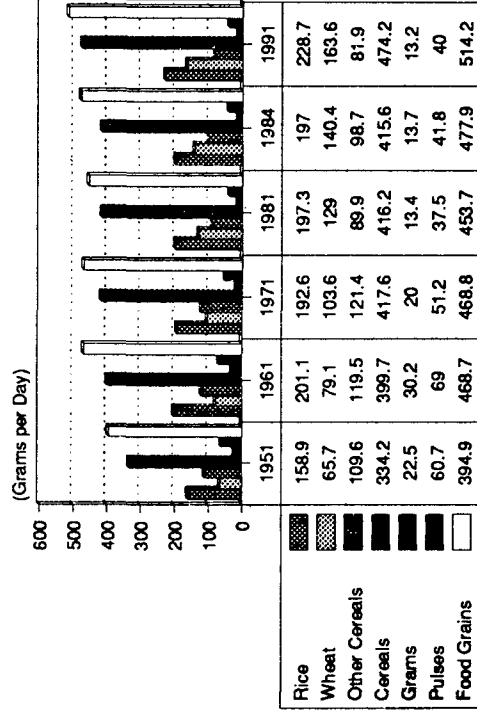
**SSC/Hr. Secondary**

- (a) Male : 853537
- (b) Female : 410712

**PER CAPITA AVAILABILITY OF IMPORTANT ARTICLES OF CONSUMPTION**



**PER CAPITA NET AVAILABILITY OF FOODGRAINS IN INDIA**





# INDIAN COOPERATIVE MOVEMENT AT A GLANCE

(1990-91)

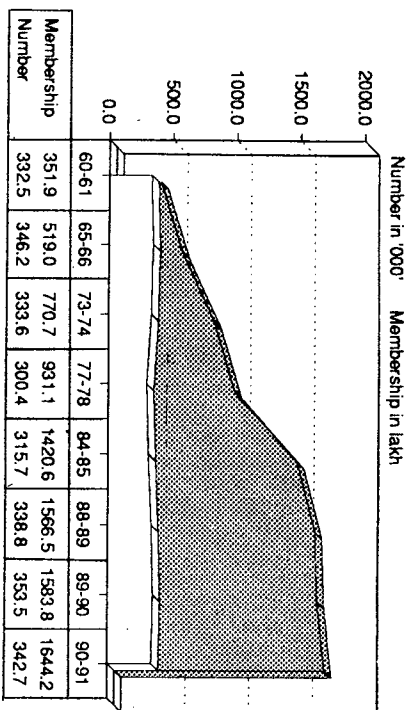
All Cooperatives

\*(Value Rs. in Million)

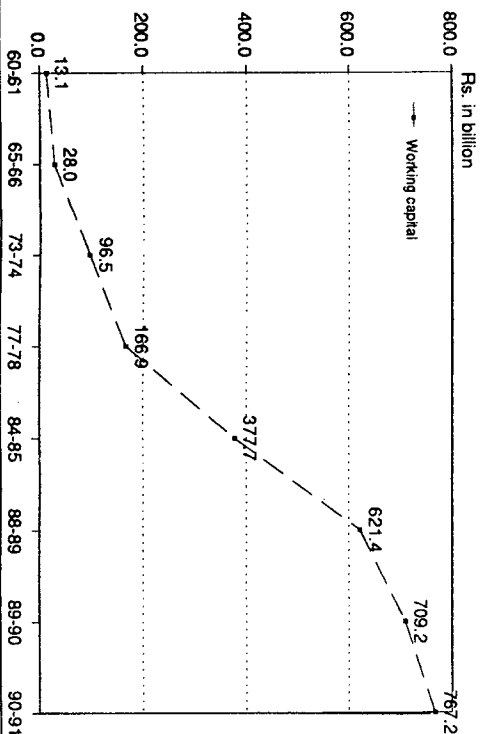
(i) Number of Societies (Million)	: 0.342
(ii) Membership (Million)	: 164
(iii) Share Capital	: Rs. 53251.3
(iv) Working Capital	: Rs. 716724.1
(v) Households covered	: 65%
(vi) Villages covered by Coops	: 100%
(vii) No. of National Coop. Organisations/federations	: 20
(viii) No. of State level Coop. Organisations/federations	: 260
(ix) No. of District Cooperative Organisations/Federations	: 2267
(x) Production Credit Advanced	:
(a) Short-term (ST)	: Rs. 39318.2
(b) Medium-term (MT)	: Rs. 7470.3
(c) Total (ST+MT)	: Rs. 467885
(xi) Investment Credit Advanced	:
Long-term (LT)	: Rs. 8148.23
(xii) Total (ST+MT+LT)	: Rs. 54936.83

\* 1 Million = 10 lakh

## GROWTH OF COOPERATIVE MOVEMENT (Number and Membership)



## OVER ALL GROWTH IN WORKING CAPITAL OF COOPERATIVES

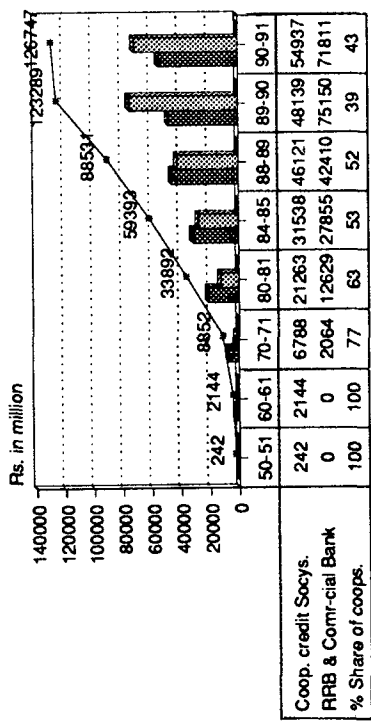


### Share of Cooperatives in National Economy

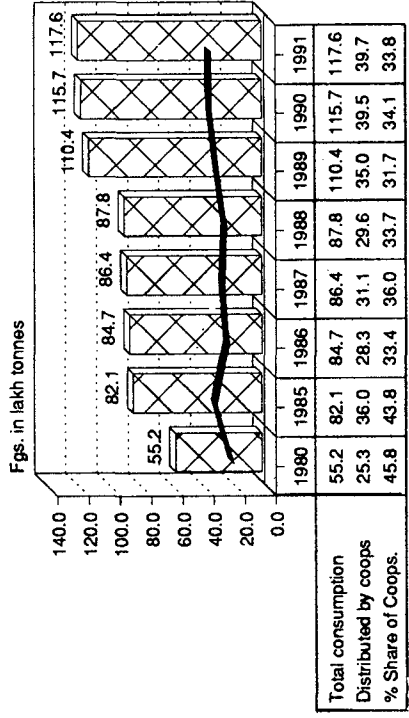
- Agricultural Credit disbursed : 43.3%
- Fertiliser distributed : 34% (4.0 MT)
- Sugar Produced (1991-92) : 62.4%
- Spindledge : 11% (2.97 Million)
- Yam production : 16.4% (240 Million Kg.)
- Cotton Ginning & Pressing units : 12% (431 units)
- Cotton Yarn Exported (1991) : 11. % (9.91 Million Kg. (Value Rs. 614.1 Million)
- Handlooms in Coops. : 58%
- Wheat procurement : 30%
- Jute procurement : 21% (1662 bales)
- Fishermen's in Coops. : 11%
- (0.8 Million Members)
- Power looms in Coops. : 5%
- Rural Fair Price Shops : 26%

\*MT = Million Tonnes

### FLOW OF INSTITUTIONAL AGRICULTURAL CREDIT



### ROLE OF COOPERATIVES IN FERTILISER DISTRIBUTION

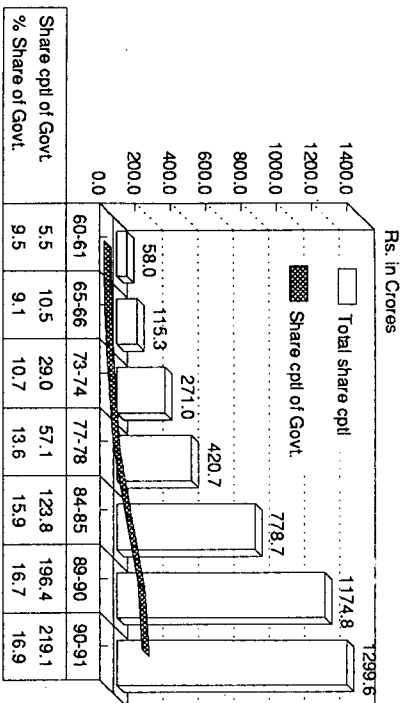


**Structure of Production Credit Coops. 3 Tier**

**Primary Agricultural Cooperative Societies (PACS) including (LAMPs & FSS) Production Credit (Value Rs. in Million)**

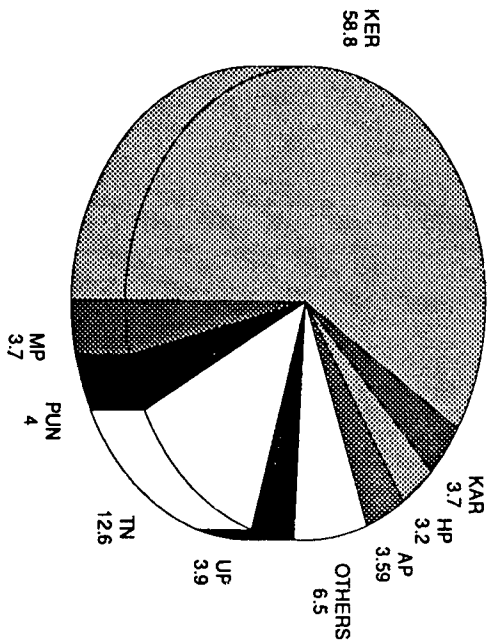
- Villages covered by PACS	: 99.8%
- Population covered per PACS	: 6359
- Total No. of PACS	: 88,167
- % of viable PACS	: 51.8% (45658)
- % of Potentially viable PACS	: 23.4% (20647)
- Total Membership (Million)	: 84.77
- Membership per PACS	: 961
- Total Share Capital	: Rs. 12996.3
- Share Capital per PACS (Rs. Actual)	: Rs. 147,405
- % of Govt. participation	: 16.9%
- Total Deposits	: Rs. 13636.2
- Deposit per PACS (Rs. Actual)	: Rs. 1,54,663
- Total Loans Advanced	: Rs. 48340.7
- ST Loans advanced	: Rs. 40636.9
- MT Loans advanced	: Rs. 7702.8
- % of ST loans advanced to	:
(a) SC (Scheduled Castes) members	: 7.2%
(b) ST (Scheduled Tribes) members	: 3.2%
- % of MT loans advanced to	:
(a) SC (Scheduled Castes) members	: 6.3%
(b) ST (Scheduled Tribes) members	: 2.6%
- Loans Advanced per PACS	: Rs. 5,48,285
(Rs. Actual)	:
- % of Borrowers	: 32.5% (27.5 Million)

**GOVT. PARTICIPATION IN THE SHARE CAPITAL OF PRIMARY AGRICULTURAL SOCIETIES**



**STATES SHARE IN DEPOSITS OF PACS DURING THE YEAR 1990-91**

(TOTAL DEPOSITS OF PACS Rs. 1363.62 Crores)

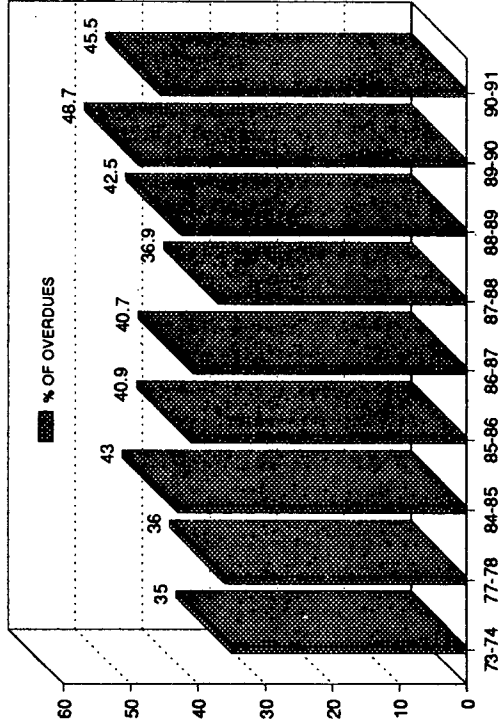


- Total Working capital : Rs. 124653.1
- Total Overdues : Rs. 32954.5
- (a) Short-term (ST) : Rs. 24484.1 Million
- (b) Medium-term (MT) : Rs. 8470.4 Million
- (Value Rs. in Million)
- : 45.5%
- : Rs. 769.0
- : Rs. 12551.0
- : Rs. 12225.0
- : 54%
- : 78.7%
- : 57.4%
- : 60.7%
- : 7.2%
- : 33%
- : 40%
- : 2,17,347
- : 57.7%

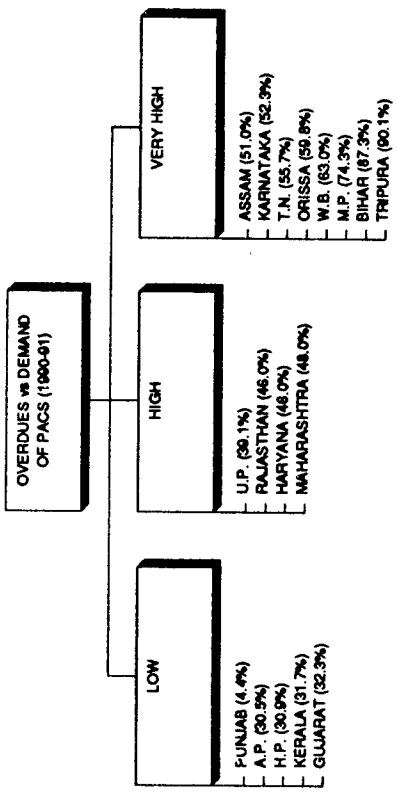
**Large Sized Advasi Multi-purpose Societies (LAMPS)**

- (Value Rs. in Million)
- Number : 2646
- No. of Viable LAMPS : 1201 (45.4%)
- Membership ('000) : 3931
- Paid up Capital : Rs. 743.5
- Govt. Share : Rs. 307.0
- Reserves : Rs. 259.0
- Deposits : Rs. 146.3
- Working Capital : Rs. 4535.5

**OVERDUES TO DEMAND OF PACS**

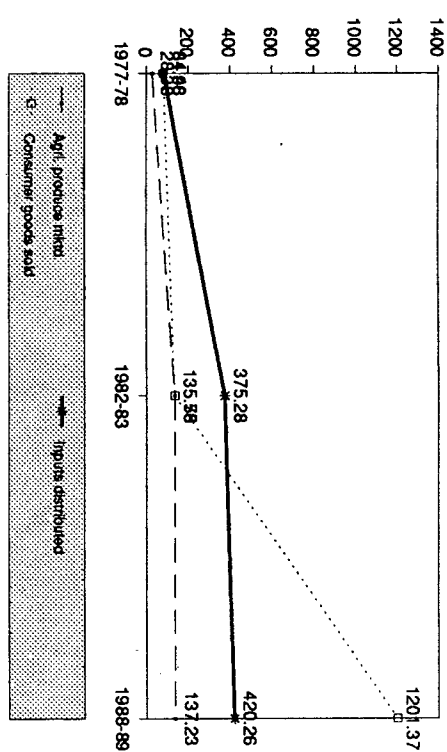


**STATWISE OVERDUES TO DEMAND POSITION OF PACS (1990-91)**

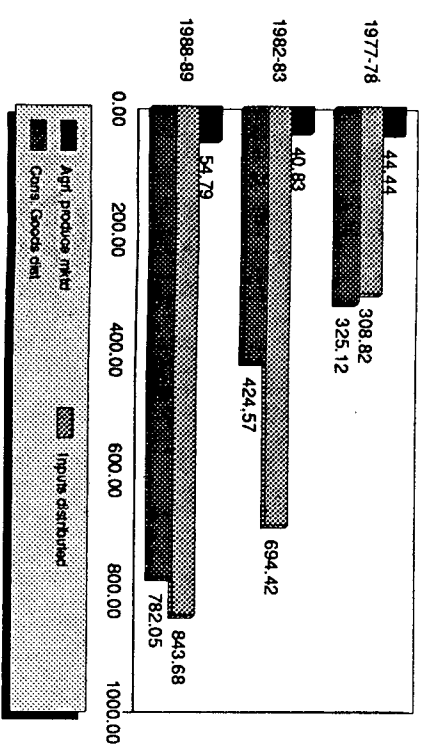


	(Value Rs. in Million)
- Borrowers (%)	: 20.5%
- Loans Advanced	
(a) Total	: Rs. 783.6
(b) Short-term (ST)	: Rs. 608.0
(c) Medium-term (MT)	: Rs. 175.6
- Loans Overdues	: Rs. 1655.2
- % of Overdues to Demand	: 66%
- Agrl. produce marketed	: Rs. 137.23
- Agrl. inputs distributed	: Rs. 420.26
- Consumer goods distributed	: Rs. 1201.4
- Societies in Profit (%)	: 13.7%
- Societies in Loss (%)	: 21.8%
<b>Farmers Service Societies (FSS)</b>	<b>(Value Rs. in Million)</b>
- Number	: 2410
- No. of Viable FSS	: 15%
- Membership (000)	: 6774
- Paid up Capital	: Rs. 974.9
- Govt. Share	: Rs. 177.9
- Reserves	: Rs. 218.6
- Deposits	: Rs. 831.3
- Working Capital	: Rs. 6138.7
- Borrowers (%)	: 30%
- Loans Advanced	
(a) Total	: Rs. 2526.8
(b) Short-term (ST)	: Rs. 2150.6
(c) Medium-term (MT)	: Rs. 376.2
- % of Overdues to Demand	: 30.2%
- Agrl. produce marketed	: Rs. 54.4
- Agrl. inputs distributed	: Rs. 843.7
- Consumer goods distributed	: Rs. 782.1
- Societies in Profit (%)	: 7.5%

Produce marketed inputs distributed and consumer goods distributed by LAMPS  
Value Rs. in million



Agrl. Produce marketed, inputs and consumer goods distributed by FSS  
Rs. in million



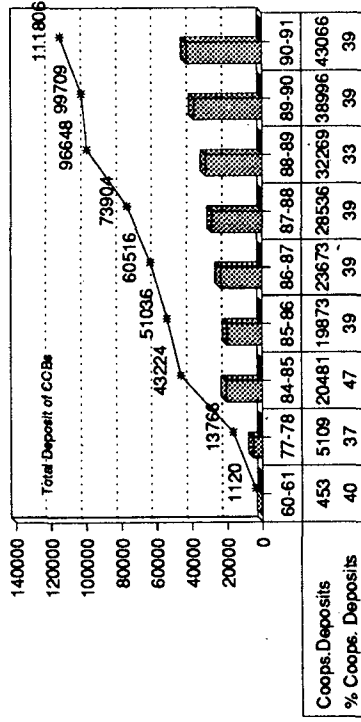
### Central Cooperative Banks (Production Credit)

(Value Rs. in Million)

- No. of Banks : 353
- Total Membership (Million) : 1.30
- Membership of Coops. (Million) : 0.26
- Total Share Capital : Rs. 9690.5
- Govt. participation in share capital : 21.1%
- Total Deposits : Rs. 111805.6
- Deposits of Coops : 38.5%
- Total borrowings : Rs. 54603.1
- Borrowings from Govt. : 2.1% (Rs. 1164.6)
- Borrowings from Commercial Banks : 1.1% (Rs. 613.2)
- Borrowings from SCB (%) : 81.3%
- Total Working Capital : Rs. 190792.5
- Total Loans Advanced : Rs. 187710.1
- Short-term loans (ST) : Rs. 130766.6 (69.7%)
- Medium-term loans (MT) : Rs. 11161.0 (5.9%)
- Others : Rs. 45790.0 (24.4%)
- Percentage of Overdues to demand : 36%
- No. of Banks in Profit : (119) 33.7%
- No. of Banks in Loss : (48) 13.6%
- Total number of employees : 96267

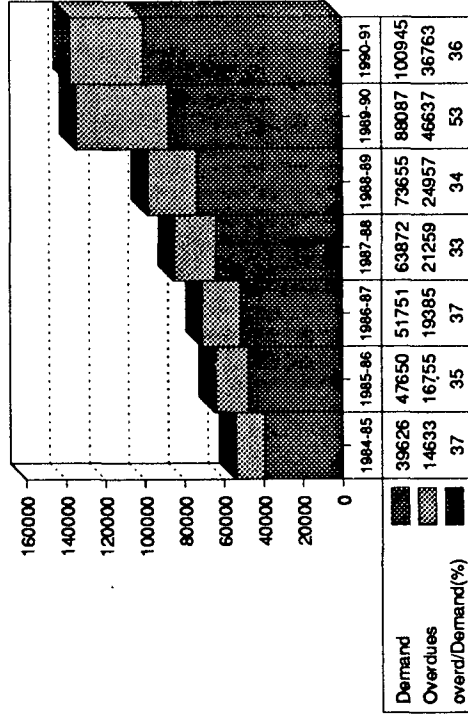
### DEPOSITS OF CENTRAL COOPERATIVE BANKS

Rs. in million



—\*— Total Deposits  
 ■ Coops. Deposits

### Percentage of overdues to Demand of Central Coop. Banks



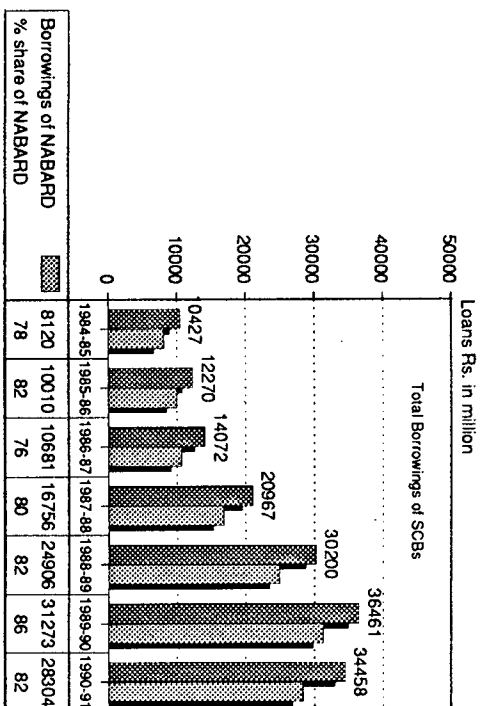


### State Cooperative Banks (Production Credit)

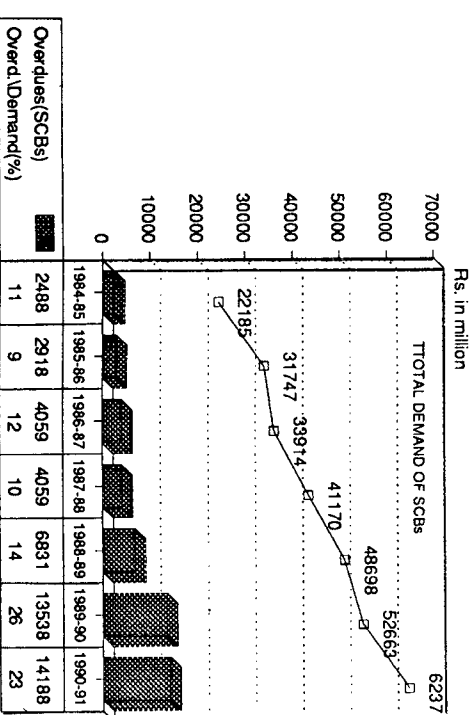
(Value Rs. in Million)

- No. of Banks	: 28
- Membership (Total)	: 82,480
- Membership of Coops	: 24.3%
- Total Share Capital	: Rs. 2237.6
- Percentage of Govt. participation	: 15.82%
- Borrowings (Total)	: Rs. 35717.8
- Borrowings of NABARD (%)	: 82.10%
- Deposits	: Rs. 67596.7
- Deposits from Coops. (%)	: 77.4%
- Working Capital	: Rs. 123293.8
- Loans advanced (Total)	: Rs. 115726.1
- (a) Short-term Loans advanced (ST)	: Rs. 69470.5
- (b) Medium-term Loans advanced (MT)	: Rs. 7038.7
- (c) Others including Long-term (LT)	: Rs. 2024.6
Percentage of overdues to demand	
- (a) Gross (Total)	: 22.7%
- (b) Short-term (ST)	: 20.8%
- (c) Medium-term (MT)	: 46.3%
Purpose-wise distribution of ST & MT Loans	
- (a) % of ST loans for Agri. purpose	: 43.5%
- (b) % of MT loans for Agri. purpose	: 42.9%
- % of overdues to demand (Total)	: 22.7%
- % of overdues of demand (ST)	: 20.8%
- % of overdues of demand (MT)	: 46.3%
- No. of Banks in Profit	: 16
- Number of Employees	: 13659

### Role of NABARD in Total Borrowings of State Cooperative Banks



### Overdues position of State Cooperative Banks over the years



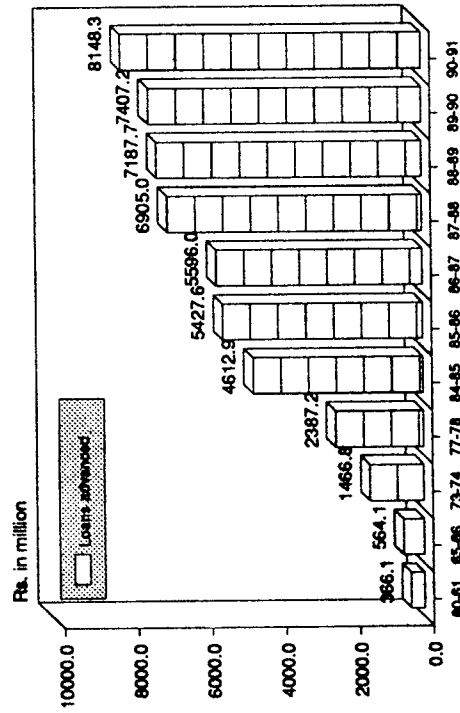
**Structure of Investment Credit  
State Cooperative Land/Agricultural & Rural Development  
Banks**

**Loans advanced by State Coop. Land/Agril.  
Rural Development Banks**

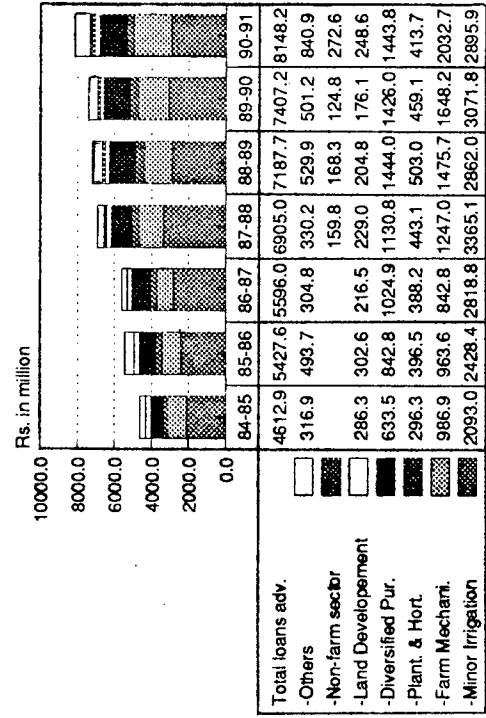
(Investment Credit)	(Value Rs. in Million)
- No. of Banks	: 20
- No. of Branches of CLDBs	: 1487
- Total operational units	: 2841
- Membership (Million)	: 13.92
- Share Capital	: Rs. 2892.3
- Percentage of Govt. participation in share capital	: 26.3%
- Deposits	: Rs. 393.3
- Reserves	: Rs. 3148.0
- Borrowings	: Rs. 39188.1
- Working Capital	: Rs. 54031.8
- Loans Advanced (Total) Long-term	: Rs. 8148.3
- % of loans advanced for farm sector	: 88.9%

<b>Purpose-wise loans advanced</b>	(Value Rs. in Million)
- Minor irrigation	: 35.5% (Rs. 2895.9)
- Farm mechanisation	: 24.9% (Rs. 2032.7)
- Plantation and Horticulture	: 5.1% (Rs. 412.7)
- Diversified purpose	

(Animal Husbandry, Fishery, Sericulture and Rural Godown)	: 17.7% (Rs. 1443.8)
- Land Development	: 3% (Rs. 248.6)
- Non-farm sector	: 3.2% (Rs. 265.2)
- Rural Housing	: 5% (Rs. 397.7)
- Waste land & Dry land development	: Rs. 18.5
- Percentage of overdues to demand	: 52%
- No. of Banks in profit	: 6
- No. of employees	: 19677
- % of trained employees	: 71%



**Purposewise classification of Loans advanced by SLDBs in the Country**



**Primary Land/Agricultural Cooperative Development Banks**

**(Investment Credit)**

(Value Rs. in Million)

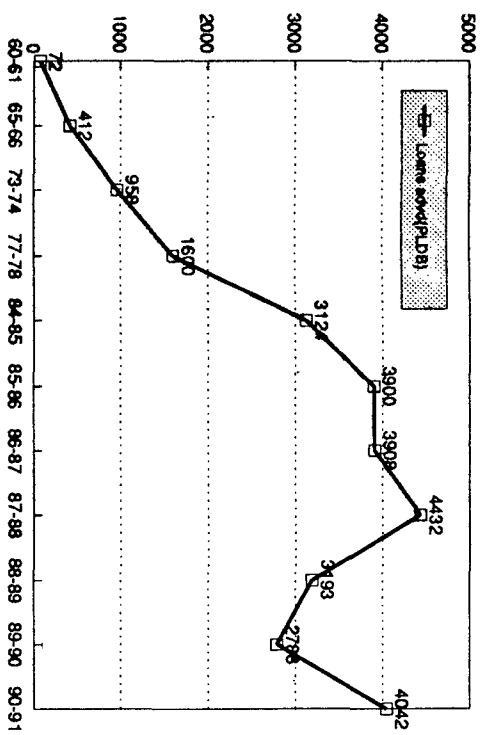
- No. of Banks : 709
- No. of viable banks : 77.2%
- No. of branches/area offices : 675
- Membership : 5.62 Million
- % of borrowing members : 56.8%
- % of Non-borrowing members : 30.5%
- No. of borrowers : 516000
- (a) % of SC borrowers : 24.4%
- (b) % of ST borrowers : 3.5%
- Share Capital : Rs. 1766.0
- % of Govt. participation : 16.2%
- Deposits : Rs. 158.0
- Reserves : Rs. 536.5
- Working Capital : Rs. 22776.6
- Loans Advanced (Total) LT : Rs. 3754.6

**Purpose-wise distribution of loans by PLDBs**

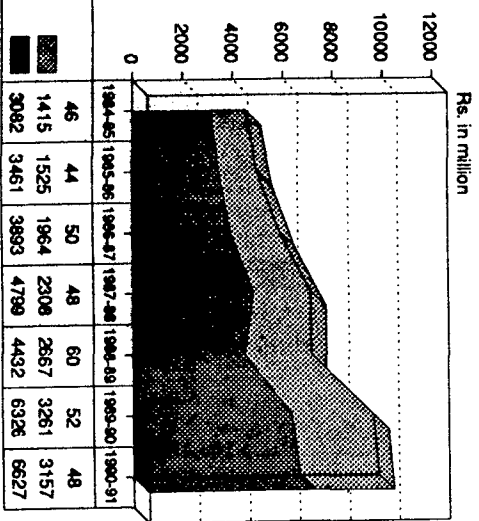
(Value Rs. in Million)

- (a) Farm sector (%) : 73.8%
- (b) Non-farm sector (%) : 2.0%
- (c) Rural Housing (%) : 2.4%
- % of Overdues to demand : 47.6%
- No. of PLDBs in profit (%) : 25%
- No. of employees : 12598
- % of trained employees : 49%

**LOANS ADVANCED BY PRIMARY AGRIL./LAND DEVELOPMENT BANKS OVER THE YEARS**



**OVERDUES POSITION OF PLDBS OVER THE YEARS.**



### Primary Coop. Banks including Urban Banks

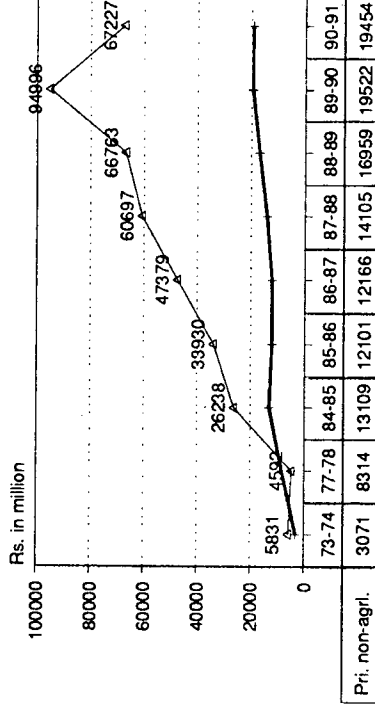
(Value Rs. in Million)	
- Number	: 1414
- Membership ('000)	: 19653
- Paid up Capital	: Rs. 3908.8
- Govt. Participation	: Rs. 21.9
- Deposits	: Rs. 84144.5
- Working Capital	: Rs. 111975.6
- Number of Borrowers (%)	: 31%
- Loans Advanced	
(a) Total	: Rs. 67226.5
(b) Short-term (ST)	: Rs. 43529.1
(c) Medium-term (MT)	: Rs. 23697.4
- % of Overdues to Demand	: 11.8%
- Number of Societies in Profit (%)	: 80%

### Non-Agricultural Credit Coops

#### Primary Non-Agricultural Credit Societies

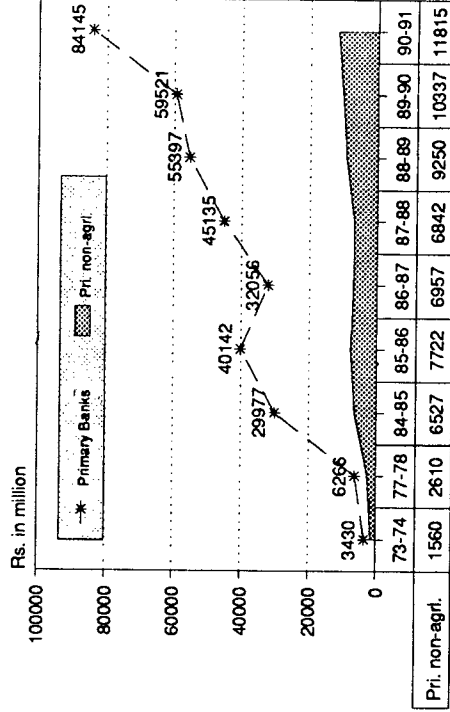
(including Employees Credit and Urban Banks)	
(Value Rs. in Million)	
- No. of Societies/Banks	: 32099
- Membership (Million)	: 15.3
- Share Capital	: Rs. 6548.7
- Govt. participation in share capital	: 0.8%
- Reserves	: Rs. 1970.9
- Deposits	: Rs. 11850.9
- Working Capital	: Rs. 31977.7
- Number of Borrowers (%)	: 45%
- Loans Advanced	
(a) Total	: Rs. 20018.5
(b) Loans advanced for non-agri. purpose (%)	: 56.3%
- Short-term (ST)	: Rs. 9669.8
- Medium-term (MT)	: Rs. 10348.7
- % of overdues to demand	: 14%
- No. of societies in profit (%)	: 53.5%

### LOANS ADVANCED BY PRIMARY COOP. BANKS INCLUDING URBAN BANKS (B.R Act) AND PRIMARY NON-AGRICULTURAL CREDIT SOCSYS.



—\*— Primary Banks — Pri. non-agri.

### DEPOSITS OF PRIMARY COOP. BANKS INCLUDING URBAN BANKS (B.R Act) AND PRIMARY NON-AGRICULTURAL CREDIT SOCSYS.



### Marketing Cooperatives (1990-91)

- Structure 3 Tier (Block, District & State)
- Business turnover (Overall) (Value Rs. in Million)
- (a) Total Agricultural Produce Marketed : Rs. 59290
- (b) Total Agricultural Inputs : Rs. 21550
- (c) Consumer Goods Distributed : Rs. 28500 (Value Rs. in Million)

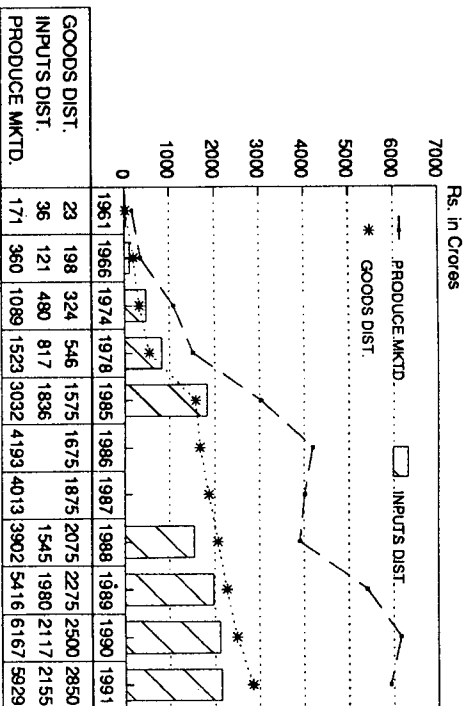
### Primary

- Number : 7346
- Membership (Million) : 4.82
- Share Capital : Rs. 1245.3
- Gvt. participation (%) : 58%
- Working Capital : Rs. 7186.6
- Business turnover : Rs. 38689.4

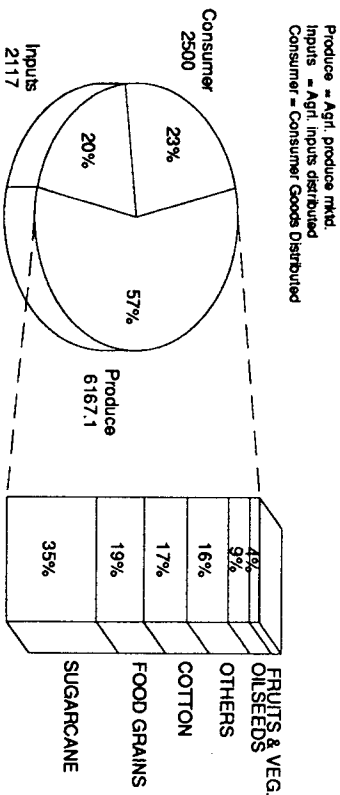
### District+State

- Number : 137
- Membership (Million) : 0.20
- Share Capital : Rs. 1796.8
- Gvt. participation (%) : 81%
- Working Capital : Rs. 13086.8
- Business turnover : Rs. 37201.1

TRENDS IN AGRIL. PRODUCE MARKETED, INPUTS AND CONSUMER GOODS DISTRIBUTED BY COOPS IN INDIA OVER THE YEARS



TOTAL BUSINESS TURNOVER OF MARKETING COOPERATIVES IN INDIA DURING 1990 (Value Rs. in Crores)



### Consumer's Cooperatives

#### Structure 3 Tier (Primary, District & State)

(Value Rs. in Million)

- Primary Stores	
- Number of stores	: 24190
- No. of defunct stores (%)	: 16%
- Membership (Million)	: 7.57
- share capital	: Rs. 7662.5
- Govt. participation	: 13.6%
- Working capital	: Rs. 22392.0
- Total Sales	: Rs. 105685.3

(a) Sales of controlled commodities (%)

: 62.7%

(b) Sales of non-controlled commodities (%)

: 37.2%

: 43.9%

- Stores in profit

(Value Rs. in Million)

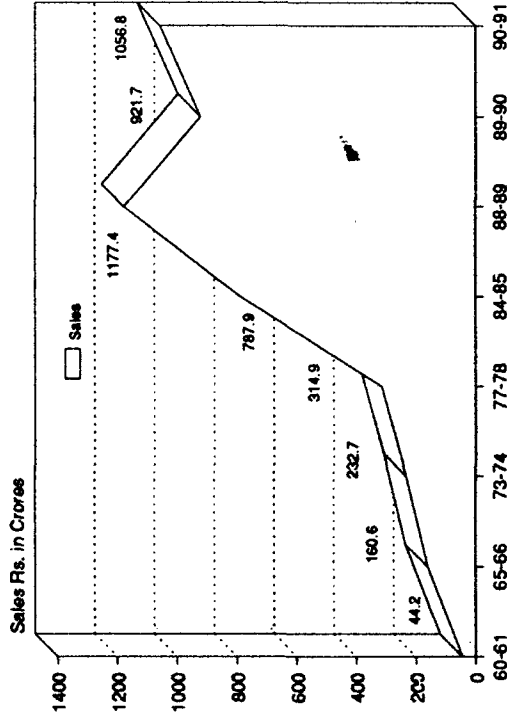
- District Wholesale Stores	
- Number of stores	: 627
- Membership	: 23.38
- Share capital	: Rs. 449.9
- Govt. participation	: 77.4%
- Working capital	: Rs. 1526.1
- Total Sales	: Rs. 11577.3
- Sale of controlled commodities	: 55.3%
- Sales of non-controlled commodities	: 44.7%
- Stores in profit	: 46.7%

#### State Cooperative Consumers Federations

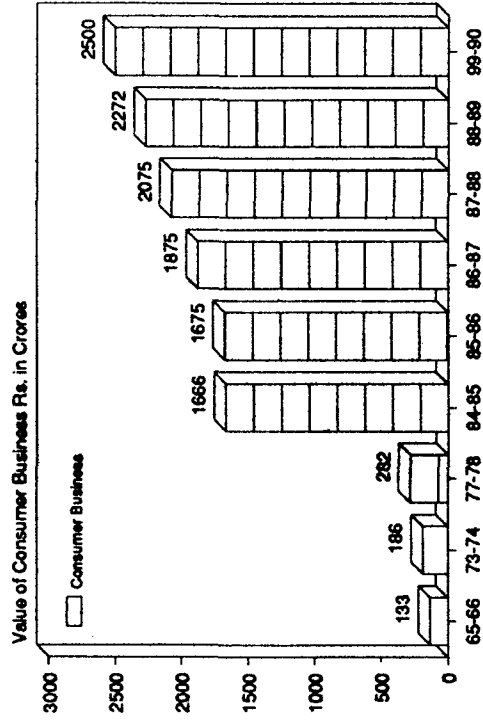
(Value Rs. in Million)

- Number of stores	: 30
- No. of storedefunct (%)	: —
- Membership (Million)	: 1.89
- Share capital	: Rs. 498.25
- Govt. participation	: 77.3%
- Working capital	: Rs. 1817.73
- Total Sales	: Rs. 7585.9
- % sale of controlled commodities	: 52.8
- % sales of non-controlled commodities	: 47.2%
- Stores in profit	: 37%

### SALES OF PRIMARY CONSUMERS COOP. STORES



### RURAL CONSUMER BUSINESS (PACS, FSS, LAMPS)





### Agro-Processing Cooperatives (Primary)

#### A. Sugar Cooperatives (Value Rs. in Million)

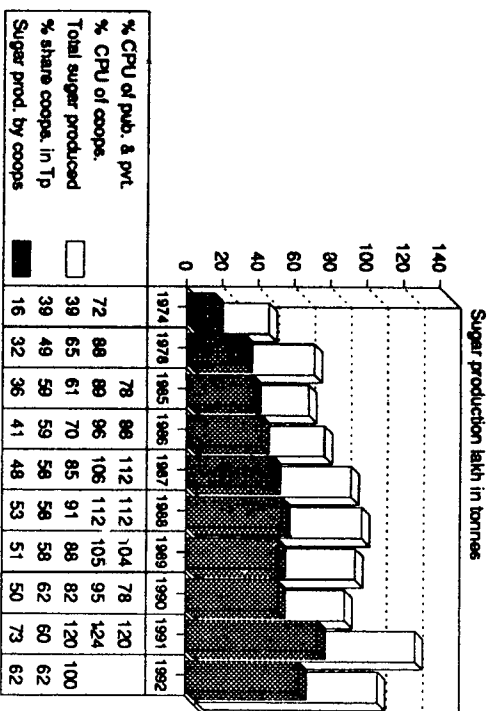
- No. of Installed Sugar factories : 225
- Membership (Million) : 2.34
- Share Capital : Rs. 7620.4
- Turnover (Total) : Rs. 39381.2
- Sugar cane crushed : 71.5 Million tonnes
- Sugar produced : 7.27 Million tonnes
- % of capacity utilisation : 123.5%

#### B. Spinning Mills

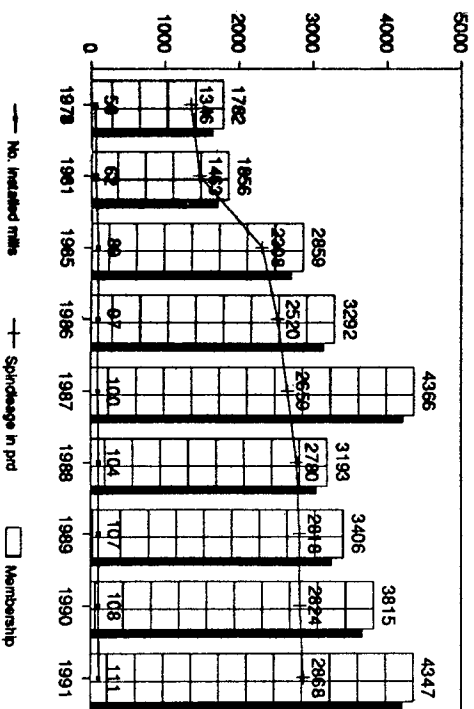
(Value Rs. in Million)

- Number of spinning mills : 113
- (a) of which cotton growers : 52
- (b) Weavers : 60
- Membership (Million) : 0.43
- (a) of which cotton growers : 288326 (66%)
- (b) Weavers (Handloom) : 21437 (4.9%)
- (c) Powerloom : 20158 (4.6%)
- Share Capital : Rs. 3698.67
- Value of yarn production (sales) : Rs. 9996.0
- Total Yarn production (qty.) : 240 Million Kg.
- (a) Production of Hank yarn : 49.09%
- (b) Production of cone yarn : 50.91%
- Number of spillers (Million) : 2.91
- Yarn exported (Qty.) : 9.91 Million Kg.
- Value of yarn exported : Rs. 614.2

### COOPS. SHARE IN TOTAL SUGAR PRODUCTION & CAPACITY UTILISATION



### GROWTH OF INSTALLED COOPERATIVE SPINNING MILLS, MEMBERSHIP & SPINDLEAGE



### C. Dairy Cooperatives

- Number of Dairy Coops : 70188
- Membership (Million) : 7.78
- Share Capital : Rs. 2978.7
- Working Capital : Rs. 14119.2
- Turnover (Total) : Rs. 14667.4

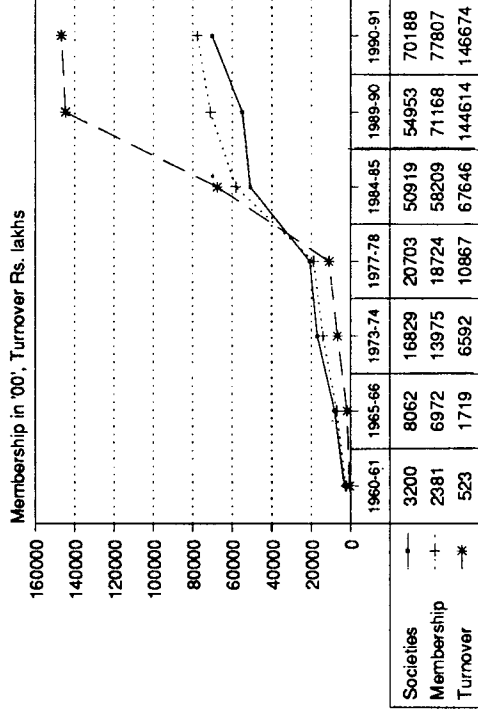
### D. Other Agri-processing Coops.

- Number of Oil Mills : 113
- Number of Rice Mills : 598
- Capacity of utilisation : 49.13%
- Number of Dal Mills : 72
- Capacity of utilisation : 37.21%

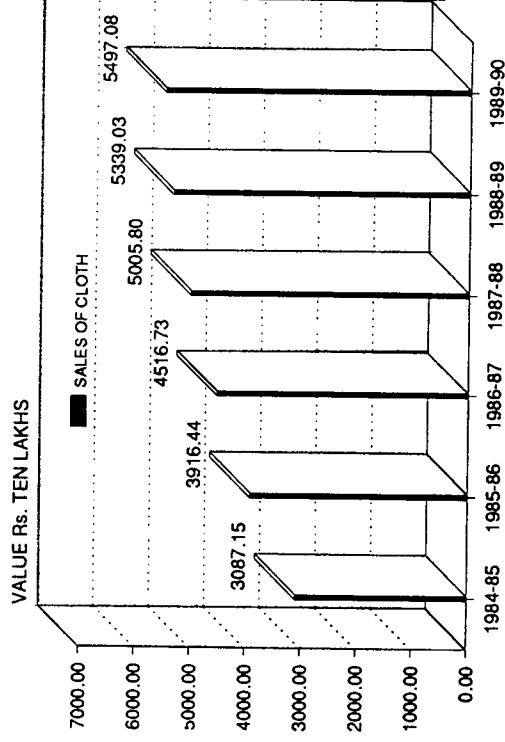
### Industrial Cooperatives (Primary)

- (a) *Weavers Cooperatives*
- No. of Weavers Coops : 17766
  - Membership (Million) : 1.70
  - Share Capital : Rs. 857.9
  - Working Capital : Rs. 5012.7
  - Turnover : Rs. 6651.8
- (b) *Non-weavers coops*
- No. of non-weavers coops: : 34266
  - Membership (Million) : 2.74
  - Share Capital : Rs. 1014.8
  - Working Capital : Rs. 3276.1
  - Turnover : Rs. 5709.5

### Progress of Dairy Cooperatives in India over the years



### BUSINESS TURN OVER(SALES) OF WEAVERS COOPERATIVES



### Cooperatives for Weaker Sections (Primary Level)

#### (a) Fishery Cooperatives

- Number of Fishery Cooperatives	: 6612	(Value Rs. in Million)
- Membership (Million)	: 0.75	
- Share Capital	: Rs. 122.8	
- Working Capital	: Rs. 589.4	
- Sales/Turnover	: Rs. 743.6	

#### (b) Poultry Cooperatives

- No. of Poultry Cooperatives	: 2945	(Value Rs. in Million)
- Membership (Million)	: 0.19	
- Share Capital	: Rs. 49.9	
- Working Capital	: Rs. 310.6	
- Sales/Turnover	: Rs. 280.8	

#### (c) Labour Construction Coops

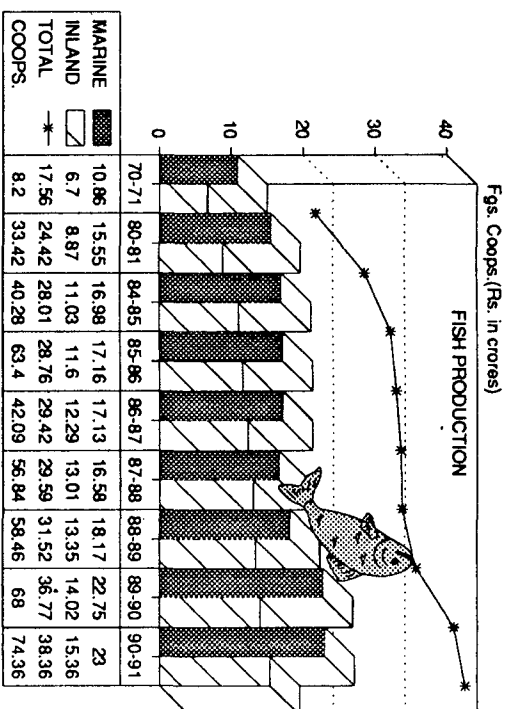
- No. of Labour construction Coops	: 18411	(Value Rs. in Million)
- Membership (Million)	: 1.02	
- Share Capital	: Rs. 120.4	
- Working Capital	: Rs. 1149.3	
- Sales/Turnover	: Rs. 2465.5	

#### (d) Forest Labour Coops (Primary)

- No. of Forest Labour Coops	: 3269	(Value Rs. in Million)
- Membership (Million)	: 0.4	
- Share Capital	: Rs. 13.2	
- Working Capital	: Rs. 2772.7	
- Sales/Turnover	: Rs. 392.2	

#### Women Coops (Primary)

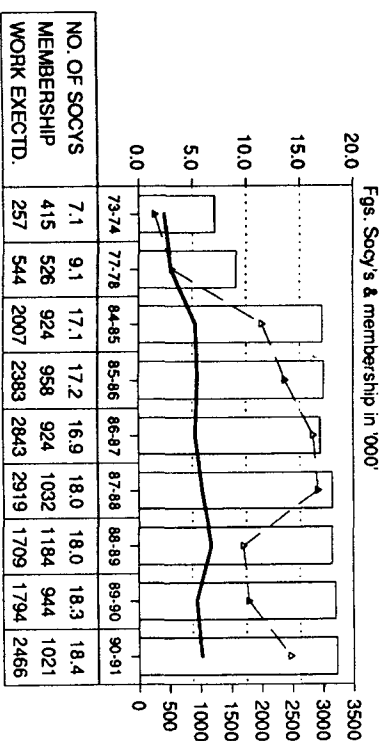
- No. of Women Coops	: 4653	(Value Rs. in Million)
- Membership (Million)	: 5.3	
- Share Capital	: Rs. 108.2	
- Working Capital	: Rs. 673.2	
- Sales/Turnover	: Rs. 213.4	



Figs. in lakh tonnes (marine, inland, total)

### LABOUR CONTRACT & CONSTRUCTION SOCIETIES

(Value of work executed Rs. in million)



□ NO. OF SOCVS  
— MEMBERSHIP

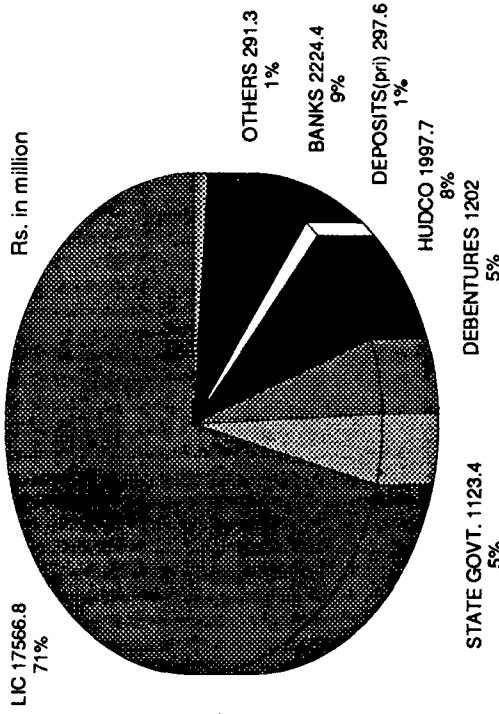
### Housing Coops (Primary) (Rs. in million)

- No. of Housing Cooperatives	: 70,000
- Membership (Million)	: 4.5
- Number of Rural Housing Coops.	: 1514
- Working Capital	: Rs. 20,000
- No. of houses constructed (by Rural Coop. Housing Societies)	: 3,84,986
<b>Apex Hosuing Coops. (1991-92)</b>	
- Number of Federations	: 25
- Membership	: 27,282
- No. of Primary Housing Coop.	
- Affiliated	: 26,000
- Share Capital (Total)	: Rs. 2111.2
- Share Capital of Coops.	: Rs. 1457.2 (69%)
- Share Capital of Govt.	: Rs. 653.4 (30.9%)
- No. of Houses constructed	: 9,2,0288
- No. of Houses under construction	: 3,53,388

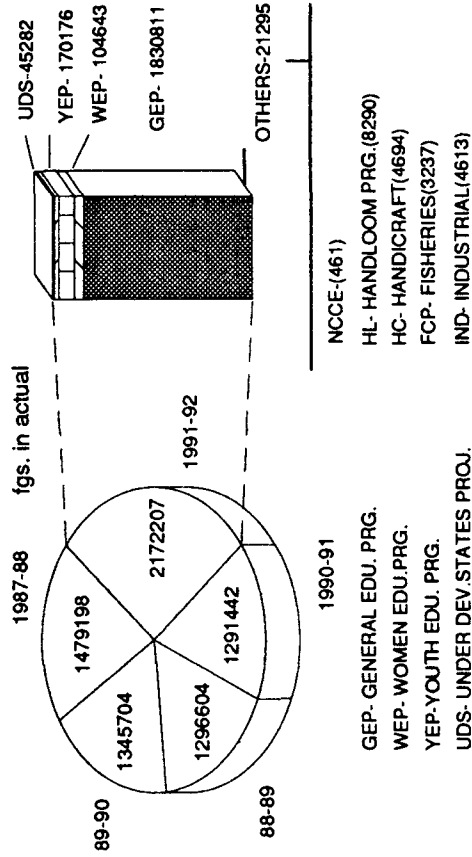
### Coop. Education, Research and Training (1991-92)

<i>Cooperative Education Programmes</i>	
<i>By State Cooperative Unions</i>	Personnel
	Educated/Trained
- Total Members Trained	: 21,72,207
- General Education Programme	: 18,30,811
- Women Education Programme	: 1,04,643
- Youth Education Programme	: 1,70,176

### BORROWINGS OF APEX HOUSING COOP. SOCYS. (As on 31.3.92)



### PROGRESS OF MEMBERS TRAINED BY COOPERATIVE EDUCATION PROGRAMMES (ACTIVITY WISE)



**By National Cooperative Union of India**

- Under Developed States Projects : 45,282
- Handloom Cooperative Projects : 8,290
- Handicraft Cooperative Projects : 4,694
- Industrial Cooperative Projects : 8,189

**By National Centre for Coop. Education (NCCUI)**

- Leadership development Programme : 461

**Cooperative Training Programmes overall control of National Council for Cooperative Training (NCTU)**

**By Vaikunth Mehta National Institute of Coop. Management**

- Sr. Level Cooperative Personnel : 1,012

**By Institute of Cooperative Management (19)**

- Intermediary Level Coop. Personnel : 6,137

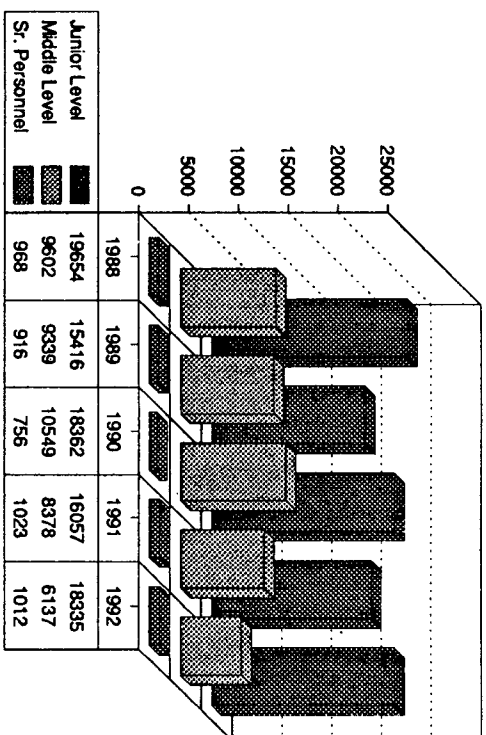
**By Junior Coop. Training Centres (95)**

(Administrative control of State Cooperative Unions)

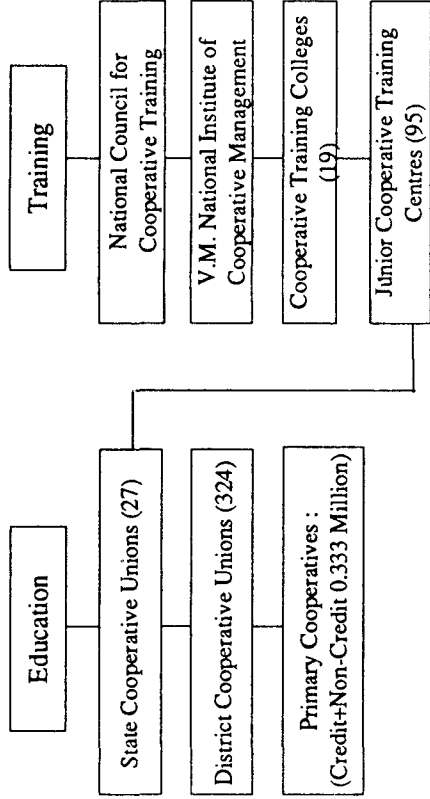
- Jr. Level Coop. Personnel : 18,335

**PROGRESS OF COOPS. PERSONNEL TRAINED  
AT VAMNICOAM, ICMS & JCTs**

Figs. in actual



## NATIONAL COOPERATIVE UNION OF INDIA (Apex organisation of the Indian Cooperative Movement)



### Main Functions

#### National Cooperative Union of India

- Promoting and strengthening the cooperatives
- Cooperative education and training.
- Inter-national cooperative relations.
- Publicity, publications & public relations.

#### National Council for Cooperative Training

- Formulate policies and plans relating to cooperative training.
- Facilitate planning and designing of training programmes for CTCs.
- Academic Guidance to Junior Training Centres.
- Liaison with Government, Universities, R.B.I., NABARD, NCDC, U.G.C. and Inter-national cooperative organisations.

#### Vaikunth Mehta National Institute of Cooperative Management

- Caters to management development training needs of senior key personnels in cooperative sector.
- Research and consultancy.
- Publications.

#### Cooperative Training Colleges

- Caters to the management/development training needs of middle level cooperative personnel.

#### State Cooperative Unions

- Cooperative education and training.
- Promote inter-cooperative relationship.
- Publicity and Publications.

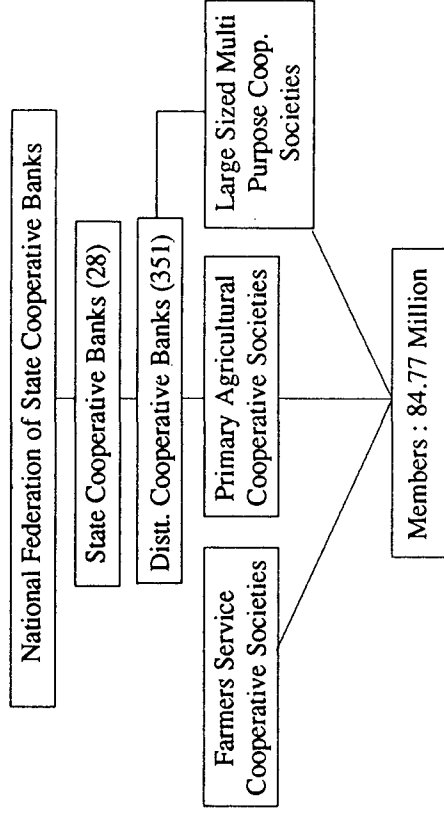
#### Junior Training Centres

- Arrange training of junior level cooperative personnel.

#### District Cooperative Unions

- Guide and assist in organising cooperatives.
- Undertake education and training activities.

## AGRICULTURAL CREDIT COOPERATIVES Production Credit



### Main Functions

#### 1. Primary Agricultural Cooperative Society/LA M P S / F S S

- Production Credit to members
- Agricultural Inputs Implements
- Storage and Marketing of Agricultural Produce
- Consumer goods and essential commodities to members
- Non-Farm Credit

#### 2. District Cooperative Bank

- Credit to Primary Societies
- Working Capital to Agro-processing units
- Banking Facilities to Public

#### 3. State Cooperative Bank

- Coordinate Credit Policies
- Credit to District Cooperative Banks
- Working Capital to Apex Societies
- Training, Supervision and Guidance in Agricultural Credit

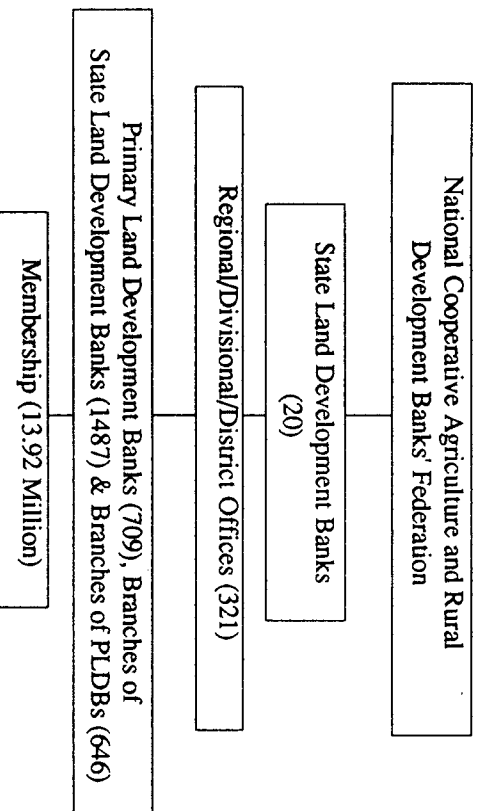
#### 4. National Federation of State Cooperative Banks

- Research, Publications and Consultancy on Cooperative Credit.
- Liaison with Government RBI, NABARD and other National Organisations on matters relating to Agricultural Credit.
- Promote and Project the interests of the members banks in spheres of their activities.
- Provide a common forum to the member banks to deal their problems.



## AGRICULTURAL CREDIT COOPERATIVES

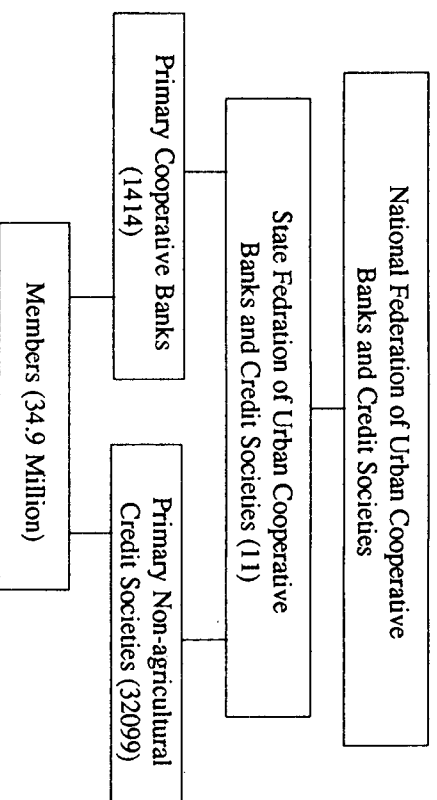
### Investment Credit



- Main Functions**
- State Land Development Bank**
- Coordinate Long Term Credit Policies
  - Float Debentures Credit to PLDBS
  - Supervise Guide Primary Land Development Banks
  - Liaison with Government, NABARD, SBI, LIC and other institutions.
- District/Regional/divisional Offices**
- Assist and guide the Field Units for implementing loaning policies and procedures.
  - Inspection of units, verification of credit utilisation.
  - Coordinate with other developmental agencies.
- Primary Land Development Bank**
- Investment Credit to members
  - Credit for non-farm activities
- National Cooperative Agriculture and Rural Development Banks Federation**
- Publications, Guidance, Consultancy on investment credit.
  - Liaison with Govt., Planning Commission, RBI, NABARD, Commercial Banks, Cooperative Banks, State Bank of India, LIC and other concerned on matters related to long-term credit.

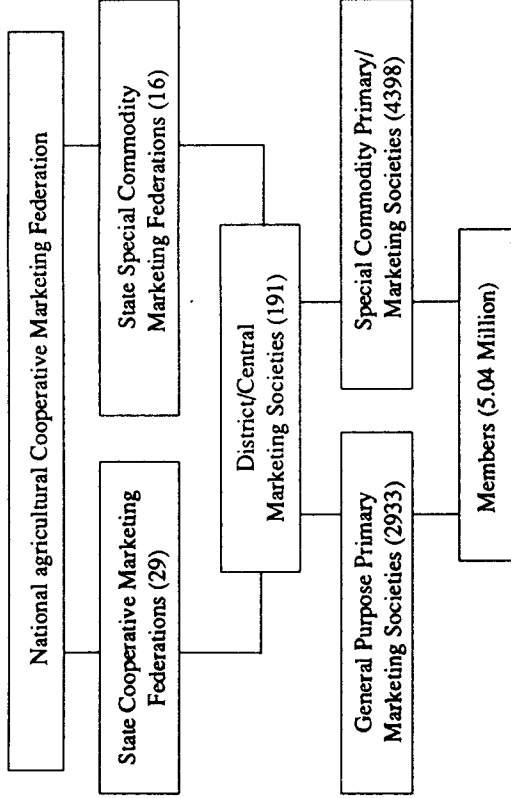
## NON-AGRICULTURAL CREDIT COOPERATIVES

### Urban Credit Cooperatives



- Main Functions**
- (1) National Federation of Urban Cooperative Banks and Credit Societies**
- Promote interest of member banks
  - Promote urban credit movement and undertake research studies
  - Publications relating to urban credit movement
  - Liaison with Govt. of India, State Govt., RBI, NABARD, SBI and other concerned institutions at national and international levels
- (2) Primary Urban Cooperative Bank**
- Raise deposits from members and non-members
  - Advances to members.
  - Collections of bills, hundies etc.
  - Arrange safe custody of valuable document
  - Provide other banking facilities
- (3) Salary Earners' Cooperative Societies**
- Encourage thrift, self help and cooperation among members
  - Attract deposits from members and non-members
  - Lend money to members

## AGRICULTURAL MARKETING COOPERATIVES



### Progress of NAFED 1991-92

(Rs. in Million)

Membership	: 346
Paid-up Capital	: rs. 18.08
Government Share	: Rs. 1.1
Total turnover	: Rs. 4793.1
(a) Internal Trade	: Rs. 2138.0
(b) Export	: Rs. 2440.5
Profit	: Rs. 132.19

### Main Functions

#### National Agricultural Cooperative Marketing Federation

- Marketing of agricultural produce in the country and exports.
- Processing of agricultural produce.
- Coordinate member societies in promotion of internal trade.
- Canalising agency for export of onion and nigerseed and monitoring agency for import of pulses.
- Nodal agency of Government of India for price support operations.
- Production and marketing of agricultural machinery, implements and Bio-fertilisers.
- Undertakes inter-state trade to stabilise consumer prices in agricultural commodities.

#### State Cooperative Marketing Federation

- Marketing and processing of agricultural produce.
- Supply of improved agricultural implements.
- Coordinate member societies in marketing.
- Price support and market intervention operations as an agency of NAFED
- Provide remunerative prices to farmers for their produce.

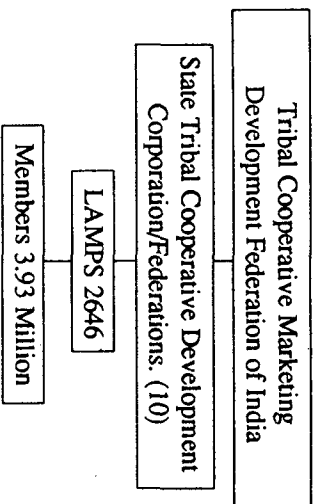
#### District/Central Marketing Society

- Coordinate primary agricultural produce.
- Undertake inter district trade in agricultural produce.

#### Primary Marketing Society

- Procurement of agricultural produce.
- Price support and market interventions operations in association with national state marketing federations.
- Advance loans to their members by pledging their produce.
- sale of agricultural commodities to the cooperatives and consumer organisations.
- Distribution of fertilisers and other agricultural inputs.
- Provide godown cold storage processing yard facilities to members.

## TRIBAL COOPERATIVES



**Progress of TRIFED (1991-92)** (Rs. in Million)

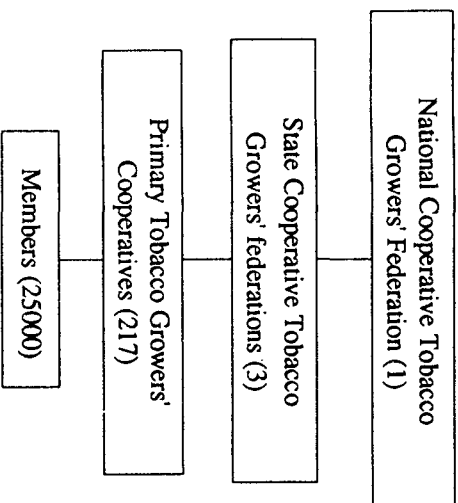
- Membership	:	30
- Share Capital (Total)	:	Rs. 252.08
- Government Share Capital	:	Rs. 250.0
- Total Turnover (Sales)	:	Rs. 256.46
(a) Internal Trade	:	Rs. 96.63
(b) Export	:	Rs. 159.83
- Profit	:	Rs. 1.52

### Main Functions

#### Tribal Cooperative Marketing Development Federation of India

- Marketing of minor forest produce in tribal areas.
  - Marketing support to state cooperative feds./forest corporations.
  - Liaison with Govt. NCDC, state forest departments and cooperative organisations.
  - Human Resource Development
- State Tribal Cooperative Development Corporation/Federations**
- Collection of minor forest produce through LAMPS.
  - Marketing of minor forest produce.
  - Liaison with Govt. and cooperative organisations.

## TOBACCO GROWERS' COOPERATIVES



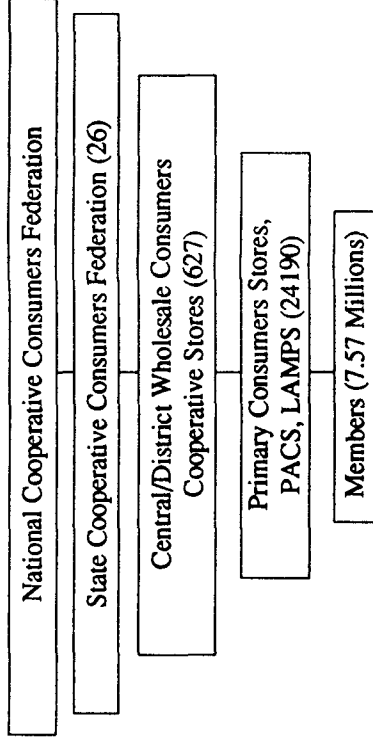
#### Progress of National Coop. Tobacco Growers Federation (1986-87)

—Purchase of inputs	—	7893 M. Tonnes
—Value	—	Rs. 14.1 Million
—Sales of inputs	—	7893 M. Tonnes
—Sale of tobacco	—	2344 M. Tonnes
—Value	—	Rs. 11.4 Million

### Main Functions

- Promote non-virginia tobacco growers' cooperatives
- Explore market for tobacco
- Local and overseas.

## CONSUMER COOPERATIVES



### Main Functions

#### National Consumers Cooperative Federation

- Provide trading support to members
- Assist and guide member institutions for facilitating their working.
- Provide consultancy and promote consumer's cooperatives.
- Sale of controlled, textiles, controlled cloth, general merchandise items and tea
- Establish and run processing units for pulses, spices, paper and stationery.
- Publications
- Liaison with Government, NCDC, ICA, ILO and other cooperative organisations.

#### State Consumers' Cooperative Federation

- Promote consumer cooperatives in state.
- Procure bulk quantity of consumer goods and supply to member institutions.
- Assist and guide member institutions for facilitating their working.
- Act as agent of Govt. for distribution of controlled commodities.
- Establish and run manufacturing and processing units.
- Assist the wholesale stores insecuring finance.
- Publications
- liaison with Govt. and other financing institutions.

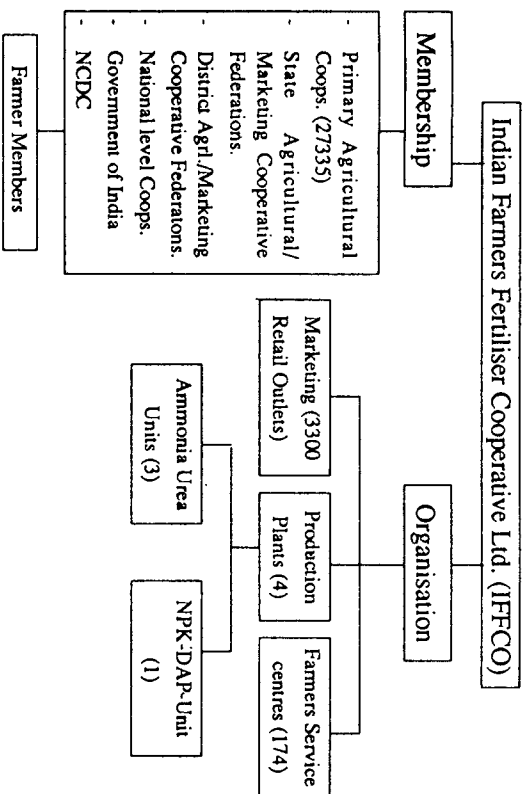
#### Consumers' Cooperative Store

- Protect interest of consumers
- Provide quality essential consumer and other items at reasonable rates.
- Maintain price stabilisation
- Liaison with state cooperative federation and other concerned.

#### Progress of National Cooperative Consumers' Federations (1991-92)

1. Membership	—	108
2. Paid up share capital	—	Rs. 109.4 Millions
3. Government Share	—	Rs. 82.0 Million
3. Total Turnover	—	Rs. 590.0 Millions
4. Profit/Loss	—	Rs. (—48.5) Million

## FERTILISER COOPERATIVES-I

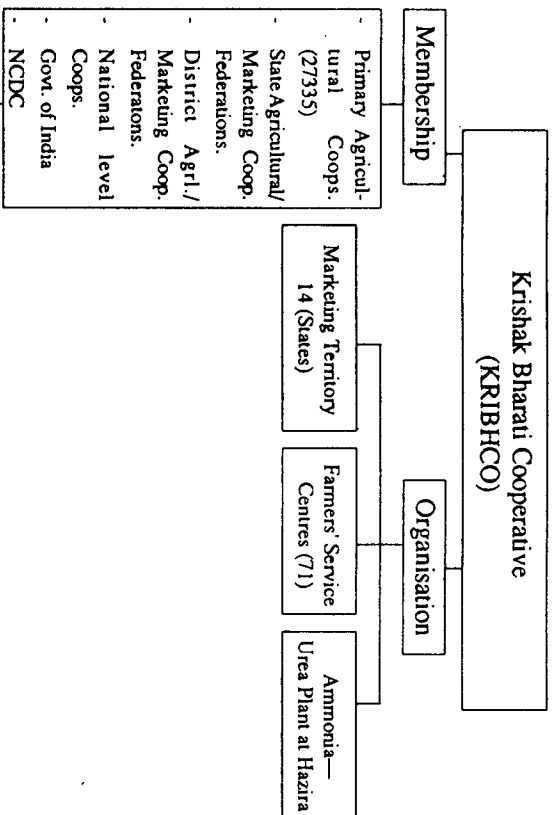


Progress of IFFCO (1991-92)

(Rs. in Million)

Membership	29357
Paid-up capital	Rs. 3602.1 Million
Total production of 4 plants	2.79 Million Tonnes
(a) Urea	1.79 Million Tonnes
(b) NPK/DAP	1.0 Million Tonnes
Total sales	—
(a) Qty.	2.877 Million Tonnes
(b) Value	Rs. 8772.5
Net Profit	Rs. 1009.1
Capacity Utilisation	—
(a) Nitrogenous Plant	110%
(b) Phosphate Plant	113%
<b>Main Functions</b>	—
— Augmenting fertiliser production	—
— Ensure fertiliser and other agricultural inputs available at farmers' doorsteps	—
— Strengthening cooperative fertiliser distribution	—
— Education, training of farmers	—
— Publications	—

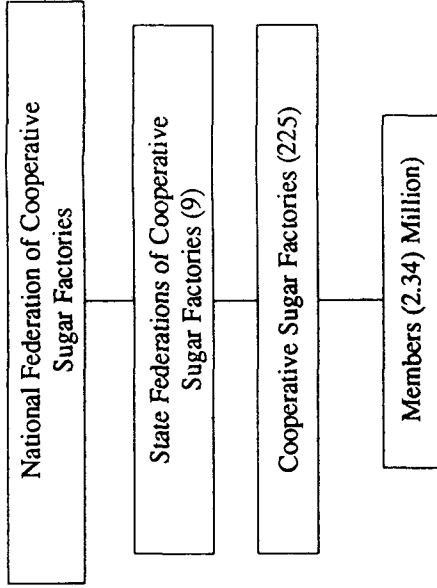
## FERTILISER COOPERATIVES-II



Progress of KRIBHCO (1991-92)

Membership	3110
Paid-up capital	Rs. 4476.9 Million
Fertiliser production	—
(a) Ammonia	1.03 Million Tonnes
(b) Urea	1.70 Million Tonnes
Sales Qty. (Ammonia+Urea)	1.847 Million Tonnes
Value of Sales	Rs. 5168.1 Millions
Total Turnover	Rs. 7136.7 Millions
Net Profit	Rs. 980.4 Millions
Capacity Utilisation	—
(a) Ammonia	115%
(b) Urea	117%
<b>Main Functions</b>	—
— Production of chemical fertiliser and promote fertiliser use base	—
— Make available fertiliser to door step of farmers	—
— Education—Training of Farmers	—
— Transfer Technology for Modern Farming	—
— Strengthening of Cooperative Distribution Channel	—

## SUGAR COOPERATIVES



### Main Functions

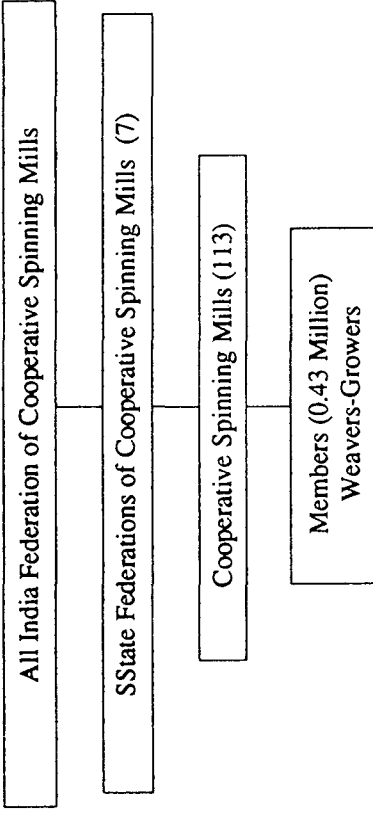
#### National Federation of Cooperative Sugar Factories

- Coordinate and facilitate working of member cooperative sugar factories.
- Assist in promote and establish new cooperative sugar factories.
- Technical consultancy
- Publications
- Liaison with Government, NABARD, Industrial Finance Corporation, S.B.I., State and District Cooperative Banks and other financing agencies.

#### Cooperative sugar Factories

- Procure sugar cane from members and pay remunerative prices.
- Improve sugar cane cultivation and provide inputs.
- Produce sugar and bye-products.
- Mobilise deposits from members.
- Other developmental activities for members.

## SPINNING COOPERATIVES



### Main Functions

#### All India Federation of Cooperative spinning Mills

- Plan, formulate and implement projects for establishment, expansion and modernisation of spinning Mills.
- Technical consultancy in textiles and yam market surveys.
- Turn-key consultancy for world bank-NCKC Intergrated ginning and spinning projects.
- Training in cotton and yam testing.
- Liaison with central and state governments, NCDC banks and central financing institutions.
- Publication

#### State Cooperative spinning Mills Federation

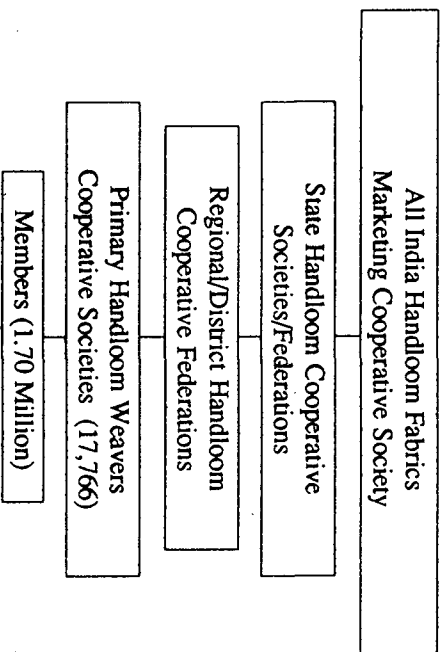
- Coordinate and facilitate the working of member mills.
- Assist in promotion and organisation of new mills in cooperative sector.
- Provide technical know-how.
- Arrange supply of raw materials, storage facilities

#### Cooperative Spinning Mills

- Produce yam and supply to weavers apex cooperative federations.



## WEAVERS COOPERATIVES

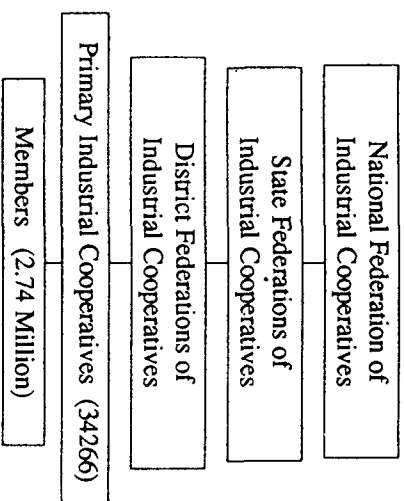


**Progress of All India Handloom Fabrics Marketing Coop. Society**

Membership	1084
Paid-up Capital	Rs. 22.62 Million
Sales (Total)	Rs. 689.98 Million
(a) Internal Trade	Rs. 410.9 Million
(b) Export	Rs. 257.7 Million
Profit	Rs. 5.2 Million

- Main functions**
- All India Handloom Cooperative Fabrics Marketing Cooperative Society
  - Promote domestic and export market for products by handloom cooperatives
  - Arrange marketing of finished goods
  - Arrange exhibitions
  - Publications
  - Liaison with Govt., NCDC, NABARD, KVIC, All India Handloom Board, Cooperative Institutions and other organisations.
- State Handloom Cooperative Society/Federation**
- Procure raw materials, tools and supply to member institutions
  - Marketing of finished goods of members by obtaining orders
  - organise exhibitions
  - Publications
  - Technical Training/Education
  - Liaison with Govt., NABARD, NCDC, Cooperative Bank and other organisations.
- Regional/district Handloom Cooperative Federation**
- Procure raw material, tools, implements and supply to primaries
  - Provide common facilities
  - Marketing of finished goods of primary societies.
- Primary Handloom Weavers Cooperative Society**
- Raise funds from different sources
  - Procure raw materials, tools, implements and supply to weaver members
  - Education

## INDUSTRIAL COOPERATIVES (NON-WEAVERS)

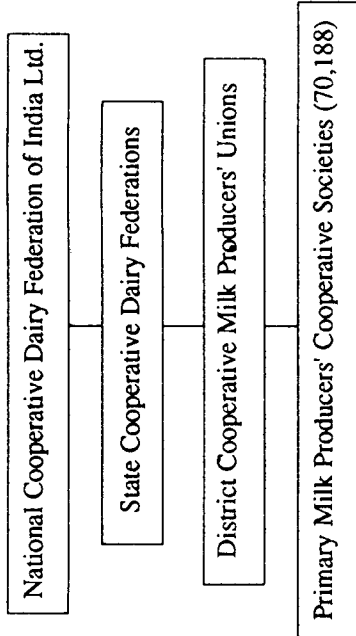


**Progress of National Federation of Industrial Cooperatives (1991-92)**

Membership	58 Million
Paid-up Capital	Rs. 14.6 Million
Government Share	Rs. 14.1 Million
Total Turnover	Rs. 12.2 Million
Profit/Loss	Rs. (-1.9) Million

- Main functions**
- National Federation of Industrial Cooperatives
  - Promote and Develop Industrial Cooperatives
  - Assist in Marketing of Products of Industrial Cooperatives in Country and Abroad.
  - Purchase and sale of Raw Materials components and Equipments.
  - Publications.
  - Liaison with Govt., NABARD, NCDC, KVIC, etc.
- State Federation of Industrial Cooperatives**
- Promote and Develop Industrial Cooperatives in the State
  - Procure and supply of Raw Materials, Tools, and equipments.
  - Marketing of Finished Goods.
  - Training.
  - Publication.
  - Liaison with Govt., NCDC, Cooperative Banks, Commercial Banks, KVIC and other Financing Agencies.
- District Federation of Industrial Cooperatives**
- Guide and Assist Primaries in their working.
  - Procure and Supply Raw Materials, equipments, and tools to primaries.
  - Marketing of finished goods.
  - Training.
- Primary Industrial Cooperative Society**
- Raise Funds.
  - Procure and supply Raw Materials, Tools and Equipments to members.
  - Arrange Marketing of Finished Goods.
  - Technical Training to Members.

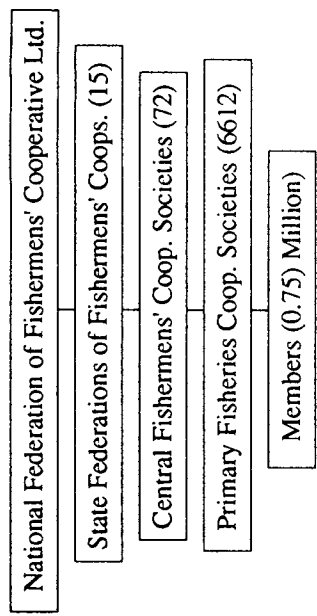
## DAIRY COOPERATIVES



<b>Members (7.78) Million</b>	
<b>Progress of National Cooperative Dairy Federation (1991-92)</b>	
Membership	20
Paid-up Capital	Rs. 5.6 Million
Turnover	Rs. 27.27 Million
Sales (Maize and Semen)	Rs. 23.71 Million
Profit	Rs. 0.302 Million

- Main Functions**
- National Cooperative Dairy Federation
  - Develop inter Dairy Cooperative Relationship
  - Research, Publication and Consultancy on Dairy
  - Liaison with NDDB, Government of India, NCDC etc.
  - **State Cooperative Dairy Federation**
  - Production programming
  - Marketing whole milk, toned milk, milk products
  - Arrange bulk purchases
  - assist the Unions in input programmes
  - Training, consultancy
  - **District Cooperative Milk Producers' Union**
  - Organisation and supervision of primary cooperatives
  - Collect milk from primaries, processing milk
  - Regular payment to DCS
  - Marketing milk, milk products in their area of operation
  - Distribution of cattle feed
  - Provide technical inputs
  - Extension activities
  - Arrange training of staff, DCS Personal
  - Educate farmers and farmer ladies
  - **Primary Milk Producers' Cooperative Society**
  - Collection and sale of milk to milk unions
  - Regular and remunerative payment to producers
  - Help members to increase milk production
  - Provide veterinary first aid and AI services
  - Sale of cattle feed

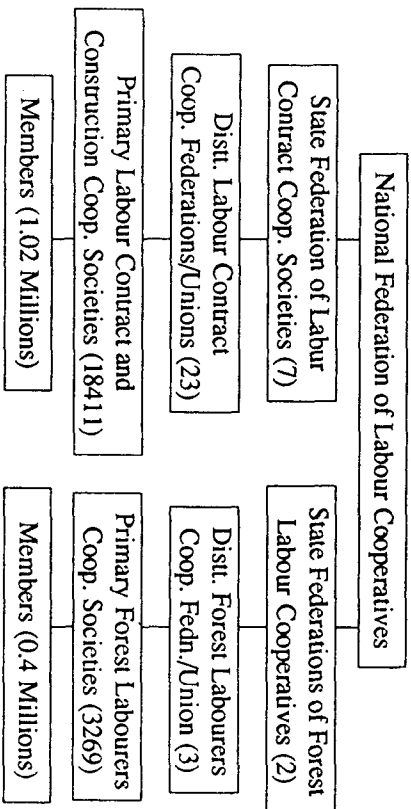
## FISHERIES COOPERATIVES



<b>Members (0.75) Million</b>	
<b>Progress of FISHCOPPED (1991-92)</b>	
Membership	122
Paid-up capital	Rs. 3.28 Million
Total Turnover	Rs. 4.99 Million
Profit	Rs. 1.06 Million

- Main Functions**
- National Federation of Fishermen's Cooperatives
  - Arrange supply of fisheries inputs and equipments
  - Transfer technology to fishermen through cooperatives
  - Insurance cover to fishermen
  - Procure pond/lake on lease basis for development of fish breed and sale of fish at reasonable price
  - Provide health care and family welfare services to the members of fishery cooperatives
  - Setting training-cum-demonstration units
  - Marketing of fish and fish seed
  - Research and consultancy in fishery cooperatives
  - Publications
  - Liaison with govt., ncdc, nabard, cooperative institutions
  - **State Federation of Fishermen's Cooperatives**
  - Promote and develop fisheries cooperatives in the state
  - Raise capital through shares, deposits and borrowings
  - Procure and Distribution of required fishery inputs & equipments
  - Marketing of fish at reasonable rates
  - Undertake processing activities and export of fish products
  - Technical guidance
  - liaison with state govt. ncdc, fishcofed, fida, cooperative banks, and other concerned agencies
  - **Primary Fisheries Cooperatives**
  - Motivate fishermen to organise cooperatives
  - Procure fish from members and provide complete infrastructure for sale of fish
  - Provide fish seed, net and other inputs & equipments
  - Arrange technical guidance for members

## LABOUR COOPERATIVES



**Progress of National Cooperative Labour Federation**

Membership	252
Paid-up Capital	Rs. 0.9 Million
Government Share	Rs. 0.4 Million
Total Turnover	:
Profit	Rs. 13,558

### Main Functions

#### National Federation of Labour Cooperatives

- Promote labour cooperatives
- Supply tools, implements and machinery
- Technical know-how and technology
- Research, Publications

#### State Federation of Labour Cooperatives

- Technical guidance to labour cooperatives
- Revitalisation of dormant societies
- Provide credit facilities to primary societies
- Publications
- Liaison with government and work awarding agencies

#### District Federation of Labour Cooperatives

- Coordinate with primary societies
- Distribution of work among member societies
- Arrange supply of machinery, provide technical guidance

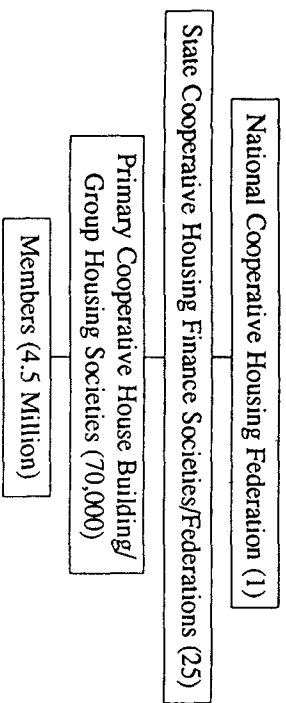
#### Primary Labour Cooperative Societies

- Promote economic interest of labourers
- Find suitable employment for members by securing contracts for execution work
- Acquire tools equipments and other machinery
- Training of members

#### Forest Labour Cooperatives

- Contracts for selling trees/coups
- Planting and clearing of forests
- Transportation of members produce and its stocking.

## HOUSING COOPERATIVES



Progress of NCHF (1991-92)

Membership — 23 (State Cooperative Housing Federations)

### Main functions

#### National Cooperative Housing Federation

- Coordinate and Guide members in Planning and construction of houses.
- Procure and supply building materials.

#### Publications.

- Liaison with Government and other Agencies on matters related to Housing Cooperatives.

#### State Cooperative Housing Finance Society/Federation

- Arrange funds from Government and other Financing Agencies and advance to Member societies.

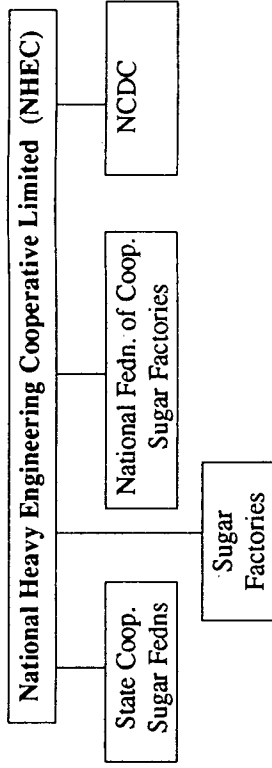
- Assess, procure, manufacture building materials and supply to societies.

- Guide and assist in technical, financial and legal matters.

#### Primary Cooperative House Building/Group Housing Societies

- Secure land, develop it.
- Get financial assistance from various financing agencies.
- Construct, allot and manage houses.

## HEAVY ENGINEERING COOPERATIVES



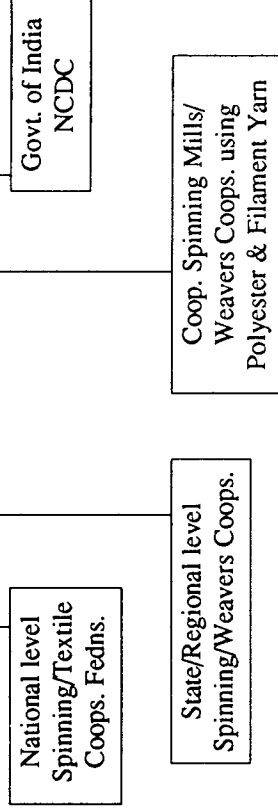
### Progress of NHEC (1991-92)

Membership	: 88
Paid-up Capital	: Rs. 21.0 Million
Production (In value)	: Rs. 247.9 Million
Total Sales	: Rs. 522.8 Million
Net Profit	: Rs. 9.32 Million

### Main Functions

- Commissioning of Cooperative Sugar Factories/Mills.
- To provide Technical know-how to member Sugar Factories.
- Project Management Consultancy Services to National and International organisations.
- Research and Development.
- Manufacture and Supply of Equipments for Turn-key Sugar Plants.
- Liaison with National and International organisations.

## PETROFILS COOPERATIVES



### Progress of PETROFILS Cooperative (1991-92)

Membership	: 1345
Paid-up Capital	: Rs. 158.9 Million
Government Share	: Rs. 131.7 Million
Turnover	: Rs. 2126.6 Million
Total Sales in qty.	: Rs. 12065 Tonnes
Production of Yam (Qty.)	: 12583 Tonnes
Net Profit	: Rs. 200.5 Million

### Main Functions

- Promote the economic interest of the weavers through the medium of Synthetic Yam.
- Manufacture manmade fibres and fibres intermediates.
- Extension programmes for use of Synthetic Yam in handlooms.
- Development of fabrics designs on handlooms.
- Research and Consultancy.



**AGRICULTURAL CO-OPERATIVES IN INDIA**  
**THEIR ORGANISATIONAL STRUCTURES,**  
**MANAGEMENT PRACTICES & PROBLEMS**  
**– A BACKGROUND PAPER**

COUNTRY PAPER PREPARED FOR  
NINTH ICA/JAPAN TRAINING COURSE FOR  
STRENGTHENING MANAGEMENT OF AGRICULTURAL  
CO-OPERATIVES IN ASIA, 1994-95

DR. D. P. PATRA  
AREA MANAGER



INDIAN FARMERS FERTILISER CO-OPERATIVE LTD.

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# AGRICULTURAL CO-OPERATIVES IN INDIA

## THEIR ORGANISATIONAL STRUCTURES, MANAGEMENT PRACTICES AND PROBLEMS - A BACKGROUND PAPER

### CHAPTER - I

#### 1.1 GENERAL INFORMATION :

India is one of the oldest civilisation and has rich cultural heritage. It is bounded on south-west by Arabian sea, in the south by Indian Ocean and in the south-east by Bay of Bengal. The country in the northern part is adjoined by China, Nepal and Bhutan. In the east lies Bangladesh and Myanmar (Burma). Afghanistan and Pakistan border on the north-west. In the south, Gulf of Mannar and Palk Strait separates India from Srilanka.

#### 1.2 LOCATION

It extends from 8°4'N latitude to 37°6'N latitude. West to East it stretches from 68°7'E to 97°25'E longitude. India takes its standard time from the meridian of 82°30'E which is 5½ hours ahead of the Greenwich Mean Time (0° longitude).

#### 1.3 POPULATION :

It is the second most populous nation of the world, next only to China.

TABLE 1 : POPULATION DETAILS AS PER 1991 CENSUS

	Total	Male	Female
Population (Million)	846.30	439.23	407.07
Sex Ratio	927 Females per 1000 Males		
Literacy (Percent)	52.11	63.86	39.42
Population Density	267 persons per sq.km.		

India constitutes about 16% of the total world population.

#### 1.4 LAND AREA :

India has a land frontier of 15,200 Kms. and coastline of 7517 Kms; stretch is 3,214 Kms. from north to south and 2,933 Kms from east to West.

TABLE 2 - LAND USE CLASSIFICATION (1990-91)

	Area (Million ha)	Percent of Total Reporting Area
1. Geographical Area	328.73	—
2. Reporting Area for Land Utilisation	305.02	100
3. Forest	67.99	22.3
4. Not Available for Cultivation	40.88	13.4

..... TABLE 2 (Contd...)

5.	Other Uncultivated Land (Pastures, Tree Crops and Cultural Waste Land)	30.51	10.0
6.	Fallow Lands	23.40	7.7
7.	Net Area Sown	142.24	46.6
8.	Gross Cropped Area	185.48	—
9.	Net Irrigated Area	47.43	—
10.	Gross Irrigated Area	61.78	—

Per capita availability of arable land is less than 0.20 ha.

### 1.5 AGRICULTURAL PRODUCTS :

Agricultural products produced in the country are foodgrain crops consisting of cereals and pulses, non food crops which include oilseeds, cashcrops like sugarcane, cotton, jute, tobacco, plantation crops viz. tea, coffee, rubber, various horticultural crops like fruits and vegetable and spices.

### 1.6 PHYSICAL FEATURES :

The mainland consists of five well defined regions : 1. Himalayas and their Group of Mountain Zone - it lies on the north. 2. Indo-Gangetic Plain - it lies to the south of Himalayas . 3. Peninsular Plateau - it lies down below. 5. The Desert Region.

## CHAPTER - II

### 2.1.1 STATUS OF AGRICULTURE :

Nearly 70 percent of the cultivated area is rainfed. Kharif production suffers due to bad monsoon weather. Therefore one of the worst uncertainties in rainfed agriculture is the climate. India has increased its food grain production more than triple since independence and now it is self sufficient in food grain production. In 1993-94 total food grain production was 182.0 million tonnes.

TABLE 3. PERCAPITA AVAILABILITY OF CERTAIN IMPORTANT ARTICLES (1992-93)

Articles	Availability
Cereals	429 gm per day
Pulses	36.6 gm per day
Edible oils	6.0 kg. per annum
Sugar	13.6 kg per annum
Cotton Cloth	15.6 metres per annum
Fibre Fabrics	8.0 Metres per annum
Tea	600 gm per annum
Electricity Domestic	45.4 kwh per annum

High yielding variety of seeds, water, fertiliser and better farm management practices played a pivotal role in increasing food grain production. Coverage under HYV in 1992-93 was 67.1 million ha (64.7 million ha in 1991-92). About 50 percent of growth in agricultural production is attributed to balanced fertiliser use.

Food grains account for more than two third of total fertiliser consumption.

TABLE 4 : NUTRIENT CONSUMPTION ON 1993-94

<i>Nutrients</i>	<i>Consumption (Million tonnes)</i>	<i>Increase/ decrease over previous year (percent)</i>	<i>Kg.per ha.</i>
N	8.78	+ 4.3	47.2
P	2.68	-5.8	14.4
K	0.90	+ 1.5	4.8
N+P + K	12.36	+1.7	66.4

Consequent to decontrol of phosphatic and potassic fertilisers since August 25, 1992 consumption of P and K fell drastically since 1992-93. Total fertiliser consumption in 1992-93 (12.15 million tonnes) dropped by 4.5 percent over previous year of which drop in phosphate was 13% and in potash 44%.

Withdrawal of subsidy on P and K vitiated N : P : K ratio and kg/ha nutrient consumption. N : P : K ratio which was 5.7:2.24:1.0 in 1992-92 widened to 11 : 3 : 1 in 1993-94. Kg./ha consumption of (N+P+K) declined from 68.3 in 1991-92 to 65.3 kg in 1992-93 and it was 66.4 Kg. in 1993-94.

### 2.1.2 FARM POPULATION & LAND HOLDING

One hundred million farming households are engaged in Agriculture in India; Majority of them are in rainfed areas where the productivity of land is low.

TABLE 5 : DISTRIBUTION OF OPERATIONAL HOLDINGS (1985-86)

<i>Category</i>	<i>Number</i>	<i>Operated (<sup>'000</sup> ha)</i>	<i>Average Size (ha)</i>
Marginal (< 1 ha)	56147 (57.8)	22042 (13.4)	0.39 (-)
Small (1-2 ha)	17922 (18.4)	25708 (15.6)	1.43 (-)
Medium (2 - 10 ha)	21168 (21.8)	83810 (50.9)	4.37 (-)
Large (10 ha & above)	1918 (2.0)	33002 (20.1)	217.21 (-)
Total	97155 (100)	164562 (100)	1.69 (-)

More than 76 percent of the total operational holdings are less than 2 ha.

### 2.1.3 MAIN CROPS :

Rice, Wheat, Sorghum, Maize and other coarse cereals, pulses, oilseeds, cash crops like sugarcane, cotton, jute, potato etc. are the main crops. Besides these, horticultural crops and spices also are grown intensively in some of the pockets.

### 2.1.4 POTENTIALITY IN AGRICULTURE :

India compares favourably in terms of total output but in terms of yield it is extremely low. India, in fact, has exploited only 20 percent of its agricultural potential.

TABLE 6 : PRODUCTION AND PRODUCTIVITY OF SOME PRINCIPAL CROPS

<i>Crop</i>	<i>Total Output ('000 tonnes)</i>	<i>Yield (Kg. per ha)</i>
Rice	71,910	1,745
Wheat	56,855	2,348
Jute	8,851 *	1,842
Sugarcane (cane)	249,256	65,831
Pulses	14,733	618
Oilseeds	18,277	719

\* '000 bales of 180 kg. each

China with approximately the same cultivable area (140 million ha) as India but with less per capita availability and much less area under irrigation (area 47 million ha) produced 392 million tonnes of food grains. Area under irrigation will increase, enough scope also exists to have more coverage under HYV. India also possesses the best natural resources in addition to frontier technologies like genetic engineering and biotechnology. It is very often said that rainfed or dry land are more hungry than dry. Productivity in these lands could significantly be increased by propogating the concept of moisture conservation and application of nutrients. With all these it is believed that the country would be able to achieve the target and would be able to produce 225 million tonnes of food grains by 2000 A.D.

### 2.1.5 IRRIGATION POTENTIALS :

Nearly 40 percent of the irrigated area is under major irrigation projects and the rest under minor irrigation projects. In case of minor irrigation of the nine million wells in India most are owned by individuals, less than 1% account for public wells.

Total annual precipitation of the country is about 400 million hectare metre (mhm); out of it 180 mhm flows as run off and some 70-75 mhm are utilisable after requisite storage/recharge in ground water. Total storage capacity created through various projects is only 26 mhm. With annual run off equal to that of India, the U. S. has a storage capacity of about 60 mhm. By 2000 AD to produce 240 million tonnes food grains demand of irrigation water will go up to 63 mhm. The ultimate irrigation potential of the country has been estimated to be as 113 million ha. This potential could be fully exploited by storing rain water through well demonstrated soil and water conservation, water harvesting programmes apart from constructing big dams/reservoirs and proper management of irrigation water.

## 2.1.6 AGRICULTURE AS INDUSTRY

Agriculture is the backbone of India's economy, it provides direct employment to about 70 percent of the working people in the country.

TABLE 7 : POPULATION AND AGRICULTURAL WORKERS

YEAR	POPULATION (MILLION)		WORKERS (MILLION)			
	Total	Rural	Cultivators	Agri	Other	Total
1951	361.1	298.6 (82.7)	69.9 (49.9)	27.3 (19.5)	42.8 (30.6)	140 (100)
1991	846.3	628.7 (74.3)	110.7 (38.7)	74.6 (26.1)	100.6 (35.2)	285.9 (100)

N.B. : Figures in brackets - percentage; In 1991 figures of workers exclude J & K.

Agriculture contributes about 32 percent of national income and accounts for about quarter share in Indian exports. Agri-Consortium set up in 1992 which is yet to formulate its plan and programmes may further give boost to the agriculture industry.

## 2.2.1 STATUS OF AGRICULTURE INDUSTRY :

Agriculture provides the largest avenue for self employment in the country and is an excellent example of small and decentralised enterprises. In the year 1990-91 total investment on Agro-based industries was Rs. 740 million. Nationwide investment to the tune of more than Rs. 15,000 crores may require to be made to get the benefit of value addition agri-products to even 25 percent of the production.

## 2.2.2 CASH CROPS

### (a) Sugar :

It is the second largest agro-based industry in the country. There are 405 numbers of sugar factories installed and produces about 12.05 million tonnes of sugar. Share of co-operatives in sugar production was 62 percent in 1991-92. No. of co-operative sugar factories are 225.

### (b) Textile & Handloom :

Textile sector provides employment opportunities to 16.48 million people. Cotton yarn production in 1990-91 was 1467.5 million. No. of co-operative spinning mills and primary handloom weavers co-operative societies are 113 and 17,766 respectively.

### (c) Jute :

Jute industry employs 0.25 million workers and support 4 million jute farmers. There are 73 jute mills. In 1992-93 raw jute of 8.35 million bales (each bale is of 180 kg) was consumed and 1.96 million tonnes of jute goods of value 351.69 crores was exported.

### (d) Silk :

In India all types of silk, mulberry and non mulberry, is produced. The production of raw silk during 1991-92 has been 11748 tonnes. National sericulture project has been established to accelerate the production of quality silk.

### 2.2.3 ANIMAL HUSBANDRY

#### (a) Dairying :

Dairy sector handles 10 percent of the milk produced in the country and it has captured 30 percent of the milk produced in rural areas. More than 70,188 dairy co-operatives have been formed with the membership of 7.78 million.

#### (b) Poultry :

Poultry keeping is for commercial production of egg and meat. Indian poultry industry is primarily chicken-oriented. Chicken account for more than 90 percent of 310 million poultry population in India. In 1992 production of 28,000 million eggs and 280 million broilers were achieved; percapita availability of egg was 33 and meat 434 gm. No. of poultry co-operatives was 2945 in 1991 with the membership of 0.19 million.

TABLE 8 : INDIA'S LIVESTOCK POPULATION (1989)

<i>Animals</i>	<i>No. of Animals (Million)</i>
Cattle	195.867
Buffaloes	76.769
Sheep	44.837
Goats	99.405
Horses and Ponies	0.782
Pigs	10.760
Poultry	310.00

TABLE 9 : PRODUCTION OF MILK, EGG & WOOL 1991-92

<i>Item</i>	<i>Production</i>
Milk	55.7 million tonnes
Egg	21.984 billion nos.
Wool	40.7 million kg.
Fish *	3.6 million tonnes.

\* 1989-90 Figure

The marine products export reached to 0.175 million tonnes during 1991-92 out of total fish production of 2.3 million tonnes..

### 2.2.4 FERTILISER PRODUCTION & ITS DISTRIBUTION :

India is the 4th largest producer of nitrogenous fertiliser. There are, at present, 55 nitrogenous plants with the installed capacity of 8.84 million tonnes N and 93 phosphatic plants with the installed capacity of 2.81 million tonnes P<sub>2</sub>O<sub>5</sub>. In 1993-94 the total production was 7.23 million

tonnes N and 1.87 million tonnes P2O5. Total production of N and P2O5 registered a fall of 6.7 percent over previous year.

TABLE 10 : SECTORWISE PERCENTAGE SHARE OF CAPACITY AND PRODUCTION OF N AND P2O5 WITH CAPACITY UTILISATION

Sector	Share of Capacity Production		Share of Utilization		Capacity	
	N	P2O5	N	P2O5	N	P2O5
Public	49.5	28.2	40.8	26.7	67.3	63.2
Co-operative	17.3	11.0	22.9	18.3	108.3	110.5
Private	33.2	60.8	36.3	55.0	89.1	59.9
Total	100	100	100	100	84.1	68.3

Fertiliser was distributed through 244, 553 no. of sale points of which co-operative and other institutional agencies accounted 71,962 nos. (29 percent) and private sale points 172, 591 (71 percent) during 91-92.

### 2.2.5 IRRIGATION INDUSTRY

Total gross irrigated area at present is 78 million ha out of the total irrigation potential of the country to the extent of 113 million ha. Area under irrigation could be significantly increased by harnessing runoff water as discussed elsewhere. Alongwith increasing the area under irrigation stress should also be given to minimise the loss of irrigation water. Some of the measures viz. providing pucca channel in the field, drip and sprinkler irrigation systems have already been adopted in some of the areas. Use of high output pumpsets will also go a long way in this regard. No. of pumpsets/tubewells energised upto 31.8.92 are 9,398,681.

### 2.2.6. AGRO-PROCESSING SECTORS :

In all the three sectors viz. Public Sector, Co-operative sector and Government Sectors the agro-processing units exist. However the cooperative and the private sector occupies a lion's share in this field.

TABLE 11 : AGRO PROCESSING UNITS IN CO-OPERATIVE SECTOR

Unit	Number
Sugarcane	225
Spinning Mills	113
Oil Mills	113
Rice Mills	598
Dal Mills	72

Ministry of food processing has been established in 1988 with the objectives of Fruit and vegetable processing • Food Grain Milling Industry • Dairy Products • Poultry and Egg Product • Fish and Fisheries Product • Ready Food Products etc

## 2.2.7 MARKETING OF AGRICULTURAL PRODUCE :

Agricultural produce are marketed through traders, Government agencies like Food Corporation of India, Jute Corporation of India and through Co-operative channel. In 1992-93 approximately 12.83 million tonnes of food grains were procured by public agencies, 0.94 bales (180 kg. each) of raw jute was purchased by Jute Corporation of India. Co-operative sector showed remarkable performance in marketing of agricultural produce and providing marketing support. It also act as marketing agent of public sector organisation. Government designated the cooperatives as nodal agencies for price support operations of oil seeds, coarse grains and in marketing intervention scheme of onion, grapes, potato, castor seed etc. Total agricultural produce marketed through cooperatives were Rs. 70,000 million in 1990-91 compared to Rs. 17,970 million in 78-79.

## 2.2.8 WAREHOUSING CAPACITIES :

The total capacity for storage available in the country for food, fertiliser and other produce is given in Table 12.

TABLE 12 : AGENCYWISE STORAGE CAPACITY (AS ON 31.03.94)

Agency	No. of Warehouses	Storage Capacity (Million tonnes)
State Warehousing Corporation	1350	9.203
Central Warehousing Corporation	465	6.658
Food Corporation of India	—	18.018
Co-operative Society Godowns	61619	13.014

## 2.3.1 MANAGEMENT OF AGRICULTURE :

The Department of Agricultural Research and Education set up in 1973 under the Ministry of Agriculture is responsible for coordinating research and educational activities in agriculture, animal husbandry and fishery. The department provides government support, service and linkage to the Indian Council of Agricultural Research (ICAR) to carry out research, training and extensional activities. Apart from providing education and training Agricultural Universities also carry out some research programmes of practical relevance to the area. State Govts. are mainly engaged in extensional activities, providing training to its grass root level workers and monitoring the supply of agro inputs. At the Central Govt. level the review meetings are held twice in a year before the onset of Kharif and rabi seasons.

## 2.3.2 TECHNOLOGICAL DEVELOPMENT IN AGRICULTURE :

ICAR has played a catalytic and leadership role in initiating changes in cropping pattern, land use planning, horticulture, fisheries and live stock development. It is now possible to reap 3-4 tonnes of rice production even in Eastern India. Improved short duration and high yielding varieties developed made it possible to increase the productivity and also to raise two crops in a year in the areas where it used to remain fallow. Technologies have been perfected to bring vast area of saline and alkali lands under crop production through reclamation and better management processes. Dent progress has been made in animal husbandry, poultry, fish culture and in floriculture etc. Efficient and balanced use of fertilisers, water management, research in dry land agriculture, post harvest technology and Agro processing also have contributed significantly towards the



development of Indian agriculture. Bio-technology, genetic engineering, tissue culture, bio-pesticides are the emerging areas of future research to promote the growth of agricultural productivity.

### **2.3.3 RESEARCH, FARM EDUCATION, TRAINING AND EXTENSION ACTIVITIES :**

The research and development programme is carried out and implemented through a wide network of 46 central institutes of ICAR, 71 all India Co-ordinated Research Projects and 27 Agricultural Universities located all over the country. Farm education are mainly given by the Agricultural Universities.

The main agency for agricultural development work is ministry of Agriculture and State department of Agriculture. ICAR and non-governmental institutions are also engaged in providing extension services. The marketeers of Agro-inputs do support an agricultural extension programme as a part of their product promotion policy. Besides community development programme some major schemes and agricultural development programme were introduced and implemented by the Government to remove the constraints specific to the area. Some of the programmes viz. Comprehensive Area Development Programme, National pulses and oilseeds development programme, Integrated Watershed Development project, special jute Development Programme are still in progress in some areas.

#### **(a) Training & Visit (T&V) Programme :**

T& V programme has been introduced in the year 1974. Village Extension worker is provided for 500 farm families and one extension officers for 8 VEWS. T&V is the most important extension method.

#### **(b) Soil Testing and Input Diagnostic Centres :**

450 soil testing laboratories and 150 mobile soil testing vans are at present operating. Input diagnostic centres will help to check the quality of agro-inputs. Soil test laboratory will help the farmers to apply fertiliser based on soil test.

#### **(c) ICAR Extension Services**

ICAR started extension education section to deal with National Demonstrations, Operational Research Projects, Krishi Vigyan Kendras (KVK) and lab to land programme. At present 187 KVKs do exist. By 2000 AD there would be three (3) KVKS in each district.

#### **(d) Agrochemical Extension Services by Input Industry :**

Agro-input manufacturers/suppliers and fertiliser industries are reaching its consumer to the large extent followed by pesticide industry. Agro-service centres set up in some parts of the country to make all the agro-inputs alongwith farm advisory services available to the farmer from a single window have yielded good results. Government has suggested to open up 6000 cooperative farmers service centres on this line. Salient programmes undertaken by various organisation are enumerated hereunder :

1. *Demonstration* : Two plots, block demonstration.
2. *Mass Contact Programme* : Field days, Farmers meetings, Crop Seminars, Crop Competitions, Farmers Training.

3. *Campaigns* : Soil testing, plant protection, seed treatment, fumigation, tree plantation, Rhizobium culture, weed control, health care etc.
4. *Water Management* : Watershed development, sprinkler irrigation, moisture conservation.
5. *Energy Saving* : Biogas, Solar cooker, smoke less chullahs etc.
6. *Input Supply* : Supply of critical inputs, seed multiplication, bio-fertiliser development.

Apart from above programmes like village adoption, farm forestry project, farmers community centre, special projects etc. undertaken by some of the industries have created a good impact.

## CHAPTER III

### 3.1 CO-OPERATIVE MOVEMENT IN INDIA :

Under the cooperative credit societies act 1904, Cooperative movement was started in India with only agricultural credit cooperatives. The movement has now grown up in size and diversified its activities in various fields besides credit. Some of the important fields in which Indian cooperative movements is currently active include agricultural production and processing, fertiliser production and distribution, milk production, sugar production, spinning, oilseed productions and other agro-inputs. There has been considerable diversification also in the operations. Cooperatives now operates a network of banking institutions, marketing and processing societies and agencies.

### 3.2 NUMBER OF ALL TYPES OF CO-OPERATIVES :

Position of the cooperative societies of various types as on 30th June, 1991 is presented in Table 13.

TABLE 13 : INDIAN CO-OPERATIVE MOVEMENT AT A GLANCE (AS ON 30.06.91)

<i>Cooperatives</i>	<i>Figures (1 - 4 ) in Million</i>
1. Number of Societies	0.342
2. Membership	164
3. Share Capital	Rs. 53251.3
4. Working Capital	Rs. 716724.1
5. Household Covered	65%
6. Village Covered by Co-op.	100%

### 3.3 ORGANISATIONAL STRUCTURE :

The co-operative structure in India has 3 tier system. At the village level there are agricultural primary cooperative societies. Similarly there are primary societies in Urban area formed by consumer artisans, workers.

The primary societies federate into the block/district level which in turn form state level cooperative societies/federation. At the state level there are cooperative banks, land development banks, Agricultural marketing federations, industrial federations, specialised commodity federations, sugar federations, spinning mills federations etc.

National Federations have emerged in many sectors like Agricultural marketing, housing, sugar, dairy, fertiliser, banking, land development, spinning, handloom, textile etc.

State cooperative union also undertake activities like education, training, publicity and co-ordination of activities in various sectors. The unions also act as spokesman of the cooperative movement. Another very important function of the union is to maintain a close liaison between the Government and the cooperative movement. The national Cooperative Union of India (NCUI) is the apex body of the cooperative movement in the country; All states and national level cooperative institutions are affiliated to NCUI.

### 3.4.1 STATUS OF AGRICULTURAL CO-OPERATIVES :

There are 20 national level organisations/federations and 260 state level cooperatives. The agricultural credit disbursed increased to Rs. 54936.8 million in 1990-91. The cooperatives handled marketing of April, produce worth Rs. 600 million, distributed agricultural inputs of about 260 millions and consumer goods of value Rs. 380 millions.

TABLE 14 : SHARE OF CO-OPERATIVES IN NATIONAL ECONOMY (1990-91)

<i>Item</i>	<i>Percent</i>
Agril. Credit Disbursed	43.3
Fertiliser Distributed	34.0
Sugar Produced (1991-92)	62.4
Yarn Production	16.4
Handloom in Coops.	58.0
Fisherman's Co-op.	11.0

The policy of the government is to further promote the cooperative movement for which special organisation, the National cooperative Development corporation (NCDC) has been constituted with the objectives to plan and promote programmes through cooperative societies for :

- Production, marketing, processing, storage, export and import of Agricultural products.
- Collection, processing, marketing, storage, export and import of Agricultural products.

### 3.4.2 MANAGEMENT OF AGRICULTURAL CO-OPERATIVES :

The subject of coopertaion is a state subject according to the constitution of India. Ministry of cooperation only prepare guidelines and holds periodic consultation with the state government. The central Government has a Central Registrar whose main task is to register and to look after the large size multi unit cooperatives having area of operation in more than one state. The state government are empowered to make laws on cooperative societies. The Registrar of cooperative societies is at the top of the state cooperative structure functioning under ministry of cooperation of the state. The office of the Registrar conducts the audit, undertake supervision and offers

guidance. In the line there are additional, joint and deputy registrars at the state or divisional, zonal level and assistant Registrar at the district level.

### 3.4.3. CO-OPERATIVES & THEIR VALUE ADDITION IN INDIAN AGRICULTURE :

Co-operatives have diversified their business in many areas and they are playing instrumental role for the achievement of National Agricultural policy. Four (4) types of co-operatives are at present working.

1. Input supply cooperative providing agro-inputs under one roof to the farmers and known as PACS (Primary Agril. Credit Society) and LAMPS (Large sized agricultural multipurpose society) in tribal area; Total No. of PACS are 88,167 with total membership of 84.77 million and LAMPS 2646 in number with the total membership of 3.93 million.
2. Marketing cooperatives engaged in purchase and sale of agricultural produce to provide support price to assure better price to the farmers.
3. Value adding cooperatives includes processing and specialised commodity cooperatives viz., sugar coop., oilseed coops, spinning mills, Dairy, Fishery coop. etc.
4. Integrated cooperative industries to manufacture agril. inputs and machinery. Important of these are IFFCO and KRIBHCO in fertilisers and National Heavy cooperative for manufacturing machinery of sugar, dairy and oil seed cooperatives.

### 3.4.4 AGRICULTURAL CREDIT TO VALUE ADDING CO-OPERATIVE :

Co-operative structure in the country has separate institutional structure for agricultural credit. PACS are affiliated with central coop. banks at district level which in turn are affiliated to state level co-op. banks. At the national level the short term and long term structure is having National Cooperative Agriculture and Rural Development Banks Federation (NCARDB). The entire organisation set-up of Agriculture finance is linked with National Bank of Agriculture and Rural Development (NABARD). As on March 31, 1992 NABARD disbursed an amount of Rs. 163.64 billion to various agricultural development project (minor irrigation and IRDP projects inclusive). As per projection the direct demand for agricultural credit will be Rs. 110.8 billions in 2000 AD and this is to be met up jointly by cooperatives, commercial banks and regional rural banks.

TABLE 15 : CO-OP. LOAN TO AGRICULTURAL SECTOR 1990-91

<i>Banks / Societies</i>		<i>No.</i>	<i>Loan issued</i> <i>(Rs. Billion)</i>	<i>Loan</i> <i>Outstanding</i> <i>overdues</i>
1.	State Co-op. Banks	28	96.60	9.86
2.	Central Coop. Banks	356	110.75	11.72
3.	State/Central Land Development Banks	19	7.65	37.38
4.	PACS	88000	46.81	72.78

### 3.4.5. AGRO-PROCESSING CO-OPERATIVES :

The principal segments are sugar, dairy, spinning, oilseeds and horticultural crops.

(a) **Sugar Co-operative :**

As on 31.03.92 total 225 cooperative sugar factories are installed with 7.27 million tonnes of sugar production and contributing about 60.5% of the country's total sugar production. These factories are federated in 9 state federation and at the national level National Federation of Cooperative sugar factories works as apex body.

(b) **Dairy Co-operatives :**

These help to small farmers to raise their income and to make milk available to urban population. The total turnover of dairy cooperatives is Rs. 14667.4 million, total number of dairy cooperatives are 70188 with 7.78 million members and 8.29 million litres milk production per day. 27,300 societies are covered under Animal Health programme. National Dairy Development Board (NDDB) is responsible for development of a cooperative based National Milk Grid.

(c) **Rubber Co-operatives :**

Rubber cooperatives are responsible for procurement of rubber from grower and to market the same at the terminal market. The Keral State Co-op. Rubber Marketing Federation Ltd. is engaged in supply of agro-inputs to the members.

(d) **Oil Seed Co-operatives :**

More than 300 cooperative oilseed mills have been installed in the country. Main task is to procure oilseeds from farmers and to extract and market the oil.

(e) **Horticultural Co-operative :**

These cooperative perform marketing of fresh fruits, vegetables and the products manufacturd out of it. As per estimate the value of the marketed vegetables and fruits is estimated around Rs. 835 millions. With the help of 38 fruit and vegetable processing units set up by the co-operatives 1701 tonnes of fruit and vegetable worth of Rs. 28 million were processed and marketed. To properly store potato and other perishable produce cooperatives have organised 239 cold storage with the capacity of 6,80,000 tonnes.

(f) **Other Agro-Processing Co-operatives :**

Amongst the other agro-processing cooperatives are 664 rice mills, 73 dal mills, 53 ground nut processing, 12 for cotton seed processing, 5 for soyabean and 35 solvent extraction units.

### **3.5.1. MARKETING OF AGRICULTURAL PRODUCE :**

The marketing cooperatives have 3 tier structure block, district and state. Almost every primary market is covered by co-op. marketing society. In 1990-91 total agricultural produce marketed was to the tune of Rs. 59,290 million. There are 7346 primary marketing cooperatives and 137 district state level societies. 29 general purpose state co-op. marketing federations and 16 special commodity federations do exist also. At the national level National Agricultural Cooperative Marketing Federation of India (NAFED) is the apex body. In 90-91 30% of wheat procurement and 21% of jute procurement was done by the coops.

### **3.5.2. FERTILISER CO-OPERATIVES :**

In Fertiliser Co-operatives Indian Farmers Fertiliser Co-operative Ltd. (IFFCO) and Krishak Bharati Co-operative Ltd. (KRIBHCO) are the most important organisations contributing significantly to the production and consumption in fertiliser nutrient. Both IFFCO and KRIBHCO produced 2.001 million MT fertiliser N and P of which fertiliser N was 1.660 MT during 1993-94. This accounts about 23% share in N and 19% share in P by the cooperative sector in the indigenous fertiliser production of the country. IFFCO's capacity utilisation was 111.4% and 110.5% for nitrogenous and phosphatic plants respectively while capacity utilisation of KRIBHCO was around 117%.

### **3.6. ORGANISATIONAL STRUCTURE OF AGRICULTURAL CO-OPERATIVES :**

The supreme authority rests with its general Body which usually meets once in a year to decide about the policy and programmes of the co-operatives. It also does the appraisal of the annual report, audit report and the Balance Sheet. The general body also elects the Board of Directors which functions through executive committee/functional committee. The Chairman/President is the head of the organisation. He is supported by the Chief Executive who through various functional divisions/departments look after the society's day to day business.

### **3.7. ROLE OF BUSINESS FEDERATION :**

Main role of the business federations is to promote the business of the federation and its affiliates. It ensures the timely availability of Agro-inputs and purchase agril. produce from farmers to help them from distress sale. Required quantity of export is also done by the Federation like NAFED.

### **3.8. PROBLEMS OF AGRICULTURAL CO-OPERATIVES :**

- (a) Lack of professional management
- (b) Restrictive and Rigid Cooperative Law
- (c) Non active participation of members
- (d) structural weakness
- (e) Leadership crisis
- (f) Incapable for competition
- (g) Inadequate infrastructure
- (h) Non-recovery of agril. credit (overdues)

### **3.9. TRAINING & DEVELOPMENT :**

Co-operative training and education is another important part for the direct involvement of cooperative members including woman. Under the training functions NCUI is supposed to provide professional training to co-operative employees. This is done through National Council for Co-operative Training (NCCT) which operates Vaikunth Mehta National Institute of Co-operative Management (VMNICM) at Pune, 18 other state level co-operative training colleges and 95 junior co-operative training institutes.

TABLE 16. : CO-OPERATIVE TRAINING INSTITUTE &amp; TRAINING GIVEN (1991-92)

<i>Institution</i>	<i>Personnel Trained/Educated</i>
State Co-op. Union	21,72,207
N. C. U. I.	66,455
National Centre for Co-op. Education	461
VMNICM	1012
Institute of Co-op. Management	6137
Jr. Co-operative Training Centres	18335

Apart from above two new institutes, Institute of Rural Management (IRMA) and Training of Co-operative Personnel in Cooperatives (TOPIC), set up by NCDC are also engaged in training Co-operative personnel. IRMA cater the need of training of rural institutions, especially those engaged in dairy industry.

As recommended by Agricultural Credit Review Committee (1989) implementation of Business Development Plan (BDP) for every PACS is currently under progress alongwith other plan and programmes framed and implemented earlier.

### **3.10. GOVERNMENT PARTICIPATION :**

Participation of the Government is quite significant in the cooperative movement of India by way of purchasing share in co-operative and increasing its membership and thus creating more awareness about co-operative. Efforts are also exerted on behalf of the govt. for running the co-operatives in efficient manner. Besides, govt. through NCDC provides assistance for construction of godowns and margin money loan for handling and distribution of agri-inputs.

## **CHAPTER - IV**

### **4.1 INDIAN FARMERS FERTILISER CO-OPERATIVE LTD. (IFFCO) :**

Indian Farmers Fertiliser Co-operative Ltd. (IFFCO), Asia's largest Co-operative fertiliser producer was established on Nov. 3, 1967 under multi unit cooperative societies Act. During the early sixties share of Co-operatives in fertiliser business was around 60% but there was no fertiliser plant in the Co-operative sector. To fill in this void IFFCO was established with the primary objective of increasing agricultural productivity and improving rural economy by producing quality fertilisers and promoting the balanced use of fertiliser.

IFFCO is a federation of about 30,444 societies from village to national level spread over in 18 states and 3 union territories with a share capital (paid up) of Rs. 3596 million. Net Worth (as on 31.03.94) of the society is Rs. 10675.9 million. IFFCO has emerged as Asia's largest fertiliser cooperative. It is a lined organisation governed by Board of Directors and Representative General Body (RGB). The RGB comprising of about 700 delegates is the supreme body. Board of

Directors and Government of India conducts the business and is accountable to RGB.

Managing Director is the chief executive and is accountable to Board of Director. For day to day operation, there are a large number of professional executives and trained workers at various levels. The decisions are executed through professional management and the members are involved in field/extensional programmes.

IFFCO's outstanding performance in the sphere of production, capacity utilisation, marketing profitability and agril. services to the farmers has earned appreciation at various level/agencies. It has been the recipient of several awards from Fertiliser Association of India, National Productivity Council, the federation of Indian Chamber of Commerce and Industry, Union Ministry of programme implementation and National/International safety councils.

During 1993-94 IFFCO achieved the highest turnover of Rs. 15988.3 million and a record pre-tax profit of Rs. 2043.6 million.

#### **4.2 PRODUCTION :**

IFFCO has established four modern fertiliser plants located at Kandla, Kalol (in Gujarat) Phulphur and Anola (in U.P.). During 1993-94 IFFCO produced 2.74 million tonnes of fertiliser materials (Urea – 46% N, NPK 10:26:26, NPK 12:32:16 and DAP 18:46:0) with an average capacity utilisation of 111 percent in case of nitrogenous fertilisers and 110 percent for phosphatic fertilisers. Plantwise production of urea was 0.910, 0.361 and 0.607 million tonnes by Anola, Kalol and Phulphur units respectively while production of DAP and NPK complexes was 0.875 million tonnes. During 1993-94 also IFFCO maintained its status as the largest producer in the country contributing about 13% of the nitrogenous and 19% of phosphate fertilisers produced in the country. Anola unit received National Energy Conservation Award from Ministry of Power in 1993-94 and the Phulphur unit also received two commendation certificates for energy conservation.

#### **4.3. MARKETING :**

The marketing Division of IFFCO is fully equipped with field staff having professional qualification in agriculture and working at grass root level in close touch with farmers to monitor availability of fertiliser at right time and also propagating the concept of balanced/judicious application of fertiliser. Despite the decline in consumption of phosphatic fertiliser in the country due to decontrol and decanalisation IFFCO attained the highest ever sale of 30.31 lakh tonnes of fertiliser in 1993-94 with highest ever sales turnover of Rs. 15988.3 million and a record pre-tax profit of Rs. 2043.6 million. The total No. of Sale points as on 31.3.94 were 33000 coop. socys., 175 farmers service centre and 2438 IFFCO NCDC socys.

#### **4.4 RELATIONSHIP WITH OTHER CO-OPERATIVES :**

IFFCO continues to be a member of the agricultural cooperative Development International (ACDI) International Cooperative Alliance (ICA), the National Coop. Business Assoc. to provide greater participation in worldwide activities. IFFCO has also promoted KRIBHCO, National Film and Fine Arts Co-operative Ltd. (NAFFAC) and the Indian Tourism Co-op. Ltd. (COOPTOUR). IFFCO has also contributed Rs. 0.10 million as a promoter member of National Co-operative Bank of India.

IFFCO is maintaining excellent relationship with its members Co-operatives. Representative to General Body is selected/elected from member socys., members are involved with IFFCO's promotional and training activities and dividend is also paid to them.



#### **4.5. EXTENSION & PROMOTIONAL PROGRAMME :**

##### **(a) Farmers Education Programme :**

These consist of Crop demonstrations, trials, crop seminars, supply of critical input package, large scale block demonstration (50% subsidy) etc. The main focus is to educate the farmers about better farming.

##### **(b) Farmers Service Centres :**

IFFCO at present does have 175 service centres ensuring the availability of agro-inputs through one window. Acting upon IFFCO's service centre as model, IFFCO has established in collaboration with NCDC 2438 co-operative societies in fertiliser distribution.

##### **(c) Village adoption & Special Project :**

As a part of integrated rural development programme, 2200 villages have been covered to bring social and economic development. In tune with national priorities IFFCO launched several projects to encourage ranified farming, reclamation of problem soils, Tribal area development project etc.

##### **(d) Seed Multiplication Programme :**

In 1993-94 an area of 2840 ha was covered under the programme with an expected yield of 676 tonns of foundation/certified seed to ensure availability of quality seed to farmers.

##### **(e) Farm Forestry Project :**

IFFCO, under the farm forestry scheme, has promoted 32 primary level farm forestry co-operatives and planted areas on 4040 ha of wasteland in the states of Rajasthan, M.P. and U.P..

#### **4.6. MOMENTUM TO CO-OPERATIVE THRUST :**

IFFCO has been regularly organising Jawaharlal Nehru Memorial lecture on cooperative since 1983. It has instituted annual cash award to eminent cooperators for their outstanding contribution towards cooperative movement and to the best cooperative society for excellent performance.

#### **4.7. CO-OPERATIVE RURAL DEVELOPMENT TRUST (CORDET) :**

Cordet created by IFFCO has been conducting training programmes at the Motilal Nehru Farmers training Institute, Phulpur and also at Kalol for practising farmers to provide professional leadership at village level.

#### **4.8. PROBLEMS & SOLUTIONS :**

The industrial relations in the society have been excellent. Inspite of decontrol scenario IFFCO's performance in sale is excellent.

## CHAPTER - V

### 5. SUMMARY :

Indian economy is based on agriculture. Agricultural production of the country has gone up significantly. This was achieved due to introduction and more coverage under HYV, increased use of fertiliser, more area under irrigation and improved farm technology. By 2000AD approx. 225 million tonnes food grains will have to be produced. This could be achieved through increasing the productivity of various crops. Apart from the adoption of improved and sophisticated agricultural technology growth of the industries in agricultural sector and setting up of more of agro processing units etc. will help to increase the productivity.

The cooperative sector has played and likely to play a vital role in the rural economy. Cooperatives do have a significant share in distribution/supply of agro-inputs including credit, consumer goods, procurement of agricultural produce; A large No. of agro-processing units are also in cooperative sector. The policy of the Government is to further promote the cooperative movement for which a special organization, the National Co-operative Development corporation has been constituted.

IFFCO and KRIBHCO are the two national level cooperatives engaged in production and distribution of fertiliser. In 1993-94 IFFCO contributed about 13% of nitrogenous and 19% of phosphatic fertilisers produced in the country. Apart from production and marketing a no. of activities connected with agril. production/productivity, improving the socio-economical health of the rural areas etc., are also undertaken by IFFCO. Through its quality extensional activities IFFCO is a household name amongst the farming community and also a silent partner in farmers' prosperity.



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STRUCTURE, MANAGEMENT  
PRACTICES AND PROBLEMS**

**COUNTRY : INDIA**

**COUNTRY BACKGROUND  
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## CHAPTER-I.

General information on the country, its location, population, land area, agricultural products, general physical features.

India is the seventh largest and the second most populous nation of the world. It lies entirely in the northern hemisphere. On its northern frontiers, India is bounded by the great Himalayas. It stretches southwards and beyond the tropic of cancer, it narrows down to form the great Indian peninsula which ends up in the Indian Ocean. On the east of the peninsula, India, is the Bay of Bengal and on the west is the Arabian Sea.

Stretching 3,214 KMs from North to South between the extreme latitude and 2,933 KMs from East to West between the extreme longitude, India covers a land area of 32,87,263 Sq.KMs.

In terms of the size of the population India is the second largest country in the world and as per the 1991 census, total population was 846.30 million wherein Males 439.230 & Females 407.072 M.

Density of population 273 per sq.mtr.  
Sex ratio 927 females per 1000 males.  
literacy rate Total 52.19%  
Males 64.20% and Females 39.19%

### Agricultural Products.

Agriculture is the back bone of Indian Economy. It provides employment to about 70% of working people and contributes 32% of the National Income.

Agricultural crops can be broadly divided into Food crops and Non Food crops. Food crops consists of cereals and pulses. Cereals are rice, Wheat, Jowar, Bajra, Maize. Pulses include gram, masur etc. Non Food crops such as Sugarcane, Cotton, Jute, Tobacco. Besides horticulture crops like fruits, vegetables, coconut, cashew etc.

### Physical characteristics.                      General Physical features.

India is adjoined by China, Nepal and Bhutan. In the east lies Bangladesh and Myanmar. Afghanistan and West Pakistan borders on the North-West and on the South lies Sri Lanka.

The Main land consists of four well defined regions i) Great Mountain Zone, ii) Indo Gangetic plain, iii) Desert Region and iv) the Southern Peninsula. Himalayas comprise parallel ranges interspersed with large plateaus and valleys like Kashmir. The Indo gangetic plains are formed by the Indus, Ganges and the Brahmaputra. The desert region divided into two parts viz. Great desert extends from the edge of Ran of Kutch beyond Luni river and little desert extends from the Luni river between Jaisalmer and Jodhpur. The peninsula plateau is flanked on one side by Eastern Ghats and on the other by Western Ghats. The southern point of the plateau is formed by the Nilgiris Hills where Eastern and Western Ghats meet.

## CHAPTER-II.

Status of Agriculture in the country. Land holding, farm population and its features; Main crops; general features and statistics regarding agricultural including irrigation potentials. Agriculture as an Industry.

### Status of Agriculture in the country.

Economic regeneration attempted in successive five year plans has made Agriculture a pride of National Economy. It accounts for a sizable share of total value of the country exports.

It forms the basis of many premier industries including cotton, Textile, Jute and Sugar Industries. It supplies bulk of wage goods required by non Agricultural sector and raw materials for a large section of Industries. The country has the largest area in the world under pulse crops. In the field of cotton, India is the first one to evolve Cotton Hybrid.

### Land Holding, Farm population and its features:

According to the Agricultural census (1985-86) the total number of operational holdings in the country was 972 lakhs.

Agricultural sector is expected to grow at an average annual rate of a little more than 4% in terms of gross values of output and 3% in terms of value added. In order to attain the desired growth in Agriculture special efforts have been made for enhancing the productivity and reducing the instability of Production.

### Holding size and Agro Climatic factors:

One hundred million farming house holds are engaged in the Agricultural India. 78% of the farmers own land less than two hectares a family. Majority of them are in a rainfed areas and when the productivity of the land is low, consequently they get low Income. Agriculture is practiced in 21 Agro climatic regions and soil condition across India.

### Cropping System:

Small and Marginal farmers particularly in Rainfed regions prefer mixed farming where more than one crop can be grown in the same field.

### Main Crops and General Features:

Agricultural crops can be broadly divided into two categories viz. Food crops and Non food crops.

Food grains consists of cereals and pulses. Among the cereals are included Rice, Wheat, Jowar, Bajra, Maize etc. Pulses includes gram, moong, Masur, Arhar etc. The Non food crops comprise a number of cash crops such as sugarcane, cotton, jute, tobacco etc. Tea, Coffee and Rubber are included among the plantation crops.

## Agricultural Production:

In Million Tonnes

1. Rice	:	74.59
2. Wheat	:	54.52
3. Jowar	:	11.88
4. Maize	:	9.07
5. Bajra	:	6.90
<u>Total Cereals</u>	:	162.16
6. Gram	:	5.19
<u>Total Pulses</u>	:	14.86
7. Total food grains	:	176.23
8. Oil Seeds	:	18.46
9. Sugar cane	:	240.28
10. Cotton	:	9.76
11. Jute & Mesta	:	9.10
12. Potato	:	15.03

## Irrigation Potentials.

Irrigation support is provided through major and medium irrigation projects, command area development, Tank irrigation and use of ground water. With sustained and systematic development, irrigation potential has reached 81.2 million hectare in 1992-93.

At the start of Eighth plan, there were 157 major, 228 medium and in extension/renewal/Modernization schemes ongoing to the cost of rs.38,620 crores. The central water commission is monitoring 53 selected multipurpose irrigation projects in order to identify the problem, suggest remedial measures and ensure completion within the scheduled time.

## Development of Irrigation Potentials:

Plan	Expenditure (Rs.in crores)	Cumulative Potential	
		Created	Used
Annual Plan			
1990-92	8,887.96	84.6	75.7

As more than 90% of the water is used for Irrigation, high priority given for managing the water use in the field. In North India, rotation system is followed. The entitlement of water is in proportion to the area and the cropping pattern. In the West, Inter-mittant flow system is followed water delivery is according to the area served and crops grown. In the South, where Rice based cropping system is prevalent, water is released from fixed dates continuously for the duration of the crop and the schedule is on concept of duty.

## Agriculture as an Industry:

Industries depend on Agriculture. Indian Agriculture has been the source of supply of Raw materials to leading Industries. For eg.Cotton, Jute, Sugar and Vanaspathi. The Non-farm activities are as salient for rural family incomes, particularly for the power sectors. These are additional or subsidiary occupations as an agricultural family is used to composite activities. Agriculture in a way covers nonfarm activities like Animal husbandry and dairy development. By these ancilliary occupations, a small farmer could be economically viable.



## Present Status:

The process of agro-based industrialisation is already on in the country in response to increasing demand for various agro-based industrial products (for direct consumption, further industrial use and exports). This process would accelerate as more and more policy makers, agricultural and rural development administrators, managers of financial institutions, voluntary agency workers, and common masses become aware of the potential of farm-industry linkages.

In addition to traditional agro-industries (like rice mills, sugar mills, cotton ginning, spinning and weaving factories, jute factories, oil mills etc.) in recent years many new agro-industries have been established such as solvent extraction plants (for groundnut, soyabean, rice bran, sal seeds and other oil seeds), modern dairy complexes producing bottled milk, butter, cheese, chocolate, milk powder, etc. furfural from rice husk, and factories producing variety of paper and boards from paddy straw, bagasse, banana stems; alcohol, acetone, acetic acid, and other chemical from molasses and casava; starch, glucose and variety of products from maize and casava; medicine from medicinal plants, roots and tubers; fruit and vegetable projects.

Status of agricultural industry with special reference to Dairying, Cash crops, Animal husbandry, fertiliser production and its distribution; irrigation potential; agro-processing sectors; marketing of agricultural produce; warehousing capacities:

Agriculture is the main stay of Indian Economy and the development has been accorded high priority in five year plan and attention focussed to attain self sufficiency in food grains production over the years. The objective is to ensure growth and diversification of agriculture to generate surpluses for export.

Agriculture's vast potential for employment creation in Rural areas underscores the National Agricultural policy with specific goals for Target orient growth in Agriculture, emphasising infrastructure development, balanced regional growth, greater public investment together with better provision of credit and other inputs.

### Dairying:

The importance of dairying extends well beyond the mere production of milk and milk products. It has provided numerous small/marginal farmers and agricultural labourers with supplemental employment and regular source of income. This organised sector handles an estimated 9 to 11% of Total output of 150 millions litres of milk per day. There are over 275 dairy plants and 83 milk product factories in Cooperative Public & Private sector with an output of 16 million litres per day.

### Cooperatives:

Operation flood programme wherein an integrated dairy development programme have made considerable progress helped 81 lakh farmers through 64,700 dairy cooperative societies. During 1992-93 societies have procured on an average 105.28 lakh kgs. of milk per day. It has offered a reliable and regular source of income as more than 62% of milk procurement comes from Marginal, Small landless farmers.

Technology mission on dairy development has been assigned to National Research Institutes like National Dairy Research Institute, Dairy Development Board etc.

### Cash Crops:

Cash crops are Sugar cane, Cotton, Jute, Tobacco, Tea, Coffee and rubber. Besides these, there are horticultural crops like fruits, vegetables, coconut, cashew etc.

Sugarcane: Cultivation and processing is an important source of Agricultural income and employment. There are 414 sugar mills which has emerged as the largest producer of sugarcane at 239 million tonnes, from 3.65 million hectares of land with a sugar output of 10.65 MT in 1991-92.

Cotton is important for Indian Economy. During 1992-93, there were 138 lakh bales of 170 Kg each and 43 lakh tonnes of cotton seed, valued at Rs.9,400 crores raised by seven million farmers over an area of 7.6 million hectares of land. During 1992-93, 13 lakh bales were exported to earn Rs.650 crores of foreign exchange.

Jute: The socio economic significance of jute lies in not only in the substantial contribution it makes to national exchequer as earnings but also in the sizeable employment it generates to Agriculture and Industry.

The total production of Jute goods ranged from 9.39 to 13.87 lakh tonnes during 1988 to 1991. The export of Jute has touched Rs.387.24 crores in 1992.

Tobacco is an important commercial crop that contributes the highest revenue of Rs.2500 to 3000 crores and a foreign exchange of Rs.500 crores. In the year 1992 the production was 8.1 million tonnes.

Coffee: The production of Coffee in the last season was 1.5 lakh tonnes. Coffee is a traditional export crop with an average annual output of 1.8 lakh tonnes. Now two thirds of the crop is exported.

Tea: India continues to be the leading producer of Tea accounting for about 30% of the global output. The Tea production touched 721 million Kilograms by 1990-92. In the year 1992-93 export was 77 million Kg.

Rubber: India today is the fourth largest natural rubber producing country. In the year 1992-93, the area under cultivation was 499 hectares of land with production of 303,490 tonnes with the average yield of 1154 Kg.per hectare.

Crop	Area	Production during 1992-93	
		Quantity produced in M.T.	Yield Per hectare
Sugarcane	3650 Hectares	2,39,020	65.5

### Output of few commercial crops:

Cotton	(In lakh bales of 170 Kg)	..	..	119.6
Jute	(In lakh bales of 180 Kgs)	..	..	76.2
PPotato	(In lakh tonnes)	..	..	160.0
Tobacco	(In lakh tonnes)	..	..	5.5
Chillies	(In lakh tonnes)	..	..	6.2
Oil Seeds	(In lakh tonnes)	..	..	212.0

## Animal Husbandry:

It covers live stock, poultry, sheep etc.

## Cattle Development:

India possesses 26 good breeds of Tropical cattle and six breeds of buffalo. A scheme of special livestock breeding programme with the objective of involving small and marginal farmers and agricultural labourers in live stock production generating additional employment and income is in operation in selected places in India. As a result of the schemes, country's milk production reached 586 lakh tonnes in 1992-93.

## Poultry:

Poultry keeping for commercial production of egg, and meat, is one of the India's most innovative industries. This business has given rise to many subsidiary industries such as compounded feed, equipment pharmaceuticals and biologicals. With a turnover of Rs.6000 crores, the industry provides employment to 5 million persons.

## Sheep Development:

The sheep population in the country has been 457 lakhs as per the live stock census of 1987. It has been estimated that the average yield of wool per sheep is less than one Kg.per year.

## Fertiliser production and its distribution:

India is the fourth largest producer of Nitrogenous fertilisers in the world. There are 56 fertiliser units manufacturing a wide range of nitrogenous and complex fertilisers including Nine units producing Ammonium sulphate as byproduct.

Fertiliser is the single largest purchased source of nutrients. About 50% of the increase in the crop productivity in recent times can be credited to its use. Farmers used 12.2 million tonnes of NPK in fertilisers in 1992-93. Over half a million villages received a thousand 50 Kg.fertiliser bags each on an average.

### Production during 1992-93

Nitrogen and Chemical fertilisers	:	74.30	lakh	Tonnes
Phosphetic Fertilisers	:	23.6	lakh	"

Public sector has been playing a dominant role in fertiliser industry. At present there are nine public sector undertakings under the administrative control of Department of Fertilisers, Government of India. As for the Cooperative sector is concerned, **IFFCO** and **KRIBHCO** are the two cooperative sector companies under the administrative control of Department of Fertilisers.

## Agro processing sectors:

Agro processing has become an integral part of rural economy for purchasing value added price to farmers for their produce and also for providing large employment opportunities in rural areas. Keeping these objectives in view, the National Cooperative Development Corporation is promoting and assisting processing activities in the Cooperative Sector for rural areas. At the end of 1991 such industries were 1413 in number. Prominent among the Cooperative Agro Processing Industries, are Cooperative Sugar Factories, Spinning Mill, Rice, dall Mills, Cotton ginning and pressing mills, oil mills, jute bailing units, and fruits, vegetable processing units.

Commendable progress, achieved by the cooperatives in processing of sugarcane which accounts for 60% of National Sugar Federation. Cotton spinning cooperative units account for about 18% of the total yarn production. Integrated oil seeds processing, ginning and spinning and pressing industry have also been taken up in the last five years by the cooperative sector to promote and faster the oil seeds economy and also cotton spinning industry with the financial support of the world bank, based on the latest technology. The Government has provided financial support of over Rs.1,071 crores for Agro processing activities that helps the farming community.

### Marketing of Agricultural Produce:

Cooperative Marketing has developed into an important segment besides Government agencies like Food Corporation of India, State Civil Supplies Corporation. Besides National Agricultural Cooperative Marketing Federation (NAFED) at the National Level, there are 29 general purpose marketing federations at the State level and 2636 general purpose cooperatives at the market yard level.

Marketing of farmers produce in general has been subject to various types of governmental regulations, canalisation, restrictions on movement, levies, etc. NAFED emerged as one of the major agencies implementing these policies of the Government with reference to agricultural trading. This includes canalisation of export of certain commodities, making purchases of farmers produce under PSS/MIS schemes, etc. In addition, NAFED has also been undertaking domestic and international trade in certain commodities in competition with the trade.

The economic policy of the country has recently undergone phenomenal changes beginning with removal of various types of controls and licences and also India becoming one of the signatories of the GATT.

<u>Business Turnover (Overall)</u>		<u>Value Rs.in Million</u>	
(a)	Total Agricultural Produce <b>Marketed</b>	:	Rs.59290
(b)	Total Agricultural Inputs <b>Distributed</b>	:	Rs.21550
(c)	Consumer Goods Distributed	:	Rs.28500
<b>Primary</b>	<b>Value in Millions</b>	<b>District+State</b>	<b>Value Rs. in Millions</b>
Number	7346	Number	137
Membership	4.82 Million	Membership	0.20 Million
Share Capital	Rs.1245.3	Share Capital	Rs. 1796.8
Govt.parti- pation	58%	Govt.Parti- pation	81%
Working Capital	Rs.7186.6	Working Capital	Rs.13086.8
Business Turnover	Rs.38689.4	Business Turnover	Rs.37201.1

### Warehousing capacities:

The main function of central warehousing are to acquire and build godowns and warehouses for the storage of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities offered by individuals, cooperative societies and other institutions, arrange facilities for the transport of the above mentioned commodities. Act as the agent of the Government for the purpose of purchase, sale, storage and distribution of these commodities.

Management of agriculture technological development in agriculture; research, training and farm education and extension activities.

Management of Agricultural cooperatives deals with the organisation and operation of a farm with the objective of maximising profit from the farm business on a continuing basis. The farmer needs to adjust his farm organisation from year to year to keep abreast of changes in methods price variability and resources available to him. The human resource is the core of cooperatives, because cooperatives are basically peoples' organisations and they deal with people's welfare. The Government has taken various steps to make the Agricultural Cooperatives viable, democratic institutions with economic viability and active members participation. A comprehensive programme for revitalization of Cooperatives has been launched in the country especially at the grassroot level through **Business Development Planning as recommended by the Agricultural Credit Review Committee (ACRC)**. Other measures include finalization of national cooperatives self-reliant, free from government control and strengthening of management of cooperatives at all levels.

### Green revolution:

The Green revolution is the term used for describing the manifold increase in India's farm production and productivity. Particularly in the case of the major cereal crops, consequent to the adoption of the 'New Agricultural Strategy' since the late sixties. The new strategy comprises i) application of a package of inputs consisting of high yielding varieties of seeds, fertilisers and improved agricultural practices in areas of assured water supply, ii) introduction of short-term high yielding varieties of major cereals, thus enabling the farmers to grow two or more crops in a year where previously only one crop was grown, iii) providing timely credit facilities to the farmers, thus enabling them to purchase the required inputs well in time for the crop season, and iv) announcing minimum support prices in advance of the sowing season so as to assure the farmers of reasonable prices for their produce, thus eliminating wide fluctuations in their incomes consequent to unforeseen slump in market prices.

The new agricultural strategy has revolutionised the Indian agriculture. It has pushed into background the era of chronic and continuing food strategies. It has also provided the much needed incentive to the farmers to develop their agriculture. The successful adoption of various components of the new agricultural strategy over a wider area depends upon factors like irrigation, farm size, institutional credit, extension services etc. Areas with better endowment of such factors are among the first to adopt modern inputs and thus reap the benefits of **green revolution**.

### Technological development:

Much is being accomplished using conventional, non-molecular tools of genetics for improving crops. However, crops are constantly under threat from frost, insects, diseases and drought. Recent advances in biotechnology promise support to plant breeders in evolving superior plants. Biotechnology refers to a variety of techniques involving living organisms as a means of production and uses tissue or cell culture, cloning and fermentation, cell fusion, embryo transfer and recombinant DNA technology. For biotechnology to be exploited commercially on a sustained basis, it is important that biodiversity is conserved. For in vitro conservation of germplasm, the Indian Council of Agricultural Research (ICAR) has established a National Facility for Plant Tissue Culture Repository (NFPTCR) at the National Bureau of Plant Genetic Resources, New Delhi.

Studies establish that variations arising through tissue culture cycle called somaclonal variation are extensive and affect important characteristics. A dwarf somaclone of rice designated as BTC-R85, identified at NRCPB after subjecting Basmati-370 to a cell culture cycle, has been found promising for commercial exploitation. At the Sugarcane Research Institute, Coimbatore, somaclonal variation in sugarcane has been processed into a strain, which is under advanced pre-release trials.

#### Biofertilisers:

In nature, a wide range of microbes can fix atmospheric nitrogen as fertiliser for the plants. Among these, those used as biofertilisers are Azospirillum and Azotobacter among free living nitrogen fixers and Rhizobium as symbiotic nitrogen fixers on legumes. Cyanobacterial association particularly with Azolla (a kind of fern) has also been extensively exploited for its use as N-biofertilizer.

Rhizobium as biofertilizer seems promising particularly because the nitrogen is fixed right in the plant cells. At global level, it is estimated that about 50 per cent of total biological nitrogen fixation is through Rhizobium legume symbiosis. It is observed in different regions of the country that inoculation with rhizobial cultures in different pulse crops enhances yield significantly.

Azolla is another renewable biofertiliser which can contribute 40-60 Kg nitrogen/ha to rice crop. It is a free-floating water fern that fixes atmospheric nitrogen in association with nitrogen-fixing blue-green algae Anabaena. The National Facility for Blue Green Algal Collection at IARI has developed an inexpensive rural-oriented Algal Biofertilizer Technology for rice. The beneficial effect of algal inoculation on the grain yield of many rice varieties has been demonstrated.

Extensive field trials conducted in Andhra Pradesh, Kerala, Tamilnadu, Uttar Pradesh, Maharashtra, Madhya Pradesh, Pondicherry and Jammu and Kashmir have confirmed the beneficial effects of algal inoculation on rice. Supplementation of the recommended high levels of nitrogen by algal application resulted in higher grain yields, ranging from 3.29 per cent with an average of 7.2 per cent.

#### Biopesticides:

Recently there has been some interest in identifying microbial pesticidal agents as these are environment friendly. Its other advantages are (i) they are not carcinogenic and (ii) they operate with a high degree of insect specificity. Among these insecticides, the toxic chemical (a protein) produced by a soil borne bacterium, *Bacillus thuringiensis*, commonly referred to as BT is the most important. It has been successfully developed as a commercial insecticide.

#### Research and Training:

The Department of Agricultural Research and Education set up in 1973 in the Ministry of Agriculture, Government of India is responsible for coordinating research and educational activities in Agriculture, Animal Husbandry and Fisheries.

The ICAR is the apex body that helps to bring about interdepartmental and inter institutional collaboration with National and International agencies engaged in the same and allied fields. The ICAR has created a National Grid of Cooperative Research in which the ICAR institutes, State Agricultural Universities, and other educational and scientific institutions participate in the programmes.

The ICAR is directly involved in undertaking research through its 46 central institutes including 4 National Bureaus, 22 National Research Centres and 9 project directorates on fundamental and applied aspects of individual crops, commodities which have direct relevance to agriculture.

The educational programmes at the National level are conducted through Agricultural Universities(28) located in various states. The ICAR has established a network of 187 Krishi Vigyan Kendras (KVK) for imparting on farm training in various aspects of agriculture etc for youth farm persons, and other categories of rural workers.

Bio-Technology, Genetic Engineering, Photo Synthesis, Tissue Culture Bio-insecticides and phermones are the emerging areas of Research to promote the growth of Agricultural productivity.

#### Transfer of Technology:

The main responsibility of conducting extension work in the country lies with the State Departments of Agriculture. The ICAR operates 150 operational research projects in various places to test and transfer the newly developed technologies in a cluster of villages.

#### Extension activities:

Agricultural extension activities cover over 100 million farmers living in more than half a million villages. The extension methods that are adopted are (1) Individual contracts, (2) Group contracts, (3) Mass contracts, (4) Farm visit, (5) Home visit, (6) Result demonstration, (7) Method demonstration, (8) National demonstration, (9) Group discussion, (10) Exhibition, (11) Meeting, (12) Campaign, (13) Tours-Field days (14) Printed matters, (15) Radio & Television.

An important feature of Training and Visit extension is the built-in mechanism of monitoring and evaluation. Extension effectiveness is the extent to which the operational goals are achieved by extension service. The extension activities creates awareness among the village extension workers and members of the farming community.

#### Publication and Information:

One of the objectives of the ICAR is to act as a clearing house of information. It publishes journals, etc for the benefit of scientists Policy makers scholars and the public.

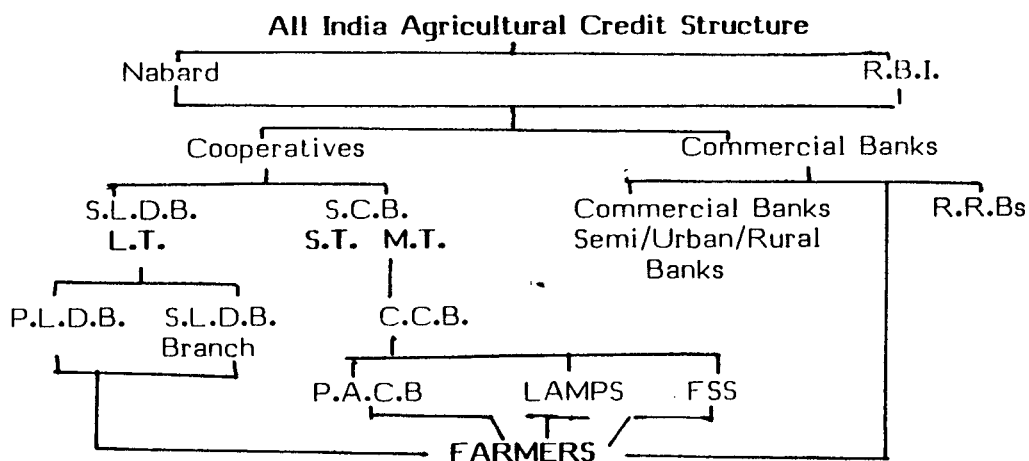
## CHAPTER-III

Total number of all types of cooperatives with membership. Organizational structure of the cooperative movement. Status of agricultural cooperatives (Including marketing Cooperatives, dairy, sugar, oil seeds and agro-related cooperatives) General statistics. Management of agricultural cooperatives; value addition in agro processing; marketing of agricultural produce through cooperatives; organisational structures of primary, secondary and national agricultural cooperatives; role of business federations; A general description of their activities. Problem areas. Training and Development programmes in agricultural cooperative sector. Government participation in management/development of agricultural cooperatives.

### Total Number of All types of societies:

Sl.No.	Type of Societies	Total Number	Total membership in Million
1.	Primary Agricultural Cooperative Societies	88,167	84.77
2.	Large size Adivasi Multipurpose societies	2,646	3931
3.	Farmers service societies	2,410	6774
4.	Central Cooperative Banks	353	1.30
5.	State Cooperative Banks	28	82,480
6.	State Cooperative Land/ Agrl.Rural Development Bank	20	13.92
7.	Marketing Cooperatives:		
	<b>Primary</b>	7346	482
	<b>District &amp; State</b>	137	0.20
8.	Sugar Cooperatives	225	2.34
9.	Spinning Mills	113	0.43
10.	Dairy Cooperatives	70188	7.78
11.	Other Agri-processing Cooperatives :		
	Number of Oil Mills	.. 113	-
	Number of Rice Mills	.. 598	-
	Number of Dal Mills	.. 72	-

### Organisational structure of the Cooperative Movement.





## INDIAN COOPERATIVE MOVEMENT AT A GLANCE (1990-91)

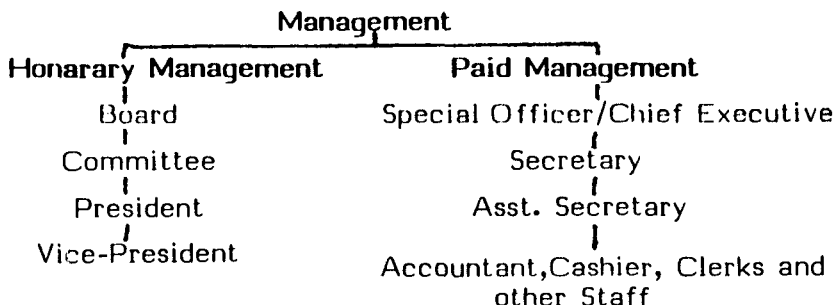
All Cooperatives (Value Rs.in Million)

(i) Number of societies (Million)	:	0.342
(ii) Membership (Million)	:	164
(iii) Share Capital	:	Rs.53251.3
(iv) Working Capital	:	Rs.716724.1
(v) Households covered	:	65%
(vi) Villages covered by Coops.	:	100%
(vii) No.of National Coop. Organisations/Federations	:	20
(viii) No.of State level Coop. Organisations/Federations	:	260
(ix) No.of District Cooperative Organisations/Federations	:	2267
(x) Production Credit Advanced	:	
(a) Short-term (ST)	:	Rs.39318.2
(b) Medium-term (MT)	:	Rs.7470.3
(c) Total (ST+MT)	:	Rs.467885
(xi) Investment Credit Advanced:		
<b>Long-term (LT)</b>	:	Rs.8148.23
(xii) Total (ST+MT+LT)	:	Rs.54936.83

### Share of Cooperatives in National Economy

Agricultural Credit disbursed	:	43.3%
Fertiliser distribution	:	34% (4.0 MT)
Sugar Produced (1991-92)	:	62.4%
Spindledge	:	11% (2.97 Million)
Yarn production	:	16.4% (240 Million Kg.)
Cotton Ginning & Pressing Units	:	12% (431 units)
Cotton Yarn Exported (1991) (Value Rs.614.1 Million)	:	11% (9.91 Million Kg)
Handlooms in Coops.	:	58%
Wheat procurement	:	30%
Jute procurement	:	21% (1662 bales)
Fishermen's in Coops. (0.8 Million Members)	:	11%
Powerlooms in Cooperatives	:	5%
Rural Fair Price Shops	:	26%

### Management of Agricultural Cooperatives



Organisational structure of Primary, Secondary, State & National Level  
Agricultural Cooperatives.

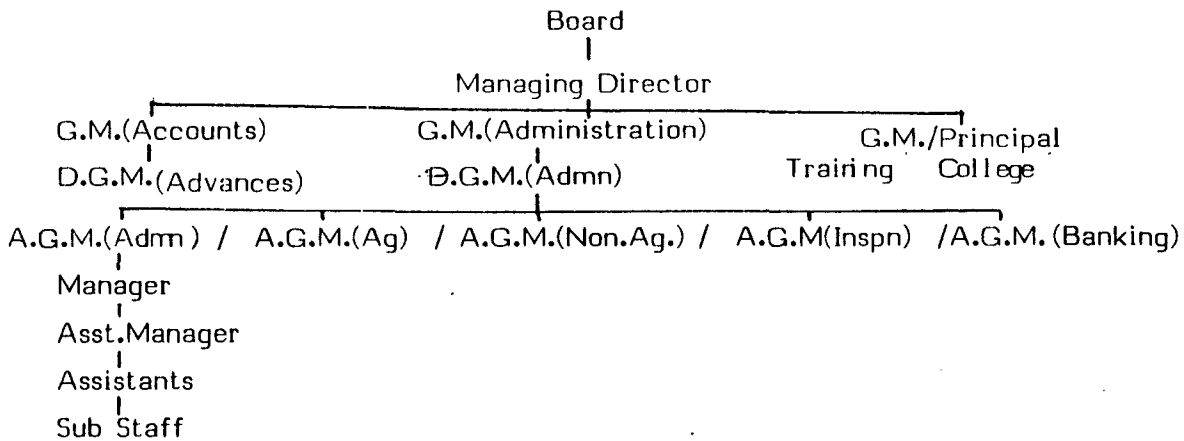
P.A.C.S.

Board(Mgt)  
Secretary  
Manager  
Accountant  
Cashier  
Clerk  
Salesmen

C.C.B.(Dist.)

Board of Management  
Chief Executive  
Secretary  
Asst.Secretary  
Banking / Agrl. / Non-Agrl. / Dev. / Admn.  
Manager  
Field Supervisor/Asst.Mgr.  
Accountant  
Cashier  
Semi Supervisors  
Supervisor/Clerks

STATE COOPERATIVE BANK



National Cooperative Bank of India:

With a view to bridge the gap in the Cooperative Credit System of the movement, the National Cooperative Bank of India was registered under the multi-state cooperative societies Act. The registration of the Bank has been completed and the efforts have been made to start its activities.

## Value-addition in Agro Processing:

Value addition in Agriculture is achieved by concerted thrust being made by the Agro processing Cooperatives in increasing processing, marketing and storage facilities. These are imperative for the development of Agro processing Industries which are the key areas for the development of Agriculture.

## Role of Business Federations:

The federation cooperates, coordinates and guides the activities of the members. It plays the role of guiding as well as leading the cooperatives to the desired level. This means the Federation equip themselves suitably including research and development functions. Consultancy services are also provided. Some of the statutory functions like supervision, inspection and audit are also performed.

**NAFED:** It acts as nodal agency for Government of India, involves in price support operation, canalising agency for export, production of marketing of Agricultural machinery, Implements and Bio-fertilisers, and undertakes inter-state operations to stabilise consumer prices in Agricultural commodities. NAFED has achieved a record turnover of Rs.626 crores during the year 1993-94.

**IFFCO:** It is engaged in the production and distribution of Chemical Fertilisers, by products and allied products. It is an Organisation of Agricultural Cooperatives in the Capital Intensive Fertiliser Industry. IFFCO occupies a place of pride in the Fertiliser Industry in terms of its performance and service to the National and specially to farming community. The society has produced 27.36 lakh tonnes of fertiliser material as against 26.61 lakh tonnes in 1992-93, representing a capacity utilisation of 111 percent in the case of nitrogeous fertilisers and 110 per cent for phosphatic fertilisers despite constraints regarding availability of raw-materials, wagons and other problems.

**KRIBHCO:** It is a Multi-Unit Cooperative Society, during its 8th year of operation has achieved a production of 15.16 lakh MT Urea against the installed capacity of 14.52 lakh MT. In spite of restricted gas supply resulting in the loss of about 1.73 lakh M.T.Urea. Society could achieve a capacity utilization of 104.4%. Similarly, it has produced 9.14 lakh M.T. of Ammonia against the installed capacity of 8.91 lakh M.T. in the year ending March 31, 1994.

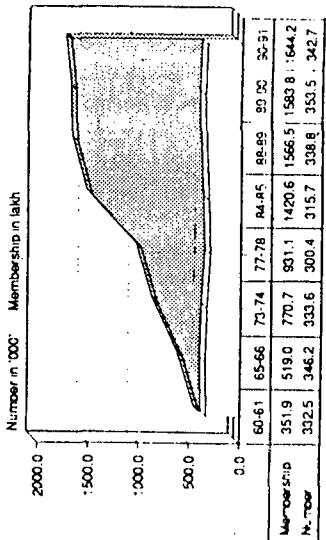
Besides these, National Federation of Cooperative Sugar Factories Ltd., National Cooperative Agriculture & Rural Development Banks' Federation Ltd., National Cooperative Dairy Federation of India Ltd., National Federation of State Cooperative Banks Ltd., and All India Federation of Cooperative Spinning Mills Ltd. etc. are playing a vital role in the performance of Agricultural Cooperatives in India.

## Government participation in management/development of agricultural cooperatives:

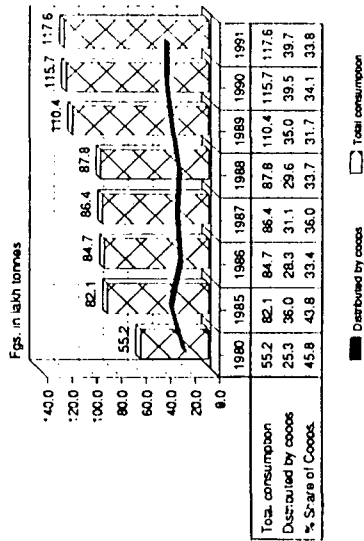
An objective analysis of the role of co-operative movement in the country leads to the conclusion that a great deal remains to be achieved in respect of qualitative aspects. High percentage of dormant membership, heavy dependence on outside financial assistance, lack of professional management, mounting overdues, lack of members' participation in the management etc. continue to **plague** the cooperatives.

The Model Cooperative Law formulated by the Expert Committee of the Planning Commission is being vigorously followed up with the State Governments for implementation. The Government of India has already taken initiative to completely modify the **Multi State Cooperative Society Act** based on the Model Cooperative Law. This measure would be helpful in democratizing the Cooperative Movement.

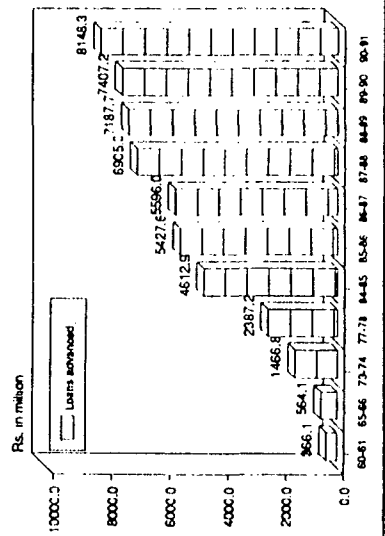
### GROWTH OF COOPERATIVE MOVEMENT (Number and Membership)



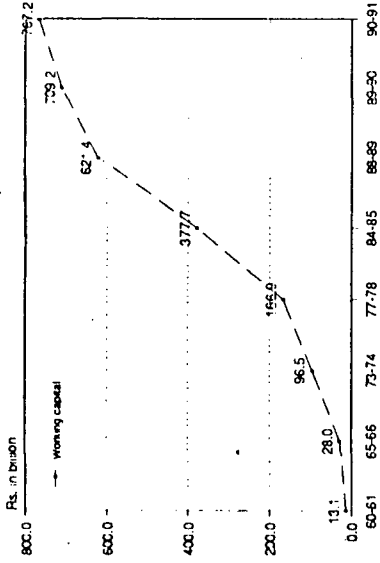
### ROLE OF COOPERATIVES IN FERTILISER DISTRIBUTION



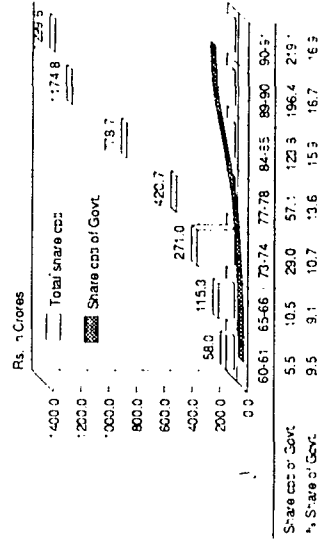
### Loans advanced by State Coop. Land/Agril. Rural Development Banks



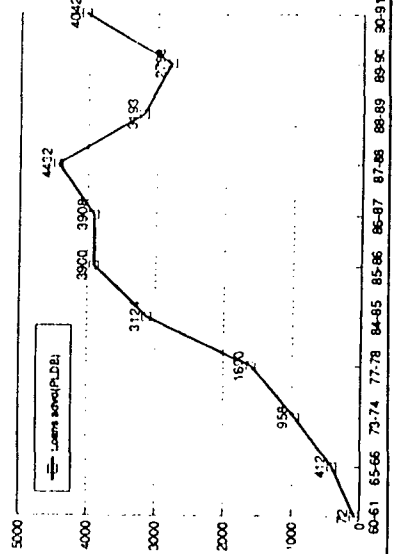
### OVER ALL GROWTH IN WORKING CAPITAL OF COOPERATIVES



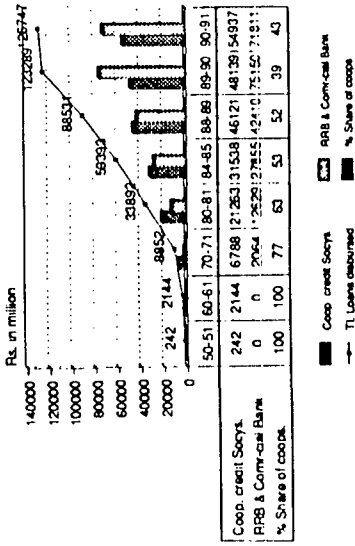
### GOVT. PARTICIPATION IN THE SHARE CAPITAL OF PRIMARY AGRICULTURAL SOCIETIES



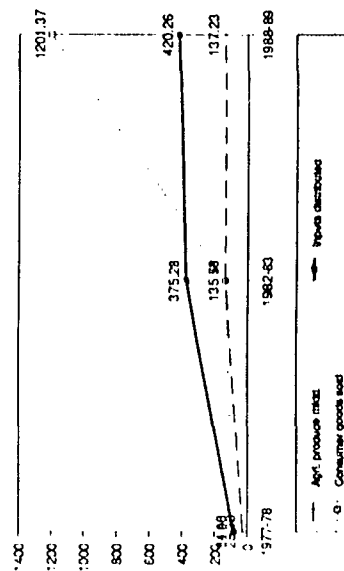
### LOANS ADVANCED BY PRIMARY AGRIL/LAND DEVELOPMENT BANKS OVER THE YEARS



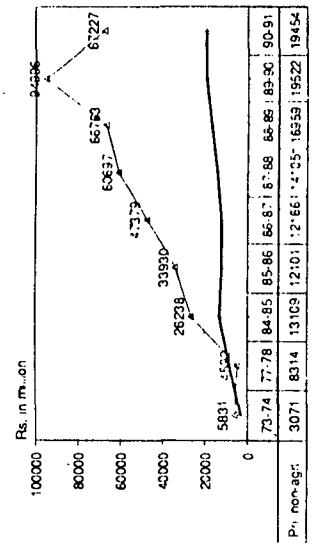
### FLOW OF INSTITUTIONAL AGRICULTURAL CREDIT



### Produce marketed inputs distributed and consumer goods distributed by LAMPS



### LOANS ADVANCED BY PRIMARY COOP. BANKS INCLUDING URBAN BANKS (B.R. Act) AND PRIMARY NON-AGRICULTURAL CREDIT SOCYS.



## CHAPTER-IV.

Status of our own Cooperative. Its organisational structure, relationship with other cooperatives, principal activities, management of our Cooperative, its business profile, member relations, problems and possible solutions.

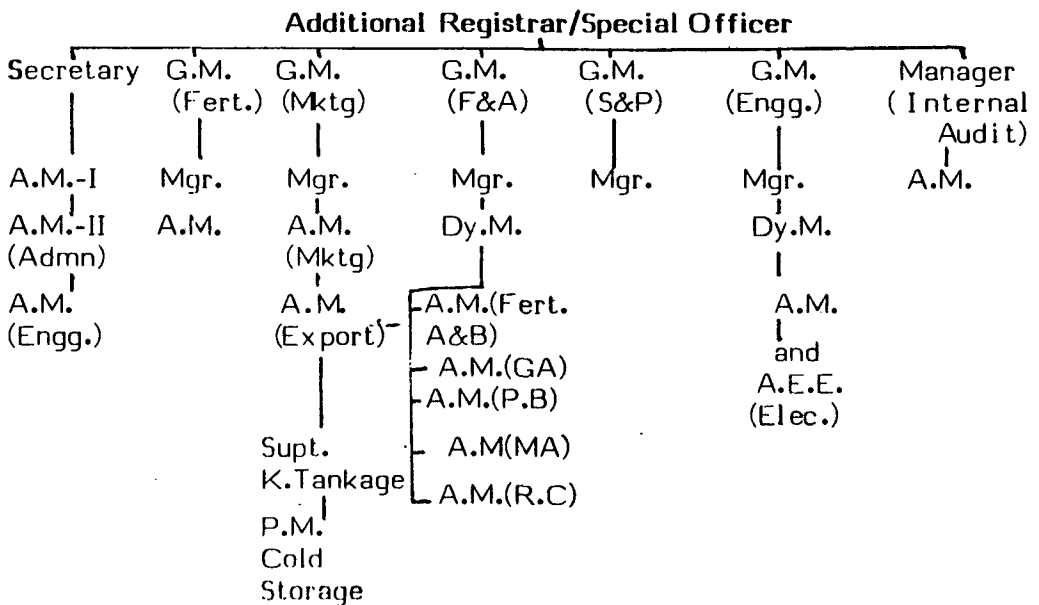
### Status:

**TANFED - The Farmers Organisation:-** The Tamilnadu Cooperative Marketing Federation popularly known as '**TANFED**' was started in the year 1959. As a State Level (Apex) farmers organisation, it has been playing a vital role in the provision of Agricultural inputs to the farmers and marketing of agricultural produce in Tamilnadu.

The share capital of the Federation amounted to Rs.366.21 lakhs. There are 115 Primary Cooperative Marketing Societies besides Thanjavur Cooperative Marketing Federation, Tamil Nadu Warehousing Corporation and Government of Tamil Nadu are members.

### Organisation structure of TANFED

#### HEAD OFFICE



### Relationship with other cooperatives:

The TANFED is having business relationship with IFFCO, KRIBHCO, and NAFED and the Marketing Federations of the other states in India. Tanfed procures marketable surplus of agricultural commodities viz. Toor and Tamarind in Karnataka and market the same through consumer network in Tamilnadu.

TANFED arranges the marketing of fertilisers, pesticides procured by IFFCO, KRIBHCO, and NAFED by way of procuring and distributing the same through Primary Agricultural Cooperative Banks. TANFED achieves the cooperative principle of "**Cooperation among Cooperatives**"

## Principal Activities:

Agricultural Marketing: TANFED undertakes procurement of agricultural commodities such as Cotton, Chillies, Coriander, Pulses, and Oil Seeds. It provides market support to the farmers is its main aim and therefore the procurement operation is undertaken through the marketing societies on a joint venture and on agency basis, besides outright purchases. It resorts to procurement of cotton for supplying to National Textile Corporation Mills as well as for building up of adequate stock towards the export of cotton.

<b>Target</b>		<b>Achievement</b>	
Quantity (in MTs)	Value (Rs.in lakhs)	Quantity (in MTs)	Value (Rs.in lakhs)
<b>18445</b>	<b>1940.00</b>	<b>21563</b>	<b>2315.90</b>

## Input Marketing:

Distribution of Fertilisers: During the year 1993-94 TANFED distributed 3,16,273 M.Ts worth Rs.130.25 Crores as against the target of 5,40,000 M.Ts worth Rs.284 Crores.

Manufacture of Fertilisers: TANFED has its own Mixing Unit at Mannargudi. It manufactures its own granulated mixture of PAMANI Fertilisers (PF:17:17:17). Annually about 30,000 MTs are produced in this factory. During the year 1993-94, a quantity of 25,936 MTs of fertilisers produced.

Agro Super Markets: Fully realising the need for implimenting the concept of supply of all agricultural inputs under one roof, the Registrar of Cooperative Societies entrusted the work of establishing Agro Super Markets with TANFED; in the State of TAMIL NADU.

To activate the performance of these Agro Super Markets, TANFED supplies poly pellants for scientific storage of fertilisers, name boards Price Exhibition Boards, Banners, Wooden racks, Bicycles, Uniform clothes to sales personnel etc. to 100 Primary Agricultural Cooperative Banks that have established Agro Super Markets.

## Distribution of Pesticides, Seeds and Agricultural Implements

Like fertilisers, TANFED distributes plant protection chemicals viz. pesticides, and insecticides through the Primary Agricultural Banks and also seeds and agricultural implements according to the farmers' preferences.

### Performance during 1993-94

<b>Target</b>		<b>Achievement</b>	
Value Rs. in Lakhs		Value Rs.in lakhs	
1000.00	- <b>Pesticides</b>	594.99	-
35.00	- <b>Seeds</b>	46.00	-
25.00	- <b>Agricultural Impliments</b>	2.83	-

Cold Storage : TANFED is running a Cold Storage with a storage capacity of 1250 tonnes and a new Cold Storage with a capacity of 2500 Tonnes is under construction at Koyambedu, Madras.

## Management:

The Head Office of TANFED is at Madras the state capital of Tamilnadu and the Chief Executive is a Special Officer in the cadre of Additional Registrar of Cooperative Societies. The organisation structure is shown in the chart. At the field level TANFED operated through 18 Regional Managers functioning at District head quarters are monitoring the fertiliser distribution and coordinating activities of the District Central Cooperative Banks in the implementation of Short Term Credit Programmes.

## Business Profile: - Trading Results: (1993-94)

(Rupees in Lakhs)

Name of the Account	Opening Stock	Purchase Value	Sales Less Return	Closing Stock	Gross Profit/Loss
Fertiliser	3968.52	11833.47	12810.93	3389.35	599.10
Mixing Unit	1.89	239.21	249.25	2.53	8.94
Fert.Plant	158.56	239.21	249.25	2.53	77.87
Agri.Marketing					
Produce	205.73	1214.81	1037.15	487.72	85.08
Pesticides,					
Seeds & Equip- ments	48.67	590.25	636.76	48.08	66.76
Kerosene	0.39	76.88	80.56	0.29	2.65

## Member relation:

TANFED maintains friendly relationship with its constituent members such as Cooperative Marketing Societies (115) Primary Agricultural Cooperative Banks (3870)

## Achievements:

The turnover of the Federation has been increasing considerably every year. During the year 1992-93 it was 171.17 crores and in 1993-94 the TANFED earned a net profit of Rs.158.94 lakhs.

## Problems & Solutions:

1. The only source of finance to TANFED is Cash Credit facility of Rs.15 crores sanctioned by T.N.S.C.Bank and Credit facility offered by the manufacturers. This facility is limited in nature.

Due to efficient Cash and Financial management TANFED is able to collect funds as and when sales are made. The collected funds are being rotated for further procurement of fertilisers.

2. TANFED is distributing the fertilisers through the network of cooperative societies which inturn avail credit facilities from Cooperative Banks. However the credit facilities to the PACS are limited. Therefore payment to TANFED for the supply of fertilisers are limited to the extent of ceiling fixed.

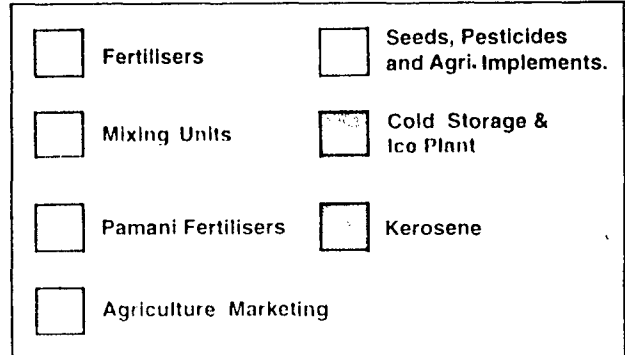
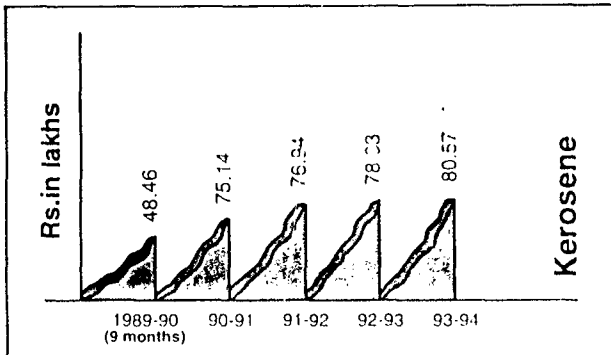
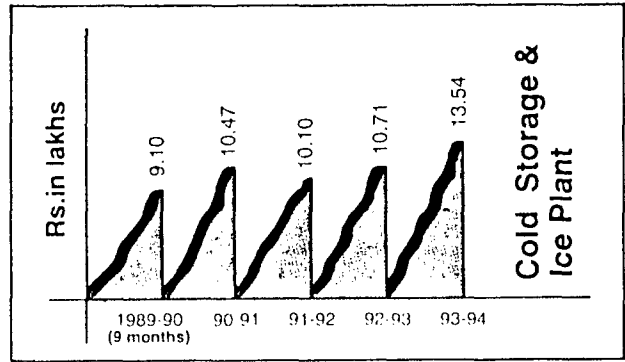
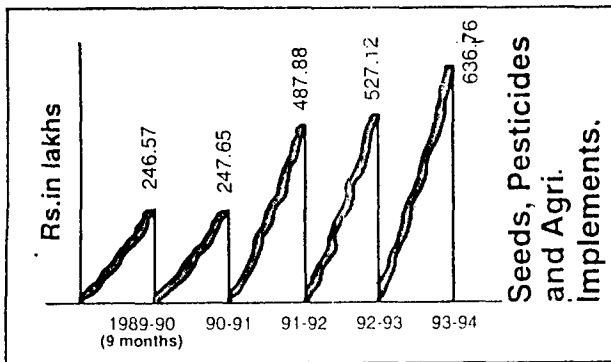
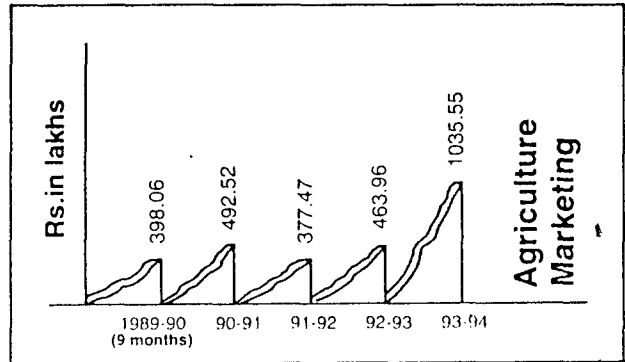
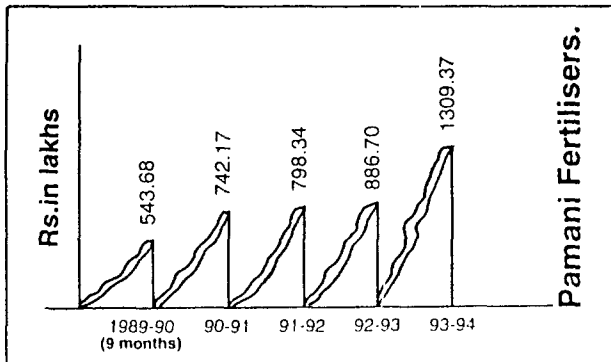
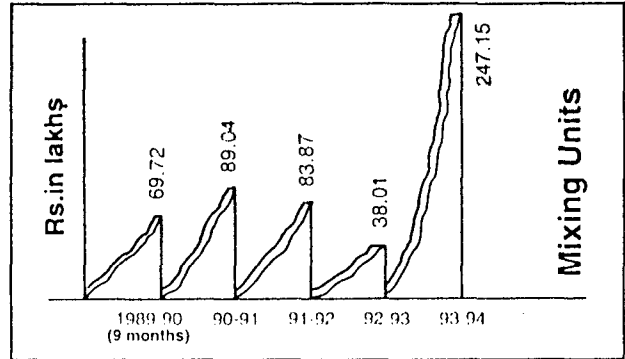
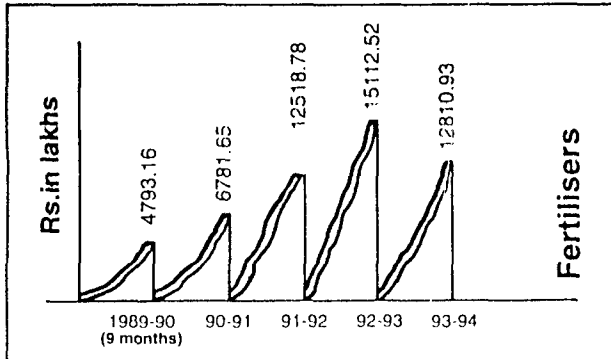
Cash credit limit has to be increased to that extent.

3. There is great demand for Urea, during peak period mainly due to low availability during the peak top dressing period as well as lower allocation during the year.

In Tamilnadu state SPIC is the only manufacturing unit having monopoly of supply of urea catering to the needs of Tamilnadu, Karnataka and Andhra. In order to meet the demand, the essential commodities allocation to the Tamilnadu State has to be increased by the Government of India.



## ACTIVITIES TURNOVER





## CHAPTER-V.

### General Remarks:

The Cooperative Movement was started in this country with a view to save farmers and rural people from the exploitation. India adopted a system of planned economic development with priority to farming sector since independence. A notable growth in Indian Agriculture has been attributed to the Green Revolution which caused a breakthrough in Technology particularly in food production. Agricultural Cooperatives have been playing a significant role as an institutional vehicle by providing support to farmers by way of credit, inputs and post harvest facilities.

The Government of India announced its new economic policy of liberalization of national economy. The New Economic Policy represented a radical departure from the policies of stringent state control of economic activities and envisaged the rapid growth and stabilization of national economy through liberalization based on private initiative, enterprise and open competition among the various sectors of economy. In view of the new economic policy announcement, the National Cooperative Union of India initiated measures like (i) setting up of Cooperative Planning Commission, (ii) Setting up of National Cooperative Bank of India, (iii) Setting up of Cooperative Insurance system in the Country etc. for strengthening and development of cooperative movement in the country.

### Summary:

Agricultural Cooperatives have covered all the villages and are meeting most of the requirements of rural people including production credit, marketing, agro-processing, consumer needs etc to the farmers. The cooperatives have emerged as a very strong economic force committed to provide services to the people particularly the farmers, artisans and other weaker sections of the community for their socio economic upliftment.

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## INTRODUCTION

Indonesia is a tropical country which consists of more than 13.000 islands with areas of 2 million sq kms. It extends 5000 km from west to east and is laid on equatorial area between latitude 6 degree north and 11 degree south. Indonesia has wet and dry season with temperature of 23 to 32 celcius and the rain fall as 3200 mm at the highest and 1000 mm at the lowest.

Indonesia is inhabited 187 million people (1993) most of them live on agriculture in case of province, Indonesia consists of 27 provinces.

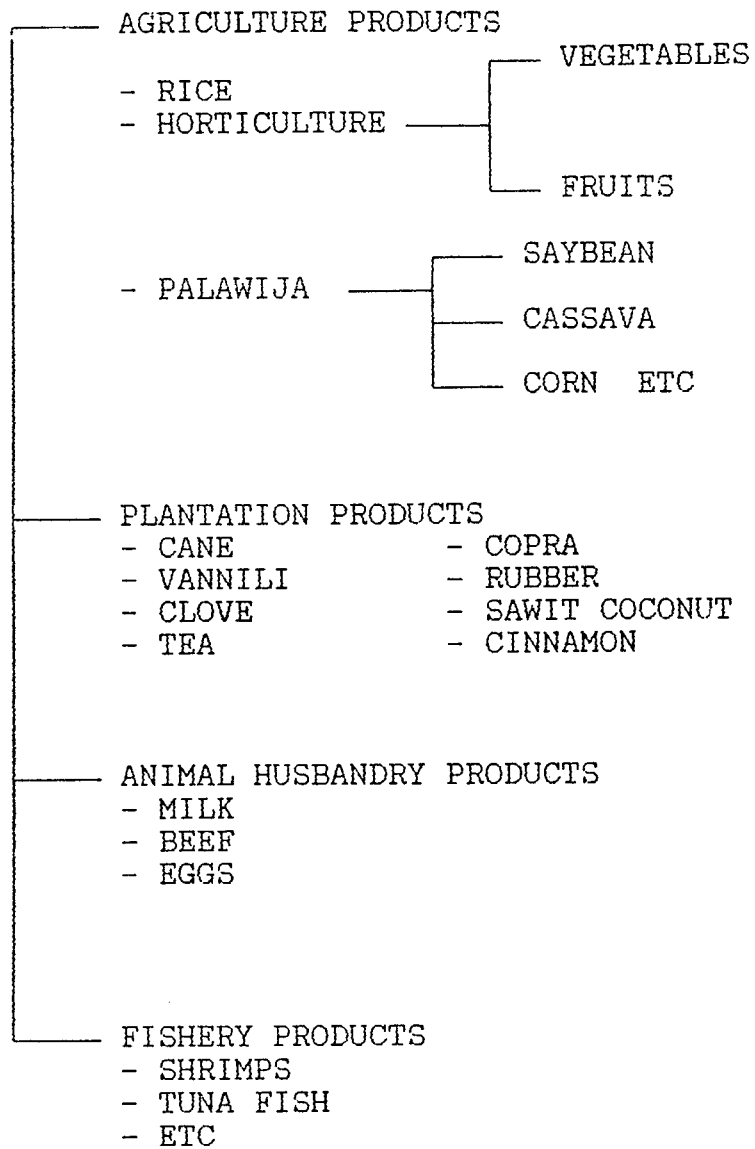
Agricultural products are classified into agriculture products, plantation products. Animal husbandry products and fishery products.

Products belonging to agriculture are rice, horticulture (in case of horticulture, there are vegetables and fruits which constitute crops of horticulture) and palawija (Crops planted as second crop in dry seasons) crops belonging to this kind of agriculture products are soybean, cassava, corn, etc.

Plantation products cover the products of cane, vannili, clove, tea, copra, rubber, sawit, coconut and cinnamon

Animal husbandry products consist of milk, beef and eggs. And Fishery products consist of shrimps, Tuna Fish etc.

AGRICULTURAL PRODUCTS



## STATUS OF AGRICULTURE IN INDONESIA

---

Development of agricultural is oriented to enhance the income of farmers, to create job opportunities and also extend either home marketing or exportmarketing through the sophisticatedagriculture so that the quality of product-processing is improved.

System of agriculture development covers multi purpose with a view to promoting agro industry ang agri business.

Agricultural extension, training and farm education are applied to increase farmer's knowledge on mastering high technology of agriculture.

Agriculture in Indonesia covers agriculture of Plantation consumed for food, it is implemented through the increase of farmer business productivity, land extension, and through the betterment of dryland and swamp as well. In which science and technology play their roles inside.

Plantation is done with a view to enhancing export and meeting industrial needs trough renovation, the increase of plant quality, plant divesification, and making use of transmigration areas by bringing along state and private sectors through the cooperative of plantation.

Fishery,

-----  
Agribusiness of fishery is developed with system of perikanan inti rakyat (people us arteries fishery) by strengthening cooperative in this case, technological application is needed.

Horticulture consists of vegetables, fruits, and plants consumed for medicine they are made use for the sake of agribusiness.

Subsector of animal husbandry

-----  
It is implemented with system of diversification, intensification and extensification of cattle, development of animal husbandry is oriented to increase farmer's income and welfare.

Dryland renovation

-----  
It is done to keep the land fertile, and protect source of water in interest of local people.

irrigation

-----  
It is necessary to extend irrigation in order to provide water in a good order and to avoid productive from damage caused by flood and drying.

Land holding in Indonesia

-----  
It is comparatively low, that is to say 0,5-2 hectare areas on the average per family.

# INDONESIA

> TROPICAL COUNTRY

> MORE THAN 2 MILLION SQ. KM. AREA

*2.1 juta*

> EXTENDING 5000 KM FROM WEST TO EAST

*panjang Indonesia*

*panjang*

> ON EQUATORIAL AREA BETWEEN LATITUDE 6 DEGREE NORTH AND 11 DEGREE SOUTH

> TEMPERATURE FROM 23 TO 32 DEGREE CELCIUS

*23-32*

> RAINFALL 3,200 MM AT THE HIGHEST AND 1,000 MM AT THE LOWEST

*Hayeret*

> MORE THAN 13.600 ISLANDS

> 184 MILLION PEOPLE

*+190*

> 27 PROVINCES

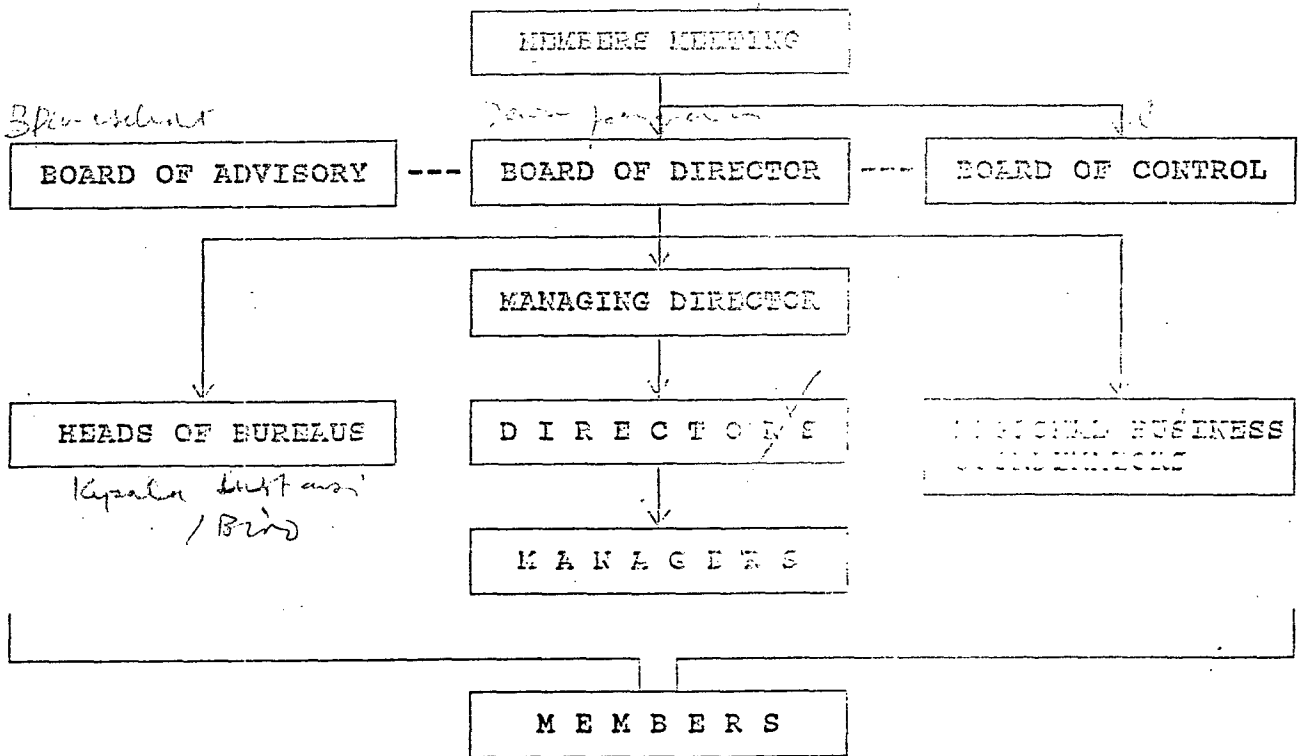
*provins*

*dit. consists of 1711*

## GKSI FUNCTIONS :

1. AS THE PROTECTOR OF THE MEMBERS' INTEREST *sebagai pelindung di Koperasi 17.7.74*
2. AS MEDIATOR OF INTER PRIMARY DAIRY COOPERATIVES *di wadah/mekah as kop primer*
3. AS THE CATALYST BETWEEN DAIRY COOPERATIVES AND OTHER COOPERATIVES
4. AS NEGOTIATOR BETWEEN MEMBERS AND RELATED AGENCIES *antara petani*
5. AS MEDIATOR OF TRANSFER OF TECHNOLOGY TO THE MEMBERS
6. AS AN ORGANIZATION TO GUIDE AND SUPPORT THE MEMBERS
7. AS AN ORGANIZATION FOR NATIONAL DAIRY COOPERATIVE BARGAINING POSITION *Sebagai subunit*
8. AS AGRI-BUSINESS ADVOCATE AND SUPERVISORS
9. AS REGULATOR IN COOPERATIVE DAIRY BUSINESS

# STRUCTURE OF GKSI ORGANIZATION



**BOARD OF DIRECTOR :** CHAIRMAN  
 FIRST CHAIRMAN  
 SECOND CHAIRMAN  
 SECRETARY  
 TREASURER  
*Penyuluhan*

**DIRECTORS :** 1. DIRECTOR OF CATTLE AFFAIRS  
 2. DIRECTOR OF INDUSTRY  
 3. DIRECTOR OF SERVICE & TRADE

**BUREAUS :** 1. FINANCE  
 2. ADMINISTRATION *Divisi*  
 3. PLANNING & DEVELOPMENT  
 4. INTERNAL CONTROL



# STANDARD OF MILK PAYMENT

TOTAL PRODUCTION (LT/DAY)	PERCENTAGE OF THE TOTAL PRICE RECEIVED BY THE FARMERS
<i>kurang dr</i> LESS THAN 2,500	70.0 %
2,501 - 5,000	75.0 %
5,001 - 15,000	80.0 %
15,001 - 25,000	87.5 %
25,001 - 35,000	90.0 %
<i>lebih dr</i> MORE THAN 35,000	95.0 %

# STANDARD OF EXPENDITURE

*perbelanjaan*

- PAYMENT TO MEMBERS	70.00 - 93.00 %
- ADMINISTRATION COST	02.57 - 00.60 %
- FEE / SALARY	08.57 - 02.00 %
- EQUIPMENT EXPLOITATION & VEHICLES	08.57 - 02.00 %
- SAVINGS / INVESTMENT	09.00 - 02.10 %
- RESERVE	01.29 - 00.30 %

# DAIRY ACTIVITIES

---

## I. GOV'T INITIATED "DAIRY CATTLE BUSINESS DEVELOPMENT" (PUSP) BY CREDIT FOR :

- .> CATTLE IMPORTATION (53,000)
- .> MILK HANDLING EQUIPMENT
- .> ESTABLISHING MILK TREATMENT PLANTS (4 UNITS)
- .> ESTABLISHING FEED MILL PLANTS (2 UNITS)

## II. GOV'T REGULATED MILK TRADE

- .> MILK RATIO POLICY FOR IMPORTED MILK
- .> GUIDANCE  
*Petunjuk*

## III. MAIN ACTIVITIES CARRIED OUT BY COOPERATIVES :

1. INPUT SUPPLIES ARE PROVIDED BY CO-OPERATIVES
2. TECHNICAL SERVICES ARE CARRIED OUT BY COOPERATIVES OFFICERS AND SUPPORTED BY LOCALLY GOVERNMENT OFFICIALS ESPECIALLY FROM THE DISTRICT LIVESTOCK SERVICES OFFICIALS
3. MILK MARKETING ARE CARRIED OUT BY COOPERATIVE
4. CREDIT REPAYMENT ARE ORGANIZED BY COOPERATIVE

# DAIRY COOPERATIVE DEVELOPMENT

	1977	1983	1989	1992
NUMBER OF COOPS	2	183	190	201
NUMBER OF FARMERS	980	41,730	74,000	50,000
NUMBER OF CATTLE, 000 HEADS	-	141	250	325
MILK SALES (MILLION LITERS)	1.3	79.2	250	290
MILK PRICE EX FSC (RP./KG)	70 - 100	300-328	440	532.50
FARM GATE PRICE (RP./KG)	40 - 80	240-275	330-400	380-450
MANPOWER ABSORPTION (000)	-	37.3	117	125
LOCAL TO IMPORT RATIO	UNLIMITED	1 : 5	1 : 1.7	1 : 2
DEVISA SAVED (MILLION US\$)	-	22.3	62.5	-

# CONCLUSION

---

- > DAIRY COOP. DEV'T IN INDONESIA STARTED INTENSIVELY SINCE 1979 INITIATED BY GOVERNMENT
- > THE DEVELOPMENT OF INDONESIAN DAIRY BUSINESS HAVE BEEN GIVING MULTIPLIER IMPACTS IN PROMOTING RURAL ECONOMIC GROWTH, HENCE DECREASING THE POVERTY OF THE PEOPLE LINING IN THE VILLAGES
- > FURTHER DAIRY DEVELOPMENT IN INDONESIA WILL BE AN INTEGRATED ACTIVITIES, FOLLOWS THE AGRIBUSINESS PATTERN

# GKSI MISSION :

STRENGTHENING THE BARGAINING POSITION  
*memor topka / menjauhi*  
OF DAIRY COOPERATIVES IN THE NATIONAL  
DAIRY DEVELOPMENT IN ORDER TO INCREASE  
*20/21 1974*  
MEMBERS INCOME (PRIMARY COOPERATIVES  
AND THE FARMERS)

# WHY COOPERATIVE

.> HIGH NUMBER OF FARMERS

*3 petani yg besar*

.> SAME BUSINESS

*usaha yg sama*

.> STRENGTHEN BARGAINING POSITION

*ms. menentang basis pemerintah*

.> HAVE THE ACCESS OF GOVERNMENT'S SUPPORTS

~~*mengakses sumber-sumber dan dukungan pemerintah*~~

.> PROMOTE RURAL ECONOMIC GROWTH

*mengembangkan ekonomi desa*

# WHY DAIRY FARMING

- . > **LIMITED LAND USED**  
*Kebutuhan lahan relatif sedikit*
- . > **CREATE JOB OPPORTUNITIES**  
*Menyediakan lapangan kerja*
- . > **DAILY AND CERTAIN INCOME**  
*Pendapatan harian & teratur*
- . > **COMPLEMENTARY TO OTHER AGRIPRODUCTS**  
*Melengkapi produk pertanian lain*
- . > **ENVIRONMENT - CONSERVATION**  
*Melindungi lingkungan*

1945 CONSTITUTION :

ARTICLE 33 (1) :

"THE ECONOMY SHALL BE ORGANIZED AS A  
JOINT ENDEAVOR BASED UPON THE PRINCIPLE  
OF BROTHERHOOD"

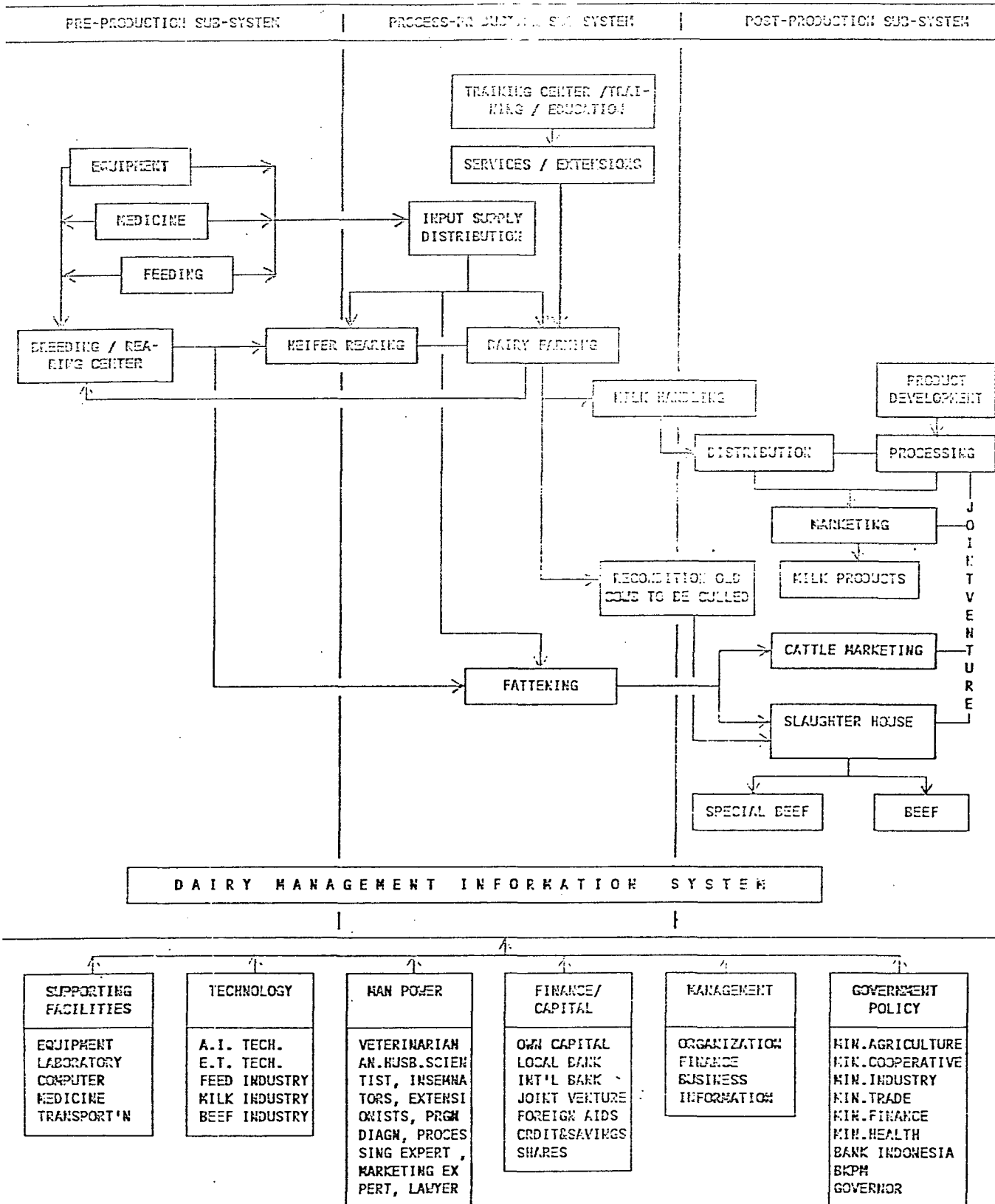
SO :

DEVELOPING CO-OPERATIVE MOVEMENT IN  
INDONESIA IS A MUST

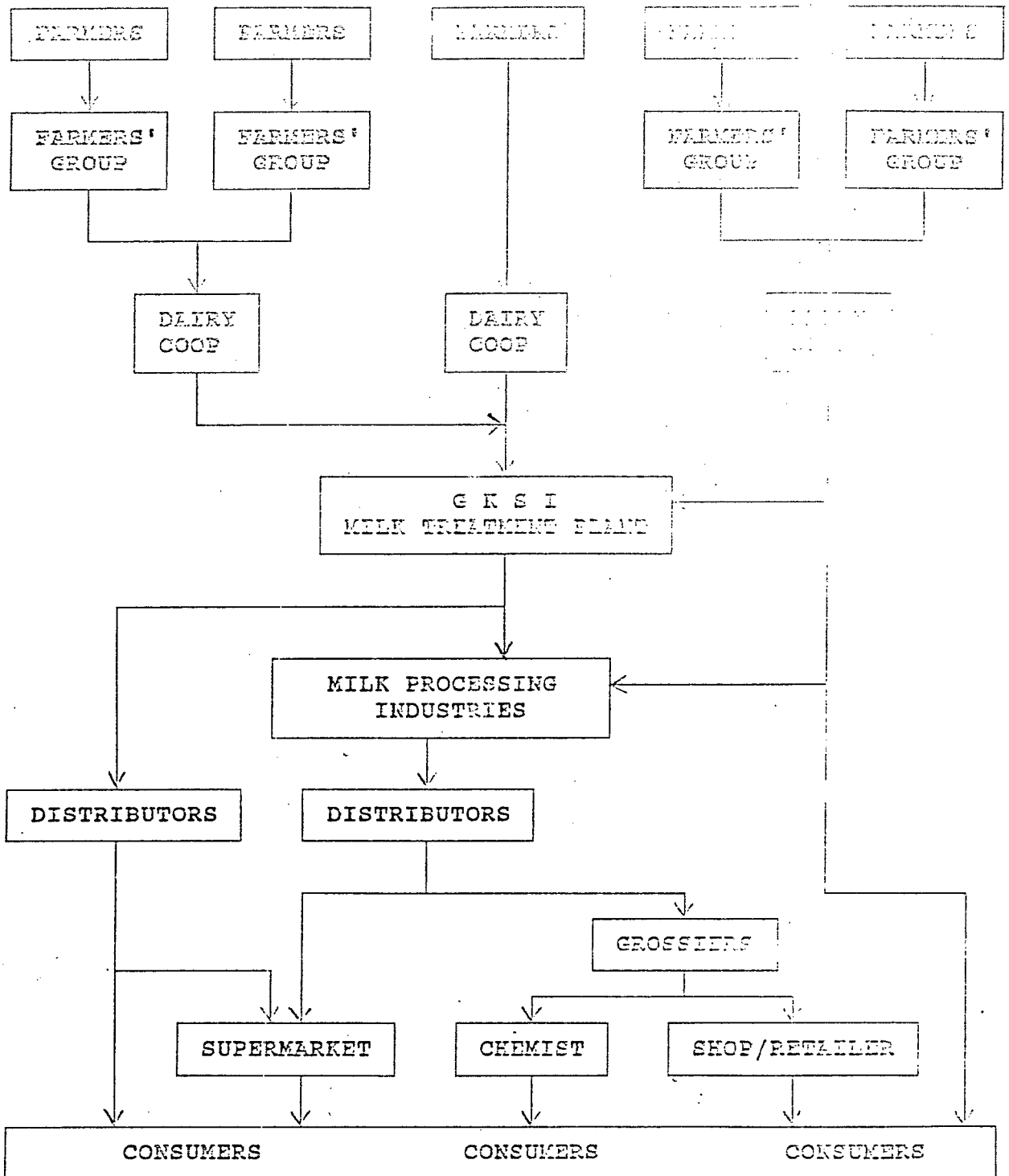
*mugi Ranto Libaruban*



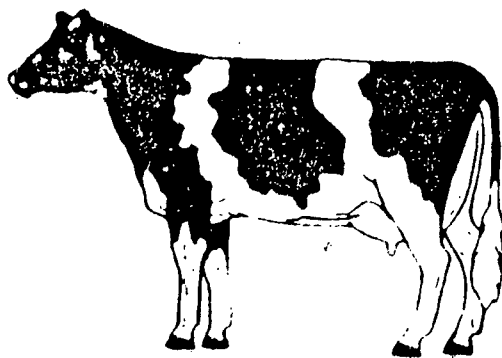
# AGRI-BUSINESS PATTERN



# FLOW OF MILK MARKETING



THE DEVELOPMENT  
OF  
KPSBU LEMBANG



1993

# The Development of KPSBU Lembang

## I. INTRODUCTION

North Bandung Dairy Farmers Cooperative (Koperasi Peter-nak Sapi Bandung Utara) is a single Purpose dairy cooperative.

KPSBU is situated in Lembang subdistrict (about 15 Km north of Bandung), the hill area which is about 1.200 m above sea level, near Mount Tangkuban Perahu with the temperature about 16-28<sup>o</sup> C. The climate is suitable for dairy farming and corps plantation.

This discription below will give a brief illustration of KPSBU Lembang.

## II. HISTORY

Dairy farming in North Bandung was introduced by the end of 19<sup>th</sup> century by the Dutch Societes. After Indonesia declaring its independence, dairy farming activities were continueud by local farmers. There was no develop-ment due to the minimum knowledge and capabilities and no organization established. The milk produced by individual farmers was sold to milk collectors and the price was determined by the collectors.

On August 8<sup>th</sup>, 1971 about 35 individual dairy farmers who were aware of the necessity of co-operation among others and strong will of togetherness based on the brotherhood principle, established North Bandung Dairy Cooperative.

The Cooperative was chaired by Mr. R. Soebiantoro, since that time KPSBU started growing and now the members increased to a number of 2.881 dairy farmers with about 9.142 dairy cattle and milk production about 20.213 liters in 1993.

### III. ORGANIZATION

KPSBU was registered as cooperative with the legal Registers Number 4891/BH/DK-10/20 dated August 8<sup>th</sup> 1971. The main objective of KPSBU is improvement of members' welfare and the Societes in general through dairy business development activities carried out. The main activities of KPSBU are :

1. Collecting and marketing milk produced by the members
2. Providing dairy cattle to the farmers
3. Credit and saving
4. Providing dairy cattle to the members by credit
5. Animal Health Service
6. Artificial Insemination Service.

Based on the by law of KPSBU, the organization consists of Board of Directors, Bord of Advisory and Board of Audit. They are collected in Members Annual Meeting with a certain period of service within the 1991-1996 periode the board of director consists of :

- Chairman : Drh. H. Endang Suharya
- Vice Chairman : H. Ondi Rukmana
- First Secretary : H. Yaya Priatna
- Second Secretary : A.R. Suhendar
- Treasurer : Aip Saripudin
- First General Commissary : H. E.S. Rukmaya
- Second General Commissary : Drs. Dedi Setiadi

The Structure of organization appended.

The board of Audit are :

- Chairman : Moch. Hani
- Secretary : A. Nanang
- Members : Atang Sumpena  
H. Udo Sujana  
A p i t

The board of advisory usually the head of Lembang sub-district regency and the local goverment that directory realited to the dairy cooperative and head the capacity to advice.

#### IV. THE DEVELOPMENT

Dairy farming bussiness in KPSBU has been intensively development since 1978, along the line with the goverment's program (Five Years Development Plan, Phase III-Pelita III).

The goverment provided credit dairy cattle to KPSBU's dairy farmers through GKSI during 1978-1983 with the total of about 1.700 heads.

In 1993 the dairy cattle population is about 9.147 heads with the milk produced is about 20.213 tons.

The Development of KPSBU in 1986-1991 is shown in table below.

ANNUAL PROGRESS REPORT

	1986	1987	1988	1989	1990	1991	1992	1993	1994
-Members saving [Million Rp]	185	469	677	884	1.073	1.132	1.242	1.354	1.247
-Dairy Cattle Population [heads]	5.033	5.605	6.618	7.554	7.026	7.983	8.128	9.142	8.378
-Dairy Cattle Credit [heads]	1.702	2.002	2.002	2.352	2.352	2.352	2.352	2.352	2.352
-Members [farmers]	1.769	2.110	2.400	2.283	2.253	2.279	2.651	2.881	3.106
-Employee -Feed Stuf Pro- duced [ton]	113	119	131	139	139	141	150	171	172
-Milk produced [ton]	6.422	7.634	8.768	10.280	15.566	11.667	12.274	14.876	8.715
-Profit/SHU [Million Rp]	150	54	90	131	136	148	175	255	355
-Reserve Capi- tol[Million Rp]	229	259	443	636	818	1.084	1.439	1.865	1.967
- Milk Price (rupiah)	260	320	320	335	385	385	405	485	567



Since 1983, KPSBU has been awarded not only at provincial level but also at National level as shown below :

- 1983 : Best Performance Cooperative at west Java Provines Level.
- 1984 : 4<sup>th</sup> Best Performance Cooperative at National Level.
- 1985 : 1<sup>st</sup> Best Performance Cooperative at National Level.
- 1986-1990 : The most Outstanding Performance at National Level.
- 1991 : The most Outstanding Performance at National Level.
- 1992 : The Most Outstanding Performance at National Level.

## V. CONCLUSION

KPSBU since the establishment in 1971 has been developed very fast. Three Healthiness of the organization which are health in Organization, health in bussines and health mentality are carried out qonsequently as proved by the awards that KPSBU received.

KPSBU will develop the organization and will continue improving the members welfare and the surrounding societies in general.

May this brief discription beneficial.

**THE PURPOSE OF INVOLVING  
THE MILK PRODUCTION  
IN FARMING SECTOR  
WEST JAVA**

- 1. TO INCREASE THE MILK PRODUCTION**
- 2. TO INCREASE OF LIVE DEGREE**
- 3. TO EXTEND JOB OPORTUNITY**
- 4. DECREASE IMPORT OF MILK**
- 5. TO ADD NATIONAL INCOME**

# **THE ROLE OF COOPERATIVE**

1. PROVEDING THE CATTLE CREDIT EXPECIALLY FOR COW
2. PROVERED THE INFRA STRUCTURE PRODUCT OF FARMING
3. THE TECNICAL SERVICE OF BREEDING
4. MARKETING THE MILK PRODUCTION OF MEMBERS
5. GIVING AND SERVICE, SAVING AND CREDIT

**STRIVE RECEIVE AND MARKETING  
MILK PRODUCT OF KPSBU**

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**PRODUCT  
SOURCE**

**MILK INDUSTRIES  
FACTORY**

**CO-OPERATIVE**

**REGIONAL  
COMMISENAIR**

**MILK  
TREATMENT**

**PUSP (DEVELOPMENT  
EFFORT CATTLE)**

**PRESIDENT  
SUBSIDY**

**KPSBU  
(NORTH BANDUNG  
DAIRY FARMERS  
COOPERATIVE)**

**LOCAL**

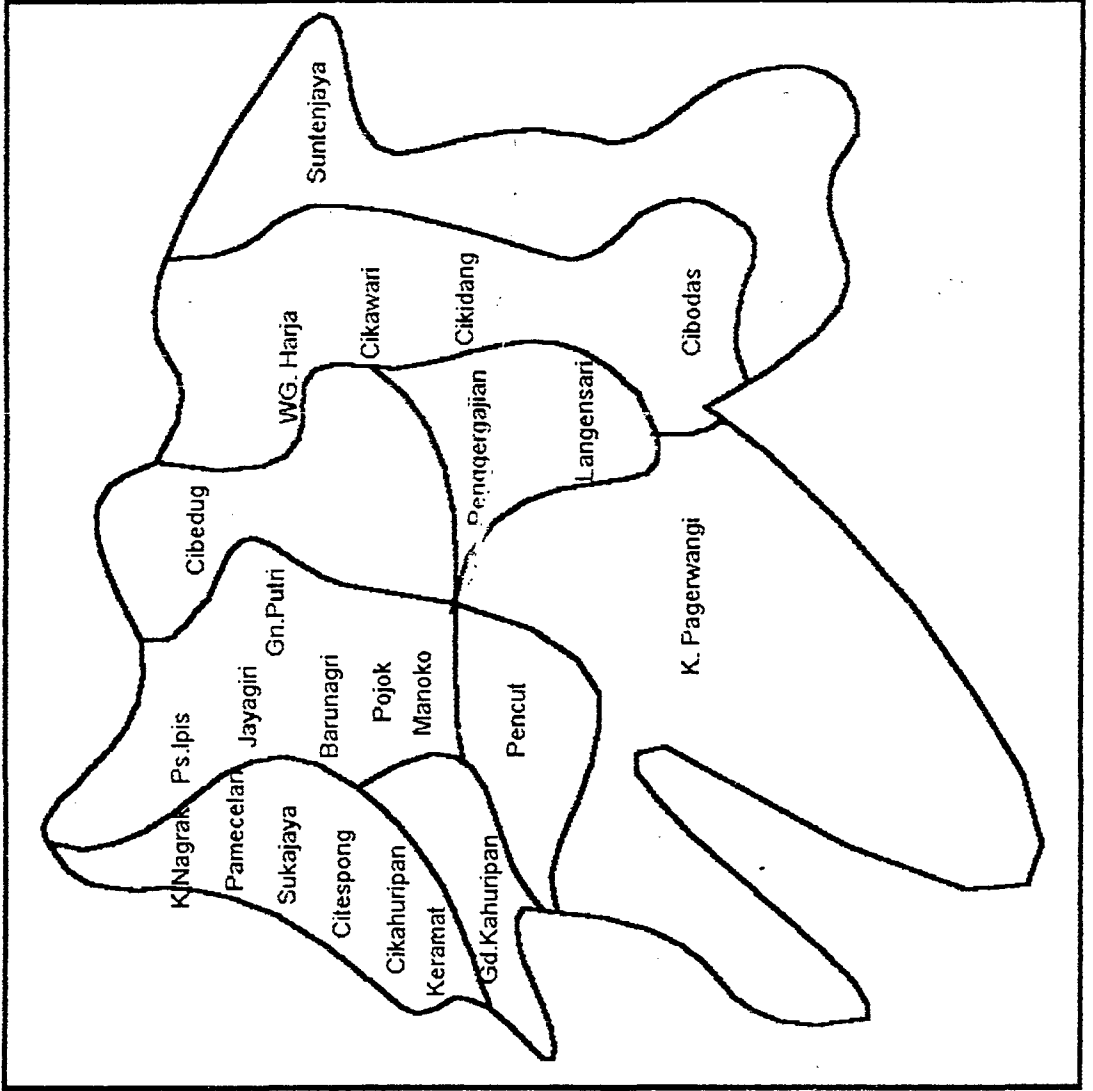
**CHILLING**

**MILK QUALITY  
CONTROL**

**PRODUCTION  
RECORD**

# SPREADING AREA DAIRY COWS CREDIT

## in Lembang Distric



### III. DAIRY CO-OPERATIVES ORGANIZATION

The Union of Indonesian Dairy Cooperatives (GKSI) is secondary national level cooperatives in dairy with the main objective of strengthening the bargaining position of dairy cooperatives in the national dairy development in order to increase members income (primary cooperative and dairy farmers) GKSI is the Apex organization within dairy cooperatives structure with the main functions as follow

1. As the protector of the members interest
2. As mediator of inter primary dairy cooperatives
3. As the catalyst between dairy cooperatives and other cooperatives
4. As negotiator between members and related agencies
5. As mediator of transfer of technology to the members
6. As an organization to guide and support the members
7. As an organization for national dairy cooperative bargaining position.
8. As Agri-business advocats and supervisors
9. As regulator is cooperative dairy business.

The member of GKSI are the Primary Dairy Cooperatives and Village Unit Cooperatives (KUD) which have dairy business unit. There are 201 members of GKSI today. Structure of organization of Dairy cooperatives consist of :

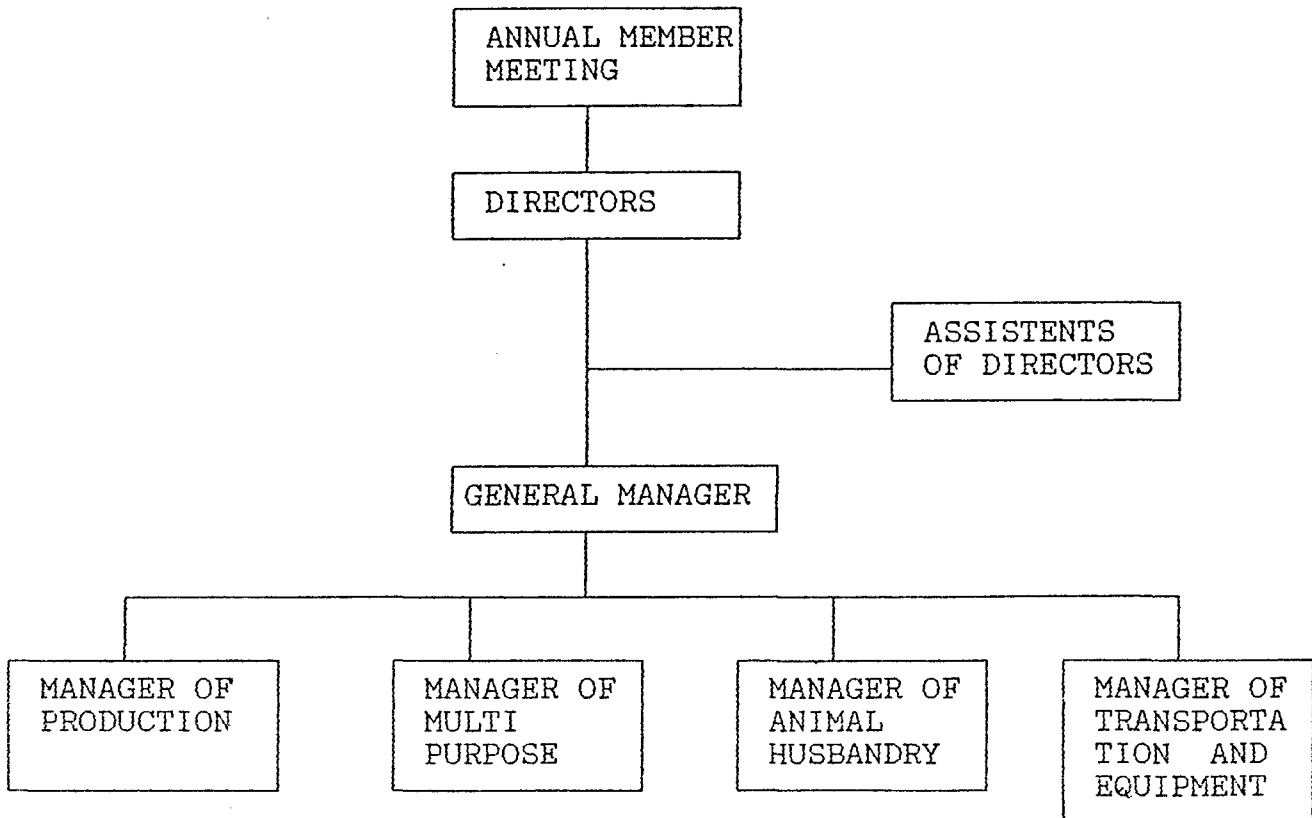
- Board of Director
- Board of Control
- Board of Advisory

The members elect the Board of Directors to run the organization every 5 years and also the Board of Advisory, while the Board of Control is elected every 3 years. The Board of directors could be as executive or could delegate their activities to the management depends on the volume of business they run. Every year there is Annual members meeting to evaluate the last year program and to plan the next year program. There are also at least twice a year the board of directors evaluate the on going program in plenary meetings.

STATUS OF COOPERATIVE

N A M E : KUTT SUKA MAKMUR (DAIRY COOPERATIVE)  
CORPORATION : NO. 31 B/BH/II/XII/1969  
. DATED ON : AUGUST, 3 - 1988  
CLASSIFICATION : (QUITE QUALIFIED)  
GRADE (A)  
ADDRESS : JL.SEMAMBUNG 17 GRATI  
PHONE : (0343) 424105  
GRATI - PASURUAN

ORGANISATIONAL STRUCTURE





## RELATIONSHIP WITH OTHER COOPERATIVES

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By pakto 1988 (Government Policy) on deregulation, and monetary bureaucracy, KUTT Suka Makmur and village cooperative unit named, KUD Budi Lestari Grati and Bank of KPN BK Husada have established Public Bank of credit (KBPR) the name of the Bank's Kalimasada

KUTT Suka Makmur Has also done joint business with village cooperative units of Batu, Ponco, Jombang, Tulungagung. They have established central cooperative Denmark (CCD) which covers the growing of calf, Reproduction, feedmill and Agricultural extension.

Principle x Activities cover :

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### 1. Animal Health Service

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- Recording of dairy cattle
- Health service
- Reproduction service

2. Unit of milk receiving station and milk marketing

3. Unit of feed mill

4. Cooperative Bank of public credit.

### A. PROBLEMS OF BUSINESS ACTIVITIES

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PROBLEMS IN PROMOTING THE QUANTITY OF MILK ARE

- a plenty of pregnant cows which are out of working areas of cooperative.
- Long dry season which doesn't support supply of grass
- a lot of farmers have other occupations

B. Problem caused by cooperative's members for they are not responsible for the credit of dairy cattle

C. PROBLEMS OF MULTIPURPOSE

-----  
- Most of members consume the feed mill to feed their animals but the price of the feed mill they pay is less than the accepted price

## CONCLUSION

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- Agriculture must be developed intensively in order to be improved and oriented to better the quality and quantity of the products through multi purpose and intensification and extensification of business.
- Village Cooperative unit has been ordered and it is also necessary that membership should be ordered too through the development of business.
- In a long term, it is good that high education is involved inside the development of village cooperative unit.

#### IV. DAIRY CO-OPERATIVE ACTIVITIES

Along the line with the 3rd National Five Years Development Planning (1979 - 1984) the Government had initiated and consequently supported dairy development program. Within 1979 - 1983 approximately 53,000 heads of imported dairy cattle from Australia and New Zealand ( Friessian Holstein Breed ) were distributed to the 42,000 dairy farmers through cooperatives (member of GKSI) with a credit system.

The credit system is a longterm, low interest rate and was guaranteed by The Cooperative Finance Development Agencies. The schedule of the credit will be paid off within 7 years. The farmers get 3 - 5 months - pregnant heifers, credit from their cooperative. The instalment of every cattle credit will be paid by 3 liters of daily milk produced per cow, 50 % of milk quality bonus, 50 % of calf sales, and the Collective Liability Fund for Repaying the Dairy Cattle Credit (PKSP) carried out by cooperative which the amount is depended on the capabilities of each cooperatives.

There are some guidance for cooperative to run the dairy business, i. e technical standard, payment standard, equipment standard, and cooperative expenditure produced by GKSI. The standard for milk payment to the members as follows:

Total Production ( lt/day)	Percentage of the total price received by the farmers
Less than 2,500	70.0 %
2,501 - 5,000	75.0 %
5,001 - 15,000	80.0 %
15,001 - 25,000	87.5 %
25,001 - 35,000	90.0 %
More than 35,000	93.0 %

The standard of primary cooperatives expenditure is shown below:

- Payment to members	70.00 - 93.00 %
- Administration Cost	02.57 - 00.60 %
- Fee / Salary	08.57 - 02.00 %
- Equipment exploitation & vehicles	08.57 - 02.00 %
- Savings / Investment	09.00 - 02.10 %
- Reserve	01.29 - 00.30 %

The standard of technical services is as follow:

Every 2000 heads of cattle requires:	1 Veterinarian. 3 Paramedics 1 Pregnancy Examiner 2 Recordere
Every 400 - 500 heads requires:	1 Inseminator.
Every 500 farmers requires:	1 Extension Specialist. 2 Assistant of Extension Specialist
Every 20 - 50 farmers	1 Farmer Group

The standard of equipment is as follows:

Volume of milk (liter)	The equipment needed
10	1 milk pale, 1 milk can capacity 10 ltr
40	1 milk can capacity 40 lt
1,000	1 cooling unit 1000 lt
2,000	1 cooling unit 2000 lt
5,000	1 cooling unit 5000 lt 1 tranfer tank
10,000	1 chilling center. 1 road milk tanker.

The equipment such as: milk can, milk pale should be owned by individual farmers, and the cooling, chilling and road tanker are owned by cooperatives. Of course there are some additional equipment needed depends on the volume of milk produced, such as laboratory equipment, flow meter and other standard equipment for milk handling.

The standards above are the general guidance that should be applied by dairy cooperative.

The activity of dairy business can be figured out below:

1. Input supplies are provided by Co-operatives.
2. Technical services are carried out by cooperatives' officers and supported by locally government officials especially from the district livestock services officials.
3. Milk marketing are carried out by cooperative.
4. Credit repayment are organized by cooperative.

Milk produced by the farmers are collected at sub collecting centers. At this point, the volume and quality of individually dairy farmers are observed and measured. The milk received at sub collecting centers then transferred to Collecting Centers at Cooperatives. Again the volume and quality of the incoming milk is measured and tested. At this stage, the milk is cooled down to 4 °C in cooling unit. Then the milk is filled into road milk tankers to be distributed to the Milk Processing Industries (IPS) on behave of GKSI. The milk is again tested and measured for the calculation of milk payment. ( see also annex 2)

The milk payment from IPS is carried out periodically ( every 10 days accumulation ) to the cooperatives. Then cooperatives calculated total deduction ( feed, cattle credit, other credits. etc) for every member and pay the net.

In the whole business framework, dairy cooperative structure applies subsidiary system which avoid the competitive of business between primary and secondary cooperatives. In this system, the farmers, the primary cooperatives and the secondary one has complementary functions. The problems that can not be solved by farmers, will be solved by primary cooperatives. If the business has already done by primary cooperatives then the secondary will do the other activities that help the primary cooperatives and other types of business related to the primary cooperatives.

Not all of primary dairy cooperatives have facilities for handling their milk produced. Therefore, GKSI established Milk Treatment Plants. The plants have 2 function which are : Firstly to chill the "hot milk" coming from the unfacilatated cooperative and secondly to process the milk into pasteurized milk and yo ghurt for direct selling to the consumers.

GKSI previously has 2 Feed Mill Plants for producing feed concentrate to the cooperatives. Due to the capability of the primary cooperative to handle the plants has already been increased and improved, then GKSI transfered the management and operationalization of the 2 plants to the primary cooperatives.

## V. DAIRY CO-OPERATIVE DEVELOPMENT

In 1977 only 2 dairy cooperatives were exist with less than 1000 dairy farmers and very low milk price. During 1979 - 1983 there were at least 53,000 heads of dairy cattle were imported and distributed to the farmers. Also there was apolitical dicicion of the Government, the 3 Ministerial Decree ( Ministries of Agriculture, Trade and Cooperative) issued on July, 21st 1982 re: The Milk Ratio Policy taht arrange the milk importation quota based on the locally milk absorbed by the Milk Processing Industries.

As the result, during 1979 - 1983 ,the initiation / introduction period, ( see also annex 3), the milk production, number of dairy farmers, number of dairy cattle population, the total number of cooperatives, man power absorbtion, milk price, farmers' income had been increased.

During 1984 -1989, the First Phase of Dairy Development Period, the dairy cattle population, milk productin, number of farmers, number of cooperatives, milk price had been more increased. The cooperative development in figure can be seen at the table below:

	1977	1983	1989
Number of Coops	2	183	190
Number of farmers	980	41,730	74,000
Number of cattle, 000 heads	-	141	250
Milk Sales (million ltrs)	1.3	79.2	250
Milk Price Ex IPS (Rp/kg)	70 - 105	300 -328	440
Farm Gate Price (Rp/kg)	40 - 80	240 -275	330- 400
Manpower absorbtion (000)	-	37.3	117
Local to Import Ratio	unlimited	1 : 5	1 : 1.7
Devisa Saved (million US\$)	-	22.3	62.5

Within the First Phase of Dairy Development, there was the Presidential Instruction No 2, issued on January, 15 th 1985 re: The Coordinative Guidance for National Dairy Development. This instruction stipulated that dairy farming development should be carried out through cooperative movements. Also the instruction stimulated the establishment of Dairy Technical Team which consists of related ministries and government bodies to the dairy development, chaired by the Director General of Livestock Services, Ministry of Agriculture.

From the table above, it's obvious that the dairy development through co-operative could give positive contribution to the over all national development program especially in the sector of Agriculture.

Dairy business in Indonesia is unique, compared with other Agri businesses due to the specific market arrangement, where the market is guaranteed and also the Government policy ( milk ratio policy for milk importation ) created good environment for dairy farming business. Within 10 years of dairy development, significant results have been achieved with multiple positive impacts to the economic growth of the people in rural areas where the dairy farming business exists. It also means that dairy farming business reduces the poverty people in the villages.

In 1992, the total number of co-operatives are 201 with at least 80,000 dairy farmers. The population was increased to 325,000 heads and milk production was increased to 290,000 tonnes. Farm gate milk price to the farmers was improved to Rp. 380,- to Rp 450,- per kg and the milk price from IPS was increased to Rp 532.50 per kg. Manpower absorption increased to at least 125,000 workforce and the milk ratio was 1 to 2.



## VI. FURTHER DAIRY CO-OPERATIVE DEVELOPMENT

Sustainability of dairy business is depended on the business itself whether it is profitable or not, whether the income of the farmers in rural area is improved or not.

There are many factors that can effect the sustainability of dairy business, such as: The scale of ownership, the ratio of lactating cows to the total population owned by individual farmer, margin of milk sales, services and facilities, and comparative benefit.

Dairy development in Indonesia must be continued. It is understood that the development needs extra fund, but it is promising good business. Backward linkage of dairy business within last 10 years was not handled properly even though it was understood that it is very important.

There is a strong need for increasing milk production. This will only be fulfilled by increasing the number of cattle and at the same time improving the individual productivity of dairy cattle.

It is understood that there are so many activities can be done in order to develop dairy businesses in Indonesia and from the illustration above, GKSI stated strategies for further development are as follow :

1. Strengthening backward linkage of dairy farming and improving genetic of the cattle through properly managed businesses in the field of:
  - Breeding / Rearing : for providing improved-genetic dairy cattle replacement and for additional cattle needed to meet the economic scale of ownership.
  - Feeding : for providing suitable amount of better controlled quality of feed.
  - Technical Services: for providing better services to the cattle in order to improve dairy farming practices in the field of animal health, milk quality control, artificial insemination, embryo transfer.
2. Establishing fattening farms / fattening cooperatives. This sector will generate more farmers and hence provide job in the villages.

3. Establishing specialized farmers for :

- dairying.
- rearing.
- fattening.

Efficiency is made possible with this specialization of business activities.

4. Establishing a system for reconditioning culled dairy cattle as recipient of Embryo Transfer prior to slaughtering and establishing Slaughter house.
5. Strengthening dairy cooperatives' organization through:
  - Management improvement including Human Resources Development ( Directors, managers, professionals, technicians, extensionists ).
  - Improvement the scale of ownership of dairy cattle for individual farmers.
  - Specialization of farmers ( in dairy, breeding / rearing, fattening ).
6. Facilitating all of the equipment and other infra-structure needed for cooperatives' activities.
7. In marketing point of view:
  - Joint venture with Private Milk Processing Industries.
  - Joint venture with other parties for marketing beef not only for national market but also for international market/ export.
8. Running some supporting businesses which closely related to the members' needs ( primary cooperatives / farmers ).
9. Establishing Management Information System at all level of dairy cooperatives' structure.

The strategies listed above will surely guarantee not only the sustainability of dairy farming business in Indonesia, but also develop some related businesses to the dairy activities and that is the real development needed.

## VII. CONCLUSION

Dairy cooperatives development in Indonesia which has been started intensively since 1979 have been based on the idea how to overcome the poverty which exist in villages by stimulating business in agriculture that suitable and create income and job opportunities to thousands of people living in villages. Knowing the situation of the people in villages and the opportunity of dairy industry which had been started earlier, the Government, together with all parties concern initiated dairy farming business.

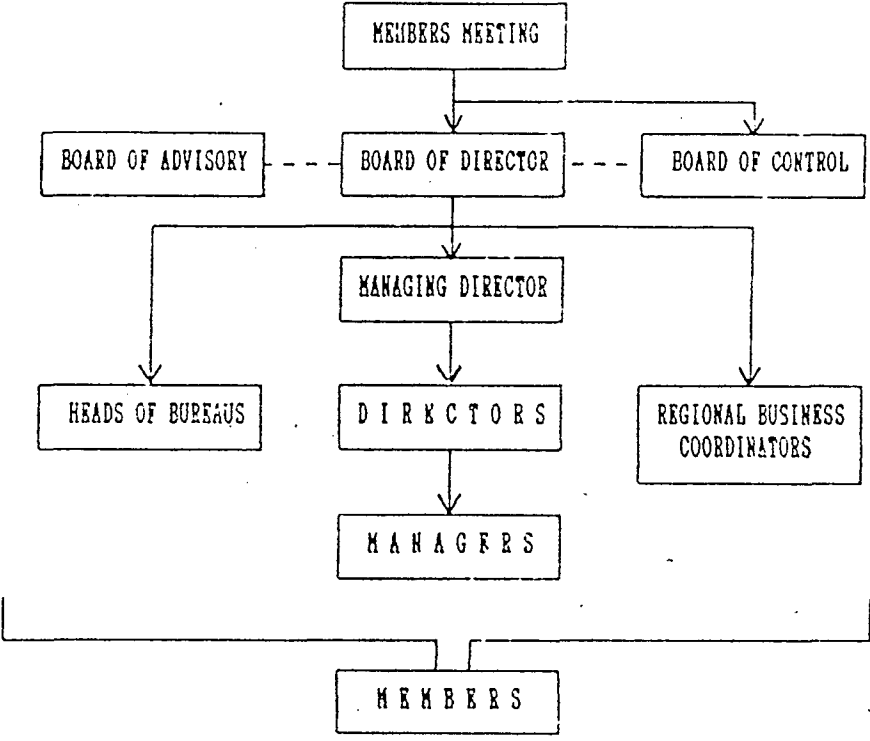
Developing dairy farming business was actual ly developing a big number of people living in villages, providing jobs and generating the income, developning the rural economic growth, improving the village economic structure, hence improving the welfare of the people in the villages. Also reducing the poverty of the people in villages.

It was obvious that the existence of dairy cooperatives has given some positive contribution to the National Development. Multiple benefits that were created by introducing dairy farming business through cooperative in Indonesia since 1979 has been proved i.e. increased local milk production; increased cattle popu lation; increased milk consumption; improved and increased the far mers' income; saved foreign exchange by reducing milk importation.

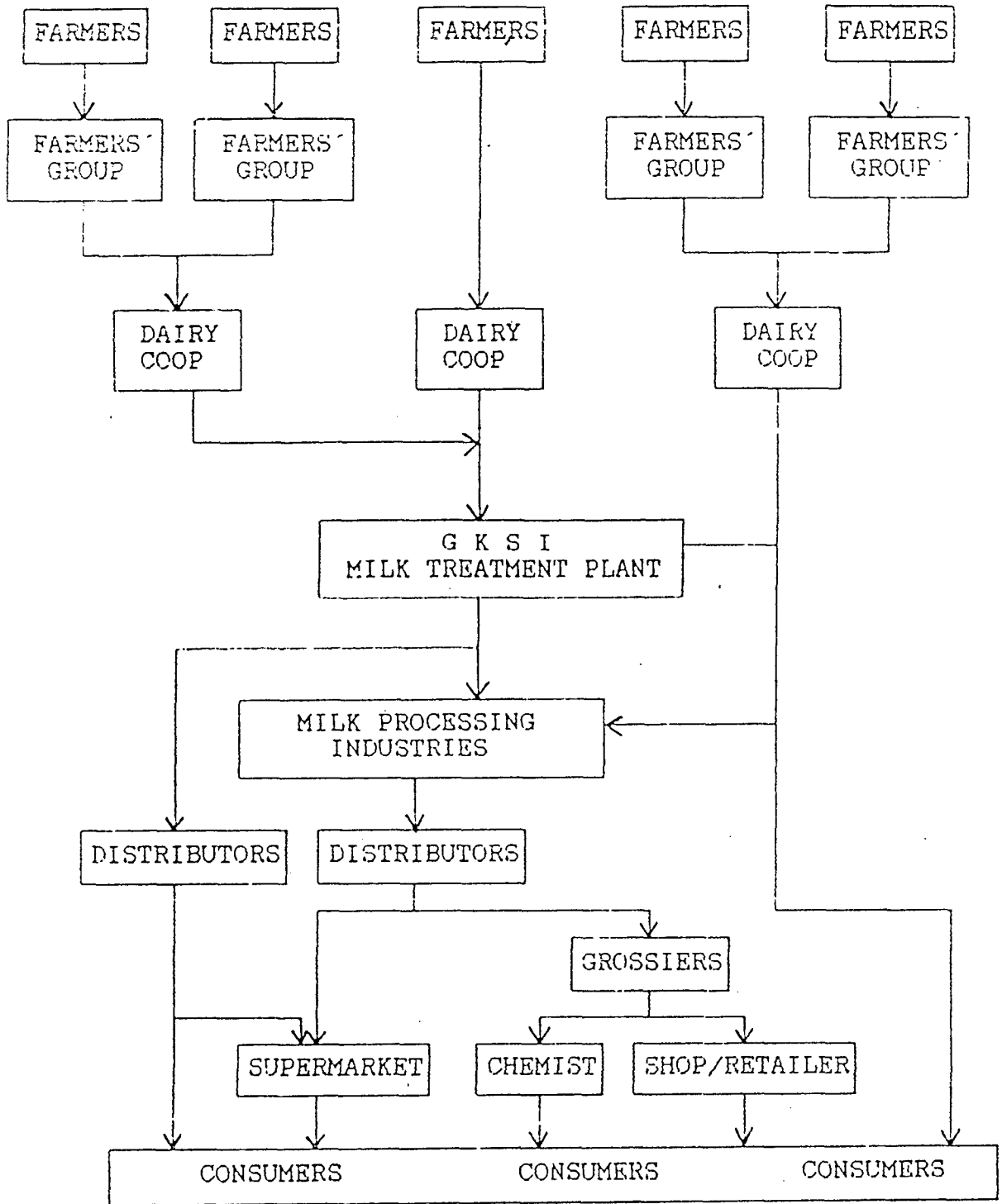
Further development of dairy in Indonesia, therefore, should be ori ented and directed to the co-operative movement. It is important for GKSI to continue and to sustain dairy business and protect thou sands of farmers and their families who rely on the dairy business, who have already had source of their income from dairy farming busi ness.

A N N E X E S

Annex 1. Structure of GKSI Organization.



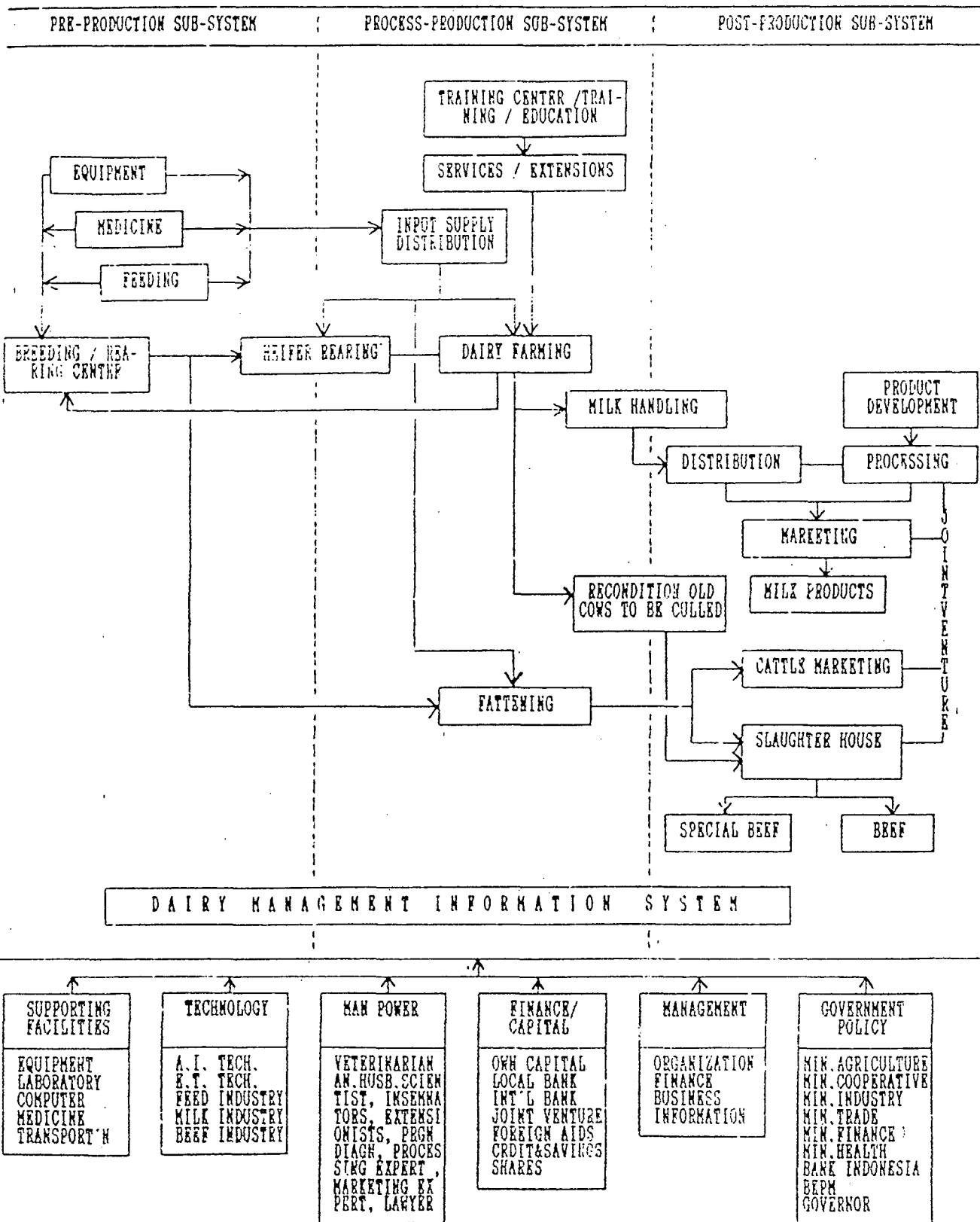
Annex 2. Flow of Milk Marketing.



Annex 3. Phases of Dairy Development in Indonesia.

ITEM	INTRODUCTION ( 1979 - 1983 )	FIRST PHASE DEVELOPMENT ( 1984 - 1989 )	SECOND PHASE DEVELOPMENT ( 1990 - 1999 )	DEVELOPED ( 2000 - ON )
Dairy Cattle	100 % imported	local + import	local + import	local
Dairy Farmers	unselected	selected (loose)	selected ( strict)	selected ( very strict)
Cattle ownership	1 - 2 heads	3 - 4 heads	4 - 6 heads	more than 7 heads
Land ownership	less than 0.5 Ha	0.5 Ha	Collective/Cooperative	Estates
Milk Production	Volume oriented	Volume + Quality (Fat content)	Volume + Quality ( Fat, SNF + Bacteri count)	Volume + Quality ( complete tests)
Resource Fund	Credit Scheme No Down Payment Very low interest rate	Credit Scheme Down Payment Low interest rate	Credit Scheme Down Payment Low interest rate	Credit Scheme Down Payment / Cash Commercial rate
Government Support	Cattle importation +++ Credit / interest rate Guidance +++ Market Guarrantee +++ Milk Pricing Policy +++ Equipment +++	Cattle importation ++ Credit / interest rate Guidance +++ Market Guarrantee +++ Milk Pricing Policy +++ Equipment +++	Cattle Importation + Credit / interest rate Guidance ++ Market Guarrantee ++ Milk Pricing Policy ++ Equipment +	- Credit / interest rate Guidance + Market Guarrantee + - -
Milk Factory	Milk Treatment (MT) for chilling the milk	Chilling + Pasteurization	Chilling + Pasteurization + Evaporation	Chilling + Pasteurization + Evaporation + other finished products
Cattle Handling	-	-	Breeding/Rearing + Fattening + Reconditioning + slaughter house + export beef	Breeding/ Rearing + Fattening + Reconditioning + slaughter house + finish beef product + export beef & beef product
Training	unorganized, irregular local and overseas cooperated with Government.	organized, irregular local and overseas Cooperated With Government.	organized, regular local and overseas Cooperated With Government and start a Training Center.	organized, regular local and overseas Self Sufficient Training.

Annex 4. Agribusiness Pattern in Dairy.





DATA PERKEMBANGAN GABUNGAN KOPERASI SUSU INDONESIA  
TAHUN 1977 - 1993

NO.	K E T E R A N G A N	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
01	JUMLAH KOPERASI PEKERJA	2	11	28	66	132	160	174	183	183	165	188	181	198	201	202	202	203
02	JUMLAH PETERNAK (ORANG)	980	2.174	6.760	12.807	28.580	38.630	41.730	60.000	59.524	67.000	71.460	71.400	74.000	74.000	74.000	74.000	74.100
03	SUSU TERJUAL (JUFA LTR)	1.3	3.8	10.3	22.8	46.7	59.4	79.2	138.2	148.4	151.2	202.0	202.0	250.0	250.0	280.4	305.6	325
04	SUSU ALAM BERNI (JUFA LTR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0	1.6	1.5	1.7	1.7	1.4
05	HARGA SUSU DI PETERNAK A. B.	40 - 80	40 - 80 40 - 130	120 - 180 80 - 210	150 - 210 100 - 230	175 - 220	220 - 250	240 - 275	240 - 285	250 - 285	300 - 390	300 - 390	300 - 390	300 - 400	350 - 450	393 - 480	399 - 475	431 - 535
06	HARGA SUSU DI IPS A. B.	70 - 105	70 - 105 165 - 185	165 - 185 212,5 - 223,5	212,5 - 223,5 223,5 - 250,5	250 - 274,5 275 - 300	300 - 328	300 328	300 328	300 328	380 - 400	390 - 400	390 - 400	440.0	461.0	491.0	502.0	575
07	PRODUKSI SAPI PERAH (EKOR)	1.184,3	3.481,2	38.185,0	50.635,0	67.272,0	86.375,0	141.037,0	166.031,0	181.431,0	205.000,0	225.000,0	225.000,0	250.000,0	250.000,0	263.714,0	277.163,0	294.347
08	IMPOR SAPI PERAH (EKOR)	0.0	0.0	3.467,0	10.365,0	21.678,0	30.725,0	56.239,0	56.239,0	56.239,0	56.239,0	62.628,5	69.018,0	75.922,0	82.826,0	82.826,0	82.826,0	84.867
09	PENYERAPAN TENAGA KERJA	27.0	110.0	2.423	11.199	23.732	23.330	37.310	36.830	30.574	34.500	36.500	36.700	117.000	150.000	120.000	120.000	120.050
10	PENGHABISAN DEWISA (KURBU US\$)	130.0	380.0	2.360.0	5.770.0	11.820.0	14.330.0	22.300.0	33.350.0	36.160.0	19.700.0	23.000.0	23.000.0	62.500.0	62.500.0	73.060.0	78.156.0	87.522
11	NILAI KREDIT SAPI PERAH DALAM JUFA RUPIAH (KUMULATIF)	182.3	532.8	1.444.2	5.944.4	17.278.3	17.700.6	39.790.6	39.790.6	39.794.6	39.794.6	43.586.3	47.389.0	56.960.5	66.523.0	66.523.0	77.952.0	81.934.0
12	JUMLAH PERAH DI KOP. SUSU PEKERJA (ORANG)	59	525	840	1.845	3.615	3.808	4.824	5.544	5.828	8.921	8.900	9.000	9.925	9.925	9.925	9.925	9.925
13	NILAI SAPI PERAH (MILYAR RP)	0.06	0.17	1.9	2.5	16.0	20.5	33.5	65.2	70.0	92.0	100.0	110.0	125.0	125.0	250.0	334.0	363
14	NILAI SUSU TERJUAL (MILYAR RP)	0.14	0.70	2.20	5.71	12.98	19.48	28.60	41.40	44.50	45.00	58.20	78.10	110.00	115.25	130.00	163.00	187.00
15	EKSTI SUSU	1-25	1-25	1-20	1-16	1-10	1-7	1-5	1-3-5	1-2	1-1-7	1-0-7	1-0-7	1-0-7	1-1-7	1-2-1	1-1-2	1-1-07
16	HARGA SUSU DI KONSUMEN (LTR)	180	210	265	360	425	450	600	750	860	950	1.125	1.400	1.400	1.500	2.000	2.300	2.300

UNION ON INDONESIA DAIRY COOPERATIVES  
PRODUCERS ORGANISATIONS IN INDONESIA

Country Paper for 9th ICA/Japan Training  
course for strengthening Management of  
Agricultural Cooperatives in Asia/India  
Indonesia/Japan, October 17, 1994-  
April 22 - 1995

THE UNION OF INDONESIA DAIRY COOPS.(GKS)  
JL.PRPF.dR. SOEPOMO 178 JAKARTA 128 70  
INDONESIA

**PRESENTATION**

**BY**

**RIAS DYAHTRI SILVANA**

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## PRODUCER ORGANIZATIONS IN INDONESIA

By: Union of Indonesian Dairy Co-operatives (GKSI)

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### I. INTRODUCTION

Indonesia is a tropical country which consists of more than 13,000 islands with the area of 2 million sq. kms. Administratively the Republic of Indonesia is divided into 27 provinces which are divided into districts/municipalities. Every districts / municipalities is divided into sub-districts which are in turn divided into villages. The population of Indonesia is about 184 million people ( 1992 ).

Developing co-operative movement in Indonesia is a must according to the Indonesian 1945 Constitution (article 33 and explanation). This article provides co-operative societies with many opportunities to carry out their mandated function in order to develop and improve the welfare of Indonesian people. Cooperative were regulated by Co-operative Law No. 12 of 1967 and now by Co-operative Law No. 25 of 1992.

Under guidance of the Government, Co-operative movements have been developed tremendously. Before 1977, when the co-operative affairs attached to the Ministry of Trade and Co-operative, only a few co-operative were developed. After 1978, co-operative affairs were undertaken by specially designated Junior Ministry of Co-operative which become a full ministry in 1983, the number of co-operative movement have been increased to approximately 37,000 co-operatives with about 20 million members and business volume at least US \$ 1.5 billion.

Union of Indonesian Dairy Co-operatives ( Gabungan Koperasi Susu Indonesia / GKSI ) was established a long the line with the over all co-operative development program by the Government. It's a secondary national level and the Apex of co-operatives in dairy.

Today the dairy co-operative have been contributed significantly to the dairy development program. Milk production, cattle population, number of dairy farmers, the farmers' income have been increased. The problems that dairy co-operative faced today is mainly how to maintain and to develop the results that have already been achieved.

## II. BRIEF HISTORY OF DAIRY CO-OPERATIVES

Dairy farming in Indonesia was introduced by the Dutch societies in the end of 19 th century. During the second world war, many dairy cattle were killed and after Indonesia proclaimed the independence, some locally farmers started small scale dairy farming activities individually with the remaining dairy cattle. However, they did not succeeded due to the lack of skills and knowledge not only in milk production i.e. dairy farming management, health control, reproduction, milk quality control, but also in milk handling and marketing.

The individual dairy farmers then had no choice except to form a co-operative in order to solve their problems. The first dairy co-operative was established in Pangalengan, West Java in 1948. Then followed by other places i.e. Pujon, Nongkojajar, Grati in East Java and also Boyolali in Central Java.

During 1960 - 1968 the environment of dairy development were very unfavourable. There was no system in production, no guarantee of milk marketing and societies were not milk drinkers. At that time milk was only consumed by foreigners and some of the rich societies. Therefore many dairy co-operatives were bankrupt.

During 1969 - 1979 an ironic situation happened. On one side, a lot of farmers become bankrupt, but the other hand at least 6 Milk Processing Industries were established. They were not supporting each other. The milk Processing Industries (IPS) were not using locally produced milk by local farmers, instead they were using imported raw materials i.e. skimmed milk powder, whole milk powder and anhydrous milk fat / butter oil, and lactose powder for their recombining/ repacking process.

The reason behind this were the quality of milk was not good and the quantity of locally produced milk were too small to be processed in the big capacity factory. During the period, only 2 dairy co-operatives were able to survive.

Early in May 1978, the Junior Minister for Co-operative, Mr. Bustanil Arifin visited dairy co-operative in East Java discussing the marketing problems. On June 1978, the ministers' staffs studied the same problems in West Java. As the result, on 19 th June 1978, A Technical Team for research and development on dairy co-operative was established. The aim of the team were to analyze the milk processing industries re: milk importation, milk processing and milk distribution/ marketing, then to recommend whether the IPS could use locally milk produce, so Indonesia could develop dairy farming business.

On June 30 th 1978, a meeting was held and was attended by some of the concerned Government officials to the dairy ( Directorate General / DG of Livestock Services, DG of Multivarious Industry, DG of Co-operative, Investment Coordinating Board ) and representative of dairy co-operative. The decision was that all attendants responded positively of dairy development program through co-operative and it should be co-ordinated by the Junior Minister of Co-operative.

In July 1978, the Management of IPSs were invited by the Junior Minister for Co-operative to discuss about the dairy development program through co-operatives. The management of IPSs agreed to participate and indicated their willingness to use locally produced fresh milk.

From July 19 th to 21 st, 1978 the first seminar on dairy co-operative was held at the co-operative training center, Jakarta. The seminar succeeded to form an organization namely Indonesian Dairy Co-operative Co-ordination Board (BKKSI).

From March 29 th to 31 st, 1979 the second seminar on dairy co-operative was held in Malang, East Java and was attended by 17 primary dairy co-operatives and other concerned Government officials. The seminar agreed to abolished the BKKSI and established Gabungan Koperasi Susu Indonesia or The Union of Indonesian Dairy Cooperatives (GKSI).

Prior to the establishment of GKSI, there were some studies and surveys for developing dairy farming business in Indonesia. The recommendation was concluded that dairy farming could be developed in Indonesia due to the condition that marketing problems could be guaranteed and should be developed with some considerations below:

1. It was understood that the ownership of land by most of the farmers were very small and economically less profitable for plantation. Moreover it was seasonal and uncertain income. Therefore it was needed a kind of business activity in Agriculture which relatively landless, but could create daily and certain income.
2. Dairy development should touch more farmers in order to improve their income.
3. Dairy activities had to create job opportunities in order to reduce jobless people in villages and decreasing urbanisation.
4. Due to the high number of farmers to participate, the organization that suitable for them is cooperative.

5. Cooperative would, then, functioned to promote and develop the rural economic growth.
6. The locally milk produced should be increased and so the cattle population in order to supply the national demand of milk and at the same time reducing milk importation and hence should save the national devisas.
7. The people in villages needed some supplementary income out of their main activities.

The establishment of GKSI was the right time in order to speed up the development of dairy cooperatives in Indonesia. The mission of the establishment of GKSI was obvious that GKSI should promote the dairy cooperative development especially in increasing and improving the farmers' income. The organization and activities of GKSI, the development achieved and the future development of dairy cooperatives will be discussed in the next chapters.



### III. DAIRY CO-OPERATIVES ORGANIZATION

The Union of Indonesian Dairy Cooperatives (GKSI) is secondary national level cooperatives in dairy with the main objective of strengthening the bargaining position of dairy cooperatives in the national dairy development in order to increase members income (primary cooperatives and dairy farmers). GKSI is the Apex organization within dairy cooperatives structure with the main functions as follow:

1. As the protector of the members' interest.
2. As mediator of inter primary dairy cooperatives.
3. As the catalyst between dairy cooperatives and other cooperatives.
4. As negotiator between members and related agencies.
5. As mediator of transfer of technology to the members.
6. As an organization to guide and support the members.
7. As an organization for national dairy cooperative bargaining position.
8. As agri-business advocate and supervisors.
9. As regulator in cooperative dairy business.

The member of GKSI are the Primary Dairy Cooperatives and Village Unit Cooperatives ( KUD ) which have dairy business unit. There are 201 members of GKSI today. Structure of organization of Dairy cooperatives consist of:

- Board of Director.
- Board of Control.
- Board of Advisory.

The members elect the Board of Directors to run the organization every 5 years and also the Board of Advisory, while the Board of Control is elected every 3 years. The Board of Directors could be as executive or could delegate their activities to the management depends on the volume of business they run. Every year there is Annual Members Meeting to evaluate the last year program and to plan the next year program. There are also at least twice a year the Board of Directors evaluate the on going program in plenary meetings.

GKSI structure is similar to the primary cooperative's structure, but there are some exceptions due to the nation-wide activities, where the Board of Director is supported by Area Coordinators in Servicing and organization activities.

In Business Activities GKSI Board of Director is supported by Professional Management (i.e, Managing Director, Director of Cattle Affairs, Director of Industry and Director of Services and Tradings).

The Management of GKSI is supported by managers who take care of GKSI business units.

There are also some Bureaus (i.e. Finance Bureau, Administration Bureau, Planning and Development Bureau, and Internal Control Bureau) that help the Board of Director.

#### IV. DAIRY CO-OPERATIVE ACTIVITIES

Along the line with the 3rd National Five Years Development Planning (1979 - 1984) the Government had initiated and consequently supported dairy development program. Within 1979 - 1983 approximately 53,000 heads of imported dairy cattle from Australia and New Zealand ( Friessian Holstein Breed ) were distributed to the 42,000 dairy farmers through cooperatives (member of GKSI) with a credit system.

The credit system is a longterm, low interest rate and was guaranteed by The Cooperative Finance Development Agencies. The schedule of the credit will be paid off within 7 years. The farmers get 3 - 5 months - pregnant heifers, credit from their cooperative. The instalment of every cattle credit will be paid by 3 liters of daily milk produced per cow, 50 % of milk quality bonus, 50 % of calf sales, and the Collective Liability Fund for Repaying the Dairy Cattle Credit (PKSP) carried out by cooperative which the amount is depended on the capabilities of each cooperatives.

There are some guidance for cooperative to run the dairy business, i e technical standard, payment standard, equipment standard, and cooperative expenditure produced by GKSI. The standard for milk payment to the members as follows:

Total Production ( lt/day)	Percentage of the total price received by the farmers
Less than 2,500	70.0 %
2,501 - 5,000	75.0 %
5,001 - 15,000	80.0 %
15,001 - 25,000	87.5 %
25,001 - 35,000	90.0 %
More than 35,000	93.0 %

The standard of primary cooperatives expenditure is shown below:

- Payment to members	70.00 - 93.00 %
- Administration Cost	02.57 - 00.60 %
- Fee / Salary	08.57 - 02.00 %
- Equipment exploitation & vehicles	08.57 - 02.00 %
- Savings / Investment	09.00 - 02.10 %
- Reserve	01.29 - 00.30 %

The standard of technical services is as follow:

Every 2000 heads of cattle requires:	1 Veterinarian. 3 Paramedics 1 Pregnancy Examiner 2 Recorders
Every 400 - 500 heads requires:	1 Inseminator.
Every 500 farmers requires:	1 Extension Specialist. 2 Assistant of Extension Specialist
Every 20 - 50 farmere	1 Farmer Group

The standard of equipment is as follows:

Volume of milk (liter)	The equipment needed
10	1 milk pale, 1 milk can capacity 10 ltr
40	1 milk can capacity 40 lt
1,000	1 cooling unit 1000 lt
2,000	1 cooling unit 2000 lt
5,000	1 cooling unit 5000 lt 1 tranfer tank
10,000	1 chilling center. 1 road milk tanker.

The equipment such as: milk can, milk pale should be owned by individual farmers, and the cooling, chilling and road tanker are owned by cooperatives. Of course there are some additional equipment needed depends on the volume of milk produced, such as laboratory equipment, flow meter and other standard equipment for milk handling.

The standards above are the general guidance that should be applied by dairy cooperative.

The activity of dairy business can be figured out below:

1. Input supplies are provided by Co-operatives.
2. Technical services are carried out by cooperatives' officers and supported by locally government officials especially from the district livestock services officials.
3. Milk marketing are carried out by cooperative.
4. Credit repayment are organized by cooperative.

Milk produced by the farmers are collected at sub collecting centers. At this point, the volume and quality of individually dairy farmers are observed and measured. The milk received at sub collecting centers then transferred to Collecting Centers at Cooperatives. Again the volume and quality of the incoming milk is measured and tested. At this stage, the milk is cooled down to 4 °C in cooling unit. Then the milk is filled into road milk tankers to be distributed to the Milk Processing Industries (IPS) on behave of GKSI. The milk is again tested and measured for the calculation of milk payment. ( see also annex 2)

The milk payment from IPS is carried out periodically ( every 10 days accumulation ) to the cooperatives. Then cooperatives calculated total deduction ( feed, cattle credit, other credits, etc) for every member and pay the net.

In the whole business framework, dairy cooperative structure applies subsidiary system which avoid the competitive of business between primary and secondary cooperatives. In this system, the farmers, the primary cooperatives and the secondary one has complementary functions. The problems that can not be solved by farmers, will be solved by primary cooperatives. If the business has already done by primary cooperatives then the secondary will do the other activities that help the primary cooperatives and other types of business related to the primary cooperatives.

Not all of primary dairy cooperatives have facilities for handling their milk produced. Therefore, GKSI established Milk Treatment Plants. The plants have 2 function which are : Firstly to chill the "hot milk" coming from the unfacilatated cooperative and secondly to process the milk into pasteurized milk and yoghurt for direct selling to the consumers.

GKSI previously has 2 Feed Mill Plants for producing feed concentrate to the cooperatives. Due to the capability of the primary cooperative to handle the plants has already been increased and improved, then GKSI transfered the management and operationalization of the 2 plants to the primary cooperatives.

## V. DAIRY CO-OPERATIVE DEVELOPMENT

In 1977 only 2 dairy cooperatives were exist with less than 1000 dairy farmers and very low milk price. During 1979 - 1983 there were at least 53,000 heads of dairy cattle were imported and distributed to the farmers. Also there was a political decision of the Government, the 3 Ministerial Decree ( Ministries of Agriculture, Trade and Cooperative) issued on July, 21st 1982 re: The Milk Ratio Policy taht arrange the milk importation quota based on the locally milk absorbed by the Milk Processing Industries.

As the result, during 1979 - 1983 ,the initiation / introduction period, ( see also annex 3), the milk production, number of dairy farmers, number of dairy cattle population, the total number of cooperatives, man power absorbtion, milk price, farmers' income had been increased.

During 1984 -1989, the First Phase of Dairy Development Period, the dairy cattle population, milk productin, number of farmers, number of cooperatives, milk price had been more increased. The cooperative development in figure can be seen at the table below:

	1977	1983	1989
Number of Coops	2	183	190
Number of farmers	980	41,730	74,000
Number of cattle, 000 heads	-	141	250
Milk Sales (million ltrs)	1.3	79.2	250
Milk Price Ex IPS (RP/kg)	70 - 105	300 -328	440
Farm Gate Price (Rp/kg)	40 - 80	240 -275	330- 400
Manpower absorbtion (000)	-	37.3	117
Local to Import Ratio	unlimited	1 : 5	1 : 1.7
Devisa saved (million US\$)	-	22.3	63.5

Within the First Phase of Dairy Development, there was the Presidential Instruction No 2, issued on January, 15 th 1985 re: The Coordinative Guidance for National Dairy Development. This instruction stipulated that dairy farming development should be carried out through cooperative movements. Also the instruction stimulated the establishment of Dairy Technical Team which consists of related ministries and government bodies to the dairy development, chaired by the Director General of Livestock Services, Ministry of Agriculture.

From the table above, it's obvious that the dairy development through co-operative could give positive contribution to the over all national development program especially in the sector of Agriculture.

Dairy business in Indonesia is unique, compared with other Agri businesses due to the specific market arrangement, where the market is guaranteed and also the Government policy ( milk ratio policy for milk importation ) created good environment for dairy farming business. Within 10 years of dairy development, significant results have been achieved with multiple positive impacts to the economic growth of the people in rural areas where the dairy farming business exists. It also means that dairy farming business reduces the poverty people in the villages.

In 1992, the total number of co-operatives are 201 with at least 80,000 dairy farmers. The population was increased to 325,000 heads and milk production was increased to 290,000 tonnes. Farm gate milk price to the farmers was improved to Rp. 380,- to Rp 450,- per kg and the milk price from IPS was increased to Rp 532.50 per kg. Manpower absorption increased to at least 125,000 workforce and the milk ratio was 1 to 2.

## VI. FURTHER DAIRY CO-OPERATIVE DEVELOPMENT

Sustainability of dairy business is depended on the business itself whether it is profitable or not, whether the income of the farmers in rural area is improved or not.

There are many factors that can effect the sustainability of dairy business, such as: The scale of ownership, the ratio of lactating cows to the total population owned by individual farmer, margin of milk sales, services and facilities, and comparative benefit.

Dairy development in Indonesia must be continued. It is understood that the development needs extra fund, but it is promising good business. Backward linkage of dairy business within last 10 years was not handled properly even though it was understood that it is very important.

There is a strong need for increasing milk production. This will only be fulfilled by increasing the number of cattle and at the same time improving the individual productivity of dairy cattle.

It is understood that there are so many activities can be done in order to develop dairy businesses in Indonesia and from the illustration above, GKSI stated strategies for further development are as follow :

1. Strengthening backward linkage of dairy farming and improving genetic of the cattle through properly managed businesses in the field of:
  - Breeding / Rearing : for providing improved-genetic dairy cattle replacement and for additional cattle needed to meet the economic scale of ownership.
  - Feeding : for providing suitable amount of better controlled quality of feed.
  - Technical Services: for providing better services to the cattle in order to improve dairy farming practices in the field of animal health, milk quality control, artificial insemination, embryo transfer.
2. Establishing fattening farms / fattening cooperatives. This sector will generate more farmers and hence provide job in the villages.



3. Establishing specialized farmers for :

- dairying.
- rearing.
- fattening.

Efficiency is made possible with this specialization of business activities.

4. Establishing a system for reconditioning culled dairy cattle as recipient of Embryo Transfer prior to slaughtering and establishing Slaughter house.
5. Strengthening dairy cooperatives' organization through:
  - Management improvement including Human Resources Development ( Directors, managers, professionals, technicians, extensionists).
  - Improvement the scale of ownership of dairy cattle for individual farmers.
  - Specialization of farmers ( in dairy, breeding / rearing, fattening ).
6. Facilitating all of the equipment and other infra-structure needed for cooperatives' activities.
7. In marketing point of view:
  - Joint venture with Private Milk Processing Industries.
  - Joint venture with other parties for marketing beef not only for national market but also for international market/ export.
8. Running some supporting businesses which closely related to the members' needs ( primary cooperatives / farmers ).
9. Establishing Management Information System at all level of dairy cooperatives' structure.

The strategies listed above will surely guarantee not only the sustainability of dairy farming business in Indonesia, but also develop some related businesses to the dairy activities and that is the real development needed.

## VII. CONCLUSION

Dairy cooperatives development in Indonesia which has been started intensively since 1979 have been based on the idea how to overcome the poverty which exist in villages by stimulating business in agriculture that suitable and create income and job opportunities to thousands of people living in villages. Knowing the situation of the people in villages and the opportunity of dairy industry which had been started earlier, the Government, together with all parties concern initiated dairy farming business.

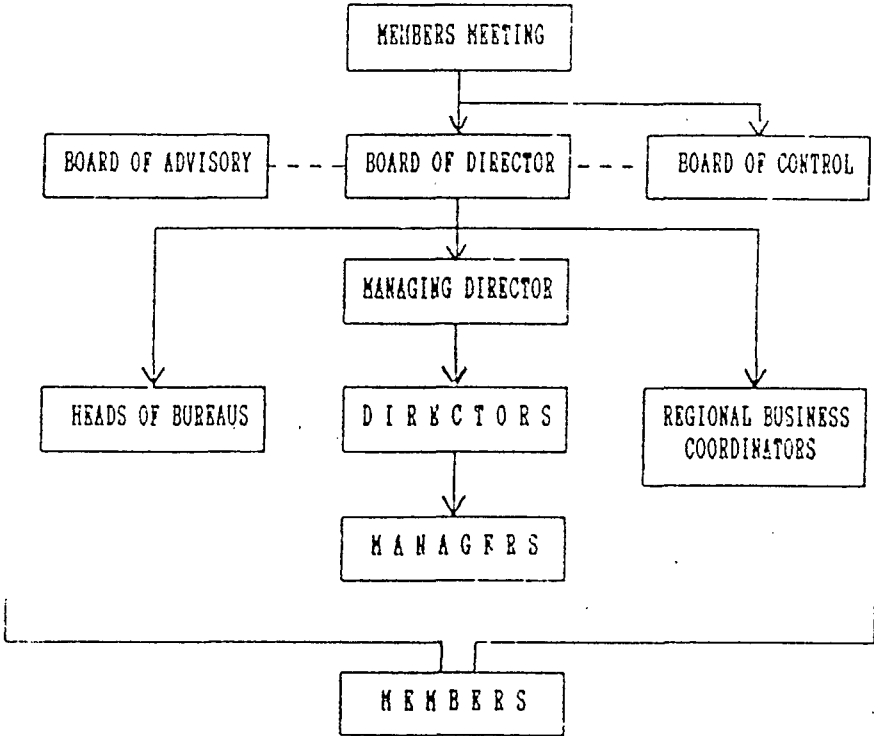
Developing dairy farming business was actual ly developing a big number of people living in villages, providing jobs and generating the income, developng the rural economic growth, improving the village economic structure, hence improving the welfare of the people in the villages. Also reducing the poverty of the people in villages.

It was obvious that the existence of dairy cooperatives has given some positive contribution to the National Development. Multiple benefits that were created by introducing dairy farming business through cooperative in Indonesia since 1979 has been proved i.e. increased local milk production; increased cattle popu lation; increased milk consumption; improved and increased the far mers' income; saved foreign exchange by reducing milk importation.

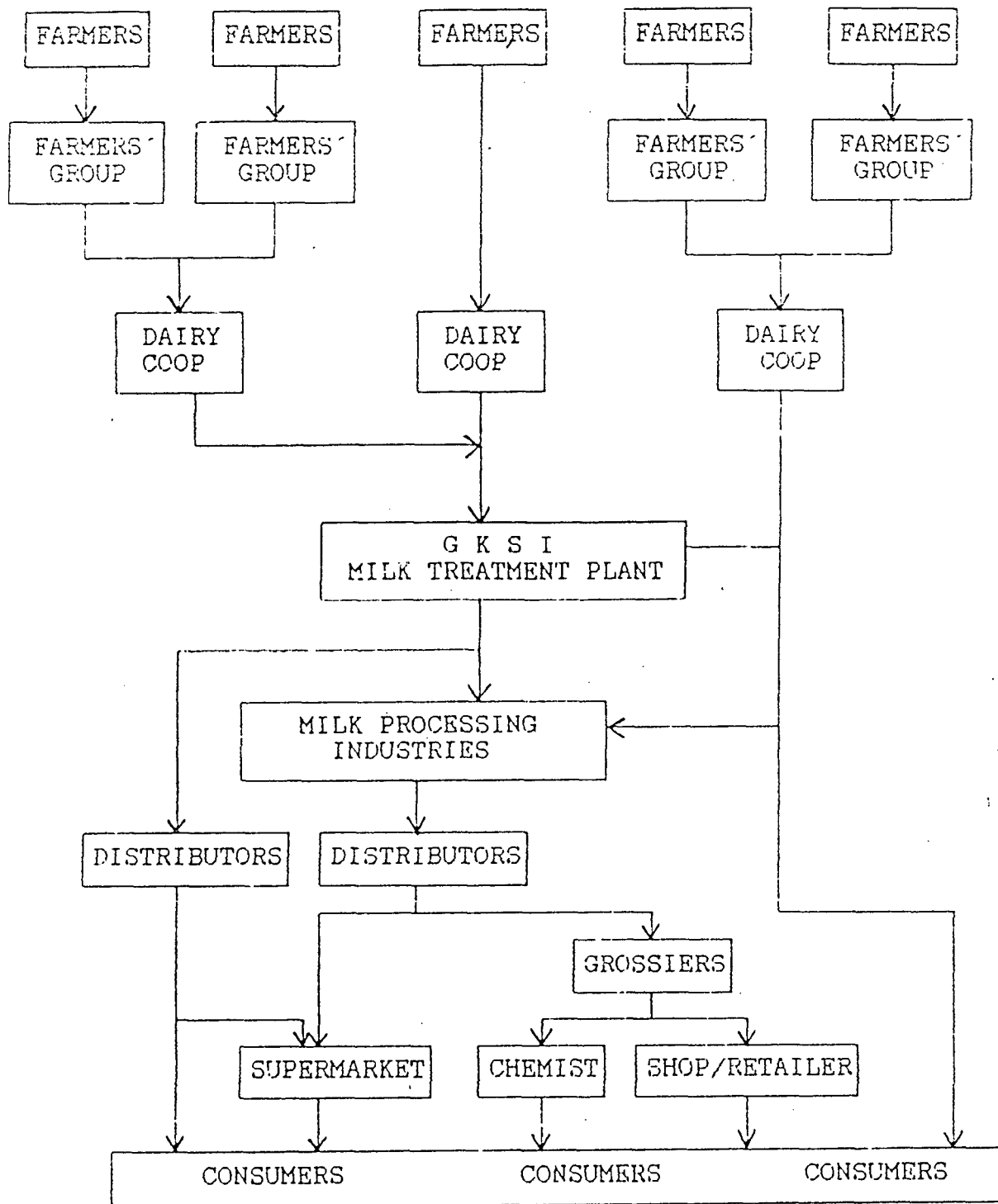
Further development of dairy in Indonesia, therefore, should be ori ented and directed to the co-operative movement. It is important for GKSI to continue and to sustain dairy business and protect thou sands of farmers and their families who rely on the dairy business, who have already had source of their income from dairy farming busi ness.

A N N E X E S

Annex 1. Structure of GKSI Organization.



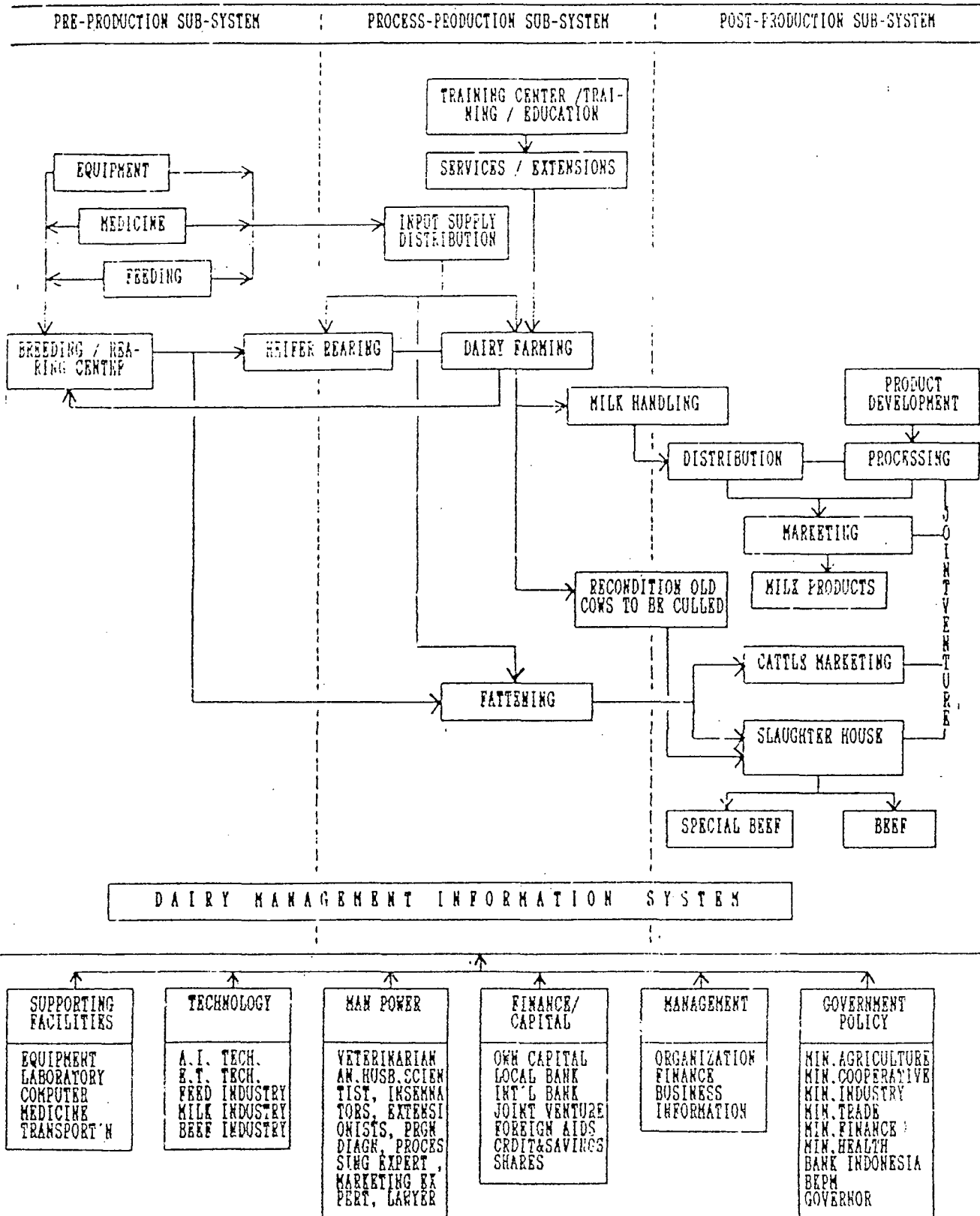
annex 2. Flow of Milk Marketing.



Annex 3. Phases of Dairy Development in Indonesia.

ITEM	INTRODUCTION ( 1979 - 1983 )	FIRST PHASE DEVELOPMENT ( 1984 - 1989 )	SECOND PHASE DEVELOPMENT ( 1990 - 1999 )	DEVELOPED ( 2000 - ON )
Dairy Cattle	100 % imported	local + import	local + import	local
Dairy Farmers	unselected	selected (loose)	selected ( strict)	selected ( very strict)
Cattle ownership	1 - 2 heads	3 - 4 heads	4 - 6 heads	more than 7 heads
Land ownership	less than 0.5 Ha	0.5 Ha	Collective/Cooperative	Estates
Milk Production	Volume oriented	Volume + Quality (Fat content)	Volume + Quality ( Fat, SNF + Bacteri count)	Volume + Quality ( complete tests)
Resource Fund	Credit Scheme No Down Payment Very low interest rate	Credit Scheme Down Payment Low interest rate	Credit Scheme Down Payment Low interest rate	Credit Scheme Down Payment / Cash Commercial rate
Government Support	Cattle importation +++ Credit / interest rate Guidance +++ Market Guarrantee +++ Milk Pricing Policy +++ Equipment +++	Cattle importation ++ Credit / interest rate Guidance +++ Market Guarrantee +++ Milk Pricing Policy +++ Equipment +++	Cattle Importation + Credit / interest rate Guidance ++ Market Guarrantee ++ Milk Pricing Policy ++ Equipment +	- Credit / interest rate Guidance + Market Guarrantee + - -
Milk Factory	Milk Treatment (MT) for chilling the milk	Chilling + Pasteuriza- tion	Chilling + Pasteuriza- tion + Evaporation	Chilling + Pasteuriza- tion + Evaporation + other finished products
Cattle Handling	-	-	Breeding/Rearing + Fat- tening + Reconditioning + slaughter house + ex- port beef	Breeding/ Rearing + Fat- tening + Reconditioning + slaughter house + fi- nish beef product + ex- port beef & beef product
Training	unorganized, irregular local and overseas cooperated with Govern- ment.	organized, irregular local and overseas Cooperated with Govern- ment.	organized, regular local and overseas Cooperated With Govern- ment and start a Train- ing Center.	organized, regular local and overseas Self Sufficient Train- ing.

Annex 4. Agribusiness Pattern in Dairy.



VILLAGE COOPERATIVE UNIT  
(KUD)





# INDONESIA

TOTAL ISLAND	:	13.667
TOTAL ESTIMATED AREA	:	5.193.250 Km2
LAND TERRITORY	:	2.027.087 Km2
SEA TERRITORY	:	3.166.163 Km2
TOTAL POPULATION	:	179.321.641 (Feb 15, 1993)

## ROLE OF COOPERATIVE IN THE NATIONAL DEVELOPMENT

- ▣ To realize economic development based on people participation and solidarity to implement economic democracy
- ▣ To create activities that could achieve equitable distribution of welfare
- ▣ To be used as a mechanism for poverty alleviation

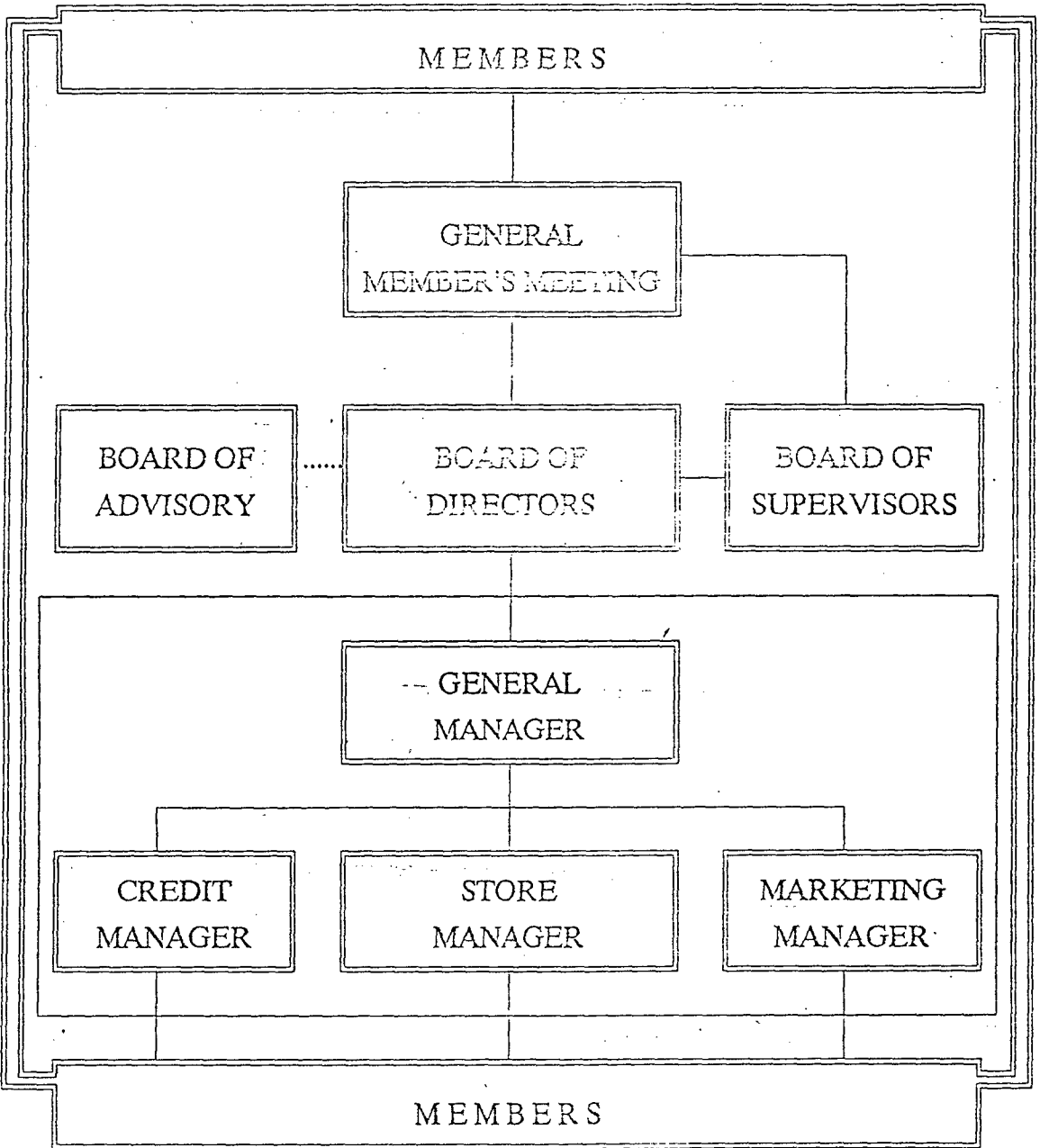
## VILLAGE COOPERATIVE UNIT (KUD)

□ KUD is rural cooperative, characterized by multi purpose business which has farmers, fisherman, handicrafter and small trader (product and service) as its member and most of its main activities are engaged in agriculture sector.

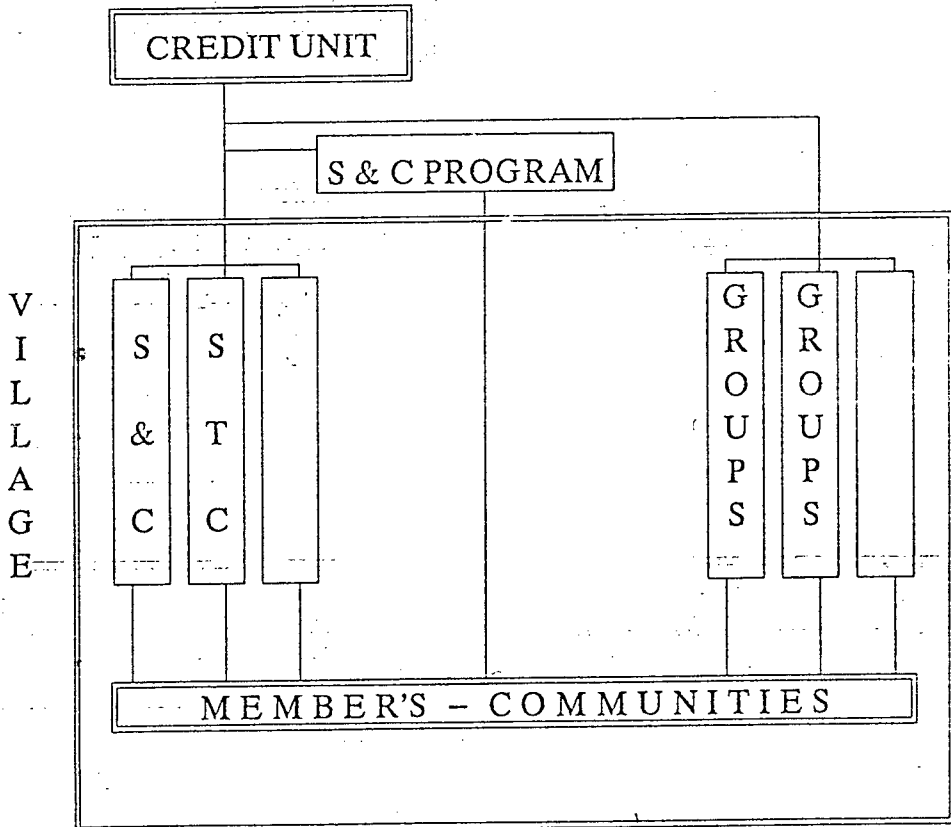
### ▣ The main function

- Distributing farm production input.
- Providing, allocating and distributing credit
- Collecting, processing and marketing member's product

# ORGANIZATION OF KUD



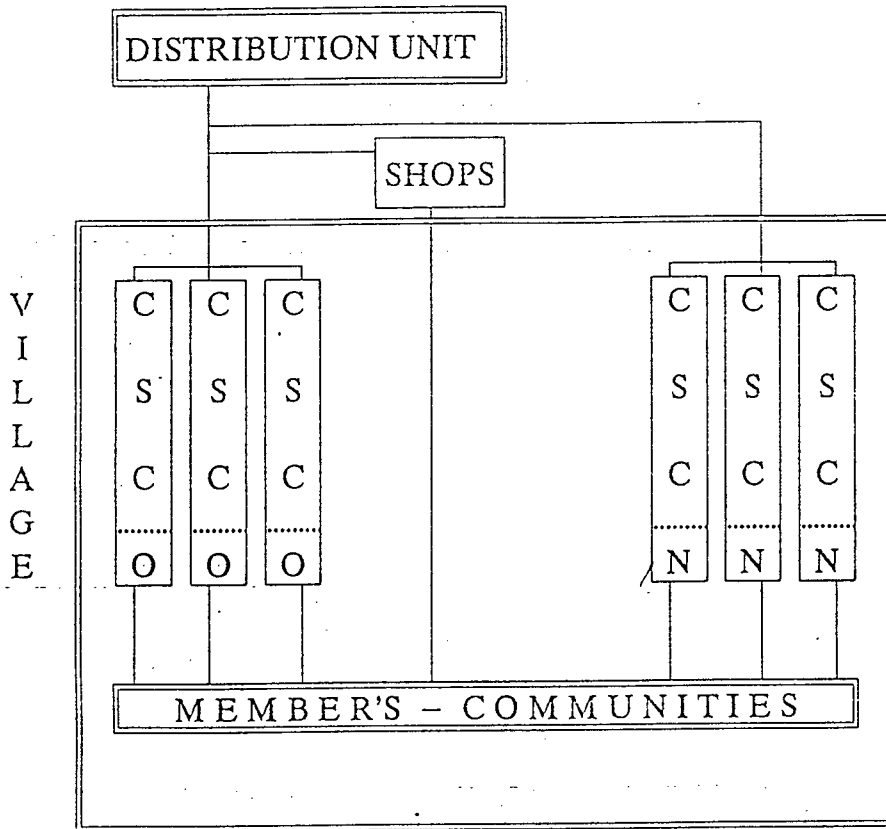
# 1. CREDIT UNIT



S & C : SAVING AND CREDIT (SP)

STC : SMALL TRADER CREDIT (KCK)

## 2. DISTRIBUTION UNIT



CSC = COOPERATIVE'S SERVICE CENTER

O = OWN BY KUD

N = OWN BY OTHERS

### 3. MARKETING UNIT

#### COLLECTING OUTLET

MAIN COMMODITIES PRODUCED  
BY KUD MEMBER :

- PROGRAM COMMODITIES
- NON PROGRAM COMMODITIES

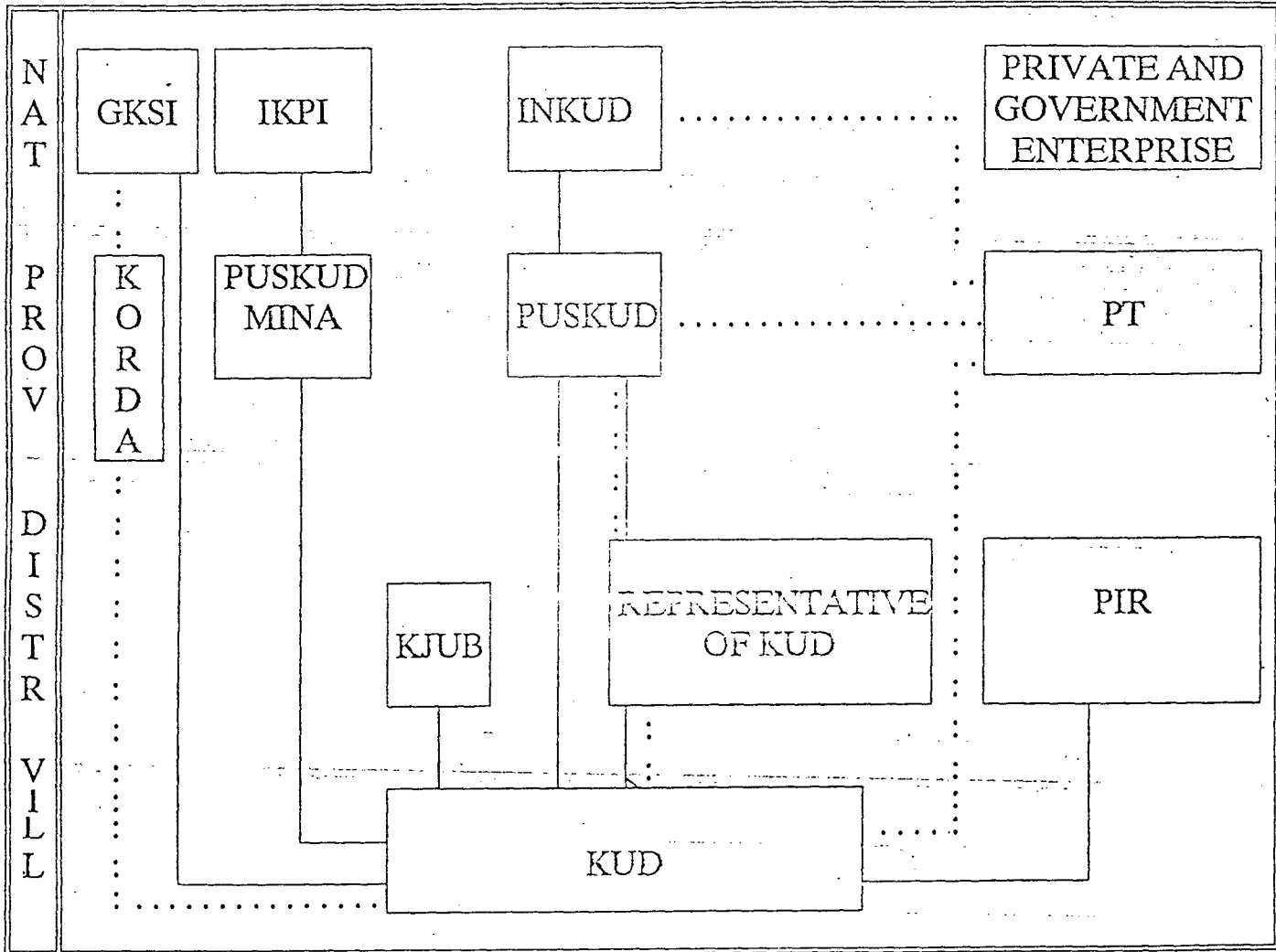
#### PROCESSING

- SIMPLE PROCESSING
- ADVANCE PROCESSING

#### MARKETING

- CAPTIVE
- SPOT
- DOMESTIC
- EXPORT

# ORGANIZATION NETWORK OF SECONDARY KUD



**Keterangan :**

- KORDA : Regional Representations
- INKUD : Apex of Village Cooperative Units
- PUSKUD : Secondary Fishery Village Cooperative Units
- Mina
- KGSI : Federation of Dairy Cooperative
- IKPI : National Federation of Fishery Cooperative
- KP KUD : Representative Office KUD in District Level
- KJUB : Secondary Cooperative for handling special commodities
- PT : Limited Corporation, owned by cooperatives, private and government enterprises
- PIR : Nucleus Estate Enterprise



# PERFORMANCE OF VILLAGE COOPERATIVE UNIT

## CONDITION : DECEMBER 31, 1993

NO	PROVINCE	TOTAL KUD'S	TOTAL MEMBER (Person)	INTERNAL EQUITY (Rp. Million)	TOTAL BUSINESS VOL (Rp. Million)	MARGIN (SMU) (Rp. Million)
						Billion
1	Aceh	387	124,169	1,254	182,880	1,239
2	Sumut	557	325,709	60,030	394,055	932
3	Sumbar	396	206,995	9,020	101,148	1,934
4	Riau	480	110,941	11,028	46,490	1,780
5	Jambi	337	82,366	2,742	63,382	3,002
6	Bengkulu	203	51,697	3,247	41,572	1,419
7	Sumsel	632	550,800	8,533	106,334	1,904
8	Lampung	282	244,871	10,532	127,533	616
9	DKI Jakarta	0	0	0	0	0
10	Jabar	762	3,988,275	49,847	758,966	11,757
11	Jateng	575	2,414,315	97,280	977,766	3,471
12	Yogya	61	296,349	7,366	93,457	625
13	Jatim	745	2,309,068	71,465	1,364,336	9,540
14	Bali	90	253,085	15,525	129,074	1,669
15	N T B	134	239,746	8,828	535,222	3,849
16	N T T	150	157,051	8,551	39,548	442
17	Tim-Tim	68	38,341	3,311	19,349	600
18	Kalbar	309	121,026	5,200	26,627	1,109
19	Kalteng	274	80,674	4,255	18,475	750
20	Kalsel	265	86,112	4,996	34,303	926
21	Kaltim	411	80,016	3,049	15,610	255
22	Sulut	290	376,757	116,704	47,504	813
23	Sulteng	236	115,903	46,002	49,403	1,148
24	Sulse	513	1,031,702	96,675	1,082,734	10,829
25	Sultra	254	89,861	6,290	65,040	2,282
26	Maluku	222	61,630	23,462	341,311	13,559
27	Irja	240	55,852	9,559	21,308	839
<b>TOTAL</b>		<b>8,873</b>	<b>13,493,311</b>	<b>684,751</b>	<b>6,683,427</b>	<b>77,289</b>

## KUD DEVELOPMENT PROGRAM

### ☐ SELF RELIANCE KUD

is KUD which fulfill minimum requirement as business entity.

Total ⇒ 4,934 KUD of 8,873 (at the end of 1993)

### ☐ LEADING - SELF RELIANCE KUD

Defined by *selected few approach*, minimum one in each Kabupaten (Distric), to be development center for others KUD.

Total ⇒ 300 units KUD of 4,934 (will be achieved at the end of Pelita VI)

## THE 13 CRITERIAS FOR SELF RELIANCE KUD

1. Minimum member 25% of the total rural households
2. KUD services to members reach minimum 60% of total business volume
3. Annual members meeting should be conducted during 3 years consecutively
4. The Board Of Directors should consists of 5 (five) persons, Board Of Supervisor 3 (three) persons and they are all selected from the members
5. Minimum equity achieves Rp 25 million
6. Unqualified opinion on its financial statement
7. Deviation of business plan varies from maximum of 50% and minimum of 20%
8. Sound financial ratio (rentability, liquidity and solvability)
9. Minimum turn over per member reaches Rp. 250 thousand
10. Gross revenue minimal equals to total expenditure
11. All business facilities owned by KUD should be utilized and managed effectively
12. No manipulation (or free of dispute)
13. No uncollectable bad debt.

## PARTNERSHIP BETWEEN COOPERATIVES AND OTHER ENTERPRISE

### ☐ JOINT BUSINESS ACTIVITIES:

- ☐ Trading, Supply and Distribution

### ☐ JOINT VENTURE:

- ☐ Setting up new company

### ☐ NUCLEUS ESTATE BUSINESS:

- ☐ Large company as nucleus
- ☐ KUD as plasm unit

## KUD ACTIVITIES

### ▶ *PROGRAM*

- Credit Intensification Program (KUT)
- Sugar Cane Intensification Credit (TRI)
- Rice Procurement Credit
- Clove Procurement Credit
- Fertilizer Distribution Credit

### ▶ *NON PROGRAM*

- Credit provide based on potential areas and economic activities of KUD member
- Sectors : Agriculture, Estate, Live stock/Diary, Fisheries, Handicraft, Home/small industries, and other service activities.
- Commodities export, such as : Manioc, Vannila, Woods, etc.

PERFORMANCE OF CREDIT  
INTENSIFICATION PROGRAM (KUT)

PLANTING SEASON	KUD	AMOUNT (Rp. Million)
1991	632	21,545
1991/1992	1,428	70,170
1992	544	18,361
1992/1993	982	47,411
1993	458	15,312
1993/1994	720	32,566

## PERFORMANCE OF CREDIT INTENSIFICATION PROGRAM (KUT)

PLANTING SEASON	KUD	AMOUNT (Rp. Million)
1991	632	21,545
1991/1992	1,428	70,170
1992	544	18,361
1992/1993	982	47,411
1993	458	15,312
1993/1994	720	32,566

## FERTILIZER DISTRIBUTION BY KUD

YEAR	TOTAL DISTRIBUTION (Tonnes)	DISTRIBUTOR		KUD'S SHARE (%)
		KUD (Unit)	FERTILIZER (Tonnes)	
1989/1990	5,329,984	2,607	4,407,185	83
1990/1991	5,334,266	2,696	4,251,969	80
1991/1992	5,363,509	2,923	4,129,245	77
1992/1993	5,602,327	3,013	4,315,517	77
1993/1994	5,251,495	2,985	3,999,850	76



PERFORMANCE OF CREDIT  
FOR SMALL SCALE SUGAR  
CANE INTENSIFICATION PROGRAM

PLANTING SEASON	KUD	AMOUNT (Rp. Million)
1989/1990	623	171,092
1990/1991	650	232,242
1991/1992	642	248,781
1992/1993	656	240,827
1993/1994	657	192,982

## NATIONAL DAIRY COOPERATIVES

YEAR	PRIMARY COOPERATIVE	DAIRY FARMER	DAIRY COW POPULATION	FRESH MILK PRODUCTION (Tonnes)
1989	190	74,000	250,000	300,000
1990	201	74,000	250,000	300,000
1991	201	74,000	263,714	312,000
1992	202	74,048	265,754	322,000
1993	203	74,048	267,386	356,000

National demand of milk : 35% supplied by Coop/KUD 65% imported

**TOTAL EXPORT OF MANIOC  
BY SECUNDER OF KUD (PUSKUD)**

YEAR	PUSKUD	TOTAL EXPORT (TONNES)
1989	6	25,790
1990	5	70,115
1991	5	71,437
1992	7	50,302
1993	6	44,200
1994	7	49,538
<b>TOTAL</b>	<b>36</b>	<b>311,382</b>

## KUD'S CREDIT FACILITIES

- ▶ Credit Intensification Program (KUT)  
14% pa - 5 % spread for KUD
- ▶ Credit For KUD (KKUD)  
14% pa - no spread for KUD because it is used by KUD itself
- ▶ Credit For Cooperative Member (KKPA)  
14% pa - 3 % spread for KUD
- ▶ Credit For Small Business (KUK)  
market rate - minimum 20% of total bank loan would be provided for cooperatives and small business development
- ▶ Credit For General Business  
market rate
- ▶ Guarantee Fund For Cooperative Credit  
provided by Perum PKK.

## GOVERNMENT ROLE

- ☐ To create conducive and enable environment for cooperative development
  
- ☐ To provide :
  - ☐ guidance
  
  - ☐ necessary facilities
  
  - ☐ protection for cooperative business

# The situation of korean agriculture and the role of cooperatives

- Jong-Soo Lee -  
- Pyeong-Woo Min -

1 9 9 4 . 1 0

Seoul , Korea

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## I. Overview of Korean Economy

	1987	1990	1992
GNP(in billion US dollars)	128.4	242.2	294.5
Per Capita GNP (in US dollars)	3,098	5,659	6,747
Economic Growth Rate(%)			
GNP	13.0	9.3	4.7
Agriculture, Forestry & Fisheries	△ 6.8	△ 5.1	5.4
Mining & Manufacturing	18.2	8.7	4.6
Construction, Electricity, Gas & Water	12.6	21.6	0.5
Services	12.4	10.1	6.0
Unemployment Rate (%)	3.1	2.4	2.4
Balance of payment :(in billion US \$)			
Current Balance	9.9	△ 2.2	△ 4.6
Exports	47.3	65.0	76.6
Imports	41.0	69.8	81.8
Inflation (% , annual average)			
wholesale Prices	0.5	7.4	△ 0.3
Consumer Prices	3.0	9.4	4.5
Prices Received by Farmers	4.9	12.3	4.4
Prices Paid by Farmers	1.7	9.1	8.3
Agricultural Production (1,000 M/T)			
Total Grains	6,688	6,635	6,206
Rice	5,493	5,606	5,331
Farm Population (in 1,000 persons)	7,771	6,661	5,707
Farm Households (in 1,000 Households)	1,871	1,767	1,641

## II. Agriculture in Korea

### 1. Farm Population (in thousand)

	1980	1992
○ Farm Population (% in Total Population)	10,827 (28.4)	5,707 (13.1)
○ Farm Households	2,155	1,641
○ Farm Population above the age of (% in Total Farm Population)	50 (20.4)	2,299 (40.3)



## Farm Population and Households

	Unit	1980	1985	1990	1992
Total Population (A)	thousand	38,124	40,806	42,869	43,663
Farm Population (B)	"	10,827	8,521	6,661	5,707
(B/A)	( % )	(28.4)	(20.9)	(15.5)	(13.1)
Total Households	thousand	7,969	9,575	11,357	-
Farm Households	"	2,155	1,926	1,767	1,641
Persons per Farm households	Person	5.02	4.42	3.77	3.48

### 2. Acreage of Cultivated Land

○ Average farm land per household : 1.26 ha

○ Cultivated Land : 20.8% of the total land

	1980	1985	1990	1992
Total National Land Area	9,899	9,914	9,926	9,930
Area of Cultivated Land	2,196	2,144	2,109	2,070
Paddy Field	1,307	1,325	1,345	1,315
Upland	889	819	764	755
Farm land Per Farm households	1.02	1.11	1.21	1.26

### 3. Number of Farm Households by Size

○ 58.8% of Korean farm households hold less than 1ha of farm land

(in thousand households, %)

	1980	1985	1990	1992
Less than 1.0 ha	1,360(63.1)	1,220(63.3)	1,027(58.1)	965(58.8)
1.0 ~ 1.5	438(20.4)	390(20.3)	352(19.9)	308(18.8)
1.5 ~ 2.0	191( 8.8)	160( 8.3)	191(10.8)	169(10.3)
2.0 ~ 3.0	108( 5.0)	87( 4.5)	129( 7.3)	124( 7.6)
More than 3.0 ha	31( 1.4)	23( 1.2)	44( 2.5)	52( 3.2)
Farm Households without Farm Land	28 (1.3)	46 (2.4)	24 (1.4)	23 (1.4)
Total	2,155(100.0)	1,926(100.0)	1,767(100.0)	1,641(100.0)

#### 4. Utilization of Farmland

○ Farmland Utilization rate : 125.3 % (1980) → 108.1 % (1992)

	(ha,%)							
	1980		1985		1990		1992	
	Cultd. Acreage	rate	Cultd. Acreage	rate	Cultd. Acreage	rate	Cultd. Acreage	rate
Foodgrains	1,982	71.6	1,779	68.6	1,669	69.3	1,478	65.4
- Rice	(1,233)	(44.6)	(1,237)	(47.7)	(1,244)	(51.6)	(1,157)	(51.2)
- Barley	( 360)	(13.0)	( 242)	(9.3)	(160)	(6.6)	(103)	(4.6)
Cash crops	118	4.3	133	55.1	130	5.4	130	5.8
Vegetable	359	13.0	337	13.0	277	11.5	306	13.5
Fruits	99	3.6	109	4.2	132	5.5	146	6.5
Utilization Rate	125.3%		120.4%		113.3%		108.1%	

#### 5. Agricultural Production

○ Value of agricultural Production  
12.0 % (1980) → 6.1 % (1992)

(in billion won. constant price of 1985)

Year	GNP(A)	Value of Agri. Production (B)	B/A(%)
1980	52,260.8	6,261.7	12.0
1985	78,088.4	8,799.2	11.3
1990	130,685.1	8,681.4	6.6
1992	148,251.0	9,079.1	6.1

#### 6. Self - sufficiency Rate of Foodgrains

○ Self - sufficiency Rate of Foodgrains  
56.0 % (1980) → 34.3 % (1992)

Year	(%)					
	Total	Rice	Wheat	Corn	Soybean	Others
1980	56.0	95.1	4.8	5.9	35.1	89.8
1985	48.4	103.3	0.4	4.1	22.5	11.6
1990	43.1	108.3	0.05	1.9	20.1	13.9
1991	37.6	102.3	0.02	2.2	19.4	16.6
1992	34.3	97.5	0.02	1.2	12.2	16.6

## 7. Comparison of income between Farm and Urban Households

- Average farm household income in 1992 : 14,505 thousand Won (US \$ 18,398)
- Farm income : 50.7%
- Off-farm income : 49.3 %

(in thousand Won, %)

Year	Average farm household income				Total (A)	Urban Wage earners' Household Income (B)	Ratio ( % ) (A/B)
	farm income		off-farm income				
		%		%			
1980	1,755	65.2	938	34.8	2,693	3,205	84.0
1985	3,699	64.5	2,037	35.5	5,736	5,957	96.3
1990	6,264	56.8	4,762	43.2	11,026	13,184	83.6
1991	7,035	53.7	6,070	46.3	13,105	16,219	80.8
1992	7,356	50.7	7,149	49.3	14,505	19,146	75.8

## 8. Debt Rate of Farm Household

- Average debt to the farm household income : 39.2 %
- Average debt to the farm Asset : 4.9 %

(in thousand Won)

Year	Farm-Household Debt (A)	Farm-Household Income (B)	Farm-Household Asset (C)	Rate	
				A/B(%)	A/C(%)
1980	339	2,693	13,384	12.6	2.5
1985	2,024	5,736	28,378	35.3	7.1
1990	4,734	11,026	79,352	42.9	6.0
1991	5,192	13,105	99,189	39.6	5.2
1992	5,683	14,505	115,615	39.2	4.9

## 9. Farm Household debt by Use

- Debt for production : 72.0 %
- Debt for household expenditure : 17.2 %
- Debt for loan repayment : 10.8 %

(%)

	1980	1985	1990	1991	1992
For production	60.8	64.5	66.5	69.3	72.0
For household expenditure	33.0	23.5	21.4	19.8	17.2
For loan repayment	6.2	12.0	12.1	10.9	10.8

### III. Recent Developments of Agricultural Cooperatives

#### 1. Performance of Major business Activities

Agricultural cooperatives conduct diverse business activities to attain the goal of increasing agricultural productivity, enhancing the economic and social status of farmers and ensuring a balanced development of the national economy through the voluntary organization of farmers.

In 1992, the average business turnover per member cooperative reached 12 billion won (US \$ 15 million) as shown on table 1.

Average net profit per cooperative reached 73 million won (US \$ 93 thousand). 15 cooperatives out of a total of 1,441 cooperatives recorded deficits.

Table 1. Performance of Major Business Activities

	1991(A)		1992(B)		B/A
	Total	per Coop	Total	per Coop	
Banking	8,309	5,831	8,551	6,121	1.03
Cooperative Insurance	623	437	772	552	1.24
Supply of Farm inputs	1,339	940	1,597	1,143	1.19
Consumer Goods	917	644	1,135	812	1.24
Marketing	3,342	2,345	4,338	3,105	1.30
Others	104	73	154	111	1.48
Total	14,634	10,270	16,547	11,844	1.13
Net Profit	101	71	102	73	1.01

※ Unit : Total(billion won), Per coop(million won)

#### 2. Kyungbuk Apple Cooperative established an juice Plant

On November 11, 1992. an apple juice plant was established by the Kyung-buk apple Cooperative in Kyungbuk Province, southeastern part of Korea.

Unlike the existing juice plants which produce concentrated juice, the Kyungbuk apple juice plant produces 100 percent natural apple juice with no artificial sweetenings. It has a processing capacity of 100 tons a day, or 22 thousand tons per year with the fully automated processing line from the assembling of apple to the sorting, processing, and the packing of

products.

The establishment of the apple juice plant, which has processing capacity covering as much as 5 percent of the annual apple production of Kyungbuk Province, is expected to contribute not only to stabilizing price fluctuation of apple due to the over-production, but also to increasing the farmers' off-farm income.

When an International Agricultural and Marine Food Exhibition was held in Berlin, Germany on January 22 - 31, 1993, its apple juice received highest compliments for its excellent flavor and taste. Such popularity of the Korean apple juice led to export, including Germany, Hungary, Pakistan, Romania and Czechoslovakia.

### 3. Korean Farmer Delegation joined European Farmers' Demonstration

Korean Farmer Delegation led by Chairman & President of National Agricultural Cooperative Federation (NACF) took part in the European Farmer's Demonstration on "GATT and Agriculture" held in Strasbourg France on December 1, 1992.

The delegation representing 6 million Korean farmers consisted of Present and eleven representatives of agricultural cooperatives. At the demonstration, They declared Korean farmers' position to oppose the application of comprehensive tariffication to the agricultural trade.

Particularly they asked for an exceptional treatment for rice, on which most of Korean Farmers' survival depends, in the Uruguay Round negotiations.

### 4. Seoul FEACCC Meeting adopts a Memorandum of Undertaking in Opposition to Rice Market Opening.

On February 12, 1993, the NACF hosted the Fifth Top-Level Meeting of the Far-Eastern Agricultural Cooperatives Collaboration Council (FEACCC) with the participation of three presidents of agricultural cooperative federations in Korea and Taiwan.

At the meeting, the three presidents signed a Memorandum of Understanding, reasserting their firm position against rice import in relation to the Uruguay Round negotiation on agriculture.

After the meeting, they participated in a rally organized by the presidents of the Korean agricultural cooperatives to oppose rice market opening.

## 5. NACF opened Rice Cooking Plant

The NACF opened Rice Cooking Plant in Seoul on March 26, 1993. As the first and largest plant in Korea with automatic production facilities and advanced sanitary equipments, it has a daily production capacity to provide 20,000 meals with five different products of boiled rice. About 2.6 tons of rice are used for producing cooked rice everyday, On yearly basis, it amounts to 6 million meals and 780 tons of rice.

Major customers of the Rice Cooking Plants are schools, business enterprises, and government organizations running their own restaurants, and department stores. The plant produces boiled rice, Chapkokbab (boiled rice and cereals), Kimbab (boiled rice rolled in laver) and lunch boxes, and is planning to diversify its products.

With the investment of 1.1 billion won, the NACF established the Rice cooking plant to promote domestic rice consumption. It also intends to build such plants in large cities, and supply its products under the school lunch program of the government.

## 6. International Seminar on recent trends and Future Prospects of Rice Farming in Asia

An international seminar on rice farming in Asia was held at the NACF Conference Hall in Seoul during May 24 - 30, 1993. The seminar ; co-sponsored by the NACF and the Food and Fertilizer Technology Center for the Asian and Pacific Region(FFTC/ASPAC), was attended by 21 eminent speakers from nine countries.

The participants discussed several important topics : the role of rice in the national economy, the supply of and demand for rice, resources and inputs in rice farming, rice farming system, and changes in rice consumption patterns.

They pointed out that farming in many countries is faced with very

difficult problems, including a sharp rise in production costs, a shortage of farm labor force, limited resources adjustment in agriculture, a growing pressure to reduce the use of agrochemicals, and a strong international pressure to remove rice trade barriers.

The participants came up with an agreement that since the rice is the staple food of Asian people, and rice farming holds a predominant position in the national economy, it is not amenable to the ideal of free trade.

They also agreed that rice farming plays an indispensable role in the conservation of land and the environment, the preservation of rural culture, and contributes to a balanced regional development.

## 7. A Cooperative Sighting-Farm inaugurated

On May 30, 1993, the Deoksan Agricultural Cooperative in Yesan County of Chungnam Province opened a sightseeing-farm, the first of its kind in Korea.

Such a model farm is devoted to providing rural space to the urban people, and preserving the rural environment. The Deoksan sightseeing-farm is all the more meaningful in that Deoksan is a historical place where the great patriot, Bong-kil Yun initiated a rural rehabilitation movement 62 years ago.

The sightseeing-farm has a variety of facilities for visitors : observation farm, a children's recreation space, a cold storage plant, a rest area, a restaurant, and a special market selling mushroom, apples, ginseng, etc. The farm also provides lodging facilities, and small plots are rented out for urban families. Visitor can enjoy shopping in traditional village markets.

The sightseeing - farm is intended to provide urban people with an opportunity to understand and experience farming, the community and landscape. And, of course, it helps give farmers additional income.

## 8. The Tano Festival Held by NACF

The NACF held the 1993 Tano Festival (May 5 by lunar calender) at

Chang-Dong, in the northern part of Seoul on June 19, 1993 under the cosponsorship of the ministry of Culture and Sports, the Ministry of Agriculture, Forestry and Fisheries, and the Farmers' Newspaper.

It was designed to highlight the importance of agriculture as the root of the nation's economy and culture, and to help boost farmer's ride and morale. Over 1,000 people attended, enjoying a variety of folk performance.

Beginning in 1992, the NACF celebrates the traditional festival so as to revive folk arts and plays, to pray for abundant harvest, and to promote its campaign for patronizing domestic farm products and encouraging the production of quality agricultural commodities as well.

It started with the enrapturing and exciting opening ceremony of Tano festival, followed by a performance of hair washing in iris water by "Beauty Queens" representing each locality. Other traditional arts and plays were also performed during the ceremony.

In addition, a temporary market was set up for exhibition and sale of selected quality farm products from across the nation. A food tasting party was also prepared for traditional foods. Processed foods such as apple juices, Japanese apricot juices, and Kimchi (Pickled Korean cabbage) produced by agricultural cooperatives attracted special favor from urban housewives.

#### 9. Korean Delegation Attended the family farmers' Tokyo Summit on the Uruguay Round of GATT

The Korean delegation led by the President of NACF attended the Family Farmers' Tokyo Summit on the Uruguay of GATT held on July 4-5, 1993 prior to the G - 7 Summit. Organized by the Central Union of Agricultural Cooperatives in Japan, the meeting was intended to help establish a fair rule for agricultural trade, and to let world family farmers' voice be heard in the Uruguay Round negotiations.

The delegates to the Summit, representing 22 farmers' organizations from 13 countries, concluded the significant meeting with the Declaration of the Family Farmers' Tokyo Summit on the Uruguay Round of GATT.

The president of NACF delivered a speech on the function of family farming for the maintenance and development of rural society to



under-score the crucial importance of family farming in the Asian monsoon region.

#### 10. The Second farmers' Congress Held by NACF

The NACF organized the second Farmers' Congress, and celebrated its 32nd anniversary, on August 13, 1993. About 15 thousand member farmers across the nation participated in the Farmers' Congress at the Olympic Complex in Seoul. The NACF held the Festival to encourage the farmers to more actively participate in the agricultural cooperative movement. In his congratulatory address at the ceremony, President of Korea said that the government would invest a total of 42 trillion won (US \$ 57billion) in comprehensive agricultural development projects to complete the agricultural restructuring program by 1998, three years ahead of the original target year of 2001.

#### 11. Korean Delegation Met with GATT Director General and USTR Representative

The Korean farmer delegation headed by the president of NACF talked with Director General Peter Sutherland of the GATT on September 7, 1993 in Geneva and with U.S Trade Representative Mickey Kantor on September 15, 1993 in Washington D.C about the ongoing Uruguay Round negotiations on agriculture.

The delegation representing 6 million Korean farmers consisted of 11 President and 11 Non Executive Board Members of the NACF and one Non standing Auditor of NACF. At the meeting with the GATT and USTR heads, The president explained the difficult situation of Korean agriculture as well as the economic, social and political significance and implication of rice economy in Korea, and emphasized that Korean rice should be exempted from the comprehensive tariffication formula.

#### 12. Merger of primary Cooperatives

After the establishment of multipurpose agricultural cooperatives in 1961, the primary cooperatives endeavored to create an indispensable

Organizational base for cooperative operations.

They have made remarkable progress since 1972 when village - level cooperatives, were merged into economically viable township level cooperative, bolstering their ability to extend a variety of services to their member farmers through the increase in the number of employees, introduction of new types of business and establishment of various physical facilities.

Aimed to strength their business competitiveness in the rapidly changing environments such as the increase in import of agricultural products and the deregulation of financial markets, amalgamations among member cooperatives have been encouraged recently. A total of 36 multi-purpose cooperatives were merged into 8 larger scale cooperatives in 1992. and 25 multipurpose cooperatives were reduced in 1993, as of the end of September.

Table 2. The Trend of Cooperative Mergers

Year	1961	1980	1990	1991	1992	Sept. 1993
Agricultural Coop.	21,042	1,485	1,425	1,425	1,397	1,372
Special Coop	49	142	43	44	44	44

#### IV. The situation of Livestock industry

##### 1. The status of Livestock industry

- o The weight of Agriculture, Forestry, Fisheries and Livestock Products in the Gross National Product(GNP:current market price) has decreased in korean economy while the Livestock Products in the agriculture, forestry and fisheries products has increased

	'70	'80	'93
- Agriculture, forestry and fisheries products/GNP	27.8%	14.7%	7.1%
- Livestock products/GNP	1.5%	1.1%	0.6%
- Livestock/Agriculture, forestry and fisheries products	5.6%	7.5%	10.3%

- o The ratio of rice in the Agricultural Gross Receipts(average per household) has decreased, on the contrary that of livestock has been increasing.

	'70	'80	'93
- The ratio of rice in the Agricultural Gross Receipts :	55.6%	48.7%	37.7%
- Livestock/ Agricultural Gross Receipts :	5.6%	12.1%	20.2%

- o The ratio of livestock farm households in the total farm households was 54.6% as of the end of 1993

- The number of total farm households : 1,592(1,000households)
- The number of livestock households : 869(1,000households)
- \* Korean native cattle 570, Dairy cattle 28, Pig 70, Chicken 192(1,000households)

- o The weight of Korean native cattle and Pig products in the total value of livestock products showed 27% respectively.

- Total Value of Livestock products : 4,611(billion won)

(in billion won)

Total	Korean native cattle	Dairy cattle	Pig	Chicken
4,611 (100%)	1,245 (27.0%)	1,049 (22.7%)	1,251 (27.1%)	930 (20.2%)

## 2. The situation and problem of Korean Livestock industry

- o The majority of farm households are small side-business type and under poor management
- Korean native cattle and breeding cow : almost less than 5 heads per household

- Specialized farm households (large-scale commercial operation) : production cost per unit is high and quality is low
- o Farmers are reluctant to control price and demand & supply of livestock product and farmers' bargaining power is also poor
  - Rely on governmental aid of price support rather than their own effort to enhance productivity
  - Lack of spirit cooperation and self-help
  - Operating Meat Grading System by quality since July 1st, 1992
- o Quality control and cost down in the process of product, marketing and consumption are neglected
  - The marketing structure is complicated, slaughterhouses and wholesale markets are small and out of date
- o Facing full marketing opening era and lacking of competitiveness
  - Beef : import-quota will be expended drastically and import restrictions will be lifted from 2000
  - Pork·Chicken : import restrictions will be lifted from the 2nd half of 1997
  - Milk products : all kinds of milk products except for the powdered milk is scheduled to be imported
- o The enlargement of environmental problem and strict restriction on the waste water in the livestock sector
  - NIMBY(not in my back yard) phenomenon spreads across the nation
    - Sanitary Quarantine facility, equipment and manpower are insufficient to cope with the flood of livestock products import

# V. The role of NLCF

## 1. General situation

### (1) Brief History

- o April 1st, 1978 : the government established the Livestock Development Corporation(LDC) in accordance with livestock Act
- o Jan. 1st, 1981 : the NLCF was established
  - Absorbed the LDC and the livestock-related business and facilities of the NACF
  - Comprised 100 member cooperatives(92 Local Livestock Cooperatives and 8 Specialized Livestock Cooperatives)

### (2) Objectives and functions

#### o Objectives

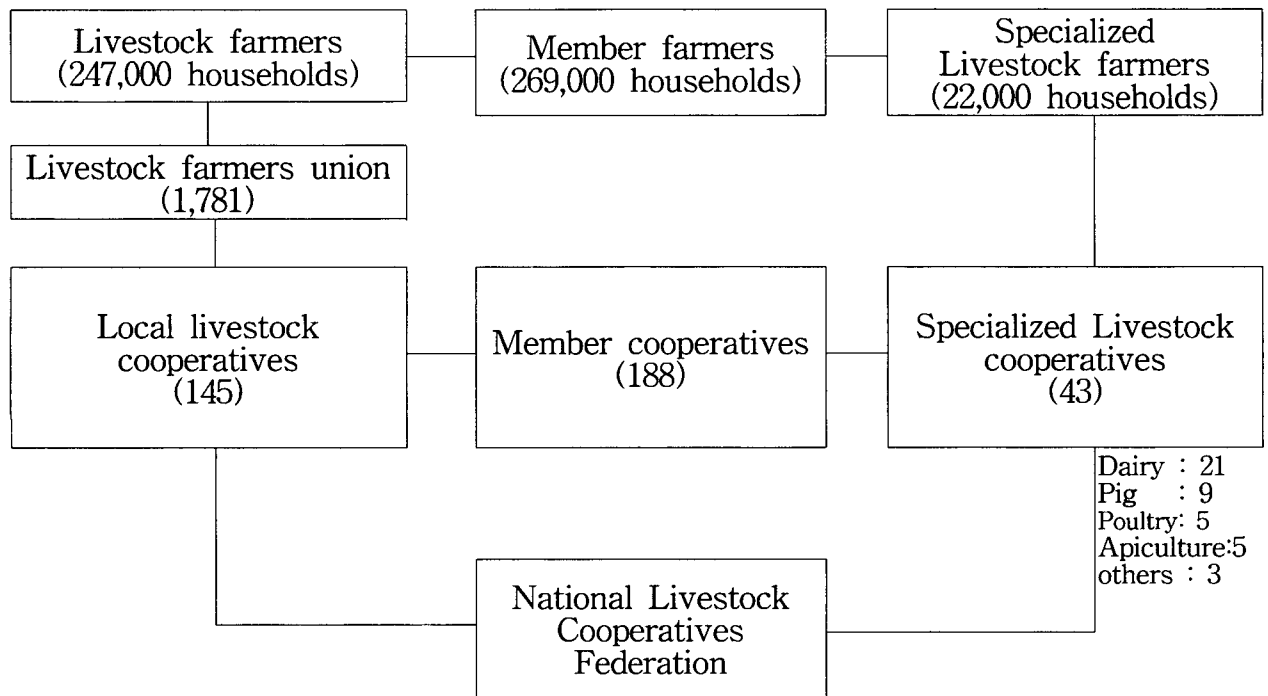
Independent cooperative  
organization of the Livestock  
farm household

- development of korean livestock industry
- improving socio-economic status of livestock farmers
- balanced development of national economy

#### o Functions

- Production : Livestock improvement, supply of feed and input material, technical assistance
- Marketing
  - Stabilizing Livestock products price, cooperative marketing, saving for emergency
  - processing of livestock products, management of animal market
- Financing : livestock-financial support, mutual credit service, management of livestock development fund
- Guidance and : management guidance, survey and research, education and training and outlook, public relation

### (3) Organization



### (4) Main facilities

		Item	Total	NLCF	members	remarks	
market- ing facilities	produc- tion area	Animal market	212	-	212	auction:86, mediation:126	
		Slaughterhouse	11	1	10	capacity:cattle513heads/day, pig 6,300heads/day	
		Raw milk collecting station	32	-	32	storage capacity : 3,084t/day	
			Egg-gathering station	11	-	11	capacity : 3,690,000/day
	cons- umption area		Wholesale marketing center	4	3	1	capacity : cattle 600heads/day, pig 4,400heads/day
			Meat retail center	139	19	120	
			Processing facilities	18	5	13	capacity : 177t/day(cattle)
		Milk processing facilities	16	-	16	capacity : 2,173t/day	
		Cold storage warehouse	9	5	4	capacity : 17,120t	
product supporting facilities	livestoc k impro- -vment facilities	Pasture land	63	3	60		
		Livestock breeding farm	33	3	32		
	feed facilities	Feed mill	22	8	14	capacity : 5,380t/day	
		Feed laboratory	1	1	-		
	Feed research institute	1	1	-			

## 2. Measures of supporting livestock industry

### (1) Enhancing competitiveness through structural adjustment

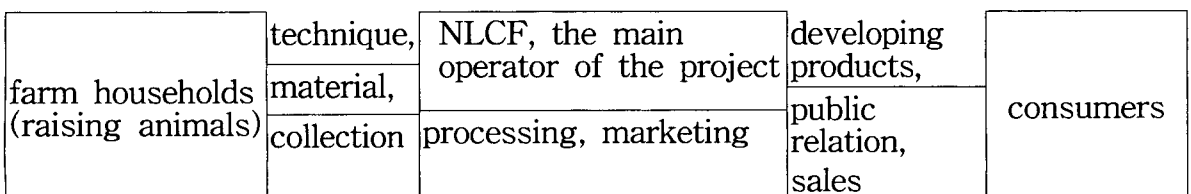
#### 1) Enlargement of livestock management scale

- o Supporting specialized households operating farms mainly with family labor
- o Supporting cooperative organization for the small-scale farm household
  - Assisting cooperative organization organized by small-scale farms to produce calves
  - Guiding cooperative farm management skill for farming cooperative organization, beef cattle club and dairy club etc.,
- o Encouraging farmers to participate in building up collective livestock complex and korean native cattle improvement complex

#### 2) Strengthening service for Livestock farm household

- o Special support system
  - Fostering the best farmers and Livestock successors
- o Improvement of farming condition
  - Helper system to improve working condition for specialized dairy farm households
  - Expending mutual-aid project to relieve the farm households of disaster
- o Providing assistance for the process of livestock excretion and building up cattle shed
  - Developing and suppling model-cattle-sheds to reduce fixed cost
  - Providing aid building up facilities to process the livestock excretion
  - Loosening regulations building up cattle shed, cultivating pasture land and so on

### 3) Establishing the foundation of Livestock integration project



(2) Producing high-quality meats and enhancing productivity

1) Operating livestock improvement complex (plan of 1994)

- o Korean native cattle improvement complex
  - No. of complex : 200 units
  - No. of heads : 120,000 heads
- o Dairy native cattle improvement complex
  - No. of complex : 23 units
  - No. of be examination : 17,000 heads

2) Providing new technique

- o Developing and suppling new technique through the effort of educational-industrial cooperation and research institute
- o Getting advanced skill through overseas training
- o Construction of Livestock education and training center
  - Educate farmers to enhance competitiveness
  - Job training emphasized on skills
  - Fostering meat marketing expert

3) Support high-quality meat project

- o Developing and suppling the producing program of high-quality meat
- o Guiding farmers to produce high-quality meat
- o Strategy differentiating meat by quality

4) Production cost reduction

(3) Improvement of marketing structure and development of consumption market

1) Activation of marketing function

- o Activation of marketing function by modernization of animal market
- o Activation of Livestock products marketing center function
  - Converting frozen-meat marketing system to chilled-cut meat marketing system
  - Expending Meat Grading System across the country
- o Providing transportation vehicles for cooperative route sales



- o Modernization of slaughterhouse
  - o Building up Egg-gathering station
  - o Activation of beef distribution
    - Stabilize demand and supply of beef through expending shipment of cattle to wholesale market
    - Providing korean beef to beef retail shop steadily
- 2) Expansion of livestock products-processing facilities and meat distribution center
- o Construction of Meat Processing Plant (Kimgye county)
    - Export pig meat
    - Supply cut-pig meat
  - o Construction of Milk Processing Plant (Chongyang county)
    - Construction producer oriented producing-processing-marketing system
    - Leading role in the marketing structure of milk products
    - Activation of NLCF milk processing function
  - o Activation of Meat Distribution Center for korean beef and pig meat
    - Diverting carcass to cut-meat marketing system
  - o Plan to construct meat processing institute
- 3) Development of consumption market
- o Expending Meat retail shop and improvement of sales system
  - o Building up foundation of meat export
  - o NLCF is wholly responsible for livestock products supply to the military base and school feeding
- (4) Increase of roughage self sufficiency rate and improvement of mixed-feed quality
- o Increase of roughage self sufficiency rate
  - o Expansion of mixed-feed supply and quality improvement
    - Increase of production and supply : ('93) 2,911,000 M/T → ('94) 3,395,000 M/T

- Enlargement of mixed-feed production facilities to raise market share
  - Quality improvement and strengthening marketing
- (5) Collecting Livestock fund and increase of the competitiveness of banking business
- o Raising livestock fund
  - o Specialization of banking business
    - Introduction of independent business system of banking business
    - Increase competitiveness of the business to cope with the opening of service market
  - o Improvement of loaning system to farm households
    - Expending loan to farmers on the basis of personal credit
- (6) Balanced development of member cooperatives and rationalization of management
- o Invite qualified farmers as members and oust unqualified member from member
    - Introduction of the compound cooperative member system
  - o Diverting Local Livestock cooperatives and Livestock farmers union to Specialized Livestock Cooperatives and Specialized Livestock Farmers Union
  - o Improvement of cooperative's management and providing cooperatives financial aid

## VI. Driving reform of NLCF

### 1. Necessity of reform and major issue to be conducted

#### (1) Necessity

- o Review NLCF's role as a farmer's organization to cope with the changing situation
- o Improving competitiveness of Livestock industry by undertaking right roles between NLCF and member cooperative, and furthermore

specialization of business

- o Maximizing farmers' interest through the improvement of NLCF function

(2) Priorities to be conducted

- o Enhance efficiency of marketing & sales business through attaining economy of scale and specialization
- o Correct NLCF image with restoring farmer's confidence through providing convenience for farmers
- o Increase competitiveness of Livestock industry by fostering specialized cooperative organizations
- o Amending law and system to create good farming condition and strength provision of support for farmers

2. Result and direction of reform aimed at maximizing farmers' interest

(1) Result

- o Consciousness reform
  - Conduct spiritual education for the executives and staffs to do their best create new NLCF
  - President himself collects farmer opinions without filtering by Fax
  - Driving Exulted 2000 Creation Movement
- o Providing convenience
  - Reducing documents for membership of cooperative and streamlining the process returning of the invested capital
  - On-farm service working by NLCF staffs
- o Establishment of new organization-spirit by reform
  - Continuous driving of system reform and easing administrative restriction
  - Improvement of business efficiency by reform and abolition irrational rules
- o Strengthening the foundation of specialized cooperative organizations
  - Operation of each animal-committee such as cattle, dairy, hog, poultry, etc (consisted of member cooperatives, association, academic

circles)

- Marketing innovation and strengthening bargaining power for the improvement of sales function
  - expansion of installation of the Korean beef retail shop
  - Operating the meat grading system and classified meat-differential pricing system

o Management innovation

- Reduction of administrative departments
  - Merger and integration of similar functioning department to pursue small headquarter
  - Strengthening integration and adjustment function through unification of management
- Driving improvement of business work

(2) Direction to be implemented

o Organization

- Strengthening Special Management System to attain maximization of farmers' interest
- Strengthening of specialization by departments
- Converting the concentrated restrictive management structure to support and guidance oriented system

o Function

- Clarify and harmonize the role of cooperative among member cooperatives and between member cooperative and NLCF
  - NLCF : conduct national level business such as policy related planning, guidance, education, research, etc
  - Cooperatives : conduct local level business such as local livestock development, control of supply and demand, prevention of disease and epidemics, guidance of

member farmers and autonomous policy related planning

o Business

- Remarkable expansion of marketing business function
  - Improvement of sale function by enlargement of cooperative route sale
  - Expansion of integration project of cattle, hog and poultry
    - ┌ the first half of 1994 : integration of hog and poultry
    - └ the latter half of 1994 : integration project the Korean native cattle
- Encouraging Local Livestock Cooperatives to engage mainly in the business of cattle industry
  - Maintenance of breeding basis by connecting breeding farms and cattle fattening farm
  - Recommend farmer to contract marketing body for production and sale
- Specialization of guidance business
  - Recruit elite manpower and increase staff number
  - Guidance business for farm household and Livestock Cooperatives
  - Operating Livestock Environment Countermeasure Team
  - Reform of consciousness movement of farmers
  - Spontaneously coping with revision of environmental Act
- Development of joint project among member cooperatives and between member cooperatives and NLCF
- Providing farmers for large amount of money raised by banking business
  - Smooth supply of fund required for structural adjustment

NINTH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING  
MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA.  
INDIA, INDONESIA, JAPAN

( 17th October 1994 - 22nd April 1995 )

*COUNTRY PAPER*

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17th October 1994

**NINTH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING  
MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA.**

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**CHAPTER ONE**

**General information on Myanmar**

**Location and Area**

Union of Myanmar is situated in South East Asia and Geographically is the largest in land mass. It shares common borders with Bangladesh, India, China, Laos and Thailand. The Total area of the Country is about 261228 square miles and stretches for about 1275 miles from North to South and 582 miles from East to West . More than half of the country is bounded by mountains and mountain ranges and which are mostly covered with ever green forests.

**Population**

The population of the Union of Myanmar in 1993/94 was estimated at 43.13 million , an increase of 0.80 million over the 1992/93 population of 42.33 million, registering a growth rate of 1.88 percent.

Of the total estimated population of 43.13 million the male population was 21.37 million or 49.55 percent and the female population was 21.76 million or 50.45 percent. A review of the age distribution of population show that 15.00 million or 34.78 percent are in the age group of under 15 years, 25.27 million or 58.59 percent are in the working age group of the 15 and 59 years and 2.86 million or 6.63 percent are in the age group of 60 years and above.



## **General Feature**

### **Climate**

Myanmar enjoys a tropical climate with three seasons. The raining season from mid May to mid - October, the dry cool season from mid - October to mid - February and the warm hot season from mid - February to mid - May. Myanmar agriculture is highly dependent on the south-west monsoon for its annual share of water resources and moisture.

### **People**

The population of the Union of Myanmar in 1993-94 was estimated to be 43.13 million . Myanmar is a Union of many nationalities with as many as 135 ethnic groups, speaking different languages and dialects. Burmese who make up to 68 percent of the Myanmar population is the largest of the nationalities.

### **Religion**

About 85 percent of the population mainly Burmese, Shan and Kayahs are Buddhists, While the rest are Christians, Muslims and Hindu.

## **CHAPTER TWO**

### **Status of Agriculture in the country**

#### **Land holding and farm population and its feature.**

Agriculture being the mainstay of the national economy, all out efforts have been made in order to step up agricultural production. Reform measures focusing on five factors namely extension of cultivated area, provision of sufficient water supply, encouragement of agricultural mechanization, increased use of improved agro - practices and increased production and use of quality seeds, have been emphasised the farmers themselves made efforts to increase the agricultural production depending on the type of land, weather conditions and market demand. According to the statistic, concerning to the farm household and land holdings, it is estimated that about ( 4 ) million farm households are residing in rural areas. According to the 1993/94 ( provisional data ) the detail structure of land holding and farm households are shown in appendix ( A ).

## **Moreover**

In 1993/94, 78573 acres of fallow and virgin land have been leased out to private organization and entrepreneurs to cultivate in accordance with the rights on management of culturable and fallow land. Furthermore, 2252 acres of land have also been allocated to private organizations and entrepreneur for integrated paddy and fish farming in inundated fields.

Agricultural production has accordingly increased substantially in 1993/94 due to various efforts. According to the provisional data, the total gross sown acreage increased to 29.2 million acres exceeding the previous year's figure by 2.03 million acres. The total gross sown area of 29.2 million acres comprised of 21.8 million acres of net sown area and 7.5 million acres of mixed and multiple cropping area. Thus the net sown area as well as multiple cropping area increased by 0.24 million acres and 1.79 million acres respectively.

## **Main crops and irrigation potentials**

The provisional data for 1993/94 shows that the total crop area of the country is 29.23 million acres, with mixed and multiple cropping area 7.5 million acres included. Main agricultural products of Myanmar are as follows:

- ( a ) Cereal crops
  - Paddy
  - Wheat
  - Maize
- ( b ) Oil crops
  - Groundnut
  - Sesamum
- ( c ) Beans and pulses
- ( d ) Industrial crops
  - Sugar cane
  - Jute
  - Cotton
  - Virginia tobacco

Crop production in Myanmar is mainly depending on monsoon rains. The availability of adequate water for agriculture is a critical factor. Provision of irrigation facilities, main ingredient for the development of agriculture sector has undertaken by five methods. In order to expedite the provision of irrigation and flood protection facilities, the State has been incurring a large amount of expenditure annually by implementing irrigation and embankment

project while making special efforts to expand in the completion of these networks to facilitate early provision of water supply. The State has also been giving special emphasis on systematic maintenance of existing irrigation and embankment systems while the construction of medium and small scale irrigation networks requiring small investment with quick return were carried out with the active cooperation of the public. In order to enhance the cropping intensity in the short run, measures storing water by blocking streams and creeks, building small scale embankment works, drilling tube wells, extensive use of pump irrigation and other means were resorted to. This was achieved by the mobilising the people and with effective support and assistance given by the State. According to the 1993/94 provisional data, the total irrigable area undertaken by the Irrigation Department increased by 23175 acres. Consequently, the irrigated land area according to the 1993/94 provisional data increased to 3.8 million acres, which shows an increase of 1.0 million acres over the preceding year. There has been a marked increase in irrigated area by water pumps. The irrigated crops area has also increased significantly to 4.5 million acres according to the 1993/94 provisional data, which shows significant increased of 1.3 million acres over the preceding year, this was mainly due to marked expansion in the irrigated areas of double cropping paddy and summer paddy.

Hence, the ratio of irrigated land area in the net area sown has increased significantly to 17.4 per cent according to the 1993/94 provisional data, compared with the previous year's level of 12.7 percent.

- Cropping irrigated area and position of crops under irrigation are shown in appendix B and C.

### **Agriculture as an industry:**

Myanmar has agro - ecological zones, it has been growing cereal crops, oil seed crops, pulses, industrial crops, vegetable, fruits and flowers under different system.

In Myanmar agriculture, cereal crop forms the most important crop with an area constituting more than 50% of the total crop sown area of 25 million acres ( 10 million hactres ). Among the cereal crops, rice is being grown widely through out the country and its share in more than 50% of the total crop sown area. Oil seed crops occupy the second most important position next to cereal, followed by pulses in the third place and industrial crops in the fourth. The area under multiple cropping is about 5 million acres ( 2 million hactres ) being the cropping intensity of about 125%.

**Animal Husbandary:**

According to the 1993 - 94 provisional data artificial insemination works totalling 94854 dosages on cattle and 4550 dosages on pigs were carried out to promote livestock breeding. To enhance animal health, 12.8 million cattle, 1.1 million pigs, and 14.4 million fowls were vaccinated while 0.7 million cattle, 0.5 million pigs and 0.9 million fowls were treated. A pilot scheme for the establishment of free zone area of cattle foot and mouth disease at Yanbye Island in Rakhine State was being introduced beginning from 1993 - 94. In addition, nasal spray vaccine for hemorrhagic septicaemia has been produced on an experimental scale to replace the conventional intramuscular vaccine.

With a view to promote sufficiency of animal feed supply, 5860 acres of pasture Land were developed in Kayah and Mon state and Sagaing, Bago, Magway, Mandalay, Yangon and Ayeyarwady Divisions in 1993/94.

According to the 1993/94 provisional date, the number of draught cattle increased to 6.6 million heads, cattle other than draught cattle to 5.4 million heads, sheep and goats to 1.5 million heads, pigs to 2.8 million fowls to 29.1 million and duck to 4.7 million, More effective measures are being taken against illicit trafficking of cattle across the border.

**Fertilizer production and distribution:**

According to the 1993/94 provisional data, the production of chemical fertilizer is 216 metric tons.

In order to enhance production of crops not only Myanmar Agriculture Service but also other State Organization, Cooperative Societies and private entrepreneurs have been procuring fertilizer locally and from abroad for distribution to the farmers. According to the 1993/94 provisional data, a total of 438 thousand metric tons of chemical fertilizers was procured, an increase of 240 thousand metric tons over the previous year. Procurement by organizations comprised 370 thousand metric tons by Myanmar Agriculture Service, 32 thousand metric tons by other state organizations, 30 thousand metric ton by Cooperative Societies and 7100 metric tons by private entrepreneurs. The total distribution of chemical fertilizers was 413 thousand metric tons, an increase of about 220 thousand metric tons over the previous year. The distribution of fertilizer by Myanmar Agriculture Service comprised 335 thousand metric tons of fertilizers for paddy cultivation representing 97.5 per cent of the total distribution and an increase of 186 thousand metric tons over the preceding year. The second largest portion of the fertilizers were distributed for the cultivation of industrial crops such as jute, rubber and

sugarcane. A part from chemical fertilizers, efforts were also being made for systematic mobilization and utilization of natural fertilizers.

Procurement and Distribution of chemical fertilizers are shown in appendix ( D - 1 & D - 2 ).

### **Agro - processing sector and Marketing of Agricultural produce:**

In 1994 - 95 beginning April 1994, The Ministry of Agriculture has formed a separate Myanmar Jute Enterprise with a view to overseeing Jute production in all its processes from planting to purchasing, production and exporting. Similarly Myanmar Sugarcane Enterprise is practising the processes from planting to purchasing, production and exporting. Similarly Myanmar Sugarcane enterprise is practising the processes from planting to purchasing, production and marketing, Myanmar cotton and Sericulture Enterprise is also undertaking as above mentioned. Myanmar Agriculture Service distributed seeds, agricultural inputs and disseminated agro - techniques to the farmers and procured back, maize, beans and pulses and sesamum for export and domestic consumption. Likewise, Myanmar Farm Enterprise supplied agricultural inputs and propagated agro - practices to the farmers for cultivation of paddy, maize sesamum and nigar in return for farmers to sell back specified quotas. Myanmar Farm Enterprise has propagated new forming techniques and distributed quality rubber saplings and permitted the establishment of nursery farms. Furthermore, the purchase price of rubber was increased and marketing and distribution activities at local and foreign levels were undertaken.

Myanmar Agricultural Produce trading especially purchased and milled the paddy to distribute to government employee, needy organizations and for export. At present, the State organizations are procuring the required industrial raw materials, while beans and pulses and other cereal crops are procured and distributed by State organizations, in competition with cooperative societies, Joint Venture corporations and private individuals.

### **Management of Agriculture; technological development in agriculture; research, and farm education and extension activities.**

In order to step up agricultural production, research works were extensively carried out and prospective finding were disseminated to the farmers. Demonstrations and cultivation practices were extended by establishing model farms while crops and agro-practices suitable to the ecological conditions were disseminated. Moreover Various measures have been taken to educate the farmers on agro-techniques and to increase production by effective utilization of

fertilizers. In order to boost agricultural production by mixed and multiple cropping, arrangements were being made for extensive use of agro-machinery and implements in various stage of cultivation through demonstration on effectiveness of the use of machinery. An applied research was established at Mudon Township in 1991/92 Experimental and research works for perennial crops such as rubber, oil palm and cashew nut have been carried out. The Institute of Agriculture was integrated with the Ministry of Agriculture to be more effective with realities. According to the 1993/94 provisional data, extension workers totalled 5932, an increase of 50 over the previous year. Thus an extension worker supervised an average of 4927 acres which was 303 acres more than that of 1992/93.

The agricultural education division of Myanma Agricultural service ( MAS ) is also responsible for the transfer of agricultural technologies, including plant protection service to the whole peasantry. The transfer of technology is transmitted effectively at divisional, district, Township and village tract levels. Currently there are 137,11 village tracts and about 4 million farm household in Myanmar. And at present, strength about 7000 village extension staff, the ratio works out to an average of 500 farmers per technician. MAS has Central Agricultural Development Training Centre. It serves as the nucleus for pre-service training, in-service training and refresher courses.

**The basic responsibilities of the ( MAS ) are as mentioned below :**

- (a) The breeding and development of improved crops, formulation of suitable technological packages for different crops, organic, inorganic and bio-fertilizer research, the use of pesticides and pest management research, cropping pattern soil fertility studies, classification of soil and prevention of soil degradation.
- (b) The distribution of quality seeds undertaking necessary measures for the increased introduction of recommended crops, provision of assistance for higher crop yields and the transfer of modern agricultural practices as a mean towards higher agricultural production.
- (c) The establishment of appropriate agricultural development programmes to ensure domestic self sufficiency, adequate provision of raw materials for local industries and generate increased exports.

- (d) The procurement and distribution of chemical fertilizers, bio-fertilizers, pesticides, quality seeds and planting material, small farm implements and implementing foreign assisted programmes and
- (e) The establishment and management of State farms and plantation farm in strengthening public sector investment.

As mentioned above, research activities are mainly conducted by the Central Agricultural Research Institute ( CARI ) of ( MAS ) CARI has several functions which include plant breeding and development of improved crop varieties, formulation of suitable technological packages for different crops, soil fertility studies and bio-fertilizer application, experiments on cropping System.

### **CHAPTER THREE**

#### **Cooperatives in Myanmar :**

A total of 20103 societies has been registered under the old Cooperative Societies Law. Out of this total 3630 societies have now been reconstructed in accordance with the provision of the new Cooperative Law and the remaining societies totalled 16473 will be reconstituted accordingly. New societies formed under the new Cooperative Law are 3427 societies limited. Therefore the overall number of registered societies now 23530 as of 01 July 1994. The different level of societies are ( 1 ) primary Level ( 2 ) Secondary Level ( 3 ) National Level and ( 4 ) Apex Level respective data are shown in appendix ( E ).

Organizational structure of the cooperative movement is shown in appendix ( F ).

#### **Status of Agricultural producers' cooperatives**

In accordance with the new Cooperative Law in number of agricultural producers' cooperative societies and syndicates have been formed among these cooperatives 2118 societies are of primary level and the remaining 49 societies are of secondary level, which are formed by primary societies.

Between the above agricultural Producers' Cooperatives, the total amount of acreage is 165919.30. These acreage are in some societies it is wholly owned by the societies and in some Societies, it is owned by the members. There are also same acreages that are partly owned by members and societies. In the agricultural cooperatives the individual productions are more

common, but in some cases there are societies which have collective farming. Among these cooperatives the type of productions can be distinguished roughly as follows;

- (1) Means of production are owned by the individual members and practiced individual farming. Collective purchase and distribution of farm requirements and sale of produce through cooperative good-will.
- (2) Means of production are owned by the members but the production are mostly done on hiring basis. Tools and implements are hired by the society. Farm produce are owned by the society and the sale of produce is done by the society.
- (3) Means of production are owned by the society, and adhere to collective production. Produce are sold by the societies. Members are entitled to dividend on shares and bonus.

### **General description of their activities**

Now Myanmar Government is organizing and motivating the farmers to form the cropwise agricultural producers' cooperatives and marketing cooperatives on the basis of cooperative principles.

In near future agricultural loans would be disbursed to the agricultural producers cooperative, Myanma Agricultural and Rural Development Bank and Myanma Economic Bank.

At present, most of the agricultural producers' cooperatives Ltd and its Syndicates mostly receive loans from township cooperative societies and state/divisional cooperative syndicates. The cooperatives in line with the mechanization programme is adopting in using machineries such as tractors, seeders, and power tillers. These machines are owned by the society and are leased to the members for using in their field. Most of these cooperatives are also encouraged for cattle breeding and fish ponds by the State, where necessary assistance are rendered by the respective departments. The Mechanization Department also helps the farmers for cultivation; drilling tube wells at a low price. Myanma Agriculture service ( MAS ) also assists the farmers, member farmers to transfer the applied technology of crop production. The Mechanization Department is also selling the tractors and other farm implements to the needed farmers and member farmers by instalment basis.

As of 15th July 1994, the member of Agricultural producers' cooperatives Ltd are totally 2118 societies, 39576 individual members with a total of 165919.30 acres. The total number of agricultural producers' Cooperative Syndicates numbered 49. Detail figures are shown in appendix ( G ).



## CHAPTER FOUR

### (A) Status of Sagaing Division Cooperative Syndicate.

Sagaing Divisional Cooperative Syndicate is a Society formed by the amalgamation of township cooperative societies. The societies which are members of the syndicate numbered 36. It was formed on 1st October 1975. It is situated in the middle part of the country and it is the heart of maize, wheat, beans and pulses.

Sagaing Divisional Cooperative Syndicate Organizational Structure consists of an executive committee with three members. A Chairman, Secretary and an executive member.

This executive committee takes responsibilities of day to day affairs of the Syndicate. They have to supervise the whole organization as well as to make important decisions and policies regarding the organization. And we have administration, budget and account and business sections. And under this business section, we have three sub-branches including servicing enterprise branch, commodity distribution branch, and sale of agricultural products branch. The business of the Syndicate are managed by nine managers with fifty four staff in the syndicate.

### **Principal activities;**

The Sagaing Divisional Cooperative objectives are as follows;

To participate in concerted efforts for the development of market oriented economy,

To work Jointly for capital needs and to solve financial problems and

To Jointly invest in business which involves huge capital and which are in line with members needs and for the benefit of the State.

With the above objectives the Syndicate is thriving its best for the betterment of its members in the interest of the Division. At present the principal activity is external trade. The export of agricultural products to Singapore is jointly realized by collaboration with Central Cooperative Society and members Societies of the Syndicate. The last shipment of 500 tons of toor whole was completed lately and intensive discussions are under way for further shipment for beans and pulses.

Myanmar cooperatives with the emergence of the new law is undergoing many changes. Our society must also reconstituted according to the Law. The Societies are also thriving so as to survive in the market oriented economy. In this stage our society is doing the best to overcome

all the difficulties. Some of the shortcomings are :

- (a) Lack of modern management abilities,
- (b) Lack of sufficient financial investment and
- (c) Lack of entrepreneurial capabilities.

**Possible Solution:**

To have adequate training in modern business management and to have external exposure on management of agricultural cooperatives and

To search for business opportunities for the benefit of the society.

**( B ) Status of Pyinmanar Township Cooperative Society**

My own cooperative is a township level which was formed in 1972. It is called Pymmanar Township Cooperative Society. It is situated in the centre of Myanmar. The township is surrounded by Shan Yoma in the Northen East Yezin Dam in the South and Ngalite Dam in the North. It is an agricultural township and with the surrounding dams. Agricultural products are produced throughout the year.

**Organization Structure**

Our organization has an executive committee. The committee consists of a Chairman, one committee member and a secretary. Their duties are to manage and supervise the whole organization as well as to make important decisions for the progress of society and policies regarding the organization. The society has six managers and total staff of 100. In accordance with the new Law we have to restructure the society which was register under the old Law. We have administration, budget, account and business section. Under this business section, we have Five sub - branch sections. Five sub - branches including brokerage - house branch, meat producing and selling branch, printing and binding branch, departmental stores and motel business and Collective farming branch.

### **Relationship with other cooperatives**

Our organizations formed by members societies, agricultural producer's cooperatives. Our Township Cooperative Society has duty to promote inter - trade between cooperatives which are members of our society. Our organization also has shares worth 20 million Kyats with Agricultural Products Purchase and sell cooperative Limited society. This Limited has a capital of 120 million Kyats per for purchasing sugar, peas and beans. This cooperative earns about 90 million Kyats and our rebate was 0.3 million for the fiscal year.

Khit Qo cooperative farm which also is a member of our society has forms of 150 acres of sugar cane and 100 acres of sesamum. This society products are to our township society. Similarly our organization also supports other cooperatives which are our members by giving soft loans and other financial assistance.

### **Principal activities**

Pyinmanar Township Cooperative Society objectives are:

- ( 1 ) To participate in concerted efforts for the development of market oriented economy.
- ( 2 ) To assist member societies needs and to solve financial problems.
- ( 3 ) To export local crops such as peas and beans sesamum, sugarcane.
- ( 4 ) To jointly invest in business which involves huge capital and which are in Line with member's needs and for the benefit for the state.

The main problems of our society are lack of adequate finds, lack of modern business techniques and lack of business opportunities. Our cooperatives will be reconstituted according to the new law by the last week of October 94. The Township Cooperative Society then, will be reformed into three different primary societies, in accordance with business sections. At that stage financial burden on each cooperative will be more relax than the old mother society. And in near future with new individual members each society will have more excess for additional findings and opportunities for investment.

But lack of modern business management, specially cooperative business management, not only our growth but also finding of business opportunities. The external exposure which can enlighten our vision is also a factor for all these short comings.

After restructuring and will over two years of market oriented business experience our cooperatives have a very bright future. And my experience from this training can also enhance the capacity of business management. In addition to this experience, the exposure I will be contacting in agriculture fields is of paramount importance for myself and for our farm.

I believe that our experience gained from this training can also contribute to the betterment of Myanmar cooperative movement.

#### **Possible solution**

To have adequate training in modern business management and to have external exposure on management of agricultural cooperatives and

To search for business opportunities for the benefit of the society.

## **CHAPTER FIVE**

#### **Conclusion**

The Cooperatives of Myanmar with the new Cooperative Society Law are under going many changes. And on the other hand with the market oriented economy policy the cooperative have face increased competition by the private sector. So far the cooperatives have stood by all challenges and have moved into the future. But, like other cooperatives in the region Myanmar cooperatives need genuine approach, so as to organize ourselves collectively and build our own protective strategies to avoid exploitation.

Agriculture is the most important sector of our economy. The Government is encouraging the farmers to form into agricultural cooperatives and our society itself is in the central part of the country which wholly depends on agriculture. At this stage most of our business are agriculture based. In future with the expertise gained, I hope I will be able to contribute my best for the betterment of my society.

## Position of Land Area Cultivated by the Peasant Families and Agricultural Societies

1993/94

( Provisional )

No.	Size of holding	Number		Percentage	
		Peasant families and Societies ( thousand )	Acres ( thousand )	Pesant families and Societies	Acres
1	Under 5 acres	2744 .5	6529 .8	61 .8	26 .7
2	5 to 10 acres	1105 .1	7791.7	24 .9	31 .8
3	10 to 20 acres	490 .5	6731.9	11.0	27 .5
4	20 to 50 acres	99 .9	2720. 2	2.2	11 .1
5	50 to 100 acres	1 .6	97.0	0.04	0 .4
6	100 acres and above	0 .8	608.2	0.02	2 .5
	<b>Total</b>	<b>4442 .4</b>	<b>24478 .8</b>	<b>100 .0</b>	<b>100 .0</b>

Notes : - Cultivated Land area includes agricultral Land and fallow Land.

**Irrigated Area and Multiple Cropping Irrigated Area.**

The position of irrigated area and multiple cropping irrigated area is shown in the table below

Irrigated Area and Multiple Cropping Irrigated Area

Sr No	Year	Net area sown ( Thousand acres )	Irrigated area ( Thousand acres )	Multiple cropping irrigated area ( Thousand acres )	Percentage of irrigated area	Percentage of multiple cropping irrigated area
1	2	3	4	5	6=4/3	7=5/4
1	1940/41	17560	1562	81	8.9	5.2
2	1961/62	17698	1324	83	7.5	6.3
3	1969/70	19219	2020	270	10.5	13.4
4	1971/72	19674	2199	300	11.2	13.6
5	1973/74	19928	2400	313	12.0	13.0
6	1977/78	20041	2422	336	12.1	13.9
7	1981/82	20789	2579	347	12.4	13.5
8	1982/83	20337	2497	361	12.3	14.5
9	1983/84	20435	2630	355	12.9	13.5
10	1984/85	20656	2682	480	13.0	17.9
11	1985/86	20687	2616	432	12.6	16.5
12	1986/87	20338	2665	408	13.1	15.3
13	1987/88	19731	2463	379	12.5	15.4
14	1988/89	19903	2516	372	12.6	14.8
15	1989/90	20285	2483	388	12.2	15.6
16	1990/91	20568	2479	392	12.1	15.8
17	1991/92	20605	2467	407	12.0	16.5
18	1992/93	21533	2743	488	12.7	17.8
	(Provisional actual)					
19	1993/94 (Provisional)	21769	3785	729	17.4	19.3

Note - net area sown includes area other than demarcated agricultural land

## Irrigated Area by Crops.

The position of crops under irrigation is shown in the table below.

## Irrigated Area by Crops.

( Thousand acres )

Sr No	Crops	1990/91	1991/92	1992/93 ( Provisional actual )	1993/94 ( Provisional)
1	2	3	4	5	6
1	Paddy	2147	2063	2365	3723
2	Wheat	43	64	53	58
3	Maize	10	14	12	14
4	Matpe ( Black gram )	1	1	8	5
5	Pedisein ( green gram )	0.2	1		
6	Butter bean	1	1	1	1
7	Soya bean ( Soy bean )	2	2	2	2
8	Gram ( Chick pea )	66	94	81	80
9	Sadawpe ( graden pea )	3	2	2	2
10	Groundnut	8	8	10	10
11	Sesamum	175	186	185	172
12	Sunflower	12	11	11	12
13	Cotton	34	37	53	34
14	Jute	68	62	102	58
15	Sugarcane	21	20	18	13
16	Chillies	44	58	71	63
17	Onions	37	43	42	42
18	Garlic	23	25	29	28
19	Potatoes	0.2	1	1	1
20	Other crops	176	181	185	196
	Total	2871	2874	3231	4514

**Procurement and Distribution of Chemical Fertilizers.**

Procurement and distribution of chemical fertilizers are shown in the table below

**Procurement and Distribution of Chemical Fertilize**

( Metric ton )

Sr		Particulars	1990/91	1991/92	1992/93	1993/94
No					(Provisional actual )	(Provisional)
1		2	3	4	5	6
		Domestic Procurement of Urea Fertilizer	135355	105083	117461	204099
		Myanma Agriculture Service	135130	101202	110165	202022
		Other State Organizations	225	1846	255	2077
		Co-operative Societies		2065	7041	
		Imports	57500	44125	81700	234310
		Myanmar Agriculture Service	47500	23102	66778	167210
	1	Urea		23102	9186	121210
	2	T. Super	20000		46688	46000
	3	Potash	5500		10904	
	4	Ammonium phosphate/ sulphate	22000			
		Myanma Agricultural Produce Trading		4323	10192	30000
	1	Urea		4323	10192	30000
		Co-operative Societies		4000		30000
	1	Urea		4000		30000
		Private	10000	12700	4730	7100
	1	Urea	10000	12700		7100
	2	T. Super			4730	
		Total (1+2)	192855	149208	199161	438409
		Urea	145355	149208	136839	392409
		T. Super	20000		51418	46000
		Potash	5500		10904	
		Ammonium phosphate/ sulphate	22000			



## Procurement and Distribution of Chemical Fertilizers

( Metric ton )

Sr		Particulars	1990/91	1991/92	1992/93	1993/94
No					(Provisional actual )	(Provisional)
	1	2	3	4	5	6
4		Distribution				
	1	Myanma Agriculture Service	151565	142736	178561	343967
	1	Urea	115324	108452	144939	279764
	2	T. Super	31714	15389	24029	52577
	3	Potash	4527	2086	4402	11626
	4	Ammonium phosphate/ sulphate		16809	5191	
	2	Myanma Agricultural Produce Trading		4323	10192	30000
	1	Urea		4323	10192	30000
	3	Other State Organizations	225	1846	255	2077
	1	Urea	225	1846	255	2077
	4	Co-operative Societies		6035	7041	30000
	1	Urea		6035	7041	30000
		- Imports		4000		30000
		- Domestic Procurement *		2035	7041	
	5	Private	10000	12700	4730	7100
	1	Urea	10000	12700		7100
	2	T. Super			4730	
	6	Total Distribution	161790	165605	193738	413144
	1	Urea	125549	131321	155386	348941
	2	T. Super	31714	15389	28759	52577
	3	Potash	4527	2086	4402	11626
	4	Ammonium phosphate/ sulphate		16809	5191	

\* Include in the distribution of Myanma Agriculture Service.

The number of Co-operative Societies formed according to the 1970 Co-operative Law up to 22nd December 1992 are as follows:

(a) Central Co-operative Societies	1
(b) State /Divisional Township Co-operative Societies	15
(c) Township Co-operative Societies	305
(d) Consumer's Co-operative Societies	2525
(e) Village Co-operative Societies	12582
(f) Saving and Credit Co-operative Societies	2172
(g) Industrial Co-operative Societies	2219
(h) Other types of Services Co-operative Societies	284
	20103
Total ( A )	20103

Formation of Co-operative Societies up to 1st July 1994 is as mentioned belows:

#### Primary Co-operative Societies

(a) Government Employees Co-operative Ltd	56
(b) Co-operative Store Ltd	43
(c) Agricultural Producers' Co-operative Ltd	2078
(d) Wholesale Co-operative Ltd	104
(e) Industrial Co-operative Ltd	568
(f) Services Co-operative Ltd	165
(g) Crop Purchasing Processing and Marketing Co-operative Ltd	43
(h) Market Co-operative Ltd ( Market place )	75
(i) Higher Education Employees Co-operative Ltd	15
(j) Township Education Employees Co-operative Ltd	129
(k) Other types of Co-operative Ltd	76
	3352
Total ( 1 )	3352

**B. Co-operative Syndicates**

(a) Government Employees Co-operative Syndicate Ltd	1
(b) Co-operative Stores Syndicate Ltd	1
(c) Emporium Co-operative Syndicate Ltd	10
(d) Industrial Producers' Co-operative Syndicate Ltd	11
(e) Agricultural Producers' Co-operative Syndicate Ltd	35
(f) Monetary Co-operative Syndicate Ltd	14
(g) Wholesales Syndicates	1
(h) Construction Co-operative Syndicate Ltd	10
(i) Sewing Co-operative Syndicate Ltd	1

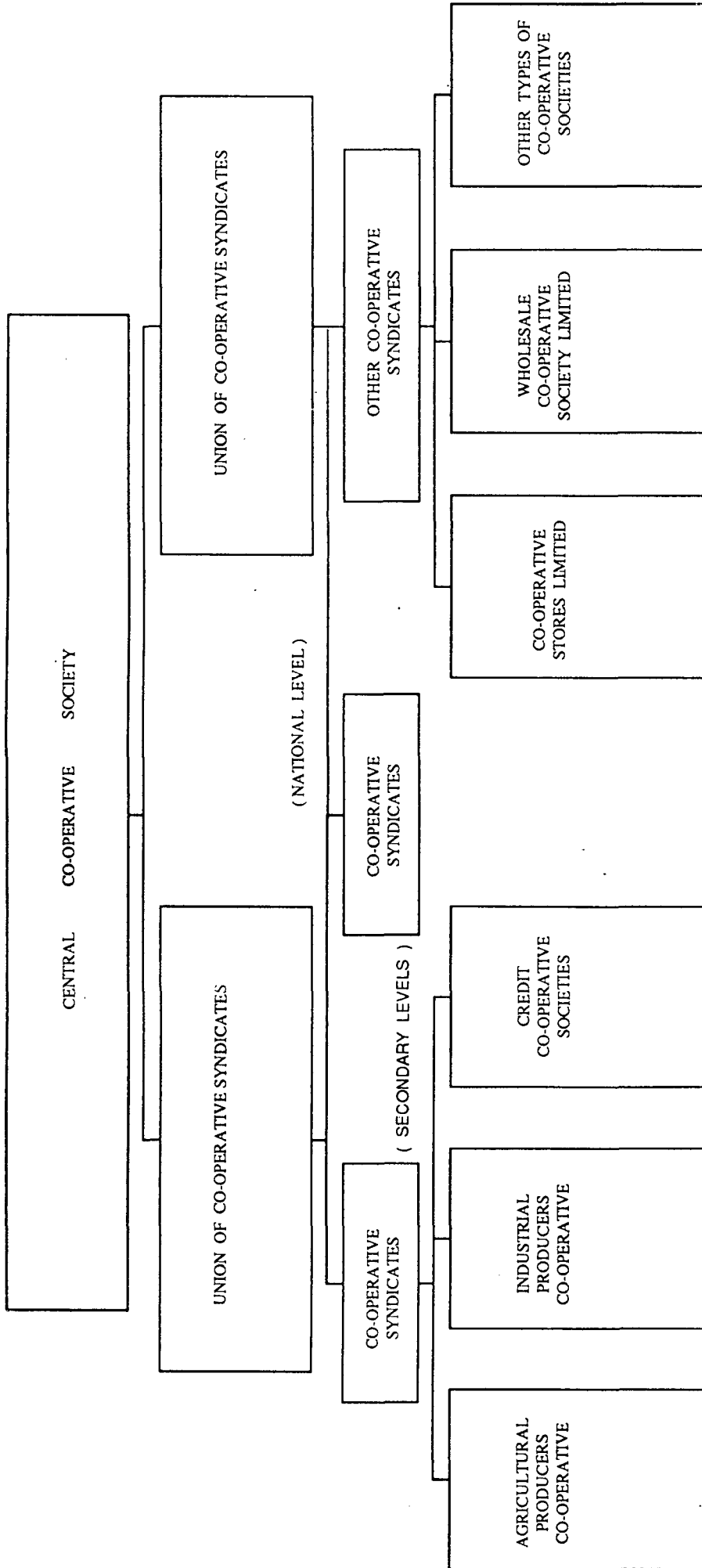
Total ( 2 ) 75

Total ( B ) 3427 ( total 1 + total 2 )

The total number of Co-operative Societies in Myanmar is :

Total A	20103
Total B	3427
	<u>23530</u>

ORGANISATIONAL CO-OPERATIVE MOVEMENT



( PRIMARY LEVELS )

**Numbers of Agricultural producers' cooperative Ltd members and cultivation area in acre as of 15 July 1994.**

No.	Name of the Division States	Number of societies	Number of members	Cultivation area (in acre)	Number of agricultural producers co-op syndicate
1	Kachin State	21	318	2176.92	-
2	Kayah State	4	68	120.00	-
3	Kayin States	76	1192	1488.00	5
4	Chin States	11	405		-
5	Mon States	98	1137	1193.35	1
6	Rakhine State	22	621	810.12	-
7	Shan State	43	1154	1742.00	-
8	Sagaing Division	187	3830	20677.78	3
9	Tanintharyi Division	62	1124	5437.55	1
10	Bago Division	142	1961	34780.50	8
11	Magway Division	211	6441	11259.44	5
12	Mandalay Division	531	11209	51935.69	6
13	Yangon Division	109	4070	16622.50	3
14	Ayeyarwady Division	595	6046	17725.45	17
	<b>Total</b>	<b>2118</b>	<b>39576</b>	<b>165919.30</b>	<b>49</b>

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3. COOPERATIVE IN MYANMAR BY CONTRAL COOPERATIVE SOCIETY.

THE 9TH ICA JAPAN MANAGEMENT TRAINING COURSE, 1994/95

By: Rony L. Farquerabao/Philippines

I. INTRODUCTION:

According to history, the Philippines was discovered by Ferdinand Magellan on March 15, 1521. The islands was named after King Philip of Spain which the Spaniards ruled for almost 333 years bringing the Christian religion in this 7,107 islands with different cultures and dialects. Located in the tropical zone near the equator, the temperature range from 21°C during December to January and 32°C during the summer months of April and May. It has only wet and dry season and generally the climate is pleasant. However, with an average of 27 typhoons visiting the country per year, development is a hard process. The country has a total land area of 300,780 square kilometers and is divided into three main regions, namely: Luzon, Visayas, and Mindanao. It has also 73 provinces, 61 cities, 1,501 municipalities and 40,149 barangays. It has an approximate population of 64 million people. It covers a vast area of water and the land mass is from plain to big mountains.

## II. AGRICULTURE

Agriculture is the backbone of the economy of the Philippines. Together with forestry and fisheries, the combined sector accounts for 30% of the Gross Domestic Product (GDP), employs 50% of the country's labour force, contributes 40% of the export revenues and provides livelihood to 60% of the population. During the period 1985-92, the average share of agriculture's Gross Value Added (GVA) to GDP was 33% which was the single largest share to the GDP. For the period 1984-92, the average annual growth of the agriculture sector was 5.7% while other economic sectors showed negative growth.

The agricultural sector is characterized by a slow rate of technology adoption, small farm holdings, low productivity and low income. Approximately 85% of all farms are under five hectares -- of which 60% are below three (NCSO 1985). Actual average yields of major crops are low compared with experimental results and with the actual yield of other Asian countries. For example, experiments show that rice and corn yields can reach as high as 9 and 6 tonnes (t), respectively. In contrast, the actual average rice yield of irrigated areas is only 2.571 and 1.541 in rainfed areas (Bureau of Agricultural Statistics 1986) while the average corn yield is 1 t per hectare. The average monthly income in the agriculture sector is Pesos (P) 1,335 (indicative figure) which is 24% below the poverty line of ₱1,758 per month and well below the average rural family income of ₱1,885 per month (Department of Agriculture (1987)). In 1983, 40% of the rural population had per capita incomes below the poverty line.

Low productivity and low farm income may be partly explained by the lack of appropriate production and post-production technologies, especially in the upland and rainfed areas, and by the slow rate of technology adoption in spite of technological breakthroughs. A World Bank study indicates that only about 30% of

research results in developing economies like the Philippines are extended to farmers while 25% of farmers reached by extension are adopters. In the Bicol Region, for example, a survey of rainfed rice farmers who were users of high yielding varieties indicated that, of the 103 farmers interviewed, only 12% used fertilizer during the dry season while 25% used fertilizer during the wet season (Mandac and Flinn 1983). The average rate of use was 12-19 kg/ha which is very low compared with the FAO estimate of 30 kg/ha average usage in the country for all fertilizer applied to rice and much lower than the recommended level. A recent study on technology adoption in Regions IV, VI and IX indicated that a high percentage i.e., between 50-79%, of the farmer-cooperators adopted new crop varieties introduced to them but only a few followed the recommended management practices attendant to the varieties.

The performance of the agriculture sector to a great extent determines the degree by which the Philippines can recover from its present economic predicament. In turn, performance is influenced by the interaction of technological, sociological and economic factors, including agricultural policies. Understanding the relationship of these factors spells the difference between success and failure of government programs.

The number and level of technologies that can be harnessed for profitable agricultural production depend at the rate and effectiveness by which the research sector can develop economically viable and technically feasible technologies. In the past, government food production programs such as Masagana 99 (Rice Production Program), Maisagana (Corn Production Program), and Gulayan sa Kalusugan (Vegetable Production Program) became possible only because research was able to develop technologies that accompanied the supervised credit schemes of these programs. Likewise,



advances in the production of other major crops such as coconut and sugar, livestock and fisheries were primarily due to modern technologies developed by research.

The internal rate of return (IRR) for research ranges from 30 to 50% with some investments paying 70 to 100% (Policy Agenda). A study by Evenson and Kislev (1975) points out that there is considerable evidence of a direct functional relationship between research investment and gains in productivity. Evenson and Kislev analysed the growth in world cereal production in terms of the contributions of increased area and increased yield. The result of this analysis indicated that, for the period 1950-71, yield growth contributed 40% of production expansion. The contribution of yield increase to growth considerably increased during the last few years included in the study. In fact, a separate analysis of the sub-period 1965-71 indicated that 80% of the production increase was due to yield growth. The same study made an inventory of studies on the economic returns of agricultural research investments in five countries and, as Table 1 shows, the IRR of agricultural research for different time periods ranged from 21-93%. In the Philippines, it has been estimated that for corn research, the IRR is 29-48% (Librero and Perez 1987); sugar research investment, 51-71% (Librero et al. 1987), and mango research, 50% (Mallon 1987).

Given these rates of return, it is evident that agricultural research is economically worthwhile. Research efforts must then be intensified to keep up with the food demand of a burgeoning population and to keep pace with the industrial demand for raw materials. Their focus must be clearly defined for agriculture is 'becoming more dependent on sophisticated technologies to produce and process food and fiber products' (Nickel 1984). Also, it is not enough just to produce more food and

fibre but research must also produce them at lower unit costs. Research must endeavour to develop technologies that will increase farmers' incomes and produce better quality products. Moreover, there is a need to study the effects of technology on human health and quality of life. In a nutshell, because of the insatiable need for new technologies, research must go on.

## RESEARCH PRIORITIES

### Crop Sector

The crop research program of the National Research System had 12 priority commodity groups. These were: coconut, corn and sorghum, plantation crops, legume, tobacco, sugarcane, fibre crops, ornamentals and medicinal crops, root crops, rice, wheat, other cereal grains (e.g., triticale and barley), fruit crops, and vegetable crops.

The priority plantation crops were rubber, coffee, cacao and oil palm. For legumes, the priorities were soybean, peanut and mungbean while the priority fibre crops were abaca and cotton. The priority fruits were mango, jack fruit, rambutan, citrus, cashew nut, pili nut, papaya, banana, strawberry and grapes.

The priority commodities were further stratified into priority research areas ranked into Priority I, Priority II and down the line. Research priority areas differed among commodities, depending on the immediate and major problems needing attention.

For the priority crops, the common research areas were: development of varieties for higher productivity and resistance to pests, diseases and environmental stresses; improvement of production technologies; studies on marketing schemes; development of post-production technologies; and development of new products.

## Livestock Sector

There were seven priorities under the National Livestock Research Program. These were: forage, pasture and grasslands, carabeef, beef/chevon, dairy, pork, and poultry.

Research in livestock and poultry focused on feeding and nutrition, management systems, breeding and reproductive physiology, establishment of information on major pests and parasites limiting productivity, integration of fodder crops into existing cropping systems, and field testing of production technologies.

## Fisheries Sector

The fisheries research program had three broad commodity priorities, namely, marine fisheries, aquaculture and inland waters. The specific priorities were tuna, shrimps and prawns, pelagic fishes (roundscad, chub mackerel, sardines, big-eyed scad and anchovy), demersal fishes (slipmouth, threadfin bream, lizard fish, caballa, hairtail, black pomfret, grouper, snapper and siganid), crustaceans (lobster and crabs), molluses (kapis, abalone, squids, mother-of-pearl and ornamental shells), echinoderms (sea cucumber and sea urchins), coelenterates (corals and jellyfish), seaweeds and seagrasses, and coral reefs.

Fisheries research centered on increasing fish production, resource assessment, production statistics, conservation and management, and biological and ecological studies.

# **PHILIPPINE DAIRY REPORT**

## **1985-1993**

<b>1. LOCAL PRODUCTION</b>	<b>...</b>	<b>3.8%</b>
<b>11. IMPORTED MILK</b>	<b>...</b>	<b>96.2%</b>
<b>(Powder/Liquid)</b>		

SUMMARY: AGRICULTURAL PRODUCTION

ITEM	1989	1990 R	1991	1992	1993 P
CROPS ('000 MT)	64207.1	61566.5	64109.3	63837.4	65756.3
A. CEREALS	13981.0	14173.3	14328.3	13747.8	14232.3
Palay	9458.8	9319.4	9673.3	9128.9	9434.3
Corn	4522.2	4853.9	4655.0	4618.9	4798.0
B. MAJOR CROPS	41648.1	38684.6	41091.1	41329.5	42954.5
Coconut	11810.4	11940.4	11290.9	11404.9	11317.0
Sugarcane	21424.8 1/	18666.9 1/	21824.5	21801.9	23366.1
Banana	3190.3	2913.3	2951.1	3059.2	3110.2
Pineapple	1178.8	1155.8	1117.1	1135.2	1189.7
Coffee	155.9	134.1	133.4	127.6	123.2
Mango	370.1	337.6	307.0	330.0	334.4
Tobacco	79.9	81.7	85.2	117.9	101.8
Abaca	88.4	80.5	85.2	84.3	81.4
Rubber	171.9	185.4	180.7	172.5	174.3
Cacao	9.4	9.9	9.6	7.5	7.7
Cassava	1846.9	1854.0	1815.7	1784.9	1844.2
Camote	660.3	668.9	662.3	677.2	691.9
Peanut	37.6	34.8	31.4	34.0	34.0
Mungo	25.1	26.7	25.1	23.2	23.4
Onion	65.3	61.5	60.3	56.7	61.5
Garlic	17.2	17.9	12.4	11.8	12.3
Tomato	178.7	184.0	177.2	165.4	141.9
Eggplant	111.6	112.7	104.0	110.4	111.1
Cabbage	75.9	68.3	75.8	83.2	86.0
Citrus 2/	149.6	150.2	142.2	141.7	142.4
C. OTHER CROPS	8578.0	8708.6	8689.9	8760.1	8569.5
Other fibercrops	64.6	58.4	77.6	92.9	65.5
Other Rootcrops	121.3	132.3	128.7	128.5	126.1
Tubers	214.0	201.4	198.4	206.4	202.6
Spices	26.3	27.0	26.5	26.8	26.4
Fruit bearing Vegetables	2887.6	2910.2	2812.7	2895.4	2840.7
Leafy/Stem Vegetables	1097.2	1080.2	1124.6	1110.4	1089.4
Other Legumes	34.0	34.3	35.0	34.7	34.1
Other Fruits	3639.3	3764.9	3784.4	3762.2	3691.3
Others	493.7	499.9	502.0	502.8	493.4

**SUMMARY: AGRICULTURAL PRODUCTION (Continued)**

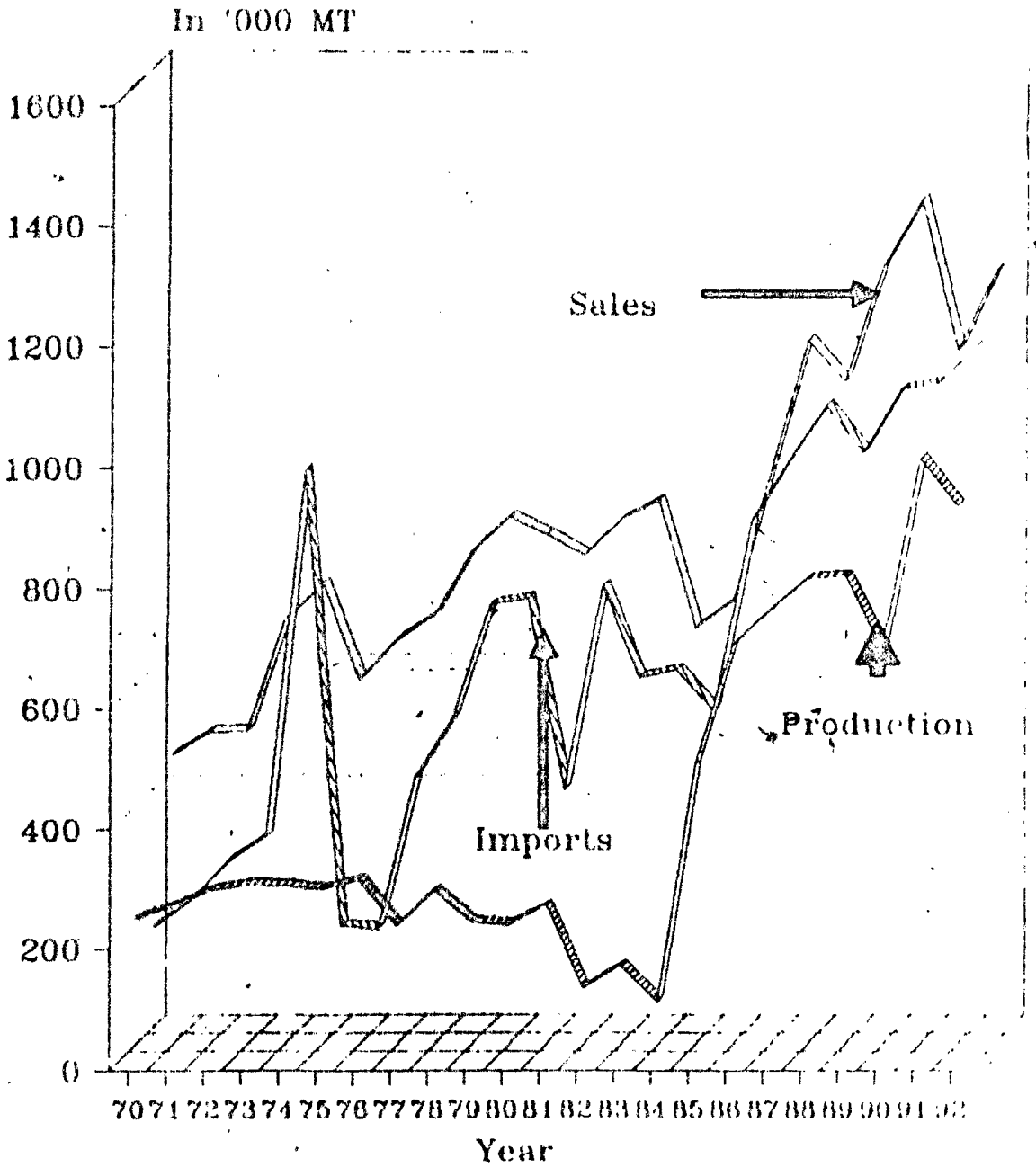
ITEM	1989	1990	1991	1992	1993 P
<b>LIVESTOCK</b>					
<b>TOTAL PRODUCTION (LIVEWEIGHT, '000 MT)</b>	<b>1323.38</b>	<b>1380.62</b>	<b>1396.78</b>	<b>1407.58</b>	<b>1471.51</b>
Carabao	120.23	106.53	101.20	108.60	108.34
Cattle	166.42	169.00	162.06	166.91	181.71
Hog	962.42	1031.12	1056.92	1056.98	1101.52
Goat	56.95	54.78	57.71	59.67	65.59
Dairy 3/	17.36	19.19	18.89	15.42	14.35
<b>POULTRY</b>					
<b>TOTAL PRODUCTION ( '000 MT)</b>	<b>532.98</b>	<b>595.49</b>	<b>614.71</b>	<b>691.08</b>	<b>720.42</b>
Chicken	498.88	559.65	577.88	651.99	678.76
Duck	34.10	35.84	36.83	39.09	41.66
<b>EGG PRODUCTION</b>					
<b>TOTAL PRODUCTION ( '000 MT)</b>	<b>184.16</b>	<b>196.15</b>	<b>204.21</b>	<b>217.27</b>	<b>241.30</b>
Chicken	155.41	165.70	170.81	180.52	202.10
Duck .	28.75	30.45	33.40	36.75	39.20
<b>FISHERY</b>					
<b>TOTAL PRODUCTION ( '000 MT)</b>	<b>2371.11</b>	<b>2503.55</b>	<b>2598.98</b>	<b>2625.61</b>	<b>2643.23</b>
Commercial	637.14	700.56	759.82	804.87	845.43
Municipal	1104.63	1131.87	1146.76	1084.36	1030.27
Aquaculture	629.34	671.12	692.40	736.38	767.53

**NOTE: See footnote content at end of table.**

Figure 08

# Production, Imports and Sales of Fertilizer

CY 1970 - 1992



**Table 13. Supply and sales of fertilizer, Calendar Year 1970-1992**

YEAR	SUPPLY		TOTAL	DOMESTIC	ANNUAL
	PRODUCTION	IMPORTS			REMAINING
			(A)	(B)	(A-B)
(In '000 MT)					
1970	240.30	186.20	436.50	454.00	(17.50)
1971	262.20	242.00	504.20	491.40	12.80
1972	288.70	306.30	595.00	492.50	102.50
1973	298.30	347.10	645.40	670.90	(31.50)
1974	297.00	956.30	1,253.30	738.30	515.00
1975	291.00	196.80	487.80	577.60	(89.80)
1976	306.25	193.04	499.29	643.90	(144.61)
1977	227.98	446.10	676.08	685.00	(8.92)
1978	269.70	545.81	835.21	791.60	43.61
1979	234.58	734.53	969.11	849.90	119.21
1980	230.00	745.23	975.23	819.00	156.03
1981	264.33	426.89	691.22	785.33	(94.11)
1982	125.81	765.45	891.26	845.97	45.29
1983	164.18	613.38	777.56	878.35	(100.79)
1984	103.36	626.35	729.71	665.16	64.55
1985	499.79	557.47	1,057.26	710.20	347.06
1986	697.54	875.65	1,573.39	925.73	647.66
1987	757.10	976.13	1,732.23	1,141.21	591.02
1988	808.47	1,066.11	1,874.58	1,073.42	801.16
1989	813.42	966.81	1,800.23	1,266.48	533.75
1990	691.50	1,093.03	1,784.53	1,377.03	407.50
1991	1,007.75	1,102.15	2,109.90	1,125.06	984.84
1992	930.14	1,163.29	2,093.43	1,261.31	832.12

SOURCE: Fertilizer and Pesticide Authority (FPA)



Table 13.0. Volume of sales of fertilizer, by grade, and by region, PHILIPPINES, Calendar Year 1970-1992

ITEM	LAGAYAN VALLEY		CENTRAL LUZON		SOUTHERN TAGALOG		WESTERN VISAYAS		CENTRAL VISAYAS		EASTERN VISAYAS		WESTERN MINDANAO		NORTHERN MINDANAO		
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
	(in '000 MT)																
1970	131.63	7.50	0.97	2.65	61.40	0.80	21.23	4.05	2.15	2.13	4.85	11.41	2.82				
1971	150.20	9.24	1.27	3.47	80.30	1.14	27.76	5.29	2.81	2.78	6.34	14.01	3.09				
1972	132.70	7.71	1.06	2.89	67.00	0.96	23.17	4.42	2.35	2.32	5.29	12.46	1.98				
1973	153.00	8.89	1.22	3.34	77.26	1.10	26.71	5.09	2.71	2.68	6.10	14.35	3.51				
1974	212.20	12.32	1.70	4.62	107.22	1.53	37.02	7.06	3.75	3.71	8.46	19.89	4.92				
1975	143.80	8.31	1.14	3.12	73.00	1.03	24.97	4.76	2.53	2.50	5.71	13.41	3.32				
1976	74.60	10.11	1.19	3.79	66.00	1.25	30.36	5.79	3.00	3.05	6.94	15.32	4.14				
1977	223.30	13.30	1.63	4.99	115.93	1.65	39.98	7.63	4.05	4.01	9.14	21.48	5.31				
1978	237.10	16.68	2.30	6.26	144.95	2.07	50.13	9.65	5.08	5.02	11.46	26.93	6.70				
1979	320.00	18.89	2.66	6.99	161.67	2.30	60.67	10.00	6.00	6.00	12.77	30.02	7.42				
1980	329.20	19.11	2.63	7.17	166.34	2.37	57.44	10.66	5.80	5.76	13.13	30.66	7.63				
1981	307.29	17.85	2.46	6.70	155.18	2.21	53.65	10.23	5.44	5.38	12.25	28.82	7.13				
1982	342.18	19.66	2.74	7.46	172.77	2.48	59.74	11.39	6.06	5.99	13.65	32.10	7.94				
1983	371.49	21.56	2.97	8.10	187.67	2.67	64.66	12.37	6.56	6.50	14.62	34.65	8.62				
1984	256.30	14.89	2.05	5.59	129.39	1.85	44.75	8.53	4.54	4.49	10.23	24.04	5.25				
1985	310.40	16.03	2.46	6.77	166.73	2.23	64.20	10.34	5.49	5.43	12.30	29.12	7.21				
1986	400.25	9.17	4.66	14.12	303.13	0.90	61.11	15.15	0.00	20.67	0.30	42.94	18.94				
1987	601.11	11.24	5.71	17.31	371.66	0.60	74.92	16.66	0.00	25.15	0.44	52.65	23.23				
1988	520.56	49.21	5.09	10.81	196.61	6.50	107.46	33.55	46.14	1.62	23.56	17.96	13.35				
1989	569.33	44.74	6.27	2.00	263.19	4.32	111.72	13.98	0.00	0.00	44.91	76.08	2.12				
1990	560.30	46.54	0.10	16.62	257.75	6.94	126.33	9.04	0.00	0.00	42.66	73.65	2.37				
1991	325.00	44.23	0.00	16.39	136.43	4.31	93.23	4.12	0.10	0.00	31.17	62.67	3.96				
1992	639.00	24.06	0.00	25.05	266.70	6.62	99.69	0.23	0.00	0.00	42.13	67.42	0.00				

AMMONIUM SULFATE

1970	116.10	12.53	0.24	2.55	63.46	0.74	11.70	4.01	3.03	0.66	4.69	11.03	0.51				
1971	130.66	14.03	0.27	2.74	71.09	0.83	13.10	4.48	3.36	0.99	5.47	13.03	0.57				
1972	134.60	14.52	0.26	2.63	73.62	0.66	13.67	4.64	3.51	1.02	5.67	13.49	0.54				
1973	210.00	22.62	0.44	4.41	114.69	1.34	21.17	7.25	5.46	1.70	6.84	21.04	0.92				
1974	400.50	21.63	0.42	4.21	109.67	1.28	20.21	6.92	6.23	1.52	6.44	20.69	0.86				
1975	167.50	18.07	0.35	3.62	91.62	1.07	16.66	5.76	4.37	1.27	7.65	16.76	0.74				
1976	165.40	20.00	0.39	3.69	101.36	1.16	16.69	6.40	4.64	1.47	7.81	16.66	0.82				
1977	177.70	19.17	0.37	3.73	97.19	1.14	17.91	6.13	4.64	1.35	7.46	17.61	0.76				
1978	171.20	16.47	0.36	3.60	93.62	1.10	17.26	6.91	4.47	1.30	7.21	17.15	0.75				
1979	175.40	16.93	0.37	3.65	95.93	1.12	17.66	6.05	4.58	1.33	7.36	17.56	0.77				
1980	143.60	15.49	0.30	3.02	76.64	0.92	14.47	4.95	3.75	1.09	6.05	14.39	0.63				
1981	126.49	13.65	0.27	2.66	69.17	0.81	12.76	4.36	3.30	0.96	5.33	12.67	0.56				
1982	140.26	15.14	0.29	2.95	76.70	0.90	14.14	4.64	3.66	1.07	6.91	14.06	0.62				
1983	137.73	14.66	0.29	2.69	76.33	0.86	13.66	4.75	3.69	1.05	6.60	13.60	0.61				
1984	116.61	12.60	0.25	2.49	64.67	0.76	11.96	4.09	3.10	0.90	4.99	11.66	0.52				
1985	126.20	13.62	0.27	2.65	69.01	0.81	12.72	4.35	3.29	0.96	5.31	12.65	0.56				
1986	156.36	2.69	0.00	6.64	123.03	0.00	7.36	0.67	1.64	1.63	1.19	6.12	0.12				
1987	205.93	3.74	0.00	6.45	169.00	0.00	9.49	6.49	1.99	2.36	1.76	10.50	0.15				
1988	179.70	29.11	0.29	0.26	75.00	1.65	24.54	5.59	20.20	2.75	10.67	6.52	0.60				
1989	216.55	30.19	1.00	0.00	79.16	1.64	31.67	10.06	0.00	0.00	11.05	45.60	0.60				
1990	226.61	39.76	0.96	4.62	83.19	3.46	29.66	2.24	0.00	0.00	16.99	32.14	1.16				
1991	269.67	25.24	0.10	11.27	163.70	1.39	27.49	4.37	0.48	0.00	16.13	46.16	0.34				
1992	252.36	51.79	3.00	14.01	83.64	2.49	39.53	3.13	0.00	0.00	16.95	36.72	0.69				

1/ CAR provinces included in the region

Table 13.0 (continued). Volume of sales of fertilizer, by grade, and by region, PHILIPPINES, Calendar Year 1970-1992

Year	Region													
	CAGAYAN	CENTRAL	SOUTHERN	WESTERN			CENTRAL		EASTERN		WESTERN	NORTH	SOUTH	CENTRAL
	VALLEY	LUZON	TAGALOG	PIPER	V. JAYAR	VSAYAR	VSAYAS	MINDANAO	MINDANAO	MINDANAO	MINDANAO	MINDANAO	MINDANAO	MINDANAO
	(in '000 MT)													
1970	84.20	9.57	1.48	0.02	39.09	0.85	12.08	7.27	5.35	0.38	3.07	3.83	0.70	
1971	82.50	9.37	1.45	0.02	36.99	0.67	11.84	7.12	5.24	0.37	3.09	3.50	0.65	
1972	80.87	10.06	1.60	0.02	41.08	0.72	12.71	7.85	5.83	0.40	4.17	3.82	0.74	
1973	116.30	13.21	2.05	0.02	63.98	0.84	16.69	10.04	7.39	0.52	5.46	5.01	0.97	
1974	126.90	14.42	2.23	0.03	66.80	1.03	18.21	10.95	8.06	0.87	5.98	5.47	1.05	
1975	102.10	11.50	1.80	0.02	47.39	0.83	14.65	8.81	5.45	0.46	4.81	4.40	0.85	
1976	108.00	12.27	1.90	0.02	50.13	0.87	15.50	9.32	6.66	0.49	5.09	4.65	0.90	
1977	124.10	14.10	2.18	0.02	67.60	1.01	17.81	10.71	7.00	0.56	5.65	5.17	1.01	
1978	147.20	16.72	2.59	0.03	85.35	1.19	21.12	12.70	8.35	0.66	6.61	6.14	1.22	
1979	159.50	18.12	2.81	0.03	74.05	1.29	22.89	13.76	10.13	0.72	7.5	6.87	1.32	
1980	168.20	17.97	2.78	0.03	73.45	1.26	22.70	13.65	10.05	0.71	7.45	6.82	1.31	
1981	183.88	18.99	2.88	0.03	75.68	1.33	23.49	14.13	10.39	0.74	7.71	7.05	1.38	
1982	181.84	18.36	2.84	0.03	75.04	1.31	23.20	13.95	10.28	0.73	7.61	6.97	1.34	
1983	160.81	17.10	2.65	0.03	69.85	1.22	21.60	12.89	9.58	0.69	7.09	6.49	1.25	
1984	134.30	15.26	2.36	0.03	62.84	1.09	19.27	11.59	8.63	0.60	6.11	5.70	1.11	
1985	131.40	14.63	2.31	0.03	61.00	1.06	18.66	11.34	8.34	0.59	6.19	5.66	1.09	
1986	123.52	1.12	0.00	0.03	92.70	0.00	25.55	2.29	0.00	1.38	0.00	0.20	0.25	
1987	154.34	1.40	0.00	0.04	116.82	0.00	31.92	2.88	0.00	1.73	0.00	0.26	0.31	
1988	187.15	32.02	2.22	0.00	26.18	1.45	16.68	24.41	51.50	0.00	5.14	6.25	1.42	
1989	223.34	42.53	14.15	0.00	65.43	3.72	25.13	26.64	1.44	0.00	22.75	17.61	1.44	
1990	278.01	47.55	11.93	0.09	103.39	4.30	26.68	33.74	2.68	0.00	26.70	20.36	0.10	
1991	181.64	34.81	6.64	0.82	54.81	2.16	23.37	23.49	1.82	0.00	17.88	16.82	0.00	
1992	202.80	39.48	4.99	0.85	61.85	1.84	23.84	25.92	3.41	0.00	19.31	21.53	0.00	

Year	Region												
	AMMONIUM	PHOSPHATE											
1970	83.10	9.72	1.79	0.03	32.49	0.55	17.05	4.30	5.51	1.34	0.64	5.19	0.22
1971	73.90	5.98	1.60	0.07	36.90	0.49	15.16	3.83	6.79	1.19	0.66	4.61	0.20
1972	69.20	7.22	1.93	0.08	34.69	0.59	16.30	4.62	6.89	1.44	1.14	5.57	0.24
1973	120.40	10.47	2.80	0.12	50.63	0.85	26.55	6.70	10.13	2.06	10.65	8.17	0.15
1974	130.70	10.67	2.82	0.12	51.14	0.88	26.82	6.77	10.23	2.11	11.76	8.16	0.33
1975	103.50	8.33	2.28	0.09	41.29	0.70	21.85	5.46	6.28	1.72	0.66	6.95	0.26
1976	119.00	9.39	2.51	0.10	45.39	0.77	23.60	6.01	9.03	1.87	0.95	7.24	0.31
1977	106.10	8.58	2.29	0.10	41.50	0.70	21.77	5.50	8.31	1.71	6.73	6.62	0.29
1978	125.30	10.14	2.71	0.11	49.01	0.83	25.71	6.49	9.81	2.02	10.31	7.82	0.34
1979	125.20	10.13	2.70	0.11	48.98	0.83	25.60	6.49	9.80	2.02	10.30	7.81	0.34
1980	131.60	10.86	2.83	0.12	51.65	0.87	27.05	6.63	10.32	2.12	10.85	8.22	0.36
1981	124.18	10.05	2.68	0.11	48.60	0.82	25.48	6.43	9.72	2.00	10.22	7.75	0.34
1982	143.07	11.57	3.06	0.13	53.68	0.84	29.38	7.41	11.20	2.30	11.77	8.93	0.39
1983	145.25	11.75	3.14	0.13	56.83	0.96	29.81	7.52	11.37	2.34	11.95	9.06	0.39
1984	121.94	9.85	2.63	0.11	47.71	0.80	25.02	6.32	9.55	1.90	10.04	7.61	0.33
1985	113.00	9.19	2.43	0.10	44.45	0.75	23.31	5.88	8.89	1.83	9.35	7.09	0.31
1986	111.69	0.24	0.00	0.17	73.52	0.00	30.01	2.01	0.00	4.26	0.00	1.30	0.18
1987	137.70	0.30	0.00	0.21	99.65	0.00	37.01	2.45	0.00	5.25	0.00	1.60	0.23
1988	163.90	21.71	1.88	0.23	17.61	2.39	20.45	18.27	60.89	0.72	14.02	5.49	0.44
1989	180.58	25.64	10.01	0.00	44.06	1.60	44.94	11.48	2.37	0.00	27.63	22.12	0.76
1990	234.16	29.06	9.60	0.00	65.41	2.23	44.32	11.16	2.07	0.00	39.54	30.35	0.40
1991	135.93	12.28	4.10	0.45	26.46	0.81	39.10	10.01	1.57	0.00	22.40	19.77	0.00
1992	157.81	14.96	2.81	0.55	41.66	1.09	34.44	11.17	2.38	0.00	31.50	15.06	0.00

1/ CAR provinces included in the region

Table 13.0 (continued). Volume of sales of fertilizer, by grade and by region, PHILIPPINES, Calendar Year 1970-1992

ITEM	PHILS.	LUZON					VISAYAS		MINDANAO				
		ILOCOS 1/	VALLEY 1/	CENTRAL	SOUTHERN	BICOL	WESTERN	CENTRAL	EASTERN	WESTERN	NORTHERN	SOUTHERN	CENTRAL
(in '000 MT)													
<b>MURIATE OF POTASH</b>													
1970	49.00	0.68	0.01	0.00	10.65	0.42	18.30	3.37	3.23	1.37	1.47	9.12	0.36
1971	46.00	0.63	0.01	0.00	10.00	0.40	17.16	3.16	3.03	1.29	1.38	8.57	0.35
1972	47.40	0.65	0.01	0.00	10.31	0.41	17.70	3.28	3.12	1.33	1.42	8.83	0.36
1973	68.20	0.94	0.01	0.00	14.82	0.59	25.47	4.69	4.49	1.91	2.05	12.70	0.53
1974	68.00	0.94	0.01	0.00	14.80	0.58	25.40	4.67	4.48	1.90	2.04	12.66	0.52
1975	58.70	0.81	0.01	0.00	12.78	0.50	21.92	4.03	3.87	1.64	1.76	10.93	0.45
1976	69.70	0.92	0.01	0.00	12.99	0.51	22.30	4.10	3.93	1.67	1.76	11.12	0.46
1977	48.40	0.67	0.01	0.00	10.51	0.42	18.08	3.33	3.19	1.36	1.45	9.01	0.37
1978	60.80	0.84	0.01	0.00	13.22	0.52	22.71	4.18	4.01	1.70	1.82	11.32	0.47
1979	69.80	0.96	0.01	0.00	15.18	0.60	26.07	4.80	4.60	1.95	2.09	13.00	0.54
1980	56.80	0.78	0.01	0.00	12.36	0.49	21.21	3.90	3.74	1.59	1.70	10.58	0.44
1981	63.88	0.88	0.01	0.00	13.85	0.55	23.78	4.37	4.20	1.78	1.91	11.66	0.49
1982	66.60	0.91	0.01	0.00	12.79	0.51	21.96	4.04	3.87	1.66	1.76	10.95	0.46
1983	73.37	1.01	0.01	0.00	16.97	0.63	27.40	5.04	4.84	2.05	2.20	13.66	0.56
1984	34.01	0.47	0.01	0.00	7.40	0.29	12.70	2.34	2.24	0.95	1.02	6.33	0.26
1985	28.60	0.39	0.01	0.00	6.22	0.25	10.66	1.96	1.88	0.80	0.86	5.33	0.22
1986	40.89	0.51	0.00	0.00	19.68	0.00	16.44	0.45	0.00	0.95	0.04	3.32	0.00
1987	42.13	0.51	0.00	0.00	20.27	0.00	16.93	0.47	0.00	0.98	0.05	3.42	0.00
1988	42.10	1.62	0.00	0.00	1.44	1.76	5.74	6.94	0.00	4.06	1.90	6.43	0.33
1989	66.65	1.41	0.08	0.00	1.17	0.01	29.97	1.99	4.66	0.00	1.96	26.43	0.00
1990	60.15	0.77	0.00	0.00	4.59	0.14	27.96	5.33	0.65	0.00	5.14	15.37	0.00
1991	38.34	0.64	0.07	0.00	10.48	0.16	20.06	1.13	0.82	0.00	2.77	2.21	0.00
1992	27.49	0.91	0.00	0.00	5.04	0.31	16.07	68.00	1.00	0.00	2.41	0.67	0.00

1/ CAR provinces included in the region





# COOPERATIVE UNION OF THE PHILIPPINES, INC.

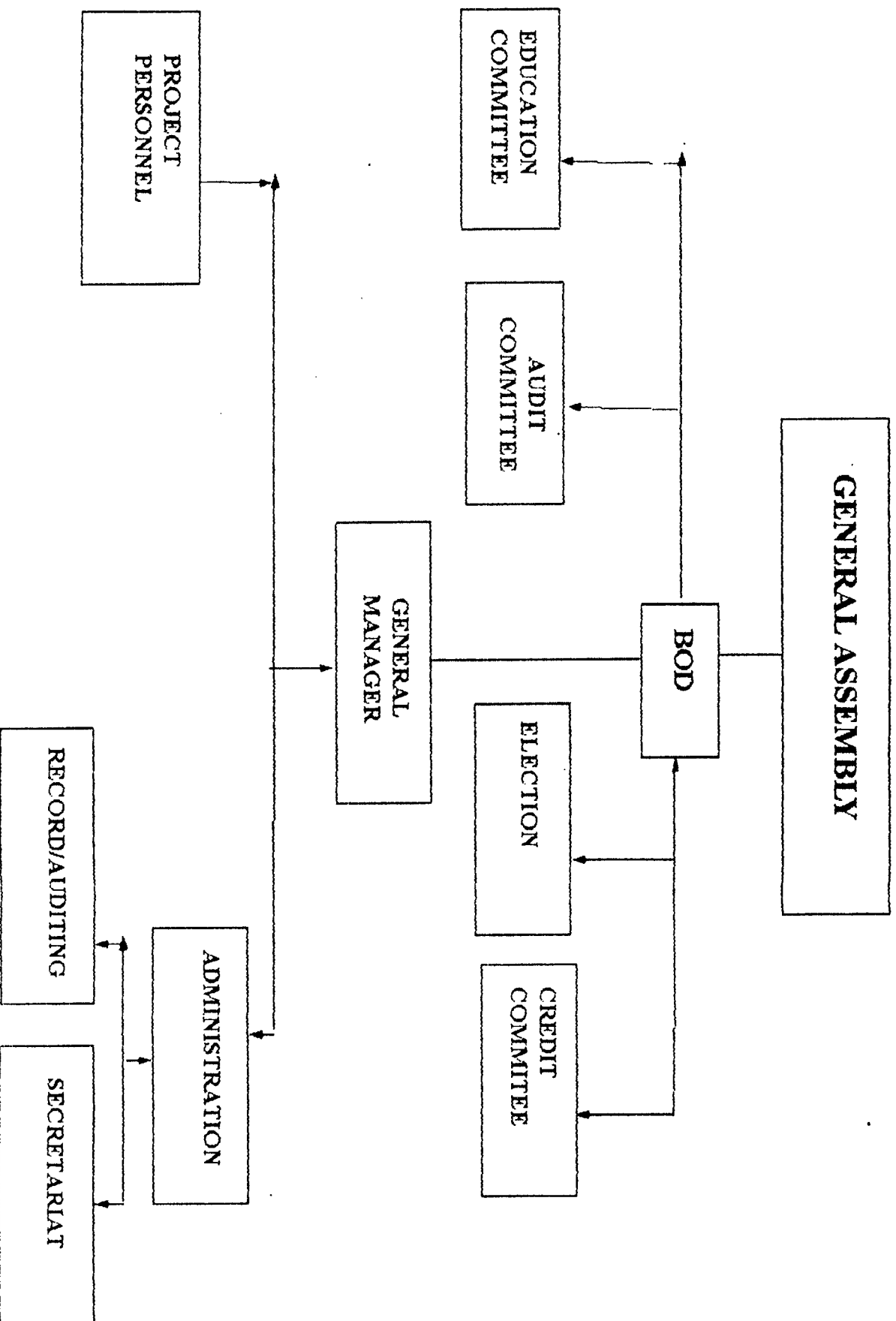
CUP Building, A. Rocas Avenue corner Mother Ignacia Street, Quezon City  
Tel. Nos.: 99-10-73 • 96-75-34

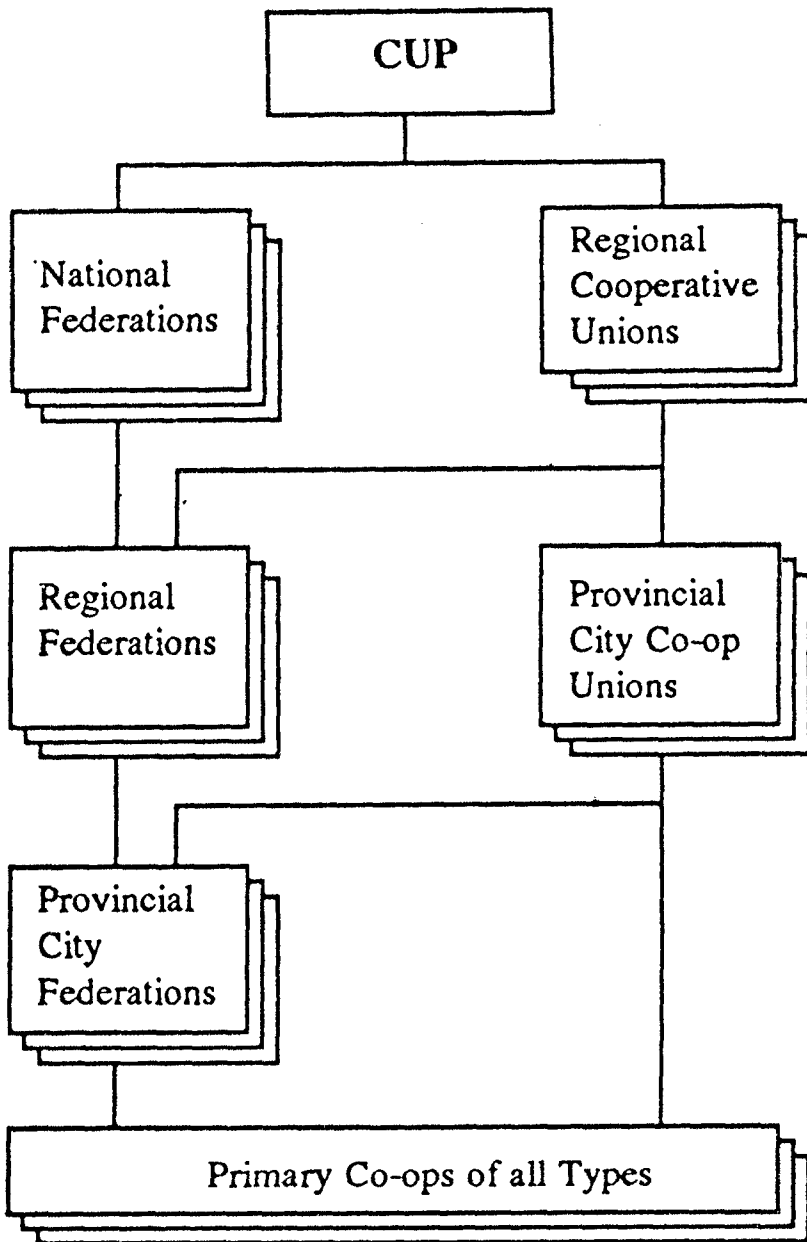
TELEG: 14788  
UNION PS  
CABLE: Coomph  
FAX: (632) 991073

## ESTIMATED VAT TAXES FROM NON-ELECTRIC COOPERATIVES

TYPE OF COOP	TOTAL NUMBER	VAT REGISTRATION FEES (P1,000 each)	NO. OF COOPS SUBJECT TO VAT	NO. OF COOPS VAT EXEMPT (Less than 500T Sales)	VAT TAXES	TOTAL TAXES
CREDIT	1,743	P 1,743,000	523	1,220	P 2,615,000	P 4,358,000
CONSUMERS	517	517,000	258	259	1,290,000	1,807,000
PRODUCERS	397	397,000	79	318	395,000	792,000
MARKETING	406	406,000	121	285	605,000	1,011,000
SERVICE	457	457,000	91	366	455,000	912,000
MULTI-PURPOSE (Agri)	21,129	21,129,000	3,169	17,960	15,845,000	36,974,000
MULTI-PURPOSE (Non-Agri)	4,940	4,940,000	988	3,952	4,940,000	9,880,000
UNIONS	55	Non-business, Non-Stock, Non-Profit				
FEDERATIONS	302	302,000	151	151	755,000	1,057,000
COOP BANKS	39	Separate Tax Treatment				
TOTAL	29,985	P 29,891,000	5,380	24,511	P 26,900,000	P 56,791,000

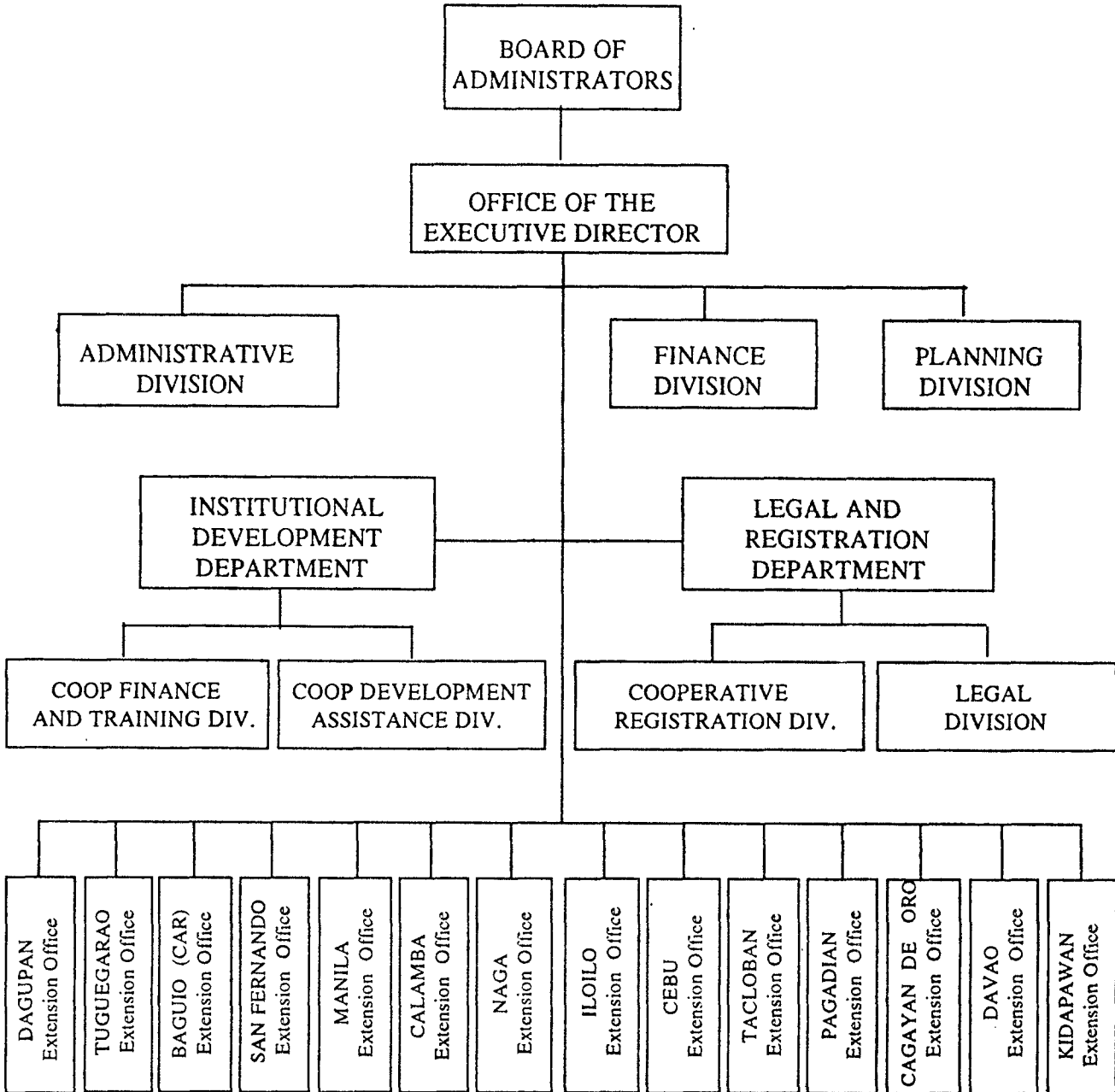
# ORGANIZATIONAL STRUCTURE OF A PRIMARY COOPERATIVE





# COOPERATIVE DEVELOPMENT AUTHORITY

## ORGANIZATIONAL STRUCTURE





IV.           The "bottoms-up" process of development which is the core idea of people empowerment is best manifested by the EARN-Romblon Federation of Cooperatives. The federation is composed of eleven farmers and seven women cooperatives. They come from the poorest sector of society in a poor province. The federation is managed by seven Board of Directors, four independent committees, management staffs and personnel. Its present business activities are trading rice, fertilizer and pesticides. Also a minimal credit or loans to primary cooperative members. The federation is on its first year but EARN being the mother NGO is already on its sixth year. We are at present strengthening the federation as EARN is phasing-out from the scene. The federation has many plans and will submit a project proposal on the coconut industry which is the life blood of the province.

# **PROBLEMS OF COOPERATIVES IN THE PHILIPPINES**

- a. Lack of proper education and the moral responsibility in management. In short, lack of understanding of the cooperative principle;**
- b. Borrowing money under wrong pretext;**
- c. Lack of monitoring mechanisms by the government agencies;**
- d. Lack of democratic procedure in election of officers;**
- e. Heavy political interference in terms of control of loan collections;**
- f. Too many government and non-government organizations involved in the organization of cooperatives; as well as many government lending agencies to cooperatives, oftentimes with high interest rates.**

**THE 9 TH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING  
MANAGERMENT OF AGRICULTURAL COOPERATIVES IN ASIA**  
*INDIA - INDONESIA - JAPAN*

**AGRICULTURE AND AGRICULTURAL  
COOPERATIVE MOVEMENT IN VIETNAM**

**PRESENTED BY : TRAN KIM LINH  
FROM VIETNAM \*  
OCTOBER, 1994**

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**2. CHAPTER 2 : VIETNAMESE AGRICULTURAL SECTOR**

**3. CHAPTER 3 : VIETNAMESE COOPERATIVE MOVEMENT**

**4. CHAPTER 4 : REMARK AND CONCLUSION**

# CHAPTER 1

## VIETNAM NATURAL GEOGRAPHY AND HISTORY

The socialist Republic of Vietnam is a long and narrow country. It covers an area of about 33 million hectares along the coast of the south china sea. It is situated between latitudes 8 and 23 degree North, extending over 1600 km between it's southern and northern extremes.

The Southern parts of the Country have a moist tropical climate with little variation in average monthly temperature over the year, while there is a pronounced cool winter period in the north. Most of rain falls during four to five summer months. In the North typhoons are frequent during the rainy season.

Most of Country some four fifths is mountainous and relatively sparsely populated. Most of the population of 70 million is concentrated in intensively cultivated alluvial plains; The two main ones build up by the red river in the North and the Mekong river in the South, and a number of small deltas along the coastline.

The population densities vary between provinces from 26 per square kilometer in Lai chau in the north mountains to 1.100 in Thai binh in the Red River delta.

Almost ninety percent of the population belong to the King ethric group, having Vietnamese as their mother tongue. The remaining 8,7 mill belong to more than 50 national minority groups. Most of them live in the mountainous areas.

The Country is administratively subdivided into 51 provinces and cities (of which there are cities Ha noi, Hai phong and Ho Chi Minh city ).

As a national state, Vietnam has a long history, its population also has a strong feeling of history and nation identity. Although the annual

per capita income is only some USD 210, the Vietnamese have high levels of literacy and general education and also a basic social security system comprising food security health service and education .

## CHAPTER 2

### VIETNAMESE AGRICULTURAL SECTOR.

Vietnam ~~ese~~ is basically an agricultural country with over 60% of the national labour force are occupied in agriculture. About half of the national income, and almost the same share in export are generated in agricultural sector.

In Vietnam agriculture is also the source of livelihood for majority of the population. However agri. productivity is subject violent fluctuations due to its heavy dependence on monsoon damages caused by natural disasters. Measures taken for prevention of damages to agricultural crops are inadequate and system for disaster compensation are adhoc and general not effective.

#### ***general features of Vietnamese agriculture.***

##### 1-Main crops.

Food grain and particularly rice are the main products of Vietnamese agriculture, food grain production amounted to 24,5 million tons ( in rice equivalent ) in 1993, allowing for export 1,95 mill tons of rice.

The cropping intensity is higher in Red river delta (RRD) than in Mecong river delta (MRD).

The average yield per hectare are low relative to those of neighbouring countries.

Other main crops are maize, sweet potatoes, cassava, potatoes, Soyabean, peanut and vegetable.

The most important industrial agricultural crops are trees and bushes namely rubber, tea, coffee and coconut. Cultivation of them generally are in midland and highland.

## 2. Soil and land use.

Shortage of arable land is a main characteristic of Vietnam agriculture. It is estimated that only 22% of the land area or 7,3 mill hectares is arable less than half this area or 3 mill hectares are high quality alluvial soil, further 2,3 mill hectares are degraded midland soil and about 2 mill hectares are moderately saline or moderately acid. The average availability of arable land around 1 square metres per capita is among the lowest in the World.

### *3. Water sources and potential irrigation*

The water sources of Vietnam are dominated by the flow in the great rivers, The Red river in the North and Mecong river in the South. Water availability is not a limiting factor to dry season irrigation in RRD much as drainage and flood control requirement in MRD, where drainage and flooding also remain significant problems. Availability of additional water resources during the dry season is major limiting factor considering the need to control sea water induction and to provide adequate depth for navigation. Other major rivers of Vietnam supply extensive irrigation areas mainly in their deltas. But there is considerable scope for rehabilitation to improve the performance of existing irrigation system to maximize production. Water shortage is a serious constraint to agriculture in many highland areas. Because of sloping or rolling terrain's irrigation will generally cost.

### *4. Fertilizer supply*

Vietnam's intensity of fertilizer use is about half the world average for developing countries and among lowest in Asia. It goes a long way toward explaining Vietnam's relatively low crop yield ( 54 Kg fertilizer



per crop hectare ). Domestic production of fertilizer is marginal. The major fertilizer resource is import from foreign countries

### *5. Machine service*

Agricultural practices in Vietnam utilize mainly traditional methods draft animals remain the major source power. Seed bed preparation, planting, weeding are usually performed with hand tools. Nevertheless mechanization is growing, particularly in south. Farm machinery is mostly held by state and cooperative.

### *6. Processing :*

The agro - industrial sector in Vietnam is composed of thousands of small cooperatives, private enterprises and individual handicraft workers and about 629 state owned or joint public private enterprises of larger scale. Major processed products include rice, sugar, flour, starch, noodle, feed and processed fish. Major processed export products include rice, coffee, tea, processed fish and canned fruit

### *7. Animal husbandry*

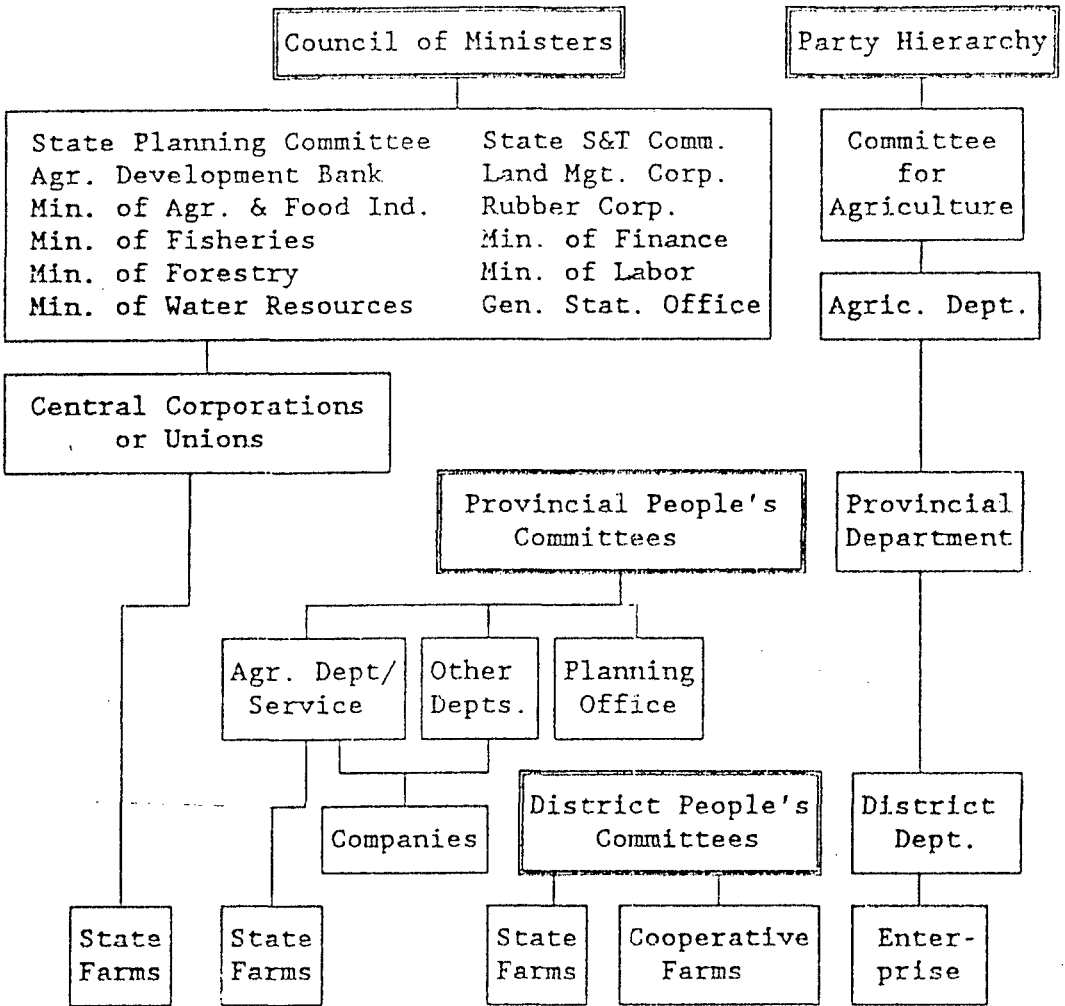
Animal husbandry is important for provision of draught power as well as for production of meat. It is estimated that the country has some three million buffaloes and about the same of cattle, over twenty million pigs and almost a hundred mill poultry.

Fish is an important industry. Total production of fish and shrimp reach around 900.000 tons in 1988. Besides catch of fish in the sea Vietnamese farmer are culturing fish on ponds and shrimps in brackish water area.

### *Administrative structure :*

The agricultural sector is organized in three tier : National, regional ( province and district ) and producing enterprise ( grassroots level )  
 aside from administrative hierarchy, there is a parallel hierarchy of communist party organization concerned with policy making and implementation for agricultural sector.

### Organization Structure of Agricultural Sector



Enterprises structure ( Grassroots level )

*State farms :* In 1986 state farms contributed only 2,1 percent of total output of Vietnamese agriculture but controlled about 13% of Vietnam's arable land. They play an important economic role mainly in the production subsidiary crops, particularly industrial and tree crops. Individual state farms are typically organized for production of one or two specialties. About one - fourth of state farms are rubber plantations managed by the rubber corporation ( independently of MAFI ) 87 belong to MAFI; and nearly one half to individual provinces.

*Cooperatives :*

This is the dominant organization throughout Vietnam, but especially in the lowland cooperatives control about 80% of total cultivated area, in 1986 the cooperative sector contributed about 50 percent of total agricultural output. Average, each cooperative had 350 families, 580 workers and 140 ha cultivated land.

*Private farms :*

Private production in development and renovation process of Vietnam economy are equal to other economic sector. The distinction between cooperative and private economy today is blurred by the return to family farming under the contract system.

As evidenced from table 1 below, the agricultural sector is the mainstay of national economy. Thus, change in the performance of that sector will strongly affect the relative share of other sector. Tables 2, 3, 4, 5 have showed Vietnamese agricultural status in latest few years.

Table 1

## THE ROLE OF AGRICULTURE IN THE ECONOMY

	1990	1991	1992
1. Area of natural land-thous.ha	33112.8	33112.8	33112.8
Of which ; Area of agriculture land - thous.ha	6993.2	7007.8	7293.4
Percent %	21.1	21.2	22.0
2. Population - thous.per	66233.0	67774.0	69306.0
Of which Agricult. population-thous.per	45420.8	46734.0	48183.2
Percent-%	68.6	68.9	69.5
3. Labour --thous.per	30826.0	30974.0	31815.2
Percent %	70.3	71.9	72.2
4. Gross social products <at current prices>-bill. dong	53606	101539	147159
Of which : Gross production of agrocult-bill.dong	20542	41971	50951
Percent %	38.3	41.4	34.6
5. National income - bill.dongs	27513	51136	71991
Of which : Agriculture - bill.dongs	12818	25241	30935
Agri. as percentage of nation income %	46.6	49.4	42.5
6. State investment otlays<at current prices>-bill.dong	2703.7	4503.9	7497.0
Of which :agriculture - bill.dong	409.2	615.4	839.8
Percentage - %	15.1	13.7	11.2
Value of exports-mill.Rup & USD	2404.2	2067.0	2475.0
Of which : value of agri.products for exportation - mill Rup & USD	783.2	628.0	800.0
percent - %	32.6	30.4	32.3

\*Source : General Statistic Office

**Table 2****AREA OF AGRICULTURE LAND**

Thous. hectares

	1990	1991	1992
Agricultural land	6993.2	7007.8	7293.4
Land for annual crops	5339.0	5367.6	5506.3
Of which land for rice crops	4108.8	4100.2	4211.2
Land for perennial crops	1045.1	1057.5	1191.1
Land for feed	342.3	326.4	328.3
Water surface using for agriculture	266.8	256.3	267.7
special use land	1789.9	1811.7	
Waste land	14924.9	14667.3	14214.1

\*Source : General Statistic Office

**Table 3****LABOUR, MATERIAL AND TECHNICAL BASIC OF AGRICULTURE**

	1991	1992	1993
1. Farmer households-thous.hous	9652	10017	10281
2. Agricultural population-thous.per	46734	48183	49574
3. Labour of agriculture - thous.per.Of which :	22275.6	22998.3	23700.0
4. Number of cooperative-number	29820	23686	22900
5. Number of tractors-pieces	35375	37627	37000
6.Number of pum.machines-pieces	198334	225443	225500
7.Electricity for agriculture- mill.kWh	807.4	975.0	1000
8.Cheicalfertilizers for agriculture-thous.tons	3165.6	3238.8	3250
9.Insecticide production-thous.tons	12.8	8.0	10
*Import-mill Rup and USD	22.5	15.3	15

\*Source : General Statistic Office

Table 4

## YIELD OF MAJOR ANNUAL CROPS

Quital/hectare

	1991	1992	1993
Rice	31.1	33.3	34.3
Other cereals Maize	15.0	15.0	17.2
Sweet potatoes	60.0	64.0	62.0
Cassava	89.8	90.4	91.0
Potatoes	90.0	100.7	95.0
Ann.industrial crops. Cotton	5.1	6.6	6.6
Jute	24.0	22.0	23.0
Rush	57.5	70.2	69.0
Sugar cane	426.6	439.4	443.0
Peanut	11.1	10.4	11.0

\* Source : General statistic Office

Table 5

## PRODUCTION OF MAJOR ANNUAL CROPS

Thous. tons

	1991	1992	1993
Food (in rice equivalent)	21989.5	24214.6	24500.0
Rice	19621.9	21590.3	21900.0
Spring rice	6788.3	9153.1	9031.8
Autumn rice	4717.5	4910.2	5144.0
Winter rice	8116.1	7526.9	7724.2
Other cereals <in rice equivalent>	2367.6	2624.3	2600.0
Of which : Maize	672.0	747.9	832.0
Sweet potatoes	2137.3	2593.0	2480.0
Cassava	2454.9	2567.9	2548.0
Potatoes	285.0	259.4	259.0
Ann. industrial crops.	8.3	12.8	13.0
Cotton			
Jute	25.3	25.7	28.0
Rush	54.4	77.2	69.0
Sugar cane	6130.9	6437.0	645.0
Peanut	234.8	226.7	242.0
Tobacco	40.4	27.3	32.0

\*Source : General Statistic Office

## CHAPTER 3

### VIETNAM COOPERATIVE MOVEMENT.

The cooperative movement launched in Vietnam in 1959, underwent a qualitative change in 1965 further during 1975 after *reunification* ~~renunciation~~ of Country, efforts were made to strengthen the coop movement. 95% of Northern rural households were members of cooperatives, controlling 95% of arable lands and producing 90% of total agri. output.

Most of this coop. membership is concentrated in the North, comprising almost 98% Of rural households. In South Vietnam, only 6% of rural households are members of cooperatives.

Nowadays cooperative movement covered almost all sectors of economy : Agricultural, industrial transportative, handicraft, trade and service but multipurpose cooperatives are strongest in agri. sector. In 1993 there were 22900 agri. cooperatives with a membership of 10.281.000 farmer households and number of labours 23.700.000 persons ( Sources : General statistic office ).

Until 1981 the trend in agri organization was toward to collective farming. In 1981 Vietnam government had the policy to strengthen and reorganize the agri-cooperatives like decision No 100, due to this decision the agri cooperatives began to get certain results :

- Self control rights of farmers were paid more attention.
- Material-technical base was used more effectively.

Following decision No100, resolution No 10 was found and Land Law has been enacted. All of them are legal factors impacting on renovation of agriculture.

The effect of resolution No 10 on agri cooperatives were dramatic for the individual farm household, the redistribution of agri lands has a major positive impact on average plot yields. The price of agri. input



were reduced, and for the first time some family plots were able to generate surplus income from farm management.

The reform initiated by resolution No10 are still being implemented in Vietnam's agricultural sector and have created dynamism that presents interesting challenges to an orderly transition of the agri economy.

Revolution in agri. administration is implemented in all fields:

- Farmer's household becomes the economic unit in countryside.
- Many new multipurpose agri. cooperatives have been established, meeting demand in direct to each household.
- Cooperative members receive income according to their productivity.
- The bulky administrative staff of cooperatives has been declined.

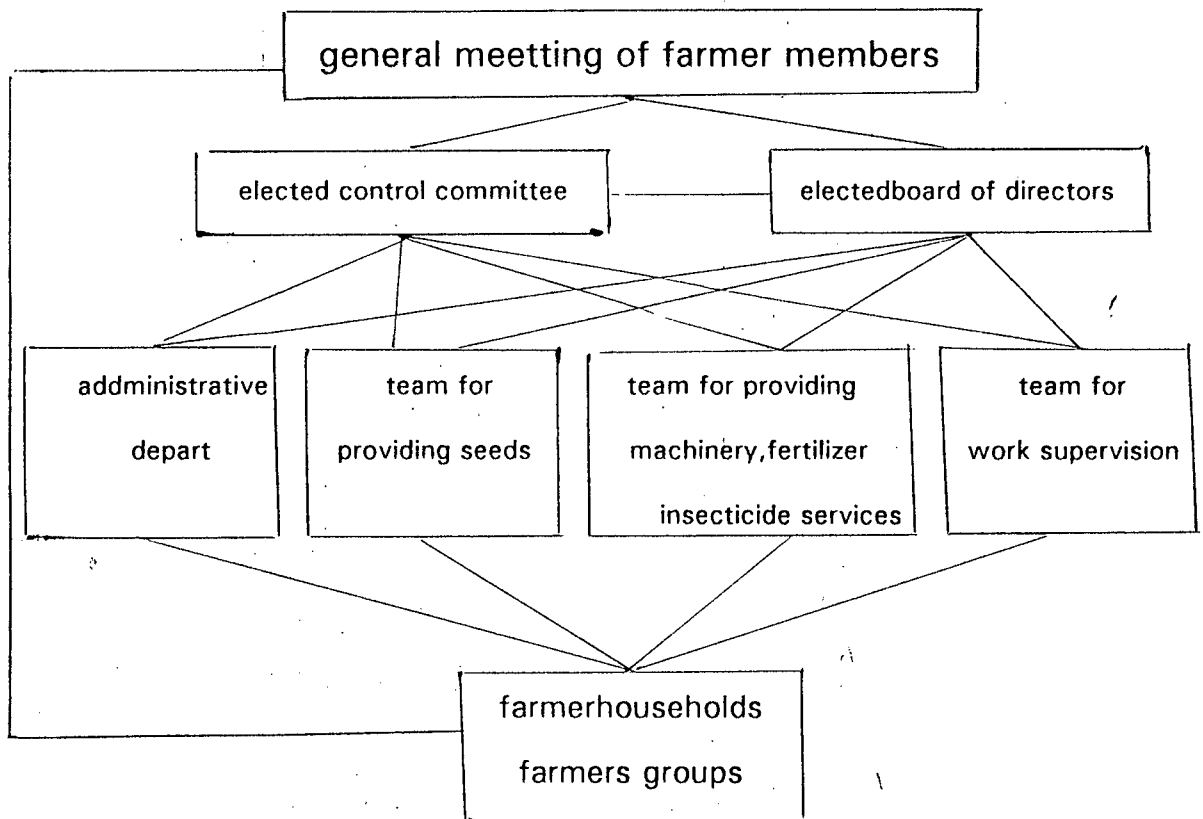
At present two types of cooperative exist :

1. Voluntary formed cooperatives by farmers through their own funding.
2. cooperated formed by farmers who entered into contract with cooperative.

Agricultural cooperatives carry out the following activities :

- Allocation and floughing of land, providing production plan.
- providing new seed, machinery services, fertilizers and insecticides, irrigation service...
- Providing credit facilities to members through revolving funds or acting as an agent to agricultural bank.
- \_ Marketing of agri - products.

Organizational structure of primary cooperative.



The renovation in Vietnam economy made the face of rural areas to be changed very fast. Farmer households have the right to self - control, self management on their land area in cultivation and marketing their agri. products.

However, at present cooperatives are facing with many difficulties

- Lack of capital, lack of expert managers, low material - technical base, low productivity.
- Agricultural products can not be fully processed due to backward processing industry.
- Cooperative's marketing capacity is limited.
- Cooperative Law is still not enacted yet.

## CHAPTER 4

### SOME KEY SOLUTIONS FOR DEVELOPMENT AND IMPROVEMENT OF AGRI. COOPERATIVE IN VIETNAM.

In order to develop and improve the agri. Cooperatives in Vietnam, presently we pay attention to studying the activities and organizational models of agri. cooperatives in other countries undertaking suitable methods for economic renovation in Vietnam with the reference for promoting and supporting the development of economic activities in each farm household.

Applying the most advanced technical - science to each household, creating conditions for coops. and their members to process their products; expanding opportunity to find out market.

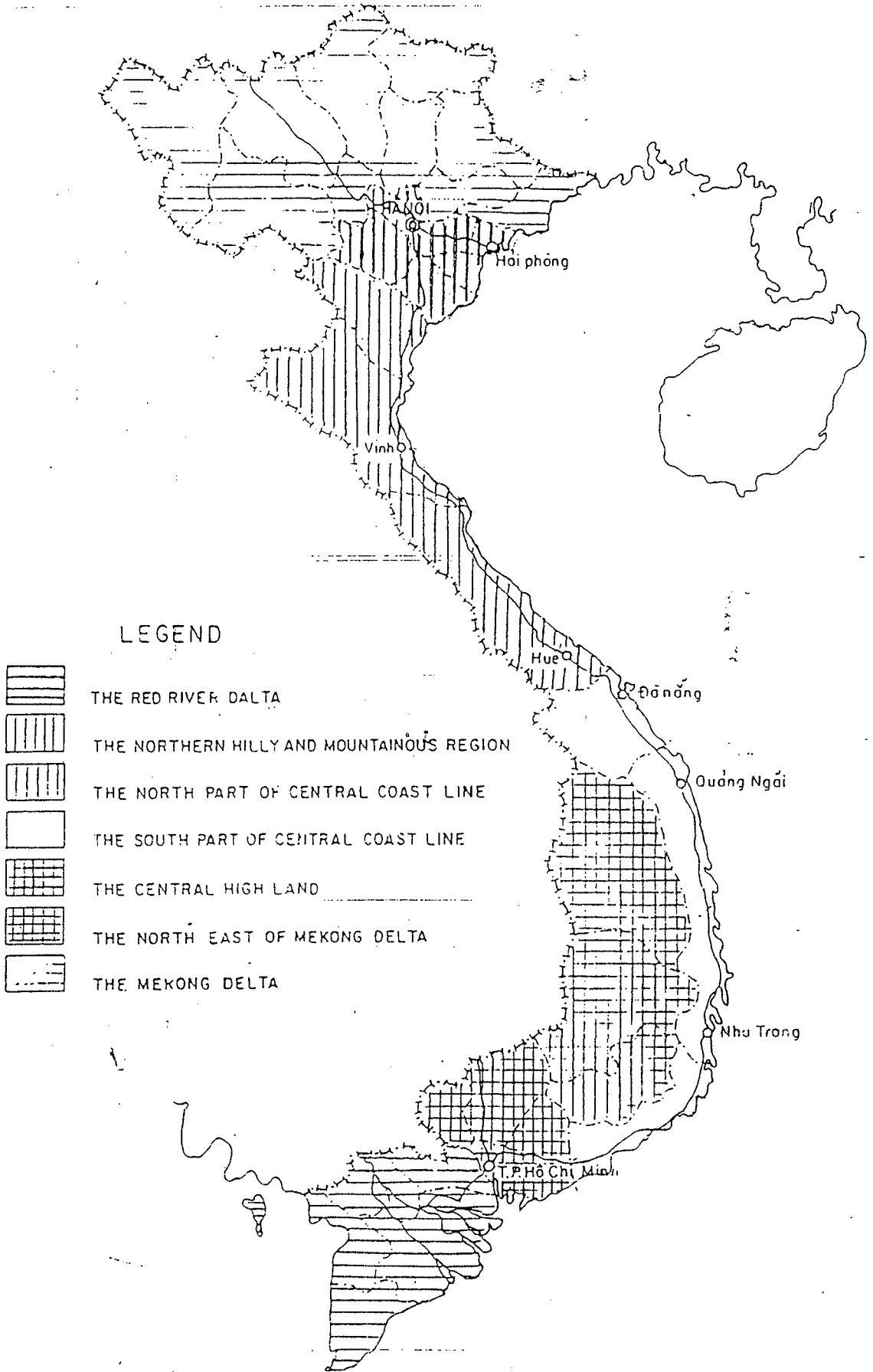
For the implementation of above solutions, the Government should have the detailed policy in the following :

- Providing fund to farmers and coops in different forms
- Making favorable conditions for intensive farming.
- paying more attention to training affairs and education of cooperative managers and other management staff, including for each household.








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The agri. cooperatives in Vietnam play a very important role in organizing production, in supporting farming household in rural areas to develop by this, they are trying to make an improved fully - completed agri - production process just to bring the economic effect to the society. In the all sided economic renovating process of Vietnam, the role of Agri. cooperatives is more important; and they will develop continuously, stronger in the forthcoming years.

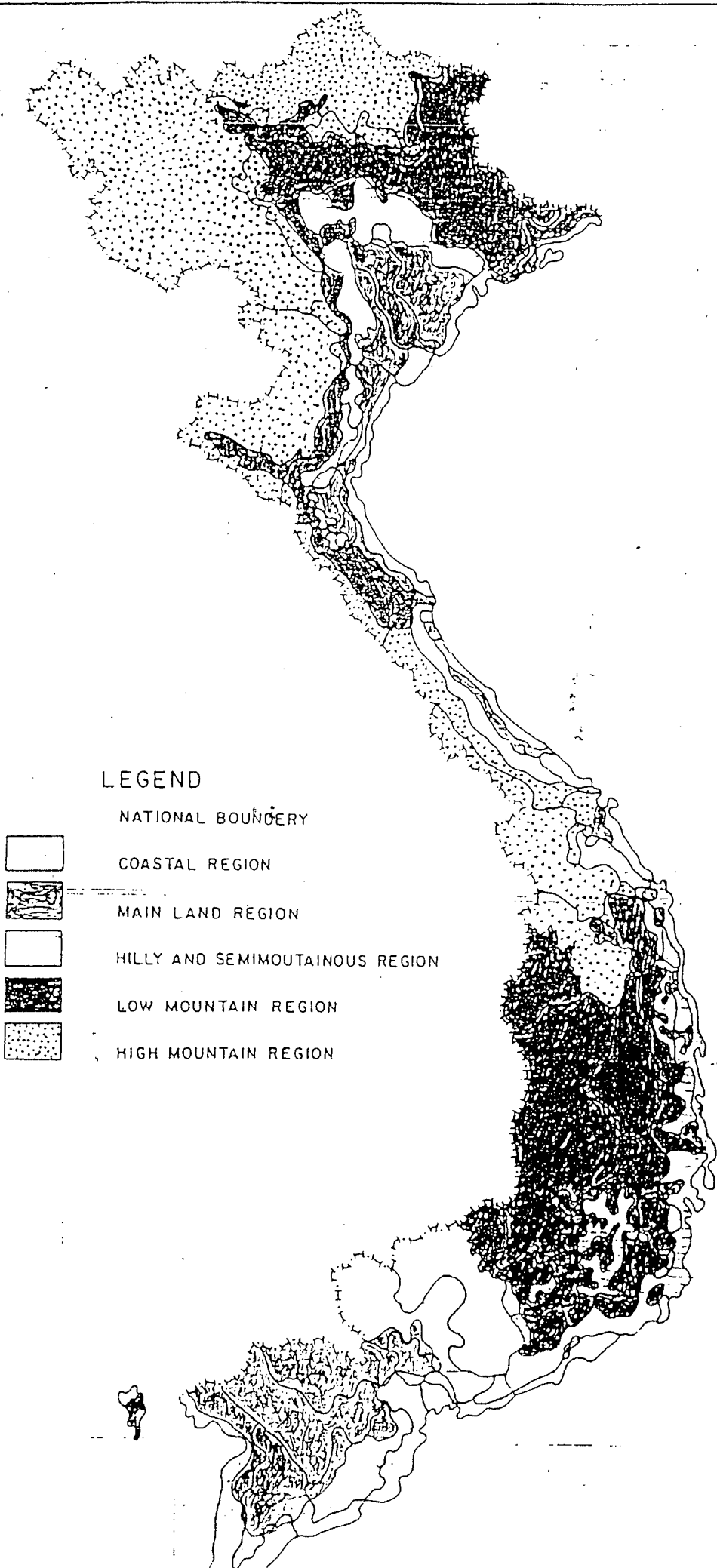
# AGRICULTURAL ZONING MAP OF VIET NAM



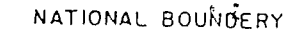





## LEGEND

-  THE RED RIVER DALTA
-  THE NORTHERN HILLY AND MOUNTAINOUS REGION
-  THE NORTH PART OF CENTRAL COAST LINE
-  THE SOUTH PART OF CENTRAL COAST LINE
-  THE CENTRAL HIGH LAND
-  THE NORTH EAST OF MEKONG DELTA
-  THE MEKONG DELTA

# ECOLOGICALLY AND TOPOGRAPHICALLY ZONING MAP OF VIET NAM



## LEGEND

-  NATIONAL BOUNDERY
-  COASTAL REGION
-  MAIN LAND REGION
-  HILLY AND SEMIMOUNTAINOUS REGION
-  LOW MOUNTAIN REGION
-  HIGH MOUNTAIN REGION

# REAL SITUATION OF AGRICULTURAL CO-OPERATIVES

## IN HOCHI MINH CITY

### I/ BRIEF INTRODUCTION HOCHIMINH CITY :

Hochiminh which is one of the economical centers in Vietnam has been considered officially a first grade city since 1980. With area total is 205, 650 ha and about 5 million residents, Hochiminh city gets a lot of advantages in such fields : Industry, commerce and service etc.

In administration management, Hochiminh city covers 18 districts in urban and suburban, in which 12 urban districts and 6 suburban districts. The urban residents are living on producing consumer goods, foods or trading or services. A lot of them are goverment staff, particularly the suburban districts and 4 neighbouring districts, which is agricultural area with 201,320 ha natural area, in which 86,035 ha agricultural area counted 41% per city acreage. There are 562, 564 agricultural labour, counted 12,2% per city population. Superiority of the suburban which is an part of the big city is a central of many sides, special about scientific and technology. Beside breeding and raising, the farmer forces in suburban have tradition and experience in producing small scale goods to consumer themselves.

### II/ ORGANIZATION SITUATION OF THE AGRICULTURE CO-OPERATIVE IN IN THE PAST :

In the past, the agriculture co-operatives organized in the mechanism of the state financing system. All of co-operative belonged directly to the state, but the authorities, the staff of co-operatives seemed that they did not understand the meaning, movement and position of co-operative in the social economy: there fore, the farmers were forced to join the state farm, production brigade, work team... It violated seriously the self-voluntary nature, one of six basic principles to remain and develop co-operatives. This mistake led the following consequences :

- More man power but less positive .
- The means of production and science technique were out of date due to lacking of economic power.
- Rice-fields and land were gradually lain waste, because of those consequences co-operatives could not remain, state could not manage the labour forces and agricultural products.

Searching about the real situation in the rural, we can get some general conclusions, such as :

- The rural has been the market for private entrepreneurs to hold and to release ( to do everything as they want : Loan with high interest on Loan mortgaged by growing rice, sell fertilizers at a high price ). Even the farmers were tricked by Fake insecticide, Fake fertilizer... , the private entrepreneurs could press the farmer in buying products with low price and inventing many conditions to sweat the farmers when they borrow money. This situation makes the farmers always be debtors for ever. However, there are some clever labours succeed in applying the modern science and technology, but it is only minority. Majority is still lack of a collective organization collective and a policy of public supports on time.

- The large land, production potential and the output of cultivation have not been exploited completely, because lacking of searching plants suitable with areas. This is a consequence of the lack of a plan lately apply some modern science and technology and particularly, the important problem was that the state has not invested to protect the products of the farmers in the region.

- Majority the farmers are poor, low educated; therefore, they could not improve their life themselves, so a lot of them move to the urban to earn their living.

Up to now, 18 agricultural co- operatives have still survived ( in the previous time there was 190 agricultural coops), but only 50% of them maintained to serve for members and their low effect. Besides, the members were in debt from delivering product rather much which was draged on many years. Through the search, group of control solved completely the debts, they have plans to consolidate the co-operatives : management democratic, serve all the services of the agriculture for member. If a co- operative not do that, it will be liquidated so that minority can not take capital fund of co- operatives for interest of itself.

### III/ SOME AGRICULTURE SERVICE ACTIVITIES OF SAIGONCO-OP :

Saigon Co-op is the Union of Trading Co- operatives in HoChiMinh city operates with two main functions :

- Directly import and export .
- Manage the co-operative system in Hochiminh city .

The Saigon Co-op network includes of three levels in which:

- 6 affiliated units, such as : departement stores enterprises, companies.
- 16 districts urban and suburb .
- 100 primary co-operatives .

In the past, Saigon Co- op has developed rather strongly in the urban. The suburb specialy were effected by the consequence of previous war, resources, labour force, science and technology have not been mobilized and developed yet. Besides " co-operative syndrome " with the bad impression that still be remained from the time of state financing system, Saigon Co- op' s activities have done in some follow fields :

- Organizing a network for retailing consumer goods and foods in the market, popular arears.
- Selling fertilizer, some agricultural materials building materials for farmers with lower interest than private sector's.
- Purchasing, processingsome vegetablesin order to serve for industrial enterprise located in the subur.
- Barter the clothes, materials and then sell retail to the farmers.

Some CuChi, Hocmon cooperatives have applied the above activities with the low turnover, small size because lacking of capital. Saigon Coop has gathered agricultural products, such as : rice, peanut, green peas, pepper... for exporting. Starting from the good policy support rural economy, combine with the interest of the state, the collectives and the working people, a lot of farmers have satisfied and agreed with policy. Agricultural production has been developing farmer' s living standard. Some talent farmers have increased more and more, they had done key forces formed the breeding - producing - cultivation cooperation inter team. The rate of starve families have just decreased about 30%. Due to the social objective develop, the farmers (at least the middle level) they have demand of voluntary of mutual cooperation and help to push up production and protect their benefit.

This is also foundation for Saigon Coop in planning the new positive model, rural cooperatives from June 1994, they are suitable with the rule of cooperative voluntary democratic management, equal of duty and interest :

- Combine the product teams and service teams raise them up and organize a cooperative. The capital can be mobilized from many resources : members, gardeners



association capital support for the poor fund, continuous taking capital of CIDSE, borrow free capital of members aimed to invest machine to develop production, services for farmers.

- Supply materials, the seeds, technology suitable for the members than the past time.

- Purchase collective farmers products in order to process for exporting to increase foreign trade turnover for Saigon Coop.

- Support, improve the member's living standard in mutual union.

#### IV. RESTRUCTURING THE AGRICULTURE COOPERATIVES OBJECTIVE NECESSARY.

The 10th resolution of political ministry, communist party of Vietnam the 6th session showed about reform agriculture economic management, with the subject tenor : Restructure production in the cooperatives, place the highest part economic of members above all consideration. Cooperatives are the self management democratic economy unit.

Guarantee for interest for the workers. Encourage component of agricultural economy in rural to improve a new rural. With the big changes, state will reserve an important position for the activities of agriculture in planning a develop country.

On the basic, the agricultural cooperatives take an importance role to bring the interest on the society and economy for the farmers in rural. Through the cooperative, the farmers will be distributed necessary services, such as: farm credit, farm extension, farm input, processing to aim at increase output and rate of interest. At the same time, through this organization, the farmers are marketing their products to guarantee about right value only the real benefit can change the farmer's mind, not theory or promise. Nowadays, the farmers have become an important factor in the market economy. So they purchase many kinds of agricultural materials such as : Fertilizer, seeds, breeds, insecticide and sell their products on the different market. An effective trading service system should be guarantee fair price for the farmers and at the same time supply source regularly with low price for consumers. It is a fence to limit the exploitation of private entrepreneurs to the farmers. Implement this

function, the world economical history has been proved : it is only the model cooperative, because it's principal activity. But reality, in Vietnam, generally and in HochiMinh City particularly, the people who are responsible for cooperative have not found out the best way to change for better prospects \_ a cooperative with voluntary, democratic right as its nature.

In fact, how many do authorities prove, research, find out the effect of a cooperative in the market economy ?

The process of cooperatives rehabilitation and construction in the rural of HochiMinh City will be very complicated. If we organize a good cooperative that 's mean we support farmers to promote production, raise the income, protect the value of products to avoid speculation and to force price of the private sectors. Just only the cooperative are the most suitable. That was a necessary and a principle. Construction are successful and stable cooperative to make hapiness for labour people and special for the farmers. That is a main purpose of the cooperative all over the world. Saigon Union of Trading Cooperatives also are effort struggle to innovate for better movement of cooperative, make it appropriate with a market economy mechanism and carry out the main principle of cooperative organization.