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International Office for
Agricultural Cooperatives in the Pacific

EIGHTH ICA/JAPAN TRAINING COURSE FOR
STRENGTHENING MANAGEMENT OF AGRICULTURAL
COOPERATIVES IN ASIA, 1993/ 1994

INDIA, SRI LANKA, THAILAND, AND JAPAN

OCTOBER 20, 1993 - APRIL 21, 1994

MATERIAL DISTRIBUTED IN INDIA.

VOLUME - I

INAUGURATION AND BACKGROUND PAPERS ETC

INAUGURATION;

Programme Brochure of the Training Course

Photo Profile of Participants

Programme of Inauguration on 20.10.1993

Address by Chief Guest, H.E.Chusei Yamada, Ambassador of Japan

Address by Project Director, Dr Daman Prakash

COUNTRY BACKGROUND PAPERS ETC.

Critical Examination of Cooperative Organisational Structure
and Management Practices in Bangladesh by Md Anwaruzzaman

Agricultural Coops in India - Their Structure etc. by Dr
K.G.Wankhade

India : Its agriculture and coop movement by D K Saxena

Agricultural Cooperative Movement in Indonesia by T.Adi and I
Mukhlas

Agricultural Cooperatives in Iran by Ali Arbabi

Agricultural Cooperatives in Korea - Role of NACF by D H Woo

Livestock Cooperatives in Korea by Kwang Seog.Song

Cooperative Movement in Malaysia by Anthony Samuel

Agricultural Cooperatives in Myanmar by Sein Sein Htay

Agricultural Cooperatives in Pakistan by Tasadduz Hussain



Regional Office for
Asia & the Pacific

Agricultural Cooperatives in Sri Lanka by H A.Siripala and
K.L Bandula

Agricultural Cooperatives in Thailand by Pratin Boontioy

Cooperative Movement in Vietnam by Phung Thi Ngan Ha

Case study on Phu Dong Cooperative by Phung Thi Ngan Ha

Division of Groups



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centennial
MANCHESTER 1995

8th ICA/Japan Management Training Course
**COURSE INFORMATION
AND PROGRAMME**

**8th ICA/Japan Training Course for Strengthening
Management of Agricultural Cooperatives in Asia
October 20, 1993 - April 21, 1994**

**International Cooperative Alliance
Regional Office for Asia and the Pacific
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**Course Director : Dr. Daman Prakash
Course Programme Officer: Mr. A.H. Ganesan**

October, 1993

Cover : His Excellency Chusei Yamada, Ambassador of Japan in India, delivering his inaugural address of the 8th ICA Japan Management Training Course. (l-r) Dr. Daman Prakash, Project Director, ICA/Japan Management Training Project, Mr. G.K. Sharma, ICA Regional Director for Asia and the Pacific, Mr. J.C. Pant, Secretary, Ministry of Agriculture, Government of India, H.É. Chusei Yamada, and Mr. B.D. Sharma, Chief Executive, National Co-operative Union of India.

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**EIGHTH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING MANAGEMENT
OF AGRICULTURAL COOPERATIVES IN ASIA
INDIA/SRI LANKA/THAILAND/JAPAN**

October 20, 1993 - April 21, 1994

Course Information and Programme

01. BACKGROUND

Based on discussions held between the International Cooperative Alliance (ICA), the Central Union of Agricultural Cooperatives (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 Eighth Course starts on October 20, 1993. 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; Indian Institute of Management, Ahmedabad (IIMA-India); Vaikunth Mehta National Institute of Cooperative Management, Pune (VMNICM-India); and the ICA member-organisations in India, Sri Lanka, Thailand 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.

Until the end of the Seventh Course, 105 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 work they have produced concrete, technically-sound and potentially viable 103 projects in the agricultural cooperative sector aiming at enhancing the participation and income of grass-roots level farmers. 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.

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 members' incomes and ensuring their active participation in cooperative business.

03. PARTICIPANTS

Fifteen participants holding middle or senior level managerial positions in cooperatives and their supervising organisations are selected to attend this course. Participants for the Eighth Course have been selected from eleven (11) Asian countries i.e. Bangladesh, India, Indonesia, Iran, Republic of Korea, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand 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. In brief, the main features of the programme are:

*i. Part-I in India including Study Visits & National Follow-up Workshop
October 20, 93 - December 22, 93*

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 Gujarat and 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. This also includes a three-day National Follow-up Review Workshop for the former participants from India.

*ii. Study Visits in Sri Lanka and Thailand and National Follow-up Workshops
December 23, 93 - January 12, 94*

Study Visits of 8-10 days each in Sri Lanka and Thailand. Participants will be able to observe two different models of agricultural cooperative development; participate in two national follow-up workshops for former participants (from Sri Lanka and Thailand); meet leaders and managers of agricultural cooperatives and to get ready for producing their own development projects during their Home Country Assignment Period.

*iii. Home Country Assignments
January 13 - February 21, 94*

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 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 Project Appraisal Session 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.

*iv. Part-II in Japan
February 22 - April 21, 94*

Part-II of the Programme is held in Japan. This segment includes: a Project 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 training and other institutions and government; visits to a variety of agricultural cooperative leaders; finalising training programme reports of the participants and an End-of-the Course Evaluation.

PROGRAMME

Oct 19, 93	Tuesday		Arrival of Participants in New Delhi Stay at Rajdoot Hotel Mathura Road, New Delhi Phone : 4616404/4699583
Oct 20, 93	Wednesday	FN	Inauguration
		AN	Methodology of Training Course
Oct 21, 93	Thursday	FN	Introduction to ICA and its Activities in Asia-Pacific Region - A Panel Discussion, Project Advisers of ICA ROAP
		AN	Group Dynamics, Individual vs Group behaviour - Learning through Working Together by Mr. Robby Tulus, Senior Policy Adviser, ICA ROAP
Oct 22, 93	Friday	FN	Use of Overhead Projector in Classroom by Daman Prakash Presentation of Country Background Papers by Participants.
		AN	Leadership Development in Cooperatives by Mr. G.K. Sharma, Regional Director, ICA ROAP. ICA Welcome Reception
Oct 23, 93	Saturday	FN	Country Background Papers (contd)
		AN	Introduction to Indian Economy and Cooperative Movement by Mr. B.D. Sharma, Chief Executive, NCUI.
Oct 24, 93	Sunday		Sight Seeing in Delhi
Oct 25, 93	Monday		Country Papers (contd)
Oct 26, 93	Tuesday	FN	Visit to the National Cooperative Union of India (NCUI)
		AN	Visit to the National Agricultural Cooperative Marketing Federation of India (NAFED)
Oct 27, 93	Wednesday		Country Papers (contd)
Oct 28, 93	Thursday		Country Papers (contd)
Oct 29, 93	Friday		Visit to IFFCO Rural Management Institute, Gurgaon
Oct 30, 93	Saturday		Country Papers (concluded)
Oct 31, 93	Sunday		Visit to Taj Mahal, Agra

IIMA MANAGEMENT MODULES

1. MODULE ON INTEGRATED COOPERATIVE SYSTEM

Nov 01, 93	Monday	Introduction to the Concept of Integrated Cooperative System
Nov 02, 93	Tuesday	Integrated Cooperative Systems at work. Essential Features of ICS
Nov 03, 93	Wednesday	Role of Manager in ICS
Nov 04, 93	Thursday	Role of Manager in ICS
Nov 05, 93	Friday	Potential for Developing Integrated Projects
Nov 06, 93	Saturday	Project Cycle
Nov 07, 93	Sunday	Free

2. MODULE ON PLANNING AND MANAGEMENT

Nov 08, 93	Monday	Basic Cost Concepts and Breakeven Analysis
Nov 09, 93	Tuesday	Understanding Financial Statements
Nov 10, 93	Wednesday	Capacity Decisions
Nov 11, 93	Thursday	Product Mix Decisions
Nov 12, 93	Friday	Procurement
Nov 13, 93	Saturday	Free. Deepavali Festival
Nov 14, 93	Sunday	Free

3. MODULE ON FINANCIAL MANAGEMENT

Nov 15, 93	Monday	Cash Flows, Time Value of Money
Nov 16, 93	Tuesday	Techniques of Investment Analysis
Nov 17, 93	Wednesday	Working Capital Requirements
Nov 18, 93	Thursday	Investment Appraisal
Nov 19, 93	Friday	Risk and Sensitivity Analysis
Nov 20, 93	Saturday	Network Techniques
Nov 21, 93	Sunday	Free
Nov 22, 93	Monday	Marketing Techniques
Nov 23, 93	Tuesday	Marketing Techniques (contd)
Nov 24, 93	Wednesday	Marketing Techniques (contd)
Nov 25, 93	Thursday	Principles of Cooperative Marketing/Organisation Design

4. MODULE ON PROJECT PREPARATION

Nov 26, 93	Friday	Guidelines for Project Preparation
		Comprehensive Case Analysis
Nov 27, 93	Saturday	Comprehensive Case Analysis - Exercise
Nov 28, 93	Sunday	Comprehensive Exercise (contd)
Nov 29, 93	Monday	Comprehensive Exercise (contd)
Nov 30, 93	Tuesday	Presentation and Summing-Up

Dec 01, 93 Wednesday-
Dec 03, 93 Friday

**NATIONAL FOLLOW-UP REVIEW WORKSHOP
OF FORMER PARTICIPANTS FROM INDIA**

STUDY VISITS IN MAHARASHTRA AND GUJARAT

Dec 04, 93 Saturday

Leave Delhi for Pune IC 849. 1700/1900

Stay at VMNICM Hostel, University Road, Pune 411 007
Phone: 59445; Fax: 212 54995; Telex: 0145-7796 VICM IN

Dec 05, 93 Sunday

FN Visit to Katraj Dairy.

AN Free

Dec 06, 93 Monday-
Dec 07, 93 Tuesday

**WORKSHOP ON MANAGEMENT OF MARKETING
AND PROCESSING COOPERATIVES AT VMNICM, PUNE.**

Dec 08, 93 Wednesday

- Agro-Processing in Cooperative Sector in India.
- Cooperative Marketing in India with special reference to Value Addition.
- Management of Agricultural Cooperatives in India.

Dec 08, 93 Wednesday

AN Visit to Maharashtra State Cooperative Union, Pune

Dec 09, 93 Thursday

Visit to Sangamner Sugar Cooperative Mills

Visit Shirdi. Travel to Nashik by bus.

Stay at Green View Hotel, Trimbak Road, Nashik.
Phone: 0253 72231,2,3; Gram: Greenview, Nashik.

Dec 10, 93 Friday

Visit to Nashik District Central Cooperative Bank
Visit to Onion-Potato Marketing Cooperative Society.
Nashik Branch of NAFED.

Dec 11, 93 Saturday

Visit to Malsavangi Primary Agricultural Cooperative Society
Visit to a Farmers Home

AN Travel to Bombay by bus.

Stay at Hotel Natraj, Marine Drive, Bombay 400 020

Dec 12, 93 Sunday

Free

Dec 13, 93 Monday

FN Visit to Maharashtra State Cooperative Bank Ltd., Bombay

AN Free

Leave for Anand by night train.

Dec 14, 93 Tuesday

Arrival from Bombay

Stay at NDDDB Guest House, Anand.

Briefing on Study visits

AN Study Visits

Dec 15, 93 Wednesday-

Dec 16, 93 Thursday

Study Visits in and around Anand.

NDDDB/IRMA/AMUL/Tree Growers Cooperative Federation
Milk Primary Cooperative
Aashi Multipurpose Cooperative Service Society.

AN Leave for Ahmedabad by Bus.

Stay at Klassic Gold Hotel, 42, Sardar Patel Nagar
Navrangpura, Ahmedabad 380 006

Phone: 91-272 445508/ 445194/ 445595; Fax: 91-272-445195

Dec 17, 93	Friday	Visit to IIMA and Review of Work on Project Formulation. IIMA Dinner at Vaishala
Dec 18, 93	Saturday	Visit to Akshardham, Gandhi Nagar Visit to Udai Bhansinhji Cooperative College, Gandhinagar ICA Dinner at Klassic Gold Hotel
Dec 19, 93	Sunday	Visit IFFCO Fertilizer Plant at Kalol.
Dec 20, 93	Monday	Leave for Delhi by IC 862. 20:45/22:10
Dec 21, 93	Tuesday	11.30 Concluding sessions at ICA ROAP ICA Farewell Dinner
Dec 22, 93	Wednesday	Packing and practical matters Leave for Colombo by UL 192 (at 03:00 hours of 23.12.93)
FIELD STUDY VISITS AND FOLLOW UP WORKSHOP IN SRI LANKA		
Dec 23, 93	Thursday	Arrival from Delhi by UL 192 at 0630 hrs Stay at Holiday Inn Hotel 30, Sir Mohamaed Macan Marker Mawatha Colombo.3. Ph.422001-9, Cable: Holinn; Fax: 447977. Telex: 21200 Holinn CE
		11.30 Inauguration at National Cooperative Council of Sri Lanka. Introduction to Cooperative Movement in Sri Lanka
		13.30 Visit to Cooperative Marketing Federation. Visit Sri Lanka Coconut Producers Cooperative Societies Union Visit Sri Lanka Institute of Cooperative Management Meeting with Commissioner for Cooperative Development
Dec 24, 93	Friday	Visit to Dunagaha Coconut Producers Cooperative Leave for Anuradhapura Stay at Hotel Nuwara Wewa Anuradhapura Phone: 025-2565
Dec 25, 93	Saturday	Visit Mahaweli Cooperative Pilot Project Leave for Sigiriya Visit Naula Multi-purpose Cooperative Society Stay at Queens Hotel Ward Street, Kandy. Phone: 22121, 32079 ; Fax: 549280; Telex: 21201
Dec 26, 93	Sunday	Leave for Nuwara Eliya Meeting with President, District Cooperative Council, Nuwara Eliya. Stay at Kandy.
Dec 27, 93	Monday	Visit Kandy Multi-purpose Cooperative Society

Dec 27, 93	Monday		Visit to School of Cooperation, Polgolla 1500 Meeting with Mayor of Kandy. Stay at Kandy
Dec 28, 93	Tuesday		Visit Aranayake Multi-purpose Cooperative Society Visit Ruwanwella Multi-purpose Cooperative Society Arrive Colombo Stay at Holiday Inn Hotel, Colombo
Dec 29, 93	Wednesday-		NATIONAL FOLLOW-UP WORKSHOP OF FORMER PARTICIPANTS FROM SRI LANKA Venue: Conference Hall, Holiday Inn Hotel, Colombo. ICA Dinner
Dec 30, 93	Thursday		
Dec 31, 93	Friday		Free
Jan 01, 94	Saturday		Leave Colombo by UL 422 07:35 am Arrive Bangkok 12:30 hrs.
			FIELD STUDY VISITS AND NATIONAL FOLLOW-UP REVIEW WORKSHOP OF FORMER PARTICIPANTS FROM THAILAND
Jan 01, 94	Saturday		Arrival from Colombo/ Stay at Viengtai Hotel, Bangkok
		AN	Free
Jan 02, 94	Sunday		Free
Jan 03, 94	Monday		National Follow-up Review Workshop of Former Participants from Thailand
Jan 04, 94	Tuesday	FN	National Workshop (contd.)
		AN	IDACA Reunion Programme
Jan 05, 94	Wednesday	FN	Visit to Cooperative Promotion Department
		AN	Talks on: (i) Cooperative Movement in Thailand (ii) Cooperatives and Agriculture in Asia by FAO/ILO
Jan 06, 94	Thursday		Leave for Chiangmai by morning flight
		FN	Visit Chiangmai Provincial Agricultural Cooperative Federation Ltd.
		AN	Visit Sanpatong Agricultural Cooperative Ltd.
Jan 07, 94	Friday	FN	Visit Doi Saket Agricultural Cooperative Ltd.
		AN	Visit Royal Development Study Centre
Jan 08, 94	Saturday	FN	Visit Nakorn Chiangmai Cooperative Store Ltd.
		AN	Free
Jan 09, 94	Sunday	FN	Free
		AN	Leave for Bangkok by afternoon flight
Jan 10, 94	Monday	FN	Visit Pranakorn Consumer Cooperative Store Ltd. ICA Dinner

Jan 11, 94 Tuesday Visit Royal Folk Arts & Crafts Centre at Bangpa-in, Ayudhya
 Jan 12, 94 Wednesday Departure of Participants to their respective countries.

HOME COUNTRY ASSIGNMENTS

Jan 13, 94 Thursday- Home Country Assignments of Participants for Preparation of
 Feb 20, 94 Sunday Cooperative Development Projects in their respective Countries.

PART-II OF TRAINING COURSE IN JAPAN HELD AT IDACA, TOKYO

Feb 21, 94 Monday Arrival of participants at IDACA for Part II of Training Course in Japan.
 Stay at IDACA Hostel, Tokyo.

Feb 22, 94 Tuesday FN Inauguration
 Introduction to IDACA
 AN Project Appraisal Session of Projects prepared by Participants.

Feb 23, 94 Wednesday- Project Appraisal Sessions
 Feb 26, 94 Saturday

Feb 27, 94 Sunday Free

Feb 28, 94 Monday Project Appraisal Sessions

Mar 01, 94 Tuesday Project Appraisal Sessions

Mar 02, 94 Wednesday FN Project Appraisal Sessions
 AN Summing up. Comments by Resource Persons

Mar 03, 94 Thursday Japanese Culture, Economy and Society by Mr. Y. Abe, IDACA

Mar 04, 94 Friday Introduction to Agriculture in Japan by Mr. H. Terunuma, IDACA

Mar 05, 94 Saturday Group Discussion

Mar 06, 94 Sunday Free

Mar 07, 94 Monday Organisation and Business of Agricultural Cooperatives by Mr. Shiro Futagami, Managing Director, IDACA

Mar 08, 94 Tuesday Marketing and Purchasing Business of Agricultural Cooperatives

Mar 09, 94 Wednesday Credit Business of Agricultural Cooperatives

Mar 10, 94 Thursday Farm Guidance Activities with Special Emphasis on Group Farming

Mar 11, 94 Friday History of Rural Community in Japan by Mr. T. Takagi, IDACA

Mar 12, 94 Saturday Review of Lectures and Group Discussions

Mar 13, 94 Sunday Leave for Fukuoka Prefecture for Study Visits
 Stay at Fukuoka

Mar 14, 94 Monday Visit Prefectural Cooperative Union and Prefectural Cooperative Economic Federation

Mar 15, 94 Tuesday Visit JA Kurume
 Study on the Function of Multi-purpose Operations of Business

Mar 16, 94 Wednesday Visit JA Fukuoka Yoshii-Machi
 Study on Member Relations Activities.

Mar 17, 94 Thursday Observation of Agricultural Experiment Station and other Agricultural Related Organisations.









INTERNATIONAL COOPERATIVE ALLIANCE

43 Friends Colony, New Delhi - 110065. India.

8th ICA/Japan Training Course for Strengthening Management of Agricultural Cooperatives in Asia

India, Sri Lanka, Thailand, Japan
October 20, 1993 - April 21, 1994



Md. Anwaruzzaman
Bangladesh
Bangladesh National
Cooperative Bank Ltd.



Krishna Ganuji Wankhade
India
Indian Farmers Fertilisers
Cooperative Ltd.



Deepak Kumar Saxena
India
Rajasthan State
Cooperative Bank Ltd.



Tanoyo Adi
Indonesia
National Union of Dairy
Cooperatives (GKSI)



Iskandar Mukhlas
Indonesia
National Union of Dairy
Cooperatives (GKSI)



Ali Arbabi
Iran
Central Organisation for
Rural Cooperatives of Iran



Do Hwan Woo
Korea
National Agricultural
Cooperative Federation



Kwang Seog Song
Korea
National Livestock
Cooperative Federation



Anthony Samuel
Malaysia
Department of Coopera-
tive Development



Ms. Sein Sein Htay
Myanmar
Mon State Cooperative
Syndicate



Tasadduq Hussain
Pakistan
Punjab Provincial
Cooperative Bank



H. A. Siripala
Sri Lanka
Hungoma Multipurpose
Cooperative Society Ltd.



K. L. Bandula
Sri Lanka
Nattandiya Multipurpose
Cooperative Society Ltd.



Pratin Boontioy
Thailand
Cooperative League of
Thailand



Ms. Phung Thi Ngan Ha
Vietnam
Council of Vietnam
Cooperatives



Daman Prakash
Project Director
ICA ROAP



A. H. Ganesan
Programme Officer
ICA ROAP

Mar 17, 94	Thursday		Leave Fukuoka for Hiroshima Stay at Hiroshima
Mar 18, 94	Friday		Sightseeing in Hiroshima
Mar 19, 94	Saturday		Leave Hiroshima for Tokyo Stay at IDACA Hostel, Tokyo.
Mar 20, 94	Sunday		Free
Mar 21, 94	Monday		Reivew of Study Visits
Mar 22, 94	Tuesday	FN	Better Living Activities in Japanese Agricultural Cooperatives
		AN	Activities of Women's Associations
Mar 23, 94	Wednesday		Processing Business of Agricultural Cooperatives by Mr. N. Kohashi
Mar 24, 94	Thursday		Visit to National Agricultural Cooperative Federations in Tokyo
Mar 25, 94	Friday	FN	Agricultural Cooperative Management
		AN	Agricultural Cooperative Insurance System.
Mar 26, 94	Saturday	FN	Visit to Cooperative Junior High School
		AN	Free
Mar 27, 94	Sunday		Free
Mar 28, 94	Monday	FN	Historical Development of Agricultural Extension Services
		AN	Practice of Agricultural Extension Services
Mar 29, 94	Tuesday		Agricultural Crop Insurance
Mar 30, 94	Wednesday	FN	Visit to the Ota Wholesale Market
		AN	Visit to the Yamato Perishable Foods Distribution Centre
Mar 31, 94	Thursday		Method for Formulation of Regional Agriculture Promotion Plan (RAPP)
Apr 01, 94	Friday		Exercise on Regional Agricultural Promotion Plan
Apr 02, 94	Saturday	FN	Exercise on RAPP
		AN	Group Discussions
Apr 03, 94	Sunday		Free
Apr 04, 94	Monday		Travel to Tochigi Prefecture for Study Visits Stay at Tochigi
Apr 05, 94	Tuesday		Visit to Prefectural Union and Economic Federation of Tochigi Prefecture.
Apr 06, 94	Wednesday		Visit to Agricultural Cooperative - Study on Regional Planning
Apr 07, 94	Thursday		Visit to Agricultural Cooperative - Study on Agro-Processing.
Apr 08, 94	Friday		Sight seeing in the Prefecture.
Apr 09, 94	Saturday		Travel back to Tokyo. Stay at IDACA Hostel, Tokyo.
Apr 10, 94	Sunday		Free
Apr 11, 94	Monday		Case Study of the Mikkabi-cho with special reference to 'How to Establish Closer Communication with Members'
Apr 12, 94	Tuesday	FN	Trade among Cooperatives
		AN	Environment Preservation Activities by Cooperatives

Apr 13, 94	Wednesday	FN	Visit to Zenmoriren and Zenkyoren
		AN	International Agricultural Cooperation
Apr 14, 94	Thursday		Educational Activities of Agricultural Cooperatives
Apr 15, 94	Friday	FN	Observation of Zennoh Distribution Centre
		AN	Visit to the Hiratsuka Agricultural Technical Centre
Apr 16, 94	Saturday		Group discussion
Apr 17, 94	Sunday		Free
Apr 18, 94	Monday		Report Writing. Project Redrafting
Apr 19, 94	Tuesday		Report writing. Project Redrafting
Apr 20, 94	Wednesday	FN	End-of-the-Course Evaluation
		AN	Closing Ceremony
Apr 21, 94	Thursday		Participants departure to home countries.

05. METHODOLOGY

- 5.1 Participative methods will be followed throughout.
- 5.2 Group work based on assignments given by resource persons (case studies, documents, books, computer software).
- 5.3 Group exercises.
- 5.4 Lectures will mainly be for introducing a subject for group discussion. The lecturer will act as a facilitator of learning. Participant-centered learning shall be emphasised. Case studies will be widely used.
- 5.5 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) for their home-country situations on the Japanese model.
- 5.6 Use of related books and documents will be encouraged. Relevant books, general reference material and technical documents will be supplied.
- 5.7 Audio-visual aids will be used extensively.
- 5.8 An End-of-the-Course Evaluation is also carried out.
- 5.9 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 Indian Institute of Management, Ahmedabad; the Vaikunth Mehta National Institute of Cooperative Management, Pune; 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 Project Appraisal Sessions in Tokyo, resource persons will be drawn from ICA, IDACA, and IIMA.

The National Cooperative Council of Sri Lanka (NCC/SL) and the Cooperative League of Thailand (CLT) and the Cooperative Promotion Department (CPD) of Thailand will provide resource persons to coordinate the field study visits in Sri Lanka and Thailand respectively.

07. ACCOMMODATION

- New Delhi, India** Rajdoot Hotel
Mathura Road, **New Delhi 110 014**, India
Telephone: 4616404-6/4699583 (10 lines); Telex: 031-74129 RJTH IN
- During field visits in India** Vaikunth Mehta National Institute of Cooperative Management
VMNICM Hostel, University Road
Pune 411 007, Maharashtra, India
Telephone: 59446, Telex: 0145-7706 VICM In, Fax:(91)212-327726
- Green View Hotel
Trimbek Road, **Nashik**, Maharashtra, India
Telephone: (91)-253-72231,2,3; Grams: Greenview, Nashik
- Hotel Nataraj
135, Netaji Subhash Road
Bombay 400 020, India
Telephone: (91)22-2044161; Telex: 82302 RAJA IN; Fax: (91)21-2043864
- Klassic Gold Hotgel
42 Sardar Patel Nagar
Navrangpura, **Ahmedabad 380 006**, Gujarat, India
Telephone: (91)-272-445508, 445194,445595; Fax: (91)272-445195
- Colombo, Sri Lanka** Holiday Inn Hotel
30, Sir Mohd. Macan Marker Mawatha
Colombo, Sri Lanka
Telephone: (94)1-4220001-9; Fax: (94)1-447977; Tlx: 21200 Holinn CE
- During Field visits in Sri Lanka** Hotel Nuwara Wewa
Anuradhapura, Sri Lanka
Telephone: (94)25-2565
- Queens Hotel
Ward Street, **Kandy**, Sri Lanka
Telephone: 22121, 32079; Fax: 549280; Telex: 21201
- Bangkok, Thailand** Viengtai Hotel
Tani Road, Banglumpu
Bangkok, Thailand
Telephone: (66)2-2805434-51, 2895392-9; Fax: (66)2-2818153
- Vista Hotel
Prapokklao Road, Muang District
Chiangmai 50000, Thailand
Telephone: (66)53-210663-4; Fax: (66)53-214563
- IDACA, Japan** IDACA Hostel
4771, Aiharo-cho, Machida-shi
Tokyo 194 02, Japan
Telephone: (81)427-824331; Telex: (720)2872205 IDACA J;
Fax: (81)427-824384; 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 to all concerned 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
Regional Office for Asia and the Pacific
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Mr A.H.Ganesan Res. Phone : 5594516
Programme Officer



The first National Follow-up Workshop for former participants from the Republic of Korea was held at Seoul, May 6-9 1993. (L to r) Mr Shiro Futagami of IDACA, Mr Daman Prakash, ICA Project Director, Mr Churl-Hee Won, Executive President of NACF and Mr Yong-Jin Kim, Director-General NACF.

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Seoul. Republic of Korea.
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- Pakistan** 11. Mr. Tasadduq Hussain
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Lahore, Pakistan.
- Sri Lanka** 12. Mr. H. A. Siripala,
General Manager
Hungoma Multipurpose Cooperative Society
Thavaluvila
Ambalantota, Sri Lanka
13. Mr. K. L. Bandula
General Manager
Nattandiya Multi-purpose Cooperative Society Ltd.
Marawila Road
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- Thailand** 14. Mr Pratin Boontioy
Training Officer
Cooperative League of Thailand
13, Pichai Road, Dusit
Bangkok, 10300, Thailand
- Vietnam** 15. Ms. Phung Thi Ngan Ha
Officer, International Department
Council of Vietnam Cooperatives
and Non-State Enterprises,
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- Project Director** Dr Daman Prakash
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International Cooperative Alliance
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- Programme Officer** Mr A.H.Ganesan
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New Delhi, 110 065, India.

CHRONOLOGY OF COURSES HELD

<i>Course No.</i>	<i>Dates</i>	<i>Countries where courses held</i>	<i>Participating countries</i>
PHASE-I			15 Participants from
FIRST	Nov 01, 1986 - May 03, 1987	India, Thailand, Japan & Republic of Korea	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 Republic of China	Bangladesh, China, India, Korea, 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.
PHASE-II			
SIXTH	Oct 21, 1991 - May 10, 1992	India, Thailand Japan and Peoples Republic of China	Bangladesh, China, Indonesia,India, 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 - April 21, 1994	India, Sri Lanka, Thailand and Japan	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand and Vietnam.
Total Number of Participants : 120			

**COUNTRYWISE PARTICIPATION IN ICA/JAPAN MANAGEMENT
TRAINING COURSES, 1986/87 - 1993/94**

<i>COUNTRY</i>	<i>1986-87 JTC I</i>	<i>1987-88 JTC II</i>	<i>1988-89 JTC III</i>	<i>1989-90 JTC IV</i>	<i>1990-91 JTC V</i>	<i>1991-92 JTC VI</i>	<i>1992-93 JTC VII</i>	<i>1993/94 JTC VIII</i>	<i>TOTAL</i>
Bangladesh	1	1	1	1	1	1	1	1	8
China	2	2	2	2	2	2	-	-	12
India	3	3	2	2	2	2	3	2	19
Indonesia	1	2	-	-	-	1	1	2	7
Iran	-	-	-	-	-	1	1	1	3
Korea, Rep.of	2	2	2	2	2	2	2	2	16
Malaysia	1	1	1	2	1	1	1	1	9
Myanmar	-	-	-	-	-	-	-	1	1
Pakistan	-	-	1	1	1	1	1	1	6
Philippines	2	1	2	2	2	1	1	-	11
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	3
Total	15	15	15	15	15	15	15	15	120





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 and exposure experience 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, Latin America and Africa.



The **International Co-operative Alliance (ICA)** is a worldwide confederation of cooperative organisations of all types. Founded in London on 18th August, 1895, the ICA has affiliates in 70 countries with 200 national and international level organisations as members serving over 700 million individual members.

The ICA Regional Office for Asia and the Pacific (ICA-ROAP) serves 68 national level organisations from 26 countries and the ACCU, representing nearly 450 million individual cooperators. More than 63% of the total ICA membership comes from the Asia-Pacific Region. 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.



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PARTICIPANTS

INTERNATIONAL COOPERATIVE ALLIANCE
43 Friends Colony, New Delhi - 110065. India.
**8th ICA/Japan Training Course for Strengthening Management
of Agricultural Cooperatives in Asia**
India, Sri Lanka, Thailand, Japan
October 20, 1993 - April 21, 1994



Md. Anwaruzzaman
Bangladesh
Bangladesh National
Cooperative Bank Ltd.



Krishna Ganuji Wankhade
India
Indian Farmers Fertilisers
Cooperative Ltd.



Deepak Kumar Saxena
India
Rajasthan State
Cooperative Bank Ltd.



Tanoyo Adi
Indonesia
National Union of Dairy
Cooperatives (GKSI)



Iskandar Mukhlas
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Vietnam
Council of Vietnam
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Daman Prakash
Project Director
ICA ROAP



A. H. Ganesan
Programme Officer
ICA ROAP



INTERNATIONAL COOPERATIVE ALLIANCE

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**8th ICA/Japan Training Course for Strengthening Management
of Agricultural Cooperatives in Asia**
India, Sri Lanka, Thailand, Japan
October 20, 1993 - April 21, 1994

PARTICIPANTS



8TH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING
MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA

October 20 1993-April 21 1994

INAUGURAL SESSION

Wednesday, October 20 1993

P R O G R A M M E

10.30 am Bonow House, 43 Friends Colony
New Delhi. Conference Hall

Inauguration Session President
- Mr J.C. Pant
Secretary to the Government of India
Ministry of Agriculture

Opening Remarks

Dr Daman Prakash, Project Director
ICA-Japan Management Training Project

Welcome Remarks on behalf of the Indian
Cooperative Movement

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

Welcome Remarks on behalf of the International
Cooperative Alliance Regional Office

Mr G.K.Sharma, Regional Director
ICA Regional Office for Asia-Pacific

Presidential Remarks

Mr J.C.Pant, Secretary to the Govt of India
Ministry of Agriculture

Inaugural Address

His Excellency Chusei Yamada
Ambassador of Japan to India

Vote of Thanks

Mr Malte Jonsson
Senior Development Advisor, ICA ROAP

Tea (served on the lawns of the Bonow House).

ADDRESS BY H. E. MR. CHUSEI YAMADA, AMBASSADOR OF JAPAN
INAUGURATING EIGHTH ICA. JAPAN TRAINING COURSE FOR
STRENGTHENING MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA

NEW DELHI: 20th October 1993

His Excellency Mr. J. C. Pant, Agriculture Secretary to the
Government of India

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

Esteemed Participants

Ladies and Gentlemen:

I deem it a privilege and great honour to be called upon to inaugurate "Eighth ICA/Japan Training Course for Strengthening Management of Agricultural Co-operatives in Asia". It is indeed so kind of H. E. Mr. Pant to have made it convenient to participate in the inaugural function of the course, which is surely an expression of the importance India attaches to the role of agricultural cooperatives in modernising the agricultural sector.

I wish to commend and congratulate International Cooperative Alliance for the excellent way it has been organising the training course over the years. It makes me feel especially proud that the Ministry of Agriculture, Forestry and Fisheries, Government of Japan, has been providing financial support to this meaningful and important activity of ICA, benefits of which reach out to active agriculturists and to the co-operative movement in Asia.

Agriculture, a vital sector of economic activity, continues to play a dominant role in the economy of many of the Asian countries. Related as it is directly to the basic

needs of the people, the importance of agriculture can hardly be over-estimated. However, with the advent of modern industrial age, agriculture is facing newer and serious challenges calling for radical reforms, both in terms of technology as also in the management.

Ladies and Gentlemen:

As you are aware, Japan has experienced transformation from a predominantly agrarian society into an industrially advanced society. Facing serious challenges and adverse situations, agriculture in Japan has continued to technologically update and modernise itself, thereby re-defining its role and importance. In this process, agricultural cooperatives have played a very important role, contributing to the modernization and transformation of Japanese agriculture. I am sure that this experience of Japan should be of considerable value to the agricultural cooperative movements in other Asian countries, as agricultural sectors there too are more or less in the process of transformation from a traditional to modern competitive production activity.

In this context the organization of a training course such as the one being inaugurated today is most timely and useful. The course will provide a valuable opportunity to the trainees from various countries in Asia to learn how best the cooperatives can be managed to become most competitive and productive to be able to meet the challenges of changing times. I have no doubt that the esteemed faculty drawn out from various countries will enable the trainees to learn the best from their varied expertise and experiences in management and allied fields. The training course also provides you an opportunity to share your experiences with fellow participants as also with the learned faculty. I am sure that you will go back to your respective countries

enriched with valuable knowledge and experience which you will put to best use in modernising agriculture and to strengthen cooperative movement there.

I wish the training course a grand success and wish the participants all the best.

Thank you.



Regional Office for
Asia & the Pacific

OPENING REMARKS OF DR DAMAN PRAKASH,
PROJECT DIRECTOR
AT THE INAUGURAL FUNCTION OF 8TH ICA JAPAN
MANAGEMENT TRAINING COURSE, NEW DELHI
WEDNESDAY, 20TH OCTOBER 1993

=====

Mr President, Shri J.C.Pant, Secretary, Ministry of Agriculture, Government of India; Your Excellency Chusei Yamada, Ambassador of Japan in India; Mr B.D.Sharma, Chief Executive, NCUI; Mr G.K.Sharma, ICA Regional Director for Asia and the Pacific; Participants of the Eighth Course; Members of the Cooperative Community, Friends, Ladies and Gentlemen:

01. Based on discussions held between the ICA, the Central Union of Agricultural Cooperatives of Japan, and the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan, a Regional Project on Management Leadership Training for Agricultural Cooperatives was developed for implementation through the ICA. The first course attended by 15 participants from nine countries of Asia was held during 1986/87. The Eighth Course with 15 participants from 11 countries is starting today. The six-month long training programme is implemented by the ICA with the collaboration of well-known institutions e.g. the Institute for the Development of Agricultural Cooperation in

Asia, (IDACA), Japan; the Indian Institute of Management, (IIMA) Ahmedabad; the Vaikunth Metha National Institute of Cooperative Management, (VMNICM), Pune; and the ICA Member-Organisations in India, Sri Lanka, Thailand, and Japan. The Training Programme this year will be conducted in four countries, i.e. India, Sri Lanka, Thailand and Japan. The participants of this programme have come from Bangladesh, India, Indonesia, Iran, Republic of Korea, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand and Vietnam. For the first time, after a long time, we have a candidate from Myanmar participating in this Programme. The Myanmar rejoined the ICA this year.

02. 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 this Project.

03. Until the end of the Seventh Course, 105 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 work, they have produced concrete, technically-sound, and potentially viable 103 projects in the agricultural cooperative sector aiming at enhancing the participation and income of grassroots level farmers. The main theme of these development projects is value-addition and greater participation of the basic members in the business and organisational functions of their



cooperatives. Several of these projects are already under implementation in various countries.

04. The activities of the Project received considerable attention and publicity in the Region and has generated keen interest to the extent that in the meeting of the ICA Regional Council for Asia and the Pacific, repeated suggestions have been made over the past few years for increasing the number of seats in addition to the 15 candidates now trained annually. Considering the size of cooperative organisations and structure of agricultural cooperatives in the Region and the volume of their business, the number of 15 candidates appears to be small and inadequate. However, given the proper encouragement for country-based follow-up training programmes on similar lines, it is possible to generate a chain reaction within individual countries to create an atmosphere for applying the management approaches and techniques introduced through the project and to derive full benefits through improvement of capabilities of increased number of managerial personnel on similar lines.

05. Although there is a large number of cooperative organisations in the Region with a variety of success spectrum, there are still management problems interlaced with lack of membership participation in the business affairs of these cooperatives. The staff and board members of cooperatives also lack managerial skills mainly due to inadequate environments. Due

to limited resources available at the command of primary and secondary level cooperatives it has been difficult for them to sponsor their staff for training at higher level training institutions within the country or abroad. The ICA has been providing such opportunities in a limited way to some selected key managers and policy-makers in the area of human resource development. Such opportunities and exposures are considered absolutely essential if the staff and board members have to play a fruitful role in the business aspects of their cooperative institutions.

06. 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. In spite of the application of the best management tools and the astonishing business volume handled by them, these cooperatives have of late, been finding it hard to sustain the interests of farmers and attract new ones to maintain the most respected institution of agriculture. Japan is now facing a host of pressures to open up its market for agricultural products which the farmers have rightfully been objecting to. 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. These institutions are now at the

cross-road. These and several other factors merit attention and study. During their stay in Japan, the participants will be able to see for themselves how the Japanese farmers and their cooperatives are able to overcome the current problems faced by them.

Ø7. Besides the technical, financial and moral support provided by the Government of Japan and the Japanese Agricultural Cooperative Movement, we are grateful to our member-organisations within the Region for sponsoring the right-type of participants, making available the infra-structural support in facilitating the training of participants, and providing us with relevant informatory material and expertise. We will continue to fall back on their support in our future programmes. They are already supporting us in conducting national follow-up Workshops of former participants.

Ø8. The participants of this Course will have the benefit of observing agricultural cooperative system in India, Sri Lanka, Thailand, and Japan. We expect them, upon completion of this programme, to perform in a more professional manner keeping in mind the needs and requirements of the ultimate beneficiaries, the farmer-members of agricultural cooperatives in their respective countries.



Regional Office for
Asia & the Pacific

09. We are extremely grateful to Your Excellency for accepting our invitation to inaugurate this Training Course. Your presence among us today is a source of inspiration and a factor of encouragement. Thank you, Your Excellency.

10. To you, Mr Pant, the President of our Inaugural Session, we are grateful for agreeing to be with us today at Bonow House in spite of your very busy schedule. We are extremely happy that you are now the Secretary to the Government of India in the Ministry of Agriculture. We wish you all success and a fruitful assignment. Our congratulations to you, Mr President. Thank you.

C O U N T R Y P R O F I L E

BY

Md. Anwaruzzaman,
Manager,
Bangladesh Samabaya Bank Limited,
Dhaka, Bangladesh.

INTRODUCTION :

Bangladesh is a deltaic land comprising an area of 143000 square kilometers with population of about 110 million which is increasing at the rate of 2.3% annually. The literacy rate is 24.82% only. It is predominantly an agricultural country with 85% of the population living in the rural areas depending mainly on agricultural for earning their livelihood. The main agricultural crops of Bangladesh are rice, jute, tea, sugarcane, potato, tobacco, spices and oilseeds, Besides, various types of tropical fruits and vegetable are also produced here. Although the rural sector occupies an important position in the country, the social and economic conditions of the rural people are disappointing. More than 50% are functionally landless and another 25% find it difficult to ensure subsistence from their cultivable land. The per capital income is 215.00 U.S. Dollar.

CLIMATE :

Bangladesh has three clearly defined seasons in a year, namely winter (November-February), Summer (March-May) and Monsoon or Rainy season. Temperature ranges from 8°c in winter to 35°c in summer months. The annual rain fall ranges from 119.38 to 145.44 Centimeter.

INDUSTRY :

The industries sector plays an important role in the economy of the country. Although the share of industries sector to GDP is only 12%, its role in the national economy is increasing gradually. It provides essential consumer goods and key inputs for mechanised agriculture and accounts for about 65% of foreign exchange earnings through export. It also provides employment for a large number of work force. Due to limited cultivable land and high rate of population growth stability in economic and social development of the country is not possible without rapid industrialization. Industrial policy of the country provide special emphasis for the development of the private sector. To improve the private sector, some special measures have been taken. These are reorganisation of public sector corporation, allowing increased flexibility in pricing capital restructuring, progress towards setting up an improved. System for monitoring the performance of the enterprise, etc. Industrial policy emphasize development of small, cottage and handloom industries as a priority sector. Large number of large scale industries have been set up. Among them jute and cotton textile, paper & news print, sugar, cement, chemicals, fertilizers, tanneries and ready made garments are important.

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.

GROSS DOMESTIC PRODUCT (GDP), PER CAPITA DOMESTIC PRODUCT
AND GROWTH RATE (AT 1989-90) CONSTANT FACTOR COST).

Particulars	1989-90	1990-91	1991-92
Gross domestic product (crore Taka)	69761	72273	75195
Population (crore)	10.58	10.78	10.98
Per capita Domestic product (in Taka).	6503.7	6704.5	6848.4
Growth rate of Gross Domestic Product (%).	-	3.6	4.04
Growth rate of per capita Domestic product (%).	-	1.7	2.1

RATE OF AGRICULTURAL COOPERATIVES IN THE TOTAL DEVELOPMENT
PROCESS :

In Bangladesh, there are two systems of cooperatives, one is traditional (three-tier system) which is called general Co-operatives, another is modern (two-tier system) which is known as BRDB-TCCA Co-operatives.

TRADITIONAL COOPERATIVES:

Traditional or general Cooperatives was introduced in this part of sub-continent in 1904, with a view to support agricultural credit in kind and cash to increase the agricultural produces by the farmer members under this system loan is chamelised through three-tires viz. (1) National level which is called Apex Cooperative Society (2) Secondary level which is called Central Cooperative Bank Ltd./ Central Cooperative Society Ltd. and (3) Primary Cooperative Society at village level.

National or Apex Cooperative Society provides necessary credit and other services to the central cooperative banks/societies. The Central Cooperative Banks/Societies are generally located at district level. These societies support credit and other services to the primary cooperative societies. Primary Cooperative Societies are located at village and there provide credit and other development services to the individual farmer members. Bangladesh Samabaya Bank Limited is the only Apex Cooperative Society which is involved in agricultural credit operation through-out the country.

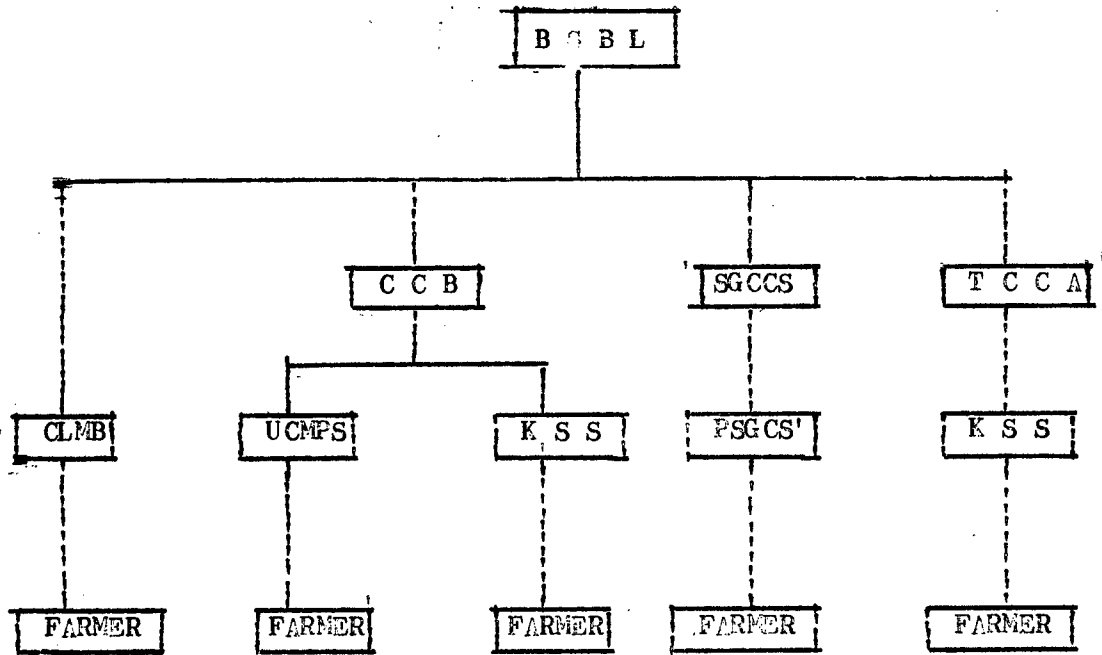
DESCRIPTION OF BANGLADESH SAMABAYA BANK LIMITED.

The then East Pakistan Provincial Cooperative Bank Ltd. has been turned into the Bangladesh Samabaya Bank Ltd. with a position of National level cooperative bank in the country in 1971. The membership of the Bank is open to all classes of cooperative societies dealing with agricultural credit.

AT PRESENT ITS AFFILIATED BANKS AND SOCIETIES ARE AS FOLLOWS :-

<u>Sl.No.</u>	<u>Categories of Cooperatives.</u>	<u>Number.</u>
1.	National Society.	4
2.	Central Cooperative Bank.	71
3.	Thana Central Cooperative Association.	51
4.	Central Sugarcane Growers Cooperative Society.	13
5.	Central Cooperative Multipurpose Society.	30
6.	Cooperative Land-Mortgage Bank.	45
7.	Fisherman Cooperative Society.	2
8.	Urban Cooperative Bank.	10
9.	Primary Multipurpose Cooperative Society.	152
10.	Government.	1
11.	Others.	68
12.	Liquidated Cooperative Bank/Society.	17
		<hr/>
Total:		464

The operational structure of the Bangladesh Samabaya Bank Limited is as follows :-



BSBL : Bangladesh Samabaya Bank Limited.

CCB : Central Cooperative Bank.

SGCCS: Sugarcane Growers Central Cooperative Society.

TCCA : Thana Central Cooperative Association.

CLMB : Cooperative Land Mortgage Bank.

UCMPs: Union Cooperative Multipurpose Society.

KSS : Krishi Samabaya Samity.

PSGCS: Primary Sugarcane Growers Cooperative Society.

The Bank is managed by a Board of Directors. The Chief Executive of the Bank is the General Manager. The Bank play an impotent role in agriculture sector through the operation of cooperative agricultural credit in the country. The short-term loan is mainly issued in the shape of cash, seeds, fertilizers, fuel etc. for cultivation of various types of crops such as paddy (HYV), jute, wheat, sugarcane, oilseeds, potato etc. Medium term loan is issued for purchase of plough cattle and small size agricultural equipment. Long-term loan is provided through the cooperative land mortgage banks for redemption of old debts, purchase of agricultural machineries and improvement of land.

FINANCIAL POSITION OF B S B L (1992-93).

1. Share Capital (paid up).	Tk.	307.18	Lac.
2. Reserve.	Tk	5421.60	"
3. Deposit.	Tk	216.40	"
4. Borrowings.	Tk	8249.75	"
5. Other Liabilities.	Tk.	8797.55	"
6. Investment in share and securities.	Tk	52.21	"
7. Cash and Bank Balance.	Tk.	3841.35	"
8. Loans and Advances.	Tk.	8924.81	"
9. Fixed Assets.	Tk.	35.58	"
10. Other Assets.	Tk.	10138.53	"

The position of agricultural loan operation of the bank are as follows (up to 30th June, 1993):

1). Loan issued since inception.	Tk.	38129.81	Lac.
2). Amount recovered since inception (Principal & Interest).	Tk.	33849.45	"
3). Amount outstanding.	Tk	18774.66	"

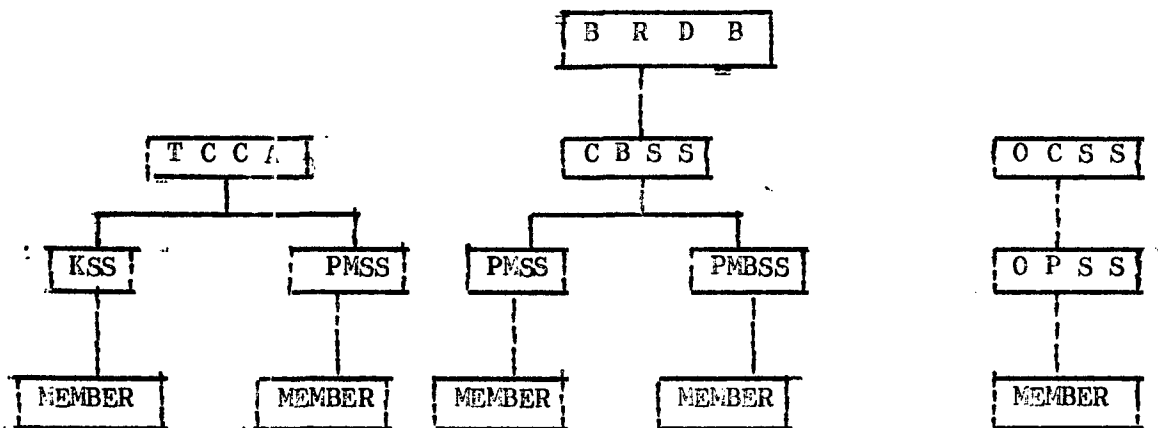
The Bangladesh Bank (Central Bank of the country) provides concessional credit facilities to the bank for lending to its members against Government Guarantee to the extent of 25% which is the main sources of the fund of the bank. The Bank also provides substantial credit to its members from its own fund.

FUNCTIONAL DESCRIPTION OF CENTRAL COOPERATIVE BANK (CCB).

Most of the Central Cooperative Banks are situated at district head quarters. These are affiliated to BSBL and borrow loan from BSEL for advancing Cooperative agricultural credit among the member farmers through its affiliated primary agricultural cooperative societies, such as union cooperative multipurpose societies(UCMPS) and Krishi Samabaya Samity(KSS). The Central Cooperative Banks are autonomous bodies managed by an elected Board of Directors. Executive/Principal officers are the Chief Executives who work under the control of the Managing Committee. Other Central Cooperative Societies are also managed and run by the elected Board of Directors and one Principal officer as the Chief Executive in each such societies.

- 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 cooperatives and simultaneously promote members accumulation of capital. Moreover, BRDB encourages finally viable TCCAs to diversity 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 cooperative societies and TCCAs.

OPERATIONAL STRUCTURE OF BRDB.



TCCA	: Thana Central Cooperative Association.	447
CBSS	: Central Bittahin Samabaya Samity.	144
OCSS	: Other Central Samabaya Samity.	13
KSS	: Krishi Samabaya Samity.	55775
PMSS	: Primary Mohila Samabaya Samity.	10021
PBSS	: Primary Bittahin Samabaya Samity.	12816
PMBSS	: Primary Mohila Bittahin Samabaya Samity.	1195
OPSS	: Other primary Samabaya Samity.	1305

At present 27007 general primary agricultural cooperative societies and 55775 BRDB primary agricultural cooperative societies are functioning for increasing agricultural productivity and net farm income in the country.

Out of the total of 10.05 million farm households in the country 4.5 million farm households are the members of agricultural cooperatives which is 45% of the total farmers. The cooperative farmers hold 10.35 million acres of farm land out of 21.87 million acres of cultivable land in the country.

As a whole, agricultural sector contributes about 46% in GDP in which 17.86% is contributed by the cooperative farmers and 20.53 the non-cooperative farmers.

In Bangladesh, BSBL and BRDB are the only sources of formal cooperative agricultural credit which covers around 15% of total agricultural credit in the country. The rest is covered by the commercial banks and others.

The agricultural cooperative societies are rendering about 25% of irrigation services by installing Deep Tube-wells, Sallow Tubewells, Power pumps and in other ways. Both the agricultural cooperatives BRDB and General provide about 25% of fertilizers, 20% of seeds, 20% of pesticides and 40% of irrigation machineries and equipment to their farmer members through their primary cooperative societies purchasing from Bangladesh Agricultural Development Cooperation (BADC) and other concern agencies.

PROBLEMS :

Following problems are observed in the operation of the different levels of cooperative societies -

- (1) The apex, secondary and primary cooperative societies are independent organisations. The apex cooperative society has no administrative control over the secondary level societies and similar is the position of the secondary level societies over primary societies.
- (2) Board of Directors are elected/nominated for two years only which is not enough time to take any effective plan for improving its operational and financial position.
- (3) The budget prepared by the society requires approval of the concerned Cooperative Officer which takes unusual time and thereby hampers the operation of the society.
- (4) Proposed budget of the society is sometimes curtailed by the concerned officers which also creates problems in the operation of the country.
- (5) The lender society may supervise the financial activities, check the records and cash position of the affiliated loanee societies but cannot take any action for any irregularities.

The above mentioned problems create non-homogeneous atmosphere among the various levels of the societies.

The following steps are under consideration of the Government to overcome the problems -

- (i) No cooperative society will be registered if it is not fund economically viable ;
- (ii) The cooperative societies which is not viable as well as workable will be placed under liquidation ;
- (iii) The cooperative 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 single agency for all kinds of cooperative loans.
- (vi) Unification of traditional and BRDB agricultural cooperatives at village level.
- (vii) Introduction of rural based project financing for creating off-farm season employment.
- (viii) Planning for intogration of cooperatives at all levels and introduction of competent professional management.

BASIC STATISTICS ON COOPERATIVES IN BANGLADESH

Up to 30th September, 1992.

Sl No.	Particulars	Under Coopera- tive Direc- torate.	Under BRDB	Total	Under Coope- rative Dire- torate.	Under BRDB	Total
1.	Number of Societies.	452	604	1056	39902	85041	124943
2.	Number of Members.	45809	85111	130920	4084446	2930915	7015361
3.	Share Capital (Fig.in lac).	915.12	3081.94	3997.06	3269.31	3160.30	6429.61
4.	Deposit (Fig.in lac)Tk.	847.77	4875.09	5722.86	6542.77	4997.58	11540.35
5.	Reserves (Fig.in lac)Tk.	905.01	1952.19	2857.20	1086.84	657.17	1744.01
6.	Loan Received (Fig.in lac)Tk.	38763.42	98239.20	137002.62	42355.42	98207.58	140563.00
7.	Loan Disbursed (Fig.in lac)Tk.	38491.42	98239.20	136730.62	42613.87	98207.58	140821.45
8.	Loan Recovery (Fig.in lac)Tk.	30874.14	70358.22	101228.36	32609.99	70458.76	103068.75

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 TCCAs 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 xxxxxxxxxx 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 BADC'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/Wire 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.

**AGRICULTURAL COOPERATIVES IN INDIA
THEIR ORGANISATIONAL STRUCTURES,
MANAGEMENT PRACTICES AND PROBLEMS**

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AREA AGRONOMIST

INDIAN FARMERS FERTILISER COOPERATIVE LTD.

**COUNTRY PAPER PREPARED FOR
EIGHTH ICA/JAPAN TRAINING COURSE FOR
STRENGTHENING MANAGEMENT OF AGRICULTURAL
COOPERATIVES IN ASIA, 1993-94.**

AGRICULTURAL COOPERATIVES IN INDIA

I. GENERAL INFORMATION

India is one of the oldest civilisation and rich cultural heritage. It covers an area of 3.280 million sq. km. extending from the Himalayan to tropical rain forest of the south lying in the northern hemisphere. The main lands between Latitude 8°4 and 37°6 north, longitude 68°7 and 97° 25 east having about 2933 km from east to west between the extreme longitudes. The land frontier about 15,200 km-with a total coast line length of 15,200 km.

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 and Nepal, in the East by Bangladesh and Myanmar and in the North-West by Afghanistan and Pakistan, In the South Gulf of Mannar and Palk Strait separates India from Sri Lanka. The Major Portion of the country is a compact land mass but the island of Andaman and Nicobar in the Bay of Bengal and Laccadive Minicoy and Amindiv. Island in the Arabian sea form a part of the territory of India. As per 1991 census India's population stood at 844.32 million (437.80 million males and 406.52 million Females). The population density is 267 persons having sex ratio 934. The literacy percentage is 52.11 of which 63.86 male & 39.42% female.

LAND AREA AND GEOGRAPHY

The Geological regions broadly grouped in to four regions

- Himalayas and their group of mountains zone
- Indo Ganga Plains
- Peninsular Shield-and
- The desert region.

The climate of India may be grouped in four seasons (i) Winter (January - February)

- (ii) Hot weather summer (March-May)
- (iii) Rainy South-Wester monsoon (June - September) and
- (iv) Post monsoon period north east monsoon (October-December)

Land Utilisation :

The total Geographical area is 328.73 million hectares about 35 million ha. lies in mountain, of which 95% is unsuitable for Agricultural, Hilly tracts, comprises 61 m. hectares. Platees measures 103 m. hectrues Half Platue is found in central India.

Plain covers 141.6 m. hectures or 43% of the total land in India. These are distributed all over country and most suitable for cultivation. In these plains areas are also found unsuitable land such as, the salt marshes of kutch and the sandy deserts of western Rajasthan which is not suitable for cultivation. Percapita availability of land will be 0.15 ha by 2000 AD as compare to 0.20 ha in 1981.

LAND UTILISATION PATTERN 1987-88

	Area in million ha	% of total reporting Area
1. Geographical Area	328.73	
2. Reporting Area for Land Utilization	304.85	100
3. Forest	66.86	21.9
4. Not available for cultivation	41.20	13.5
5. Other uncultivated land (Pastures, under misc. tree crops and cultureable wasteland)	31.01	10.2
6. Fallow lands	29.60	9.7
7. Net Area Sown	136.18	44.7
8. Area Soun more than once	36.70	
9. Total cropped Area	172.88	
10. Net irrigated Area	43.05	
11. Gross irrigated Area	56.22	

The agricultural development planning introduced agroclimatic zone approach to minimise imbalances in agricultural growth for this purpose 15 agro-climate regions. and district was used as the lowest unit for demarcation of zonal boundaries. 15 zone were divided in 73 subzones.

II. AGRICULTURAL SITUATION

Indian economy mostly is an agricultural economy it contributes nearly 40 per cent of the net national product, provides livelihood to 60 percent of the total working force and 80 percent population depends on agricultural. The average size of holding in India is only 1.69 ha and more than 76 percent of total number of holding are less than 2 ha. only, Two percent holding are above 10 ha.

Indian Agricultural is mostly monsoons dependent. Nearly 70 percent of the cultivated area is rainfed. Main agricultural crops grown in India includes Rice, Wheat, Sorghum, maize other Coarse cereals, Pulses, sugarcane, oil seeds Cotton, Jute and varied horticultural crops. India by now is self sufficient in food grain production. during 1992-93 food grain production stands at 180.3 million tonnes. By the end of this century the need of the country will be 240 million tonnes - to feed around one billion population.

Per capita Availability of certain Important Articles 1990-91

Articles	Availability
Cereals	438 gram per day
Pulses	36 gram per day
Edible oils	5.4 K.G. per annum
Sugar	12.5 K.G. per annum
Cotton Cloth	11.5 Mts. per annum
Fibre Fabrics	5.8 Mts. per annum
Cotton Cloth	10.25 Mts. per annum
Tea	660 gram
Electricity Domestic	37.7 KWH per annum

It has been estimated that about 50 percent of growth in Agricultural production is attributed to balance fertiliser use. During 92-93 total production of Nitrogenous & Phosphatic fertiliser consumption & went up from 69000 tonnes of nutrient in 1950 to 12.25 million tonnes in 1992-93. During the year 92-93 consumption of P & K fertilization showed negative growth due like in prices of these fertilisers. Per hectare

consumption ($N+P_2O_5+K_2O$) declined from 70.3 Kg in 1991-92 to 69.6 Kg in 1992-93 share of cooperatives in production of Nitrogenous fertilisers during 91-92 was 23.62% While in case of phosphatic fertilizers it uses 13.83 percent.

In India irrigation support is provided through major medium projects, tank, and use of ground water irrigation. Irrigation potential has increase from 2.26 m ha during pre plan (1950-51) to 82.8 m ha by the end of 1990-91. As against the above potential utilization at the end of 90-91. is 74.2 mill. hectare. Percentage of irrigated area has been 32%.

In India on an average about 1170 millimeter Rainfall is received per annum. The available surface water source has been assessed at 188 m. hectare meter (ha.m) Out of total surface water 80% received during July-September months period of monsoon- which can not be utilised due inadequate storage reservoirs. Central water commission indicates that water resources utilised through surface is about 69 million ha. m which constitutes only 31% of the available water.

Estimated Area Under Land degradation and Land Utilization Problem.

Annual average loss of nutrients from land worth	5.37 to 8.4 million tonnes
Annual average loss of Production for not developing ravine is worth	3 million tonnes
Average annual rate of encroachment of tables land by ravines	8,000 ha
Average area annually subject to damages through shifting cultivation	1 million ha
Total Flood Prone Area	40 million ha
Total drought prone area	260 million ha

The ultimate irrigation potential of the country has been estimated as 113 million ha. Irrigation water management has been the main attention during recent past to avoid inefficient use of water leading to hazards like water logging, soil salinity etc.

STATUS OF AGRICULTURAL INDUSTRY

3. Status of Agricultural Industry.

Agriculture provides the largest avenue for self employment in the country and is an excellent example of small and decentralised enterprises. A meaningful partnership between farmers and industries could serve for commercialisation of Indian agriculture.

In the year ended 1990-91 total investment on Agrobased industries was Rs. 740 million.

Major Agro based Industry are

- 1. Sugar :** Is the second largest agro based industry in the country. There are 405 installed sugar factories producing 12.05 million tonnes. Share of cooperatives in sugar production during 91-92 was 62 percent of the total production.
- 2. Textile & Handloom :** Textile sector provides employment opportunities to 16.48 million people in the country Total cotton yarn production of 1467.5 million kg during 1990-91.
- 3. Jute :** Jute industry employs 0.25 million workers and support 4 million Jute farmers. There are 73 jute mills the production of Jute goods 1.278 million tonnes during 91-92.
- 4. Silk :** In India all types of silk is mulberry and non mulberry silk is produced.

The production of raw silk during 91-92 has been 11748 tonnes. In order to accelerate the production of quality silk in the country National Sericulture project (NSP) has been established.

5. **Fertiliser** : India is day fourth largest producer of nitrogenous fertiliser. There are, at present, 55 fertiliser unit manufacturing wide range of nitrogenous and complex fertilisers. Besides there are over 80 units producing single seep phosphate. The installed capacity of N went upto 8.515 million tonnes during 92-93. While P_2O_5 capacity stagnated at 2.811 million tonnes. The total production of N & P_2O_5 for the year 1992-93 has been 9.751 million tonnes.

Fertiliser is distributed through 232505 sale points out of which cooperative and other institutional channels accounted 71880 (31 percent) and private sale points 1,60,525 (69 percent) during 90-91.

FOREST

Forest are a renewable source and contribute substantially to economic development. They have major role in enhancing quality of environment. The country has 75.23 million ha notified forest of this 40.6 million ha as reserved forest about 19.47 per cent of the total geographical area is under actual forest. The destruction and reduction of forest continued for revenue earning, giant hydro electric projects road buildings, conversion to agricultural land owing primarily to agricultural dependent population pressure, providing raw material to forest beased industries. National remote sensing Agency's photo imergey show that 13.5 per cent of the total land mass is actually under forest cover. Due to denudation of forest area the very life supporting system are in poor shape. On account of lack of recharging of under ground water due to surface run off of rain water, under ground water table is progressively receding deeper & deeper. The destruction of forest has major impact on the productivity of our lands. Soil erosion increased manifold and the soil literally gets washed away leading to an accentuated cycle of flood and droughts. It is estimated that 5.37 to 8.4 million tonnes of nutrient are lost from land annually - due to erosion. Flood and drought prone areas now account 40 and 260 million ha respectively.

Dairying

The organise dairy sector which handless only 10 percent of the milk produced in the country. Commercial production of milk has become a viable proposition in Rural Area More than 64,200 dairy cooperatives have been formed.

Food Processing

Ministry of food processing was established in 1988. Activities within this ministry are.

- Fruit vegetable processing
- Food grain milling industry
- Dairy products
- Poultry & egg product
- Fish & Fisheries product
- Ready foods etc.

Fisheries

Introduction of deep sea fishing vessels is being encourage of exploit living resources from 2.01 million sq. km. zone. The marine product export reached to 0.175 million tonnes during 1991-92 out of total fish production of 2.3 million.

Production & milk, egg & wool 1989-90

Item	Production
Milk	51.4 million tonnes
Egg	20200 million Nos.
Wool	41.714 million kg.
Fish	3.60 million tonnes

Marketing of Agricultural Proudce

Cooperative showed remarkable performance in marketing of agricultural produce & provide marketing support. All most every primary maket is covered by co-op. marketing society. It also act as marketing agent of the publish sector organisation. Govt. designated cooperative as nodal agencies for price support operaations of oil seeds, coarse grain, and marketing intervention scheme of onion, grapes, potato, castor seed etc. The turn over of business has been Rs. 70,000 million in 1990-91 as compared to Rs. 17970 millions in 78-79. There are 157 Distt. level societees, 29

general purpose state coop. marketing Federations and 16 special commodity federation. At National level National Agricultural cooperative marketing federation of India (NAFED) is apex body.

Ware housing :

The total capacity for storage available in the country for food, fertiliser and other produce is as under :

Agency wise storage capacity

Agency	No. of ware houses	Storage capacity million tonnes
State ware housing corporation	1343	9.015
Central ware housing Corporation	492	6.721
Food corporation of India	-	18.314
Cooperative society Godowns	59365	12.067

Technological Development in Agriculture — Research, Training and Farm Education

The Department of Agricultural Research and Education setup in 1973 in Ministry of Agriculture is responsible for co-ordinating research and educational activities in agricultural, animal husbandry and fisheries. The department provides government support, service and linkage to Indian Council of Agricultural Research (ICAR).

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 possible, now, to harvest 3-4 tonnes of rice production per hectare in Eastern India which is categorized as 'difficult ecosystem'. Improved short duration and high yielding varieties developed made it possible to harvest double crops on residual moisture in areas where it was used to remain fallow. Technologies have been perfected for reclamation of vast areas of alkali lands in the Indo-Gangetic plains and brought under crop production. Advancement has been done in improvement of high milk productive cows & buffaloes, poultry, floriculture, cashew, spices, fish culture, efficient & balanced use of fertilisers, irrigation Management, coconut, research in dryland agriculture and post harvest technology and Agroprocessing are the some of the achievements of Development in Indian Agriculture. Agriculture will be more science based and industry link by the close of this century. Bio technology, genetic engineering, tissue culture bio-insecticides are the emerging areas of future research to promote the growth of agricultural productivity.

The research & development programme is implemented through a wide network of 46 central institutes of ICAR, 71 all India coordinated Research Projects and 27 Agricultural Universities located all over the country.

Agricultural Extension services & Farm Education

The main agency for agricultural development work is ministry of Agricultural & state department of Agriculture. The marketers of Agro inputs do support an agricultural extension programme as a part of their product promotion policy. ICAR, Non-Governmental institutions are engaged in providing extension services. Besides community development programmes other major schemes introduced by Government were National extension schemes, Intensive Agricultural District Development Programme, Intensive Agricultural Area Development Programme, Drought prone Area Programme, Tribal Area Development Programme, Command Area Development Programme, Intensive fertilisers promotion campaign, special Rice productivity Programme, Technical Mission on oil seed production and National project on Development of Fertiliser use in Rainfed low consuming Areas.

Training & Visit system

In the year 1974 Training & visit system was introduced. Village Extension worker (VEW) is provided to 500 farm families and one extension officer to 8 VEWs. The training & visit system is the most important extension method to be used.

Soil Testing and Input Diagnostic centres.

There are about 450 soil Testing laboratories operating including 100 mobile soil testing vans. Input diagnostic centres will provide to check the quality of agroinputs.

ICAR Extension Services.

ICAR started extension education section to deal with National Demonstrations, Operational Research Projects, Krishi Vigyan Kendras (KVK) in 1974 and lab to land programme (1979) at present total 187 KVK are working and by 2000 AD there should be three Krishi Vigyan Kendras in each district.

Agricultural Extension services by Input Industry

Agro input manufacturers / suppliers fertilisers industry is reaching its consumer to the large extent followed by pesticide-industry. Establishment of Agroservices centres to make available the agro inputs requirement along with appropriate technology and services to the farmers from single point which is also known as "Single window approach." Department of agriculture has suggested to open up 6000 cooperative farmers services centres.

The following programmes are taken by various organisations ranging from demonstrations to education, social welfare and employment generators.

1. Demonstration — Single plot two plots, Block demonstrations.
2. Mass contact activities — Field days, farmers meetings, crop seminars, crop competitions, farmers training.
3. Agricultural campaign — Soil testing, plant protection, seed treatment, fumigation, Rhizobium culture tree plantation, weed control etc.

4. **Water Management** — Water shed development drip / sprinkler irrigation, Moisture conservation.
5. **Energy saving** — Bio gas, solar cooker, smokeless chulhas etc.
6. **Strengthening input supply** : Seed multiplication Bio-Fertilisers development programme.

Besides above programmes community development programmes like village adoption, agricultural Development through villager, Model rural development centres, Farm forestry project; Farmers community centre, farmers, integration programmes, and special projects.

III. COOPERATIVE MOVEMENT IN INDIA

Cooperative movement in India was introduced with the main objectives of making welfare of the poorer classes of society. With the cooperative credit societies act 1904, cooperative movement was started in India with only agricultural credit cooperatives. At the beginning of the year 1906-07, the number of societies were 843 with a membership of 90840. Now there are 3,50,000 societies with a total membership of 150 million & working capital of Rs. 621 billions.

As a result of emphasis given in the plans on cooperations as a means of achieving socio-economic transformation, there has been considerable diversification in the operations of cooperatives now operates a network of Banking institutions, marketing and processing societies and agencies, Consumers stores and all other types of societies, like Dairy societies, poultry societies, fisheries societies irrigation societies, Housing societies etc.

The movement has grown up in size and diversified its activities in various fields besides credit-some of the important fields in which Indian cooperative movement is currently active include agricultural production and processing, fertiliser production and distribution, milk production, sugar production, spinning, oil seed productions, and other Agro inputs. Now, there are 20 national level cooperative organisations and 260 state level cooperatives. The cooperatives have advance more than Rs. 500 million of Agricultural credit. They handle marketing of Agril. produce worth Rs. 600 million, distribute Agricultural inputs of about 260 millions and consumer goods of value Rs. 380 millions. Cooperatives account for 62.4 percent sugar production, fertilisers production 21% and distribution about 34 percent.

A number of national federations of specialised sections have emerged and trade is being carried out with parties outside India earning foreign exchange.

Cooperative Structure in India

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

The Primary societies federate into the district with 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 mill's federations etc.

National Federations have emerged in many sectors like Agricultural marketing, housing, Sugar, dairy, fertiliser, Banking, land development, spinning, handloom, textile etc. These national federations also undertake on their own as well as on their affiliates business in India or abroad.

Also state cooperatives unions undertake activities like education and training, publicity, and coordination of activities in various sectors. The unions also act as spokesman of the cooperative movement. Another very important function of the union is to act as a liaison between the Government and cooperative movement. The National cooperative Union of India (NCUI) is the apex body of the cooperative movement in the country and all state and national level cooperative institutions, are affiliated to NCUI.

The subject of cooperation is a state subject according to constitutions of India. Ministry of cooperation only prepares guidelines and holds periodic consultation with the state government. The central Government has a central Registrar whose main task is to register and look after the large size multi unit cooperatives having area of operation in more than one state.

It is policy of Government to promote the movement for which special organisation, the National Cooperative Development Corporation (NCDC), has been constituted by the Government with the main function to plan and promote programmes through cooperative societies for :

- Production, marketing, processing, storage and export & Import of Agricultural products - and
- the collection, processing marketing, storage and export of minor forest produce.

The state Government are empowered to make laws on cooperative societies the registrar cooperative societies is at the top of the state cooperative structure-functioning under state Ministry of cooperation. The registers conducts the audit, undertake supervision and offers guidance. In the line there are additinoal, joint and deputy registrar at state or divisional level and assistant Registrar at the district level.

Growth of coopertives in India

Major thrust of the cooperative movèment in the Indian economy has been to provide support to agricultural production and upliftment of poorer section of the society in the following areas.

- I. Provision of investments support through short term & long term credits.
- II. Supply of agricultural inputs viz. seeds, pesticides & Fertilisers.
- III. Providing of processing and marketing support for ensuring better prices to the farmers for their produce.

The strategy of cooperative development is provision of comprehensive servicews for strengthening agricultural economy, bringing farm technology nearer to the farms, revitalising cooperative and making member more active.

Indian Cooperative Movement at a Glance (1990-91)

Cooperatives	Value in million
I. Number of societies	0.342
II. Membership	164
III. Share Capital	Rs. 53251.3
IV. Working capital	Rs. 716724.1
V. House hold covered	65%
VI. Village Covered by coops.	100%

VII.	No. of National coop.organisation federations	20
VIII.	No. of state level coop. organisation/federation	260
IX.	No. of district cooperatives organisation/Federations	2267
X.	Production credit Advance	Rs. 467885
XI.	Investment credit Advance	Rs. 54936.83

Cooperative Training and Education

Cooperative Training and education is another important for the direct involvement of cooperative members including woman. Under the training functions NCUI is suppose to provide professional training to cooperative employees. This is done through National council for cooperative Training (NCCT) which operates Vaikunth Mehata National Institute of Cooperative Management (VMNICM) at Pune and 18 other state level cooperative training colleges and 95 Junior cooperative training institutes. The total member of Training imparted to cooperative personnel during 1991-92 by various agencies was as under.

Cooperative Training Institutes & Training Imparted 1991-92

Institution	Personnel Trained/Educated
i) State coop Union	21,72207
ii) NCUI	66455
iii) National Centre for coop. education (NCUI)	461
iv) VMNICM Pune	1012
v) Institute of coop. Management (19)	6137
vi) Jr. Coop. Training centres (95)	18335

Apart from the above institutes two new endeavours namely institute of Rural Management (IRMA) and Training of cooperative Personnel in Cooperatives (TOPIC) set up by the NCDC are engaged in training cooperative personnels. IRMA catere the need of training rural institutions, especially those engaged in dairy industry of the 350 IRMA graduates 250 accepted employment in rural cooperative organisation.

NCDC and the training of Personnel in cooperatives (TOPIC) training programme is specially related to areas of rural storage, cotton and soyabean processing supported by World Bank.

Role of cooperatives & their value addition in Indian Agriculture

With the advancement in other sector, cooperatives have diversified their business in many areas and they are acting as instruments for the achievement of National Agricultural policy. Accordingly four types of cooperative are working.

1. **Input supply cooperative** provide agro-inputs in one roof to the farmers. These also known as PACS and Large sized agricultural multi purpose societies (LAMPS) in Tribal areas. Total number of PACS are 88167 with total membership 84.77 millions.
2. **Marketing cooperatives** engaged in purchase & sale of agricultural produce. They 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, Fishers coop. etc.
4. **Integrated cooperative industries** to manufactures agril inputs and machinery. Important of these are IFFCO and KRIBCO in fertilisers and National Heavy cooperative for Manufacturing machinery for sugar, dairy and oilseed cooperaives.

Agricultural Credit to valuadding cooperatives

The agricultural movement started principally cooperative Credit movement till 1969. Cooperaive structure in the country has seperate institutional structure for agricultural credit PACS affiliated with cenral coop Banks, (CCBS) at district level which inturn affiliated to state level coop. Banks. At the National level the short term and long term structure is having National Cooperative Agriculture and Rural Development Banks Federation (NCARDB)_ Entire organisational setup of Agriculture Finance linked with National Bank of Agriculture and Rural Developmet (NABARD). The NABARD supports the cooperative

Agril-finance by refinance at concessional rates. As on 31.3.92 NABARD disbursed an amount of 163.64 billion to various agricultural development project including Minor irrigations & IRDP projects.

It has been estimated that the direct demand for agricultural credit will rise from Rs. 27.5 billion in 89-90 to 110.8 billions in 2000 A.D. Which is to be met jointly by cooperatives, commercial Banks, and Regional Rural Banks.

The cooperative loan to agricultural sector during 90-91

Banks/Socieities		No.	Loan issued (Rs. billion) 1990-91	Loan out standing/ overdues
i)	State coop. Bank (SCBS)	28	96.60	9.86
ii)	Central Coop. Banks	356	110.75	11.72
iii)	State / Central Land Dev. Banks (SLDBS)	19	7.65	37.38
iv)	PACS	88000	46.81	72.78

Cooperative processing

Value adding cooperatives are agro processing units providing Infrastrure for the benefit of farmers. The priciple segments of thes are sugar, dairy, spinning oil seeds & Horticultured crops.

1. Sugar Cooperative

Total 225 cooperaive sugar factories are installed with 7.27 million tonnes of sugar production-accounting about 60.5% of national sugar prodction. These factories are

federated in 9 state federation & at the National Level National Federation of cooperative sugar factories works as apex. body.\

2. Dairy Cooperatives

These help to small farmers to raise their income and made available milk and made available milk to urban poulation. There are 70188 dairy coopertaives with 7.78 million members producing aout 8.29 million liter milk per day. The total turn over of dairy cooperatives is Rs. 14667.4 million. 27300 societies covered under Animal Health Programme.

National Dairy Development Board is responsible for development of a cooperative based Natonal Milk Grid.

3. Rubber cooperatives

Rubber cooperatives are responsible for procurement of rubber from grower and Market the same to terminal market. The Kerala State Cooperative Rubber marketing Fedration limited is engaged in Supply of Agrainputs to the members.

4. Oil seeds cooperatives

More than 300 cooperative oilseeds mills have been installed int he country. In order to help the marketing operations cooperatives established 664 rice mills, 73 dal mills, 53 ground nut processing, 12 for cotton seed processing, 5 for soybean, 35 solvent extaction units. The state level federation take up extension activities.

5. Horticultureal cooperatives :

Coopertaives perform marketing of fresh fruits and vegetables. The value of the marketed vegetables & fruits is estimated 835 millions. 38 fruit & vegetable processing units set up by cooperatives which produced 1701 tonnes fruit & vegetable produced & marketed worth Rs. 28 millions. To protect potato & other perishable produce the cooperative have organised 239 cold storage with 6,80,000 tonnes capacity.

Fertiliser Cooperatives

In Fertiliser cooperatives Indian Farmers Fertiliser cooperative (IFFCO) and Krishak Bharati Cooperative (KRIBCO) having membership of 29357 and 3110 respectively. Both IFFCO & KRIBCO produced million tonnes fertilisers nutrient in 1991-92 accounting for about 21 & percent of total indigenous Nitrogen & Phosphatic Fertilisers - in the country. IFFCO's capacity utilization was 110% and 113% for Nitrogenous and phosphatic plants respectively while KRIBCO capacity utilisation was 117%. IFFCO & KRIBCO marketed 4.724 million tonnes of fertilisers through cooperative channel of PACS and their own 245 farmes services centres.

Problems of Agricultural cooperatives.

1. Lack of professional Management
2. Restrictive and Rigid cooperative law.
3. Non active participation of members
4. Structural weak ness.
5. Leadership Crisis
6. Incapable for competition.
7. Inadequate Infra Structure.

Indian Farmers Fertiliser Cooperative Ltd. (IFFCO)

Until mid sixties, Indian Cooperative had monopoly in distribution of chemical fertilisers in the country but they had no manufacturing facilities of their own. To fill the gap, Indian Farmers Fertiliser cooperative limited (IFFCO) was setup on 3rd November, 1967 as a multiunit cooperative with an authorised capital of Rs. 2000 million with an primary objective of increasing Agricultural productivity and improving rural economy by producing quality fertilisers and promoting their Balancing use.

IFFCO is a Federation of about 30000 societies from village level to national level spread over in 18 states and three union territories with a share capital of Rs. 3602 millions. IFFCO has emerged as Asia's largest fertiliser cooperative It is a line organisation governed by Board of Directors. The Representative General Body (RGB) comprising about 700 delighes is the supreme body. Board of Director and Government of India conducts the bsiness and is accountable to RGB. The

Managing Director, is the chief executive is accountable to Board of Director. The executives at various levels execute day to day work for smooth functioning. The decisions are executed through professional management and members also involved in field programmes regularly.

IFFCO's out standing performance in the sphere of production, capacity utilisatoin, Marketing, profitability, agricultural services to the farmers. It has been recipant of several awards from Fertiliser Association of India, the National Productivity Council, the Federation of Indian Chambre of Commerce and Industry, Union ministry of programme implementation and National & Inter national safety councils.

During the year 1992-93 IFFCO has paid up capita of Rs. 3621.89 million, net worth Rs. 9463.2 million and net profit of Rs. 1132.6 million

Production and marketing

IFFCO has established four modern fertilisers plants located at Kandla & Kalol in Gujarath Phulpur & Anola in Uttar Pradesh. During the year 1992-93 IFFCO Plant produced 2.661 million tonnes of Fertilisers materials with a capacity utilisation 107.6 per cent in the case of nitrogenous fertilisers and 99.6 percent for phosphetic festilissess. plant wise production of urea was 0.361, 0.607, and 0.483 million tonnes by Kalol, Phulpur and Aonla Plants respectively. while production of NPK & DAP at Kandla plant was 0.875 million tonnes. During 1991-92 IFFCO's contribution was 13 percent of nitrigenous and 13.7 percent of phosphatic fertilisers produced indigenously. Kalol plant received the prestigious FAI award for best production performance in nitrogenous fertilisers.

Marketing

Following the cooperative philosophy, IFFCO having over 33,000 retail out lets. IFFCO arrange adequate ware housing facilities to make fertiliser available at their door step. Despite the uncertainties with regard to pricing couple with decontrol and decanalisation of phosphetic and potassic fertilisers IFFCO was able to sale 2.66 milion tonnes of fertiliser material during 92-93 with a sales turn over of Rs. 10137.5 million and net profit of Rs. 1132.6 million.

INTERNATIONAL COOPERATION

IFFCO continues to be a member of the Agricultural cooperative, Development International (ACDI), International cooperative Alliance (ICA), the National cooperative Business Association to provide greater participation in world wide activities. IFFCO has also promoted KRIBCO, National Film and Fine Arts Cooperative Ltd. (NAFFAC) and the Indian Tourism Cooperative Limited (COOPTOUR). IFFCO has also contributed Rs. 0.1 million as a promoter member of National Cooperative Bank of India.

IFFCO's Extension Programmes

Form its inception IFFCO has been conscious of increasing Agricultural productivity by exposing farmers to modern technology. IFFCO has been adopting wide range of promotional & extension activities which includes field days, crop seminars, exhibitions, radio & Television programmes, special compaigns, like soil testing, seed treatment, plant protection, seed multiplication etc. Two mobile soil testing vans are operating in the field to provide on spot soil testing facilities. IFFCO received FICCI (Federation of Indian Chamber of Commerce & Industry) award for Rural Development in 1988.

Village Adoption & Special Projects

To bring the social & economic development IFFCO has covered about 2000 villages and conducting activities of family welfare, adult education, child care, social forestry, medical & veterinary check up. In tune with national priorities IFFCO launched several projects to encourage rainfed farming, reclamation of problems soils, production of oilseed & pulses, increasing Rice productivity Tribal Area Development projects.

Farm Forestry Project

IFFCO has poinered a Farm forestry project based on the concept of integrated farming system over 4040 ha of wasteland has been afforested by forming Farm Forestry cooperatives socieites in Uttar Pradesh, Rajasthan & Madhya Pradesh. IFFCO's sponsored Rakhyawal Primary Farm Forestry cooperative society in

Udaipur district was the recipient of Prestigious Indira 'Priyadarshani Vrikhamitra Award.

Farmers service centres

IFFCO has a chain of 175 Farmers services centres to make. Available agroinputs like Fertilisers, improved seeds, agro chemicals, farm implements. The Total turn over of these FSCS is Rs 529.5 million during 1992-93.

Momentum to Cooperative Thrust

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

Cooperative Rural Development Trust (CORDET)

CORDET created by IFFCO has been conducting training programmes at the Moti Lal Nehru Farmers Training Institute Phulpur and also at Kalol for practicing farmers to provide professional leadership at village level.

Problems & solutions.

The industrial relations in the society have been excellent Functional problems of the marketing are related to Government policies like control and decontrol on fertiliser, Government control on state cooperative systems. The policies in India are being subjected to vigorous modification which will eliminate such control.

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C O N T E N T S

<u>CHAPTERS</u>		<u>SUBJECT</u>
I	:	INDIA : AN INTRODUCTION
II	:	AGRICULTURE IN INDIA
III	:	CO-OPERATIVE MOVEMENT IN INDIA
IV	:	THE RAJASTHAN STATE CO-OPERATIVE BANK LIMITED, JAIPUR (PARTICIPANT'S OWN CO-OPERATIVE)
V	:	SUMMARY & REMARKS.

INDIA: AN INTRODUCTION

INDIA ON THE WORLD MAP:

India is one of the oldest civilisation with a Kaleidoscopic variety and rich cultural heritage. India has become self sufficient in agricultural production and is now the tenth industrialised country in the World and the sixth nation to have gone into outer space to conquer nature for the benefit of the people.

It covers an area of 32,87,263 Sq.Km. extending from the snow covered Himalayan heights to tropical rain forest of the south tapering off into the Indian Ocean between the Bay of Bengal on the east and the Arabian Sea on the west. As seventh largest country in the world, India is well marked off from the rest of Asia by mountains and the sea which gives the country a distinct geographical entity so much so that the entire sub-continent came to be termed as the Indian Subcontinent.

Lying entirely in the northern hemisphere, the mainland extends between latitudes 8°4 & 37°6 north, longitudes 68°7 & 97°25 east & measures about 3,214 Km. from north to south and about 2,933 Km. from east to west. It has a land frontier of about 15,200 Km. The coastline of the mainland, Lakshdweep, Andaman and Nicobar Islands is 7,516.6 Km.

The main land comprises four regions, namely, the great mountain zone, plains of the rivers Ganga and Indus, the desert region and the southern peninsula.

The countries having a common border with India are Afghanistan and Pakistan to north west, China, Bhutan and Nepal to north, Myanmar to east and Bangladesh to east of west Bengal. Sri Lanka is separated from India by a narrow channel of Sea.

CLIMATE: The climate of India may be broadly described as tropical monsoon type. There are four seasons:

- i) Winter (January-February);
- ii) Hot weather Summer (March-May);
- iii) Rainy south-west monsoon period (June-September) and
- iv) Post Monsoon period, also known as north east monsoon period in the southern Peninsula (October-December).

With a wide variety of climatic conditions from the torrid to the arctic and diversity in physical conditions INDIA is rich in a variety of flora and fauna.

POPULATION: INDIA's population, as on 1st. March 1991 stood at 844.32 million (437.80 m. males & 406.52 m. females). The second largest populous country, India is the home of 16% of the World's population but, however accounts for 2.42% of the total world area.

LITERACY: The literacy rate has shown substantial improvement over the past four decades espically in case of females as shown below:

LITERACY RATE			
Year	Persons	Males	Females
1951	18.33	27.16	8.86
1991	52.11	63.86	39.42

INDIAN CULTURE: The mosaic of INDIAN CULTURE (Unity in Diversity) consists of multifaceted pebbles, rich in colours, in the forms of variety of dramas, dances, music, folk dances, religions languages, dialects, foods, dresses, arts etc. It is the perennial flow of this cultural stream which determines the nations strength and character. The preservation, promotion and dissemination of culture forms part of the objects of state policy. India has bilateral cultural agreements with 83 countries and exchange programmes, with 63 countries as a part of cultural interaction with other countries. Festivals of India have been held in U.K., USA, France, erstwhile Russia, Japan, Sweden and Germany.

SCIENCE & TECHNOLOGY: Since 1947 with the emergence of India as a new politically independent nation, the development of Science and Technology has received an increasing thrust. Today India has probably the third largest technical manpower in the World. There are 180 Universities, 6000 colleges and 2100 Research and Development Institutions, besides private companies having their own R&D divisions. This infrastructure for education and R&D is working for various applied and pure disciplines in the field of Agriculture, Industry, Atomic Power, Space technology, Health, Rural development, Population control, Meteorology, Electronics, HRD, Ecology, Oceanography, Bio-technology, Mass communication etc.

CHAPTER II

AGRICULTURE IN INDIA

STATUS OF AGRICULTURE:

Economic regeneration attempted through successful planning has made agriculture a pride of national economy. This sector, today provides livelihood to about 70% of the labour force, contributes nearly 32% of Net National Product and accounts for a sizeable share (18.7% in 91-92) of total value of the country's exports. It supplies bulk of wage goods required by non-agricultural sector and raw material for a large sector of industry. Per capita net availability of foodgrains went upto a level of 495 grams per day in 1989 as compared to that of 395 grams in early fifties. In 1991, it has been provisionally estimated at 511 grams per day. In terms of gross fertilizer consumption, India ranks fourth in the world after USA, Russia and China. The country has the largest area in the world under pulses crops. In the field of cotton, India is the first one to evolve a cotton hybrid. The country has made a major breakthrough in Prawn and Shrimp seed production and Pest Culture Technology.

Compound growth rate in agricultural production during the period 1949-50 to 1990-91 is 2.69% per annum. Production of foodgrains increased significantly from 54.92 m.tonnes in 1949-50 to 176.23 m.tonnes in 1990-91. Cropping pattern is more diversified and cultivation of commercial crops has received new impetus in line with domestic demands and export requirements. Non-traditional crops like summer moong, soyabean, summer groundnut, sunflower etc. are gradually gaining importance. In order to utilise scarce resources optimally, a short duration third crop is also being raised in some areas utilising residual moisture available from post-kharif and post-rabi cultivation. Availability of edible oils including vanaspati has also increased significantly.

The table below gives an idea of the developments in agricultural sector:

FOOD-GRAIN PRODUCTION

(in million tonnes)

Item	Year	
	1950-51	1990-91
1. Rice	20.6	74.6
2. Wheat	6.5	54.5
3. Other cereals	15.4	33.1
4. Total cereals	42.5	162.2
5. Total pulses	8.4	14.1
6. Total food-grains	50.9	176.2

AREA UNDER HIGH YIELDING VARIETY PROGRAMME

(in million tonnes)

Crop	Year		
	1966-67 *	1990-91	1991-92 (Target)
1. Paddy	0.89	27.51	29.48
2. Wheat	0.54	21.03	21.85
3. Jawar	0.19	7.06	8.05

4. Bajra	0.06	5.61	5.83
5. Maize	0.21	2.52	2.82
6. Ragi	-	1.15	1.30
Total	1.89	64.88	69.33

* The programme was started in 66-67.

AREA, PRODUCTION & YIELD OF SOME PRINCIPAL CROPS

Crops		Year	
		1950-51	1990-91
Rice	A	30.81	42.59
	P	20.57	74.59
	Y	0.668	0.1715
Wheat	A	9.75	23.98
	P	6.46	54.52
	Y	0.663	0.2274
Pulses	A	19.09	24.39
	P	8.41	14.86
	Y	0.441	0.576
Major Oilseeds	A	10.72	24.01
	P	5.15	18.46
	Y	0.481	0.769
Sugarcane	A	1.71	3.68
	P	57.05	240.28
	Y	0.33422	0.65269
Cotton (Lint) *	A	5.88	7.39
	P	3.04	9.76
	Y	0.88	0.224

A- Area in million hectare
P- Production in m.tonnes
Y- Yield per hectare

*Production in m.bales of 170 kg.each.

LAND HOLDING:

On the basis of last agricultural census, the position is as follows:

NUMBER OF OPERATIONAL HOLDINGS AND AREA OPERATED BY SIZE CLASSES

S.N.	Category	Size of holding (Hectares)	No.of holding (Millions)	%	Total operated (millions hectare)	%	Ave.area operated per holding (hectare)
1	2	3	4	5	6	7	8
1.	Marginal	0-1.0	56.8	58.1	21.6	13.2	0.4
2.	Small	1.0-2.0	17.9	18.3	25.5	15.6	1.4
3.	Semi-medium	2.0-4.0	13.3	13.6	36.6	22.3	2.8
4.	Medium	4.0-10.0	7.9	8.1	47.0	28.7	5.9
5.	Large	10 & above	1.9	2.0	33.2	20.2	17.2
Total			97.8	100.0	163.9	100.0	1.7

The above table shows that the average size of holding is very small in India, it was merely 1.7 hectares as per last census. If we regard holdings of size less than a hectare as uneconomic then it would be clear from Col.5 of the table that as much as 58.1 per cent of holdings have to be categorised as uneconomic. Not only this, even these small holdings are scattered and fragmented into a number of units.

The causes of sub-division and fragmentation of holdings in India are enumerated below:

- laws of inheritance;
- pressure of population;
- decline of joint family system;
- farmers indebtedness;
- psychological attachment to land and
- the practice of crop-sharing.

Disadvantages of sub-division and fragmentation are:

- wastage of land;
- difficulties in modernisation;
- difficulties in land management;
- lack of voluntary consolidation of holdings;
- disguised unemployment and
- low productivity.

MAIN CROPS:

There are three main crop seasons, namely: Kharif, Rabi and Summer. Major kharif crops are rice, jawar, bajra, maize, cotton, sugarcane, sesamum, soyabean and groundnut. Major rabi crops are wheat, barely, gram, linseed, rapeseed and mustard. Rice, maize and groundnut are grown in summer season also.

LAND UTILISATION:

Land utilisation statistics are available for 92.7 per cent of total geographical area of 328.73 million hectares. The area under forests had increased from 40.48 m.hectares in 1950-51 to 67.08 m.hectares in 1988-89. Net sown area increased from 118.75 to 141.73 m.hectares during the same period. Broad cropping pattern indicates that though food grains have a preponderance in gross cropped area as compared to non-foodgrains- their relative share came down from 76.7 per cent during 1950-51 to 70.7 per cent during 1988-89.

IRRIGATION DEVELOPMENT:

Expansion of irrigation alongwith consolidation of created systems have been the main strategies for increasing foodgrain production. India since independence (1947) has vastly increased irrigation potential as shown in the following table:

Increase in irrigation potential and its utilisation

(in m.ha.)

Year	Irrigation potential	utilisation
1950-51	22.6	22.6
1992-93	83.9	75.7
Percentage Increase	271.23%	234.95%

Sources of irrigation in India are:

- i) Canals
- ii) Wells
- iii) Tanks
- iv) Others

Drip irrigation is also becoming popular gradually.

DAIRY DEVELOPMENT:

The significance of Dairying is not only production of milk or milk products but it has provided numerous small/marginal farmers and agricultural labourers with supplemental employment and a regular source of income. Cooperatives have played a major role in stimulating dairying.

OPERATION FLOOD:

Operation flood, the World's largest integrated dairy development programme which is based on 'Anand' model of dairy cooperatives in the country is currently in its third phase of implementation which will run through 1994. The programme is being implemented in 170 milksheds spread over 22 states and union territories. Upto December 1991 over 7.9 million farm families had been brought under the cooperative ambit through a net-work of more than 64,200 dairy cooperative societies. About 15% of the total members of dairy cooperatives are women. An important achievement has been the emergence of a national milk grid which helps off-set regional and seasonal imbalances in milk collection and distribution.

The National Dairy Development Board (NDDB) continue as the lead implementing agency of the Science and Technology Project on Embryo Transfer (ET) of the Deptt. of Bio-Technology, Ministry of Science and Technology. The project has established an embryo bank with about 1,706 cattle and 278 buffalo embryos, frozen and cryo-preserved. Likewise 72 Semen banks have been providing lab-breeding facilities for improvement of local genetic material.

The Technology Mission on Dairy Development (TMDD) is playing a key role as regards policies and researches required for the future development of the sector.

CASH CROPS:

The Cash Crops have increased their relative share in Gross Cropped Area (GCA) in recent years. During the period 1986-87 to 1991-92 the percentage loss in GCA of the foodgrain crops had been:

Wheat	- 1.92%
Rice	- 0.35%
Coarse cereals	- 11.94%
Pulses	- 2.85%

The gain made by Cash Crops in the GCA had been:

Oil seeds	+23.73%
Sugarcane	+18.82%

An important reason for this had been higher support prices for various oilseeds and sugarcane.

ANIMAL HUSBANDRY:

Animal Husbandry in India is an essential and important component of agriculture and plays a significant role in rural economy by providing gainful employment particularly to small/ marginal farmers and agricultural labourers, thereby raising their economic status. It also provides milk, meat, eggs, farmyard manure, bio-gas etc. According to estimates for 90-91 the gross value of output from this sector at current prices was about Rs.4,45,000 million, being 25.5% of total agricultural output of Rs.17,42,000 millions.

India possesses 26 good breeds of tropical cattle and six breeds of buffaloes. They are hardy and resistant to tropical animal diseases and are sought internationally. The Key Village Block (KVBS) and Intensive Cattle Development Project (ICDPs) are schemes for all round development of cattle. There are 34,000 artificial insemination (AI) centres. The number of AIs with exotic bull semen increased from 14.3 million during 1990-91 to about 15.3 million during 1991-92.

Several central cattle breeding farms like at Suratgarh, Dhamrod, Almadi etc. are engaged in scientific cattle breeding programme and progeny testing. State cattle and buffalo breeding farms are given assistance by the Central Government. During 1991-92 upto December 1991, 290 embryos and 18 calves were produced using the embryo transfer technique as against 109 embryos and 10 calves during 1990-91. In selected districts a scheme of Special Livestock Breeding Programme (SLBP) is operating for rearing of calves and for setting up sheep, poultry and piggery production units. As a result of these efforts with the development of cattle and buffaloes the milk production is expected to increase from 53.7 million tonnes in 1990-91 to 56.4 million tonnes (anticipated) in 1991-92.

Strains of poultry birds with high egg productivity and meat type birds have been developed in the country. During 1985-1990, the egg and broiler production registered a compound growth rate of 7.3% and 18% respectively. The annual egg production is estimated to have reached the level of 22 billion during 1991-92 as against the production level of 21.1 billion egg during 1990-91.

Central poultry breeding farms at Bombay, Bhubaneshwar, Hessarghatta and Chandigarh are engaged in scientific poultry breeding programme. There is also a central training institute at Hessarghatta and Regional feed analytical laboratories at Chandigarh and Bhubaneshwar. National Agricultural Co-op. Marketing Federating (NAFED) & NEC have been entrusted with marketing of eggs and poultry at the national and regional levels.

There are 36,000 recognised slaughter houses in the country and meat worth Rs.14800 mil. was exported in 1990-91.

There are 10 million pigs in the country with only about 10% of graded and exotic variety. There are about 100 pig farms run by the Government for pig breeding.

A central sheep breeding farm with exotic breeds has been established at Hissar and a farm at Malpura to give a boost to development of sheep and also for imparting training. Total raw wool production which was only 27.5 m.kg. during 1951 is expected to reach a level of about 44.2 million kg. during 1992-93.

To make available scientific fodder production technology, seven regional stations have been established in different agro climatic zones.

Veterinary health cover is provided by polyclinics/ vet. hospitals/ dispensaries/first aid centres including mobile dispensaries. Their number which was about 14,900 in 1984-85 is expected to have increased to 20,310 during 1991-92. There are 250 diagnostic laboratories and production of vaccine which was 190 million in mid seventies is now over 800 million doses for combating diseases of livestock and poultry.

FERTILISER:

Fertilisers substantially improve agricultural production and its use received a boost in India after the initiation of the High-yielding Varieties Programme (HYVP) in 1966. The production of fertilisers has increased by leaps and bounds as shown below:

FERTILISER PRODUCTION IN THOUSAND TONNES

Fertiliser	Year	
	1955-56	1991-92
Nitrogenous	80	7,301
Phosphatic	12	2,562
Potassic plus total imports	63	2,769
TOTAL	155	12,632

During 1984-85 the imports of fertilisers had reached 44.1% of the total consumption. However with increase in production in the country the imports came down to 21.7% of the consumption during 1991-92.

The per hectare average consumption for the country was 72.4 kg. during the year 1990-91. However there are wide inter state differences like in Assam it was 10.5 kg. while in Punjab it was 171.2 kg. for the same year. Moreover, rainfed areas which constitutes 67% of the cultivated area consume only about 20% of the total fertiliser consumption. To increase

the use of fertilisers in these areas, the government has sanctioned a National Project and Development of fertiliser use in Low Consumption Rainfed Areas in 60 identified districts in 16 states. The project provides for (i) opening of 200 additional retail outlets in each of the selected districts, (ii) laying out 10 field block demonstration in each districts, (iii) 10 farmers training programmes, and (iv) opening of 20 additional soil testing laboratories in Madhya Pradesh, Maharashtra and Rajasthan.

There are 463 soil testing laboratories with analysing capacity of 6.47 million samples per annum. Quality, price and trade in fertilizers are regulated so that farmers get good quality fertilizers. The use of Bio-fertilisers are also being encouraged alongwith the use of chemical fertilisers.

MARKETING OF AGRICULTURAL PRODUCE:

The existing system of agricultural marketing in India is as under:

- sale of produce to money lenders and village traders;
- Hats and shandies (weekly local markets) i.e. the village markets.
- Mandies or whole sale markets.
- Cooperative marketing.

Some defects in the agricultural marketing system in India are:

- Inadequate warehouses;
- lack of grading and standardization;
- inadequate transport facilities;
- presence of a large number of middlemen;
- malpractices in unregulated markets;
- inadequate market information;
- inadequate credit facility;
- marketing under adverse circumstances.

Government of India has adopted a number of measures to improve agricultural marketing, the important ones being:

- organisation of Regulated Markets;
- provision for grading and standardisation of produce;
- standardisation of weight and measures;
- daily broadcasting of market prices of agri-crops on radio;
- improvement of transport facilities;
- directorate of marketing and inspection set by Government of India to co-ordinate the agricultural marketing activities and advise to the government;
- Government purchases and fixation of support prices;
- warehouse facilities: The Rural Credit Survey Committee (1954) had recommended a three tier storage system which has been followed:

- i) National level- Storages of Food Corporation of India (FCI) and Central Warehousing Corpn.(CWC)
- ii) State level- Formation of State Warehousing Corpn. (SWC) and State agencies.

The (i) and (ii) above constituted 42.9 million tonnes of storage capacity as on July 1st 1991;

iii) village and rural level- under centrally sponsored scheme and also storages built by cooperatives.

Co-operative Marketing can confer some advantages to farmers, some of which are:

- increase bargaining strength of the farmers;
- direct dealing with final buyers;
- provision of credit;
- easier and cheaper transport;
- storage facilities;
- grading and standardisation;
- market intelligence;
- influencing market prices;
- provision of inputs and consumer goods;
- processing of agricultural produce.

INDIAN AGRICULTURAL POLICY:

The management of agriculture in India has been guided by the Agricultural Policy of the Government. This policy has had the following main elements:

- Technological measures;
 - land reforms;
 - cooperation and consolidation of holdings;
 - institutions involving people's participation in planning;
 - institutional credit;
 - procurement and support prices;
 - other measures:
- i) extension of irrigation and rural electrification;
 - ii) improvement of agricultural marketing;
 - iii) facilities of warehousing;
 - iv) improvement in the economic conditions of the agrl. labour,
 - v) promotion agri. research and training;
 - vi) special programmes for Agri Dev. like SFPP, SRPP, OPP NPDP etc. and
 - vii) crop insurance scheme;

A draft Agricultural Policy Resolution was presented to Parliament in Dec. 1992. It seeks to dovetail the agricultural development and research programmes to the challenges in India agriculture and address itself to the problems of under-employment, unemployment and malnutrition by generating activities through diversification of agriculture and promotion of Agro-industry. Some of the major objectives of the draft are:

- augmenting facilities for processing, marketing and storage;
- development of rainfed and irrigated horticulture;
- augmentation of biomass production;
- increased utilisation of irrigational potential and promotion of water conservation;

- revival and strengthening of cooperatives and local communities;
- increasing involvement of non-government organisation in Agri. Dev.

There is also a need for further improving crop yields, stimulate investments and technology in Agri. processing, expand Agri. exports and linking of rural economy with capital markets.

AGRICULTURAL RESEARCH AND EDUCATION:

The Department of Agricultural Research and Education set up in the Ministry of Agriculture is responsible for co-ordinating research and educational activities in agriculture, animal husbandry and fisheries. It ensures inter-departmental and inter-institutional collaboration with the national and international agencies engaged in the same and allied fields. The Department provides government support, service and linkage to the ICAR.

The Indian Council of Agricultural Research (ICAR) is responsible for promoting, conducting and co-ordinating research, education and primary extension education in the fields of agriculture, animal husbandry, fisheries and allied sectors. The infrastructural spread of ICAR and other centres for agricultural education are;

- 46 central institutes including 4 national bureaus;
- 21 national research centres;
- 9 project directorates;
- 71 all India co-ordinated research projects.
- a multi disciplinary research station in each of 120 agro climatic zone;
- 26 Agrl. universities;
- one veterinary university in Tamil Nadu;
- ICAR's institutes;

1. Indian Agri. Research Institute, New Delhi,
2. Indian Vet. Research Institute, Izatnagar,
3. National Dairy Research Institute, Karnal,
4. Central Institute of Fishery Education, Bombay.

The ICAR has been operating projects like National Demonstrations, Operational Research Projects and Lab-to-Land Programmes at 301 centres including 45 centres for uplift of S.C. and S.T. A network of 187 Krishi Vigyan Kendras have been established for imparting onfarm training.

Bio-technology, genetic engineering, photosynthesis, tissue culture, bio-insecticides and pheromones are the emerging areas to promote growth of agricultural productivity.

Lot of research has been made in crop science where new high yielding varieties have been developed. Work on Plant Genetics particularly tissue culture, horticulture, animal sciences, soil management, cropping system, nutrient management,

water management, agricultural engineering have been done to bring about qualitative and quantitative improvement in agriculture and allied activities.

For education on agriculture and allied subjects there are admission capacity of 9,715 at under graduate level and 3,538 at Post-graduate level. At present there are 27 state agri. universities. A separate central agricultural university system is being set up which will further enlarge the scope of education under the sector. A major thrust is being given to the forestry education.

ICAR is also acting as a clearing house of information through publication of nine scientific and popular periodicals, scientific monographs, technical books, popular books, technology bulletins, reports, directories etc. It also organises exhibitions and film shows. ICAR also operate an Agricultural Research Information Centre (ARIC) which is the main source of information on current projects. ARIC is a national input centre for FAO and is the focal point for SAARC Agri. Information Centre (SAIC).

CO-OPERATIVE MOVEMENT IN INDIA

GENERAL:

The history of Co-operative Movement in India spans over nine decades since the passing of the first Cooperative Act in 1904. Cooperatives have been recognised as an instrument of economic development of the disadvantaged, particularly in the rural areas.

By the end of 1990-91, the total number of cooperative societies in India was 0.342 millions with a membership of 164 millions, having share capital of Rs.53250 millions and working capital of Rs.716720 millions. With this gigantic network, the cooperatives are spread over almost the entire of rural India and serve 65% of the rural families. The growth during the last five decades is evident from the following chart:

(in millions)

S.N. Items	1950-51	1960-61	1970-71	1980-81	1990-91
1. Total No.of Cooperative Socs.	0.180	0.332	0.320	0.299	0.342
2. Membership	13.7	35.2	64.4	106.2	164
3. Working Capital(Rs.)	2760	13120	68090	108800	716720

An idea of the business expansion of these cooperatives could be made by the following table:

1. Total %age of Rural House holds being served by the cooperatives	7.8% (1951)	65% (1991)
2. Total S.T. & M.T. loans disbursed by the Co-op.Socs(Rs.in millions)	2100 (1960-61)	178726 (1989-90)
3. Disbursement of fertilizers by Cooperatives	1.3 mill. tonnes (70-71)	4.0millions tonnes (88-89)
4. Rural Consumer business by Cooperatives (Rs.in millions)	1330 (1965-66)	28500 (1990-91)
5. Milk production under the cooperative sector	20.7 m.ton. (1969-70)	42.3 m.tonnes (1988-89)
6. Warehouse facility in the cooperative sector	1.1 m.t. (1962-63)	11 m.t. (1988-89)

The Cooperatives, though not recognised as a sector of economy plays a vital role in the national economy. The contribution of cooperatives during 1990-91 in the national economy had been:

S.N. Activity	%age of contribution by Cooperatives
1. Agricultural credit disbursement	43.3%
2. Disbursement of fertilizers	34%
3. Sugar production	62.4% (1991-92)
4. Handloom	58%
5. Cotton thread	16.4%
6. Wheat procurement	30%
7. Jute procurement	21%
8. Fair price shops	26%

STRUCTURE:

The entire cooperative movement in India has a federal structure right from village level to National level with 20 Apex Co-operative Organisation each handling a different service or commodity under the federal structure. Below this are 260 provincial level (state level) federations to which are federated 2267 affiliates of district level.

STATUS OF AGRICULTURAL MARKETING CO-OPERATIVES:

The importance of marketing for accelerating the tempo of production has been well conceived by the Indian Co-operative Development Policy makers since its inception. The cooperative marketing societies constituted are grouped into general purpose marketing societies and special commodity marketing societies are promoted to procure and process the commodity for value addition.

The cooperative marketing structure covers almost all mandis (Market) centres in the country. The federal structure extends from the grass root level up to the National level Federation (NAFED).

75% of the marketing of agricultural produce in India is through the cooperatives along with 28% of the public distribution system.

The progress made by the Primary Cooperative Marketing Societies (PCMS) could be seen in the following statement:

(Rs. in millions)

S.N. Indicator/Year	1960-61	1989-90
1. No. of societies	3130	6872
2. No. of members (millions)	1.47	5.05
3. Share capital		
a) Government	35.6	720.3
b) Members	39.2	326.8 (1987-8)
4. Reserve & other funds	42.0	1204.9
5. Total Agri. produce marketed	860.0	10146.6
6. Agri. requisites supplied	330.3	6754.7

A sample review made by NAFED reveals:

- 63% of PCMS are involved in marketing activities;
- 85% of societies are distributing agri. inputs;
- 86% are doing consumer business;
- average turnover per society comes to Rs. 19.4 millions;
- of the total turnover, 36.6% is marketing, 24.8% agri-inputs and 37.6% consumer business;
- 63% were in profits.

NAFED, the national level marketing federation, provides business support to the marketing cooperatives down the line to facilitate inter-state and foreign trade. It has been recognised as the nodal agency by the government for undertaking price

support operation for oilseeds, copra, pulses and coarse grains. It is also the nodal agency for market intervention for perishable like potato, onion, ginger, grapes, isabgol, garlic, pineapple etc. It has been appointed the monitoring agency for import of pulses. It has been exporting commodities like nigar seed, sesame seed, horticulture products and processed foods.

NAFED apart from running some Fruit and Vegetable processing units at Delhi, Jabali, Vallore etc. are a canalising agency for export of onion and also for import of fresh fruits and vegetables. During 91-92, NAFED exported 0.42 m. tonnes of onion valued at Rs.1835.4 millions. It also exported fresh fruit worth Rs.1.61 millions. Locally it sold onions worth Rs.21.4 m. and potatoes worth Rs.1.8 m.

PROBLEMS OF MARKETING COOPERATIVES:

- a) challenges of the new economic policy of the Government.
- b) viability- 15 state, 52 central and 1164 primary level marketing societies are in losses and money in a position of no-profit-no loss situation.
- c) only 58% of PCMS are doing business of marketing agri.produce and a major part is in the form of procurement for Government.
- d) Marketing of perishable like fruits/vegetables.
- e) snags in fertilizer business.
- f) Regional imbalances.
- g) Controversy between multi-purpose and single purpose type of society.

DAIRY CO-OPERATIVES:

The Dairy Cooperatives have received exemplary status with the success of Anand pattern of cooperative structure. The Anand pattern has successfully established direct link between producer and consumer by eliminating the middle men, which leads to transfer of large share of consumer milk price to the milk producer. It has created incentive for milk producer to enhance milk production, enhanced collection to dairy cooperatives and consumer satisfaction also by providing quality milk and milk products at reasonable price in desired quantity. The value addition activity of the dairy cooperatives have broadened the horizon of development.

The present structure of dairy cooperatives consists of National Dairy Cooperative Federation, 250 state federations and regional units and 5493 primary milk producers cooperative societies. The business operation of the Dairy Cooperatives increased to Rs.14461.4 millions in 1989-90 from Rs.11695.3 millions of 1987-88. The expansion of dairy cooperatives have brought qualitative changes in the social system through coverage to women and weaker section like SC and ST under cooperative fold. Creation of more employment opportunities is another bright aspect of the Dairy Cooperatives.

The role played by the National Dairy Development Board (NDDDB) for expanding the Dairy Cooperatives is appreciable. Under operation flood I and II, the NDDDB directly involved in organising and managing dairy cooperatives in various states. Now the NDDDB has launched operation flood III. Under operation

flood III, the NDDB evaluated its approach to development of dairy cooperatives of operation flood I and II, and felt the necessity of strengthening the institutional base. For this the NDDB have evolved Cooperative Development Programme (CDP) with the objective of increasing member participation and control. The CDP consists of six training programmes to educate members and directors. As on 1990-91, the CDP covered 1766 dairy cooperative societies of 14 states spread to 60 milk sheds.

SUGAR COOPERATIVES:

Cooperative sugar factories constitutes a very important segment of Indian economy. There are more than 200 cooperative sugar factories in the country producing around 60 per cent of the total national sugar production. These cooperatives have also contributed to the socio-economic development of the surrounding rural community by providing irrigational facilities, promoting dairy and poultry activities, agricultural extension and education health and recreation facilities. Cooperative sugar factories have thus acted as a catalyst for industrialisation and overall development of the rural masses.

In the year 1988-89 about 48 million tonnes of cane was crushed by 203 cooperative sugar factories. The sugar production was 5.08 million tonnes.

SUGAR COMPLEX:

It is becoming increasingly clear that cooperative sugar factories cannot pay attractive cane price to the cane growers only on the basis of converting their cane into sugar. These factories should diversify into utilisation of by-products of the cane, namely bagasse, molasses, press mud etc. for value addition through vertical integration from cane to final products such as sugar, alcohol, down stream chemicals, spirit, particle board, printing and writing paper and news print etc.

PROCESSING COOPERATIVES:

The cooperatives are engaged mainly in the processing of sugarcane, cotton, fruits, vegetable and rice. There are 203 sugar factories, 107 cooperative spinning mills, 598 rice mills, 72 pulses mills, 32 fruit and vegetable units in cooperative fold.

The spinning mills have been also growing rapidly. The total yarn production reached the level of 184.19 million kg. in 88-9 from 167.8m.kg. of 87-8. While, the sugar & spinning units utilised their capacity more than 100%. Other units viz. rice, pulses, fruits and vegetables faced the problem of capacity utilisation.

OIL SEEDS:

The oil seeds are grown by multipurpose as well as single purpose societies e.g. soyabeans are being grown by single purpose societies in Rajasthan whereas mustard is being grown by multipurpose PACS members. Other important oilseeds are groundnut, rapeseed and linseed.

In Rajasthan there is a state level federation called as TILAM Sangh which is having a chain of factories for extraction of oil and also carry out its marketing. The oilseeds production have received a boost with the starting of National Programme of NODP, OPTP and OPP with a separate line of credit.

COOPERATIVE STORAGE:

Cooperatives had been building their own storages as these are significant infrastructural units for marketing of agri. produce, supply of agri. inputs and supply of consumer articles to the farmers. The strong capacity of the PACS and marketing societies godowns built in rural areas reached 6549.9 m. tonnes and 4700 m. tonnes respectively in 89-90. There are 3638 godowns having capacity of 544.2 m. tonnes in the account of cooperatives other than PACS and marketing societies.

CONSUMER COOPERATIVES:

The annual business operation of cooperative consumer stores both urban and rural areas has recorded an increase of 11.09% in 1990 over the year 1988. During 88-89 the business turnover was Rs.23397.8 millions. In all there are 568 state and central consumer stores and 22,782 primary consumer societies at the end of 1990, having a primary membership of 1882.2 millions. Cooperatives are the main outlets for the Public Distribution System (PDS) in the rural areas. NCDC has played a significant role in assisting these stores.

FISHERY COOPERATIVES:

The comparative progress between year 1988 and 1990 had been:

(Rs. in millions)

S.N. Items	1988	1990
1. State/Central fishery societies	67	73
2. Working capital	Rs. 222.5	Rs. 334.7
3. Business operations	Rs. 141.0	Rs. 195.9
4. Primary societies	5757	8962
5. Membership	611174	900059
6. Working capital	460.6	530.5
7. Business operation	427.4	484.1

The National Federation of Fishermen's Cooperatives Ltd. (FISHCOPFED) promoted by NCDC at the national level continued to provide promotional and business support to its member cooperatives.

WOMEN IN COOPERATIVES:

Progress upto 1990 was:

S.N. Items	1988	1990
1. Women primary cooperative societies	4809	578
2. Membership	343404	539348
3. Business operations	Rs. 2.37	Rs. 2.87

2. Long-term Cooperative Credit Structure:

The long-term credit required for development of land and wells, for buying agricultural implements etc. are met by Land Development Banks. There are 20 State Land Development Banks with 720 Primary Land Development Banks. Loans issued by the LDB's in 89-89 were Rs.7350 millions and loan outstanding as on 30.6.90 stood at Rs.39577 millions.

NATIONAL LEVEL CO-OPERATIVE FEDERATIONS: (Position in 91 - 92)

1. NATIONAL CO-OP.UNION OF INDIA: Apex organisation of the Indian Cooperative movement. Deals mainly in promoting and strengthening cooperative movement, education and training, international cooperative relations, publicity, publications and public relations.
2. NATIONAL FEDERATION OF STATE CO-OP.BANKS: SCBs (28), DCCBs(351),members(84.77 m.), production and non farm credit, agri.inputs, storage,marketing,consumer goods.
3. NATIONAL CO-OP.AGRI.& RURAL DEVP.BANKS FED.: SLDBs(20) Reg./distt.offices(321),PLDBs(709),branches of SLDB(1487) and of PLDB's(646),members (13.92 m.),L.T.credit.
4. NATIONAL FED.OF URBAN CO-OP.BANKS & CREDIT SOCS: State fed.(11),primary Co-op.banks(1414),Pri.Non-agri.Co-op.Socs.(32099), members(34.9 m.),urban credit.
5. NATIONAL AGRI.CO-OP.MKTG.FED.:State Fed.(29),State Special Comm.Mktg.Fed.(16),Distt.Mktg.Fed.(191),General purpose Mktg.Socs.(2933),Special Commodity Mktg.Socs.(4398),Members (5.40 m.),paid-up capital(Rs.18.08 m.) total turn over (Rs.4793.1 m.), internal trade (Rs.2138 m.),exports (Rs.2440.5 m.),profit Rs.132.19 m.),Mktg.Processing, internal/external trade, price support operations etc.
6. TRIBAL CO-OP.MKTG.DEV.FED.OF INDIA: State Fed.(10),LAMPs(2646), members(3.93 m.),total turn over Rs.256.46 m.,internal trade Rs.93.63 m.),exports Rs.159.83 m., profits 1.52 m.
7. NATIONAL CO-OP.TOBACCO GROWERS FED.: State Fed.(3), Primary Co-op.(217),members (25000).
8. NATIONAL CO-OP.CONSUMER FED.: State Fed.(26),Distt.Co-op.Store (627),primary stores (24190),members(7.57 m.),total turn over Rs.590 m.).
9. INDIAN FARMERS FERTILIZERS CO-OP.LTD.: Mktg.outlets(3300), production plants(4),service centres (174),membership(29357), member pacs(27335),sales Rs.8772.5 m.).
10. KRISHAK BHARTI CO-OP.: Farmers Service Centres(71),members (3110),turnover Rs.7136.7 m.
11. STATE FED.OF CO-OP.SUGAR FACTORIES: State Fed.(9),Co-op.factories(225),members(2.34 m.).
12. ALL INDIA FED. OF CO-OP.SPINNING MILLS: State Fed.(7), Mills (113),members (0.43 m. weaver growers).

13. ALL INDIA HANDLOOM FABRICS MKTG.SOCS.: Primary Societies (17766),members(1.70 m.), sales 689.98 m.
14. NATIONAL FED.OF INDUSTRIAL CO-OP. : primary ind.co-op.(31266) members(2.74 m.),turnover Rs.12.2 m.
15. NATIONAL CO-OP.DAIRY FED.OF INDIA LTD.:Description given earlier.
16. NATIONAL FED.OF FISHERMEN's CO-OP.LTD.Description given earlier.
17. NATIONAL FED.OF LABOUR CO-OP.:State Fed.(9),Distt.Fed./Unions 26,Primary socs.(21680), members (1.42 m.).
18. NATIONAL CO-OP.HOUSING FED.: State Fed./Socs.(25),primary socs. (70,000),members(4.5 m.).
19. NATIONAL HEAVY ENGINEERING CO-OP.LTD.:Members (88), Co-op.Sugar Factories/Fed. and NCDC, sales Rs.522.8 m.
20. PETROFILS CO-OP.: Members 1345, co-op.mills/fed.,NCDC and GOI, turn over Rs.2126.6 m.

PROGRESS OF CO-OPERATIVE EDUCATION & TRAINING:

National Co-op.Union of India (NCUI) has by 90-91 trained a total 0.90 million under its various education programmes. Of this 0.55 m. were trained under Co-op. project under development studies, 0.11 m. under cooperative education projects for industrial cooperatives, 0.20 m. under cooperative education projects for handloom coop., 0.02 m. for handicraft and 7404 persons under National centre for coop. education.

Management Training for Senior Level personnel is carried by Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) Pune, has trained 19,390 senior level personnel by 31st March 91. It has also initiated two years post graduate course entitled "Masters Degree in cooperative Business Management" (MCBM).

Management Training for Middle Level personnel is made at 18 institutes of cooperative management (ICMS) in different parts of the country. ICMS on an average conducted a total number of over 425 programmes in 16 different areas of management. On an average it trained about 10,000 personnel every year. So far ICMS have trained a total number of 1,60,353 personnels. Intensive faculty development programmes and courses on Business Development Planning have been conducted.

There are 95 Cooperative Training Centres for training junior level cooperative staff.

GOVERNMENT ROLE:

The Government of India has introduced a comprehensive strategy for revitalising cooperatives. Strategy contains 5 important areas/components of cooperative development. These are:

- formulation of National Cooperative Policy;
- formulation of Model Cooperative Act to democratise the working of cooperatives;

- strengthening base level cooperative institutions namely PACS; through business development planning for making them self reliant and efficient units;
- enhancing involvement of rural poor in the cooperative movement by organising them in self help groups and activising membership of cooperatives;
- re-orienting the role and working of federal coopeatives to make them responsive towards the need of primary cooperative societies.

CHAPTER IV

THE RAJASTHAN STATE CO-OPERATIVE BANK LIMITED, JAIPUR. (PARTICIPANTS OWN CO-OPERATIVE)

OBJECTIVES:

The Bank is the Apex Institution catering to the credit needs of the co-operatives in the State of Rajasthan. Incorporated in the Bank's bye-laws, the objectives clearly enshrine following of the Co-operative Principles for promoting economic interests of members and for balancing activities of other co-operative banks/societies. Other objectives are:

- Mobilisation of resources through deposits & borrowings.
- To grant loans to co-operative institutions/members registered/enrolled as per Act/bye-laws.
- To grant money/overdrafts/cash credit to depositors/staff against securities.
- To undertake inland exchange business.
- To receive for safe custody securities/valuables/ornaments.
- To buy/sell Government securities.
- To open branches in area of operation.

STRUCTURE:

5267 PACS comprise the grass root level in the 3 tier co-operative credit structure, federating into 26 District Central Co-operative Banks with 375 branches which in turn are federated to RSCB with 8 branches and 5 Regional Offices.

OPERATIONS:

Since, registration on 14th Oct. 1953 the operations of the bank have evolved, expanded, diversified through the vicissitudes of drought, famines, poor to good rainfalls, debt relief scheme etc. Computerisation of operations are being extended.

The following table shows expansion/diversification of operations during last 3 years:

		(Rs. in millions)		
S.N.	Particulars	31.3.91	31.3.92	31.3.93
1.	Paid up share capital	172.1	173.1	179.4
2.	Total Reserves	270.9	331.1	396.7
3.	Owned funds	443.0	504.2	576.1
4.	Deposits-RSCB	1392.3	1441.8	1854.8
	Deposits-DCCBs	2843.5	3168.7	3655.5
5.	Borrowings outstanding	1928.8	2491.9	3059.0
6.	Working capital	4754.1	5750.8	6382.6
7.	Net Profit	02.7	02.8	07.3
8.	Return on Working Capital	7.5%	5.5%	8.89%
9.	Advances-S.T.Loan	1033.7	577.2	2160.0
	(Upto June)-M.T.Farm Sec.	06.8	09.5	10.3
	M.T.Non-farm Sec.	13.2	28.6	48.7
10.	Other term loans	60.5	127.4	211.2
11.	Produce Market Loans	-	09.4	24.8
12.	Cash Recoveries by CCBs			
	(Upto June)	22.8%	58.9%	69.56%

OTHER HIGHLIGHTS:

1. Limit under Consortium Finance (Tilam Sangh)	-	290.0	456.0
2. Consumer durables	07.5	05.2	11.2
3. Market Yard Financing	04.1	08.8	06.1
4. Project sanctioned:			
- Agricultural	-	23.3	68.1
- Non-Agricultural	03.8	10.7	28.6
5. Money Market Operations	50.0	50.0	140.0
6. B.D.P. of PACS prepared	-	2015 PACS	4035 PACS
7. Corporate Plans of CCB-prepared	-	26 CCBs	-

ACHIEVEMENTS:

Major achievements have been-

- Continuous expansion/diversification of operations especially during last 2-3 years.
- Mobilisation/generation of sufficient resources.
- Earning of satisfactory profits inspite of various odds.
- Substantial expansion in conventional S.T.crop loans with improvements in cash recoveries.
- Diversification in higher profit yielding avenues like farm & non-farm project lendings, consortium finance, cash credits.
- A big leap towards computerisation.
- Increased emphasis on HRD.

The Bank has in recent years brought out some important publications-

1. Manual on PACS,
2. Agricultural credit scenario in Rajasthan,
3. Co-operative credit in Rajasthan,
4. Operational guidelines for non-farm financing by co-op.Banks,
5. Single window credit delivery system (Andhra Pradesh),
6. Guidelines for financing by Urban Co-operative Banks.

MAIN PROBLEMS:

The problems could be briefly pinpointed as follows:

- less profit margins on agricultural crop loans;
- lack of diversification of loan portfolio in higher profit yielding avenues;
- lack of professionalisation;
- conflicting roles of unions/associations;
- administered loan portfolio;
- lack of systems and set policies;
- over experimentations in credit delivery agencies and systems;
- lack of exposure to other systems prevailing in other parts of the world.

SOME SOLUTIONS:

- Better profit margins especially on agricultural loans should be made available through the policies of NABARD/RBI;
- in case the point mentioned above is not met the bank will have to diversify in a big way in other higher profit yielding avenues like non-farm sector lendings.

- there should be more emphasis in policy and practice on increasing professionalisation, Human Resource Development and gradual reduction in Governmental Controls;
- there should be improvement in the Labour-Management relationship;
- the computerisation of banking operations should be expanded;
- MIS and better operational systems should be evolved;
- modernisation of banking e.g. through teller-system, credit cards should be started.

CHAPTER-V

SUMMARY & REMARKS

India endowed with rich tradition and cultural heritage had been advancing towards modernisation, industrialisation and technological progress. The once underdeveloped economy is already a developing one and impulses of a developed economy have started evolving.

Agriculture, the major traditional component of economy in India has achieved major breakthroughs since the Green Revolution of 1966-67. Though self sufficiency in foodgrains has been achieved but still crop yields are low, surpluses for exports are to be generated and the farmers especially the small and marginal farmers are to be alleviated from the poverty levels. It should also be remembered that a major part of the Indian population is rural based.

This calls for making an increasing thrust for the development of Co-operatives especially agriculture cooperatives. This will help in linkages both horizontal and vertical and with value addition on agricultural produce the price paid by consumer will be passed on for the benefit of the producer. This will help in improving the economic status of the weaker rural population and will also help increase in production. Though Cooperatives in India have a long history but at present it is on cross roads. The new economic era ushered in India with emphasis on liberalisation and competition, the cooperatives will have to search for a new identity without government props of aids, subsidies and dependence for its management from outside. Cooperatives in the changing environment will have to ensure;

- improved capital base;
 - self reliance in financial & managerial sectors;
 - professional management;
 - gradual reduction in Government/Political dependence/interventions;
 - development of cooperative leadership and maintenance of democratic character;
 - integration through vertical & horizontal linkages;
 - value-addition through processing of agricultural produce & and its by-products;
 - reduction in overheads;
 - a mass movement should be started for ensuring consolidation of land holdings and inject thrust for improving farm-mechanisation;
 - technology of Dry land farming and water saving devices should be encouraged;
 - National water grid should be made so as to save wastage of water;
 - ruralisation should have priority over urbanisation.
- More than two third population of India lives in rural areas. The migration from rural to urban sites needs to be checked by developing rural areas economically. This could be achieved by encouraging development of agro and allied industries and cooperatives. This will help in generation of rural employment and increase income levels of the poor.

The write-up has been concluded by describing the status of the participant's own Co-operative alongwith identification of main problems and making of suggestions for further advancement.

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**AGRICULTURAL COOPERATIVES DEVELOPMENT
IN INDONESIA**

Eighth ICA/Japan Training Course

1993/1994

AGRICULTURAL COOPERATIVE DEVELOPMENT
IN INDONESIA

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I. Introduction.

The agricultural sector is still the most strategic part of national development program. This is because more than 80 percent of the population, of which quite a number are categorized as poor, are living in the rural area and highly dependent on agriculture. The promotion of agricultural sector through improvement of agricultural production is not only due to the need for providing sufficient food supply and promoting other crops but it is also meant to increase the living standard of rural populace, especially those engaged in agricultural sector.

In order to support the agricultural development, it necessitates a strong and efficient institution. The institution, however, should be able to motivate the rural society to participate in and to initiate activities that could lead to a formation of a self-help organization. It is considered that cooperative is the most suitable organization to meet that requirement.

II. Policy on Agricultural cooperative Development.

2.1. General Policy on agricultural cooperative Development.

Government policy on the promotion and development of cooperatives, especially rural cooperatives involved in agricultural sector is based on the Cooperatives Basic Law Number 12 of 1967. On the way around the government regulations pertaining to the promotion and development of agricultural cooperatives were gradually enacted. The important base as policies are Presidential Instruction Number 4 of 1984 and order of Minister of Cooperatives Number 4 of 1988. The promulgation of Presidential Instructions Number 4 of 1973 and Number 2 of 1978 which considered not suitable to face challenges in rural cooperative development. This implies that the type of cooperatives operating in the rural area which is currently promoted is the Village Unit Cooperative (KUD = Koperasi Unit Desa) that covers several villages within a sub district area. The KUD is a multipurpose and multisociety cooperative where all economic activities in the rural area ideally should become the area of cooperative activities.

There are several key points that may give rise to a better circumstance for the growth of cooperatives in the rural areas. Firstly, the development of KUD is toward the establishment of an efficient and effective service center for rural economic activities. Secondly the government has given the right and promotion of KUD to handle all rural economic activities. Thirdly, the government support to Village Unit

Cooperatives covers numerous aspect of their activities namely :

- a. Provision of appropriate business opportunity and capital support.
- b. Provision of market and price guarentees to ensure better condition for them to compete in open market.
- c. Improvment of organization, management and control system.
- d. Consolidation and enhancement of cooperation within the institutional network of the KUD system, linking it to national economic activities, especially in the rural areas.

The KUD is therefore, expected to be a vehicle for managing all the potential economic activities in the rural sector the benefit of the villagers themselves.

To enhance and strengthen the position of KUDs to become strong and efficient economic organizations, during the Fifth Five-year Development Plan the Ministry of cooperatives has planed the establishment of self reliant KUDs with a minimum number of 2.000 up to 4.000 units.

In strengthening the presence of cooperatives in the national economy, recently the government encourages the private companies to sell up to 25 percent of their shares to cooperatives, especially those having related activities with them. So far there are three types of cooperatives that have already had received the shares, these are worker cooperative of the private companies, cooperatives that have related production activities with the companies, and cooperatives that sell consumer products of the private companies. Further, the government also encourages the private companies to sell a part of their shares to vilage unit cooperatives.

Furthermore, in connection with the enactment of barking deregulation know as October Package 1988, cooperatives are also given the opportunity to develop financia institution. At present there are many rural credit banks awned by cooperatives, both in the form primary society and secondary society which KUD as member. This opportunity may enable KUDs and other type of cooperative to improve their services to the members and immediate community and provade alternative credits to them.

2.2. Present status of agricultural cooperatives development

2.2.1. The Development of Agriculture cooperative.

The development of cooperative sector in Indonesia has recorded a remarkable success since the new order government. The number of cooperatives has been increasing consistently and the perception of the community on cooperative has been improving significantly. Cooperatives has been engaging in over sector of the economy in rural as well as in urba areas. The development of cooperatives and the actifities are presented in table 1.

Table 1. Number of Cooperative/KUD establishment, membership, Capital and Business Volume (in million rupiah)

YEAR	NO.OF COOP.	MEMBERS	CAPITAL	BUSINESS VOL
1983	6327	9609690	537,600.00	828,830.3
1984	6579	9613965	467,572.00	701,481.7
1985	6875	14760942	618,805.00	997,286.3
1986	7205	15628343	870,447.00	677,570.8
1987	7430	16680224	1,183,808.00	465,711.2
1988	7834	16995223	926,036.00	644,999.1
1989	8027	17902857		
1990	8040	18333328		

source : The Ministry of cooperatives

During the last five years, the number cooperatives establishment increased by 5 persen annually. The number of KUD has increased by 3.6 percent, while other cooperatives grew 5.04 persen annually. At the end of 1990 there were 31,58 cooperatives, composed of 8,040 KUDs and 23,541 other types of cooperatives. these other types include civiservans, workers, armforces, youth, transport, savin and loan and other multi purpose and consumer cooperatives. In term of membership also recorded an impressive growth, where the number of members grew at 12.18 and 22.84 percent annually for KUD and other cooperatives, respectively.

The business activities of KUD cover a wide area such as saving and credit, farm inputs distribution, agricultural marketing and processing. Same of the advanced KUD already embarked into new activities such as provision of healt services to the family planning participants, colection of tilivision dues, etc. These new activities with wnable the KUD to expand the service coverages, to both members and the immediate communities.

2.2.2. Agricultural Credit.

Agricultural credit as an important instrument in promoting agricultural development has been channeled through

KUDs since the early introduction of mass guidance or "BIMAS" program. The agricultural cooperatives have been considered as the solely economic organization of farmers in various fields of activities. Therefore, since the first establishment of village unit cooperatives in 1973, KUDs have been actively providing credit to farmers. Most of agricultural credit channelled through KUD is a special credit scheme with a special interest rate at 12 percent per year. But since the last two years it has been increased to 16 percent and currently increased again to 19 percent.

The types of credit provided by the cooperatives related by the commodities under the government programs, are summarized in table 2.

Table 2. Program on rural Development in the Area where KUD Involved.

Type of Program	Legal Base	NO. of KUD Involved (Unit)	Target Group or specific goal
1. KCK Credit	PI 14/1974	3,414	Petty Traders
2. Sugar Cane	PI 9/1975	631	Sugar production
3. Clove Marketing	PD 8/1980	519	Price support
4. Fertilizer Distr	PD 32/1988	1,839	Rice production
5. Food Procurement	PI 26/1988	1,228	Price support/stok
6. Farm holding credit (KUT)	PD 43/1984	2,098	Rice production
7. Livestock	PD 50/1981	543	Income generating
8. Fishery	PD 39/1980	196	Income generating

source : The ministry of cooperatives
all figures on KUD involved taken for
PI = Presidential Instruction
PD = Presidential Decree

These activities in general have reached the target-groups, even though the KUD management is unable to make use of the government facilities and even some bear big bad debt. Particularly in the area of high risky business undertaking such as livestock and fishery, KUDs fail to materialize the goals and some of them went bankrupt. The lesson from these activities is that when the management is inadequate yet and/or the activities only give a small margin will bring the KUD into difficulty.

In addition to the above mentioned credit mechanism, the KUDs also engage in savings and loan activities to support the members need which are now covered by the available credit programs. The saving and the loan activities as the oldest type of cooperative business have been growing very well. Interest rate charged to borrowers vary from one cooperative to another, but it is mostly close to the market rate.

The newly promoted credit scheme by BUKOPIN, a commercial bank owned by cooperatives, known as rural saving and credit system is basically a thrift and loan cooperative under the BUKOPIN umbrella. This system was introduced by RABO Bank of Netherlands in cooperation with BUKOPIN. Up to March 1991, this credit scheme has been implemented in 130 KUDs consisting of 1,099 members groups serving more than 34,314 members. The members are villagers and are mostly farmers and traders. The interest rate charged to borrower is one percent per week, but the surplus of each group will be directly returned to the members of the group by the end of the year. The effective rate of interest paid by the borrower on the average is 1.8 percent per month.

Despite this scheme is considered more expensive than the credit programs but its growth is very promising. In the long run, this credit scheme will expectedly be able to create an efficient funding system for the rural sector which is able to prevent capital flight to the urban sector.

The recent credit policy has led to the rationalization of monetary sector, where the type and the number of liquidity credits provided by central bank to the implementing banks have been limited. Since February 1, 1990 the interest rate for agricultural credit has increased from 12 percent to 16 percent per annum and currently to 19 percent. This policy also squeezes down the interest rate differential between the so called "program scheme" and the commercial credit. The monetary authority has considered that it is now the time to limit the interest subsidy must be removed.

2.2.3. Farm Input Distribution

Fertilizer as one of the important input in agricultural production is considered the strategic commodity. It is strategic because of its importance and its significant implication to agricultural production mainly rice production. Since the introduction of BIMAS program, KUD has been assigned to handle fertilizer distribution. In other words, the involvement of KUD in fertilizer and pesticide distribution has been started since the early introduction of BIMAS program, especially when the program entered into a nationwide campaign.

The growth of fertilizer distribution fluctuated as a result of the instability of government program with which KUDs should participate. At the beginning, most rural cooperatives were given the right to distribute farm inputs such as fertilizer. Since some of rural cooperatives were not able to pay back their credit to the bank, consequently only selected KUDs were given opportunity to distribute farm inputs. The number of KUDs distributing fertilizer and pesticide are presented in table 3.

Table 3. Number of rural cooperative distributing fertilizer and pesticide by year.

Y E A R	FERTILIZER		PASTICIDE	
	No of KUD	in ton	No of KUD	in Liters
1982/83	2,879	547,897	2,874	3,388,527
1983/84	3,647	458,078	2,645	3,728,319
1984/85	3,555	332,540	2,365	532,167
1985/86	3,092	394,268	1,499	984,829
1986/87	2,197	448,649	751	462,340
1987/88	1,623	695,712	803	157,084
1988/89	1,952	1,419,392	424	653,006
1989/90	2,861	1,914,448	-	-

source : The ministry of Cooperatives.

As of April 1, 1988, the government decided to assign KUDs as sole distributor of fertilizer, while only a limited amount has been given, to PT. PERTANI, a state corporation which serves as supporting element, in case the KUD is still weak. The private companies are no longer given the licence as distributors and only small privately retailers may engage in under the guidance of KUDs.

Despite the KUDs have already been given the a right as the main distributor, however due to lack of coordination among KUDs themselves and between KUDs and their secondary level, it has brought about unfavorable competition among themselves and led to the emergence of price war which KUDs will not be able to compete.

This situation, however, has eventually been solved by the introduction of coordinating team at district level.

2.2.4. Institutional Strengthening

To strengthen the existence of KUDs to better serve the farmer-members and to encourage greater participation, the Ministry of Agriculture has set up an "institutional link" between KUD and the farmers group or farmer association.

To this end, the Minister of Agriculture issued instruction to the regional officers to speed up the proces of integration trough extension and training, while the KUDs are encouraged to provide them better services as a full factor, among others through KUD service center that can be organized by the farmers groups themselves.

This effort is expected to increase the motivation of farmers group to join KUD. At the same time it also provides the opportunity to the farmers group leader to be nominated as a number of the board.

For the benefit of KUDs in expending their business into processing and agro industry the formation of the so called KJUB (Koperasi Jasa Usaha Bersama) or Special Purpose Secondary Cooperatives has been adopted. Most of the KJUBs operate in a specific commodities such as horticulture, rattan etc. The formation of special secondary societies also meant to integrate activities of different type of cooperatives into a specific business activity, including the export promotion effort.

2.3. Self-Reliant cooperative

In the effort of promoting KUDs, the government has specified criteries to categorize the classification of the KUDs according to their stage of development. The classification is made as a guide for the government in providing appropriate guidance and supports. For that purpose the government has specified the so called 18 self Reliant Criterias which are basically to indicate a threshold of KUD to become full-fledged self-reliant cooperatives.

During the fifth five year Development Plan the government is planning to promote 2000 to 4000 self-Reliant KUDs. In 1989/1990 the government targeted 555 self-reliant status. Up to the second year of the National Development Plan (1990/91), 1,230 KUDs have been able to obtain such status. This signifies that the target for the same period could have been achieved.

2.4. Shares Ownership

Recently, the government has been encouraging the private companies to sell up to 25 percent of their shares to cooperatives with the company. So far there are three types of cooperatives that have received shares from the private companies namely, the workers cooperatives within the private companies, the cooperatives that have relation in production activities with the private companies as the suppliers of input, and cooperatives that serve as the distributors of the products of the private companies. These also include a great number of KUD members in the surrounding area of the company and/or these having a business relation with the company.

Until the end of March 1991, there 105 private companies have agreed to transfer about 46 million shares, of which 18 million shares have been allocated to workers cooperatives, while more than 14 million and 13 million shares have been allocated to KUDs and other cooperatives, scheme, where the cooperative may install credit using three fourth of dividend earned from the purchased shares.

In relation to the involvement of private banks in promoting the cooperatives, the government has enacted a monetary regulation in which every bank has to allocate at least 20 percent of the credit to cooperatives and small

scale business understaking. However, the obstacles remain in the cooperatives since most of them are not able to fulfill the bank requirement.

Moreover, the Minister of Finance issued an order to all the Directors of state Own Companies to allocate one to five percent of their profits for to the promotion and development of small scale business understaking and cooperatives. This order allows the state own companies to participate directly in developing the linkage among small business understaking and cooperatives with the advanced companies.

EIGHTH ICA, JAPAN
TRAINING COURSE

FOR

Strengthening Management of Agricultural
Cooperatives in ASIA.

INDIA, SRILANKA, THAILAND, JAPAN

Agricultural Cooperatives in IRAN

Their organisation structure, management,
Practices and Problems

PREPARED BY ALI ARBABI

Central Organisation for Rural

Cooperatives of IRAN

753 Valli Asr

Tehran, IRAN

In the name of GOD

CHAPTER I

Introduction

The country of IRAN is bordered by the Caspian Sea and the Elbors Mountains in the North; The Southern border consists of Persian Gulf, the Sea Oman and the Mokran Mountain, Palangan, Kharaf Mountains in the East; and the Khozestan-Plain, Sahand, Sabalan and Zagros Mountains in the West.

The countries bordering Iran are Russia in the North, Iraq and Turkey in the West, and Pakistan and Afghanistan in the East.

Caspian Sea, with about 424,200 Km² is the biggest lake in the world.

Climate

The climate of Iran varies from region to region.

Coastal regions with temperature between 34°C

in summer and -3°C in winter.

Mountain regions, with coldest degree about -30°C in winter and moderate temperature in summer; about 12°C

Desert zone, with the range temperature between, $54^{\circ}\text{C} - 15^{\circ}\text{C}$.

CHAPTER II

Vegetation

The vegetation of Iran also varies from region to region, in the South; Khozestan Plain, dates, grapes, wheat and sugarcane are grown.

In the West; sugarcane, fruit and vegetable, different kinds of crops, including grain, summer crops, herbs; etc.

In the North; rice, citrus fruit, cotton and some different kinds of vegetables.

In the East; corn and sugarcane, cereals, and in the middle of Iran; some kinds of fruit trees, including pistachio, variety of almond, peanut, fig, walnut, plum, sunflower, etc.

Rainfall and Irrigation

Most parts of Iran's regions are dry zones with 300-350 mm annually rainfall. Another typical regions with about 300-1000 mm annually rainfall; are mountain regions. Wet zones have 600-2000^{mm} annually rainfall. Unfortunately more than about 70 percent of the rainfall is unreliable and is waste water. Because of the lack of water in Iran, dry cultivation can be carried on in only particular season. Sources of irrigation consist: surface water and underground water. Surface water is provided by rivers, lakes, etc. In some regions irrigation from rivers, is mainly through canals, bring the water directly on to the fields. In the north of Iran in the case of rice production, most of the water sources calculated by dam and canals. Another methods of irrigation are: furrow-irrigation, irrigation by flooding, spray irrigation and

Population

Iran has an estimated of 60 million; and about 60 Percent of this population live in villages and 40 Percent of population live in the cities. Unfortunately, due to the undesired growth rate about 3,1% have caused an increase of about 2 million per year to the country's population. Therefore, the production of agricultural crops, in another words; food production should be of high-light objectives in economical planning in Iran.

Agricultural sector has a great role in the economy of Iran. Fortunately in the five year plan (from 1991 - 1995), the position of research in the field of agricultural plans and extention and training is recognized very well grant merit. In wheat production in pivotal plan we should raise the production

of irrigating wheat from 1960 Kgs/ha, to 3200 Kgs/ha and bring under cultivation over 250,000 ha of land.

Expansion plans and rebuilding of economic condition on the subject of agronomical water shortage, and saving water by utilizing the right methods of irrigation and land integration, Procurement of water in desert and dried lands is a correct action in many provinces of Iran which should be directed in that way.

Annual crops are following:

- 1- Rice total Paddy fields 550,000 ha mean yield 4000 Kgs P/ha
- 2- wheat 5,400,000 ha mean yield 1960 Kgs P/ha
- 3- Barley 800,000 ha mean yield 2000 Kgs P/ha
- 4- Sugar beat 145,000 ha " " 20 tons P/ha
- 5- Cotton 160,000 ha " " 2000 Kgs P/ha
- 6- Potato 70,000 ha " " 10 tons P/ha

7- Orchard fruit, Citrus fruit more than 85,000 ha and with mean yield about 15 tons P/ha
marketing of Agricultural Produce:

According To new Policy of Ministry of Agriculture the main duty of deputy for Agricultural Production Market are consideration study, and appointment of suitable mechanism for demand and supply of Agricultural production and also cooperation and consideration the guarantee Prices and establishment a system for insurance of agricultural crops and a marketing information center to guided private sector for production and consumption market affairs.

In addition the top activities are to assist purchasing and selling, marketing, transportation and export of agricultural products.

other activities of this deputy is regarding to established Trade Fair Exhibition inside and in

abroad, also agricultural products terminal. central organisation for Rural cooperatives of Iran for improving and acceleration the objectives of organizing of agricultural production market issues are using all possibilities of central union for Rural cooperatives to take an important duty, in the future.

Agricultural exports:

Regarding to the export of agricultural products, because of different climate in Iran, different kinds of crops can produce.

Some of production for export that produced by Rural cooperatives market are following:

Dried fruit: including pistachio, variety of almond, shelled almond, Peanut, walnut, shelled walnut, fig, different kind of raisin, dried apricot, plum, Comins, Coriander seeds, squash seeds, Jabani seeds, sunflower. Cereals and grains: including different kind of beans

Pea, split Peas, etc.

Fruit and vegetables, specially fresh vegetable and citrus fruit, different kind of date. Some Herbs and Gum.

Hand craft; saffron, Honey. Lemon juice and sumac
warehousing capacities are as following:

capacities of technical stores of unions are about 500,000 tons, and total capacities of cooperative societies are about 314,000 tons.

"CHAPTER III,"

Historical background.

The cooperative movement in Iran, was first began about 1952. However in the beginning they were on a very small scale. In 1952, Central Organisation for Rural Cooperatives was founded the farmers who owned land began to form cooperatives. Most of this cooperatives, were

in the multipurposes cooperatives, and the aim were in the field of saving and credit and loan type.

The Agricultural Bank of Iran assists each cooperative by lending them up to 15 times their original capital.

After that about 1976; the agricultural cooperative societies were formed by single purpose societies

of the credit and marketing types; by now about 1270 number of agricultural coops in the country

have several activities in the field of agronomy,

poultry, livestock - mechanisation, honey bee, with

653,867 members.

Total number of all types of cooperatives with membership are as following:

Number of rural cooperatives	3 112
" " " " Unions	203
Members of rural cooperatives	4 399 040
Number of agricultural coops	1270

Members of Agricultural Coops 653,867

The Share Capital of Rural Coops 101,235,859,700 RLS

The Share Capital of Agricultural Coops 565,422,3918 RLS

status of agricultural cooperatives.

Table showing the number and kind of activities of agricultural cooperatives up to Jun 1993

Kind of activities	Poultry	Livestocks	Agromony	honey-bee	Mechanisation	Total
NO of Coops	188	261	540	155	126	1270
NO of members	19382	269297	295280	56795	13113	653867
Share Capital RLS	2,399,264 884	109,120,6915	180,703,9136	205,758,983	150,954,000	565,422,3918

1 Dollar = 80 RLS

The agricultural cooperatives are divided into various groups and their establishment and further development vary considerably from group to group.

The development of the agricultural cooperative has been intimately bound up with the structure of

agriculture in the country, despite the fact that forms of organisation have been based on principles generally accepted in Iran and other countries. The agricultural cooperatives providing various services, for example agricultural machinery cooperatives (Mechanization) are enterprises which own various kinds of agricultural machines and have trained personnel to use the machines at their disposal.

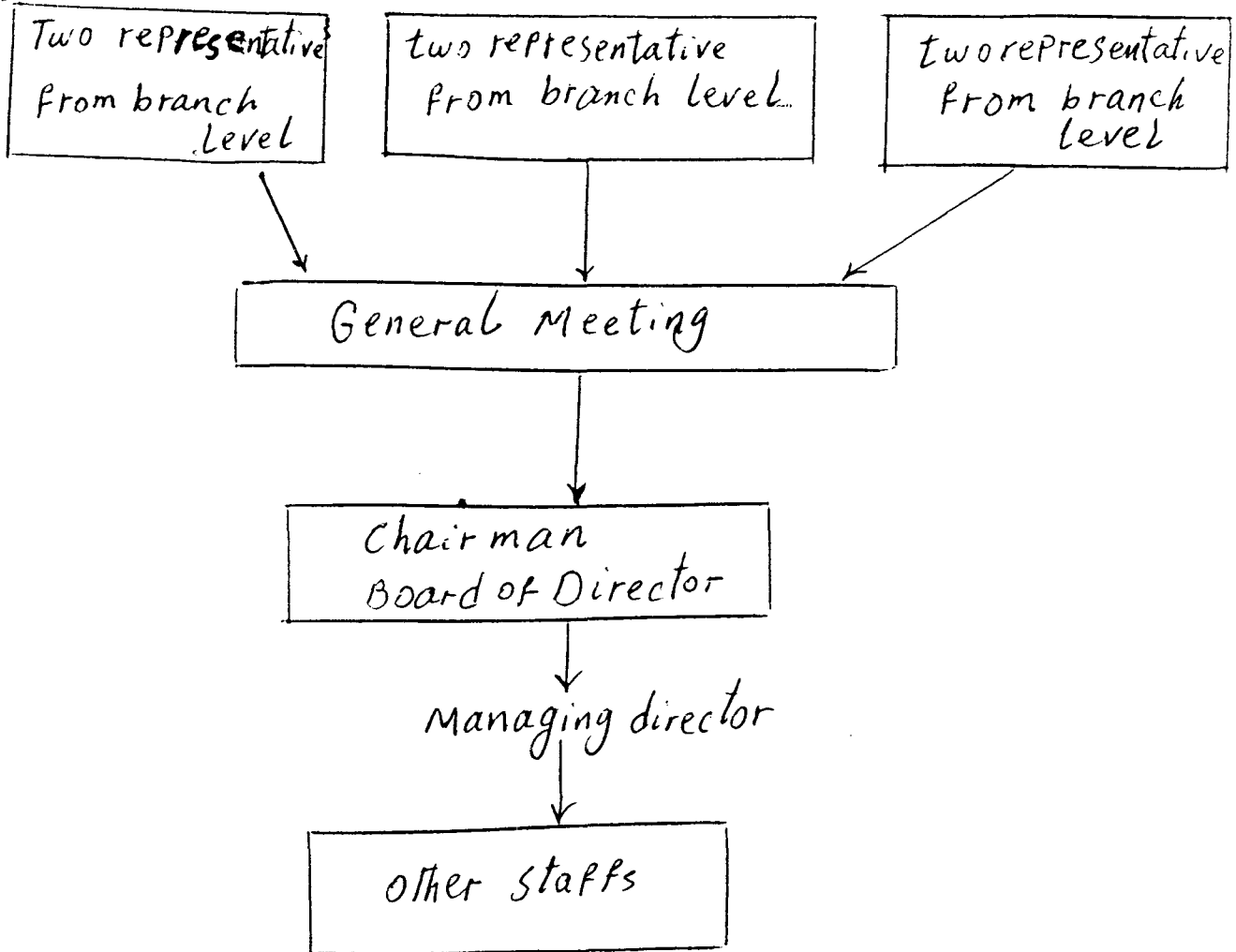
Management:

Most of the farmers are members of multipurpose coops societies. Two representatives from branch level attend the General Meeting at which Board of Director and Chairman is elected.

Four annex, according to the following papers show management structure of: multipurpose, coops, agricultural coops, union coops and central

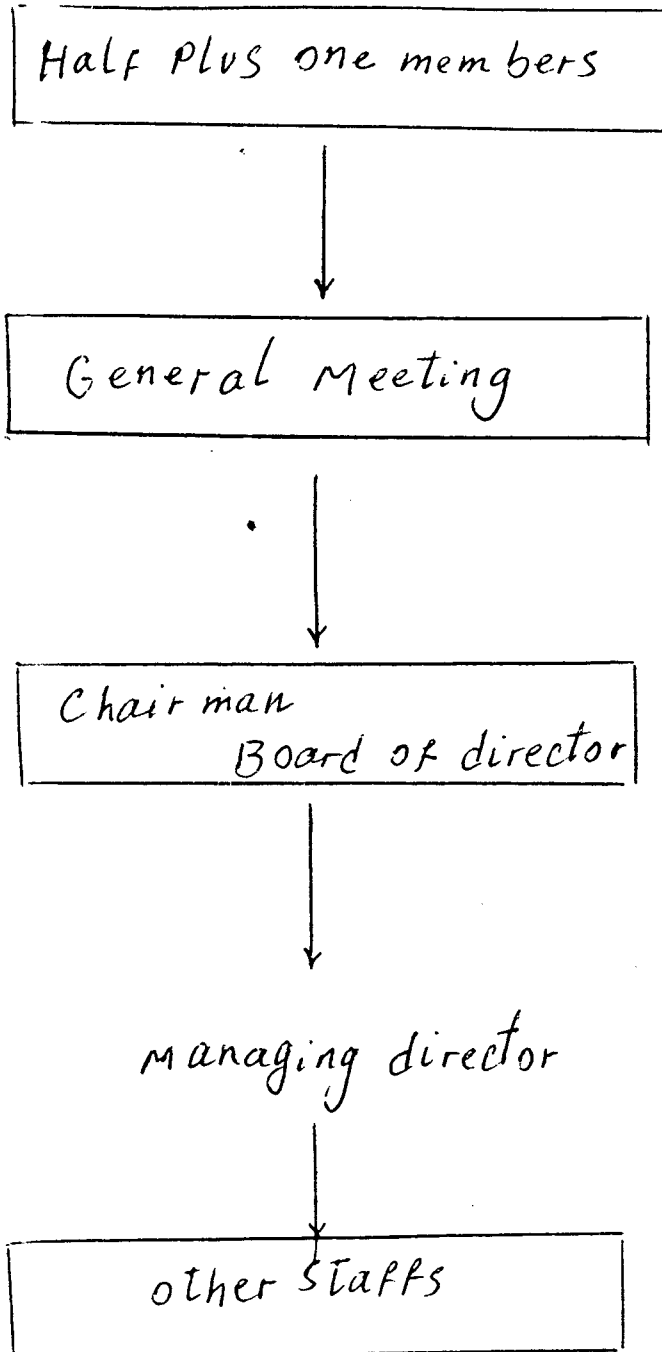
union rural coop's structure (structure of cooperative movement)

Annex one



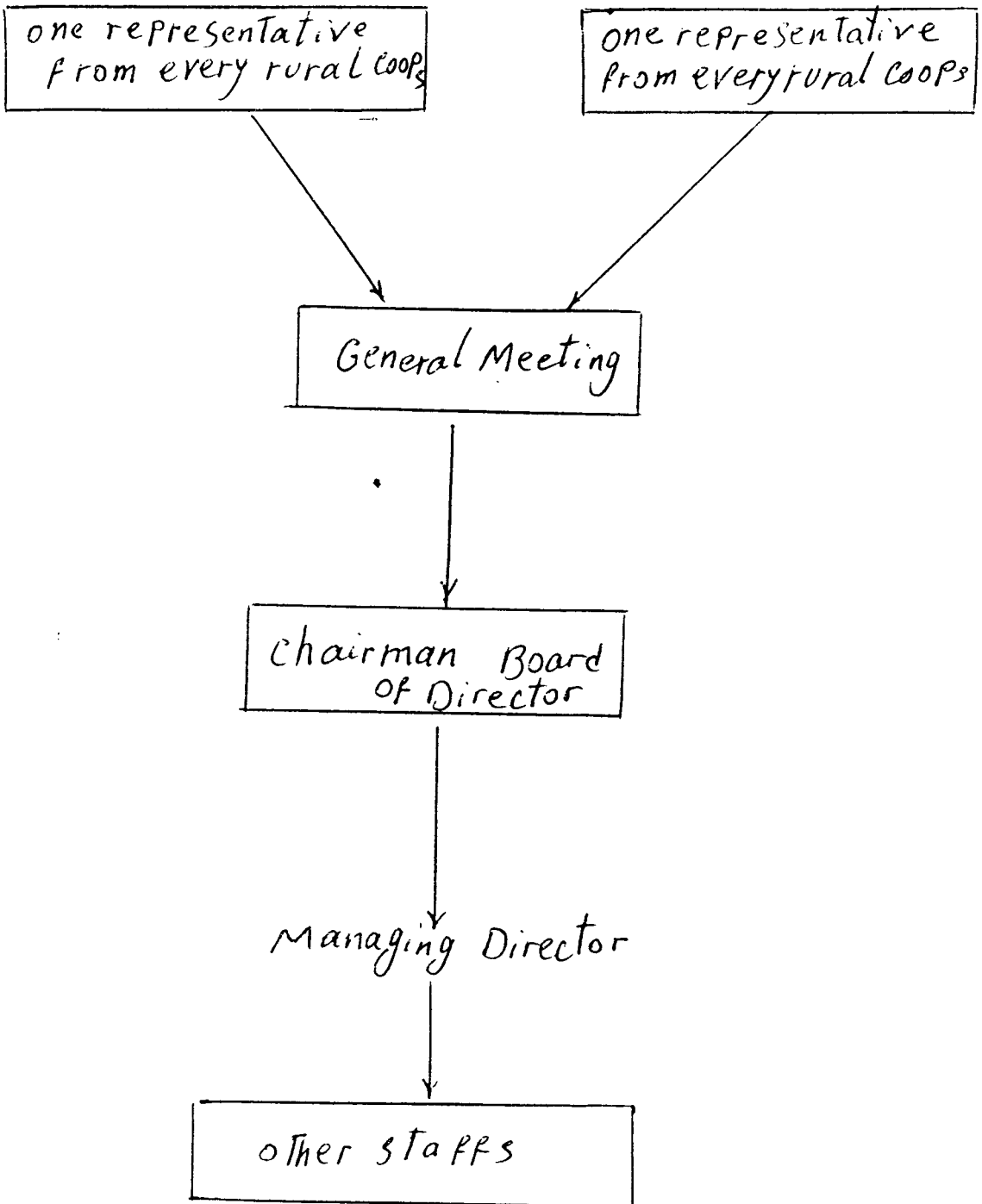
management structure of
multipurpose coops

Annex two



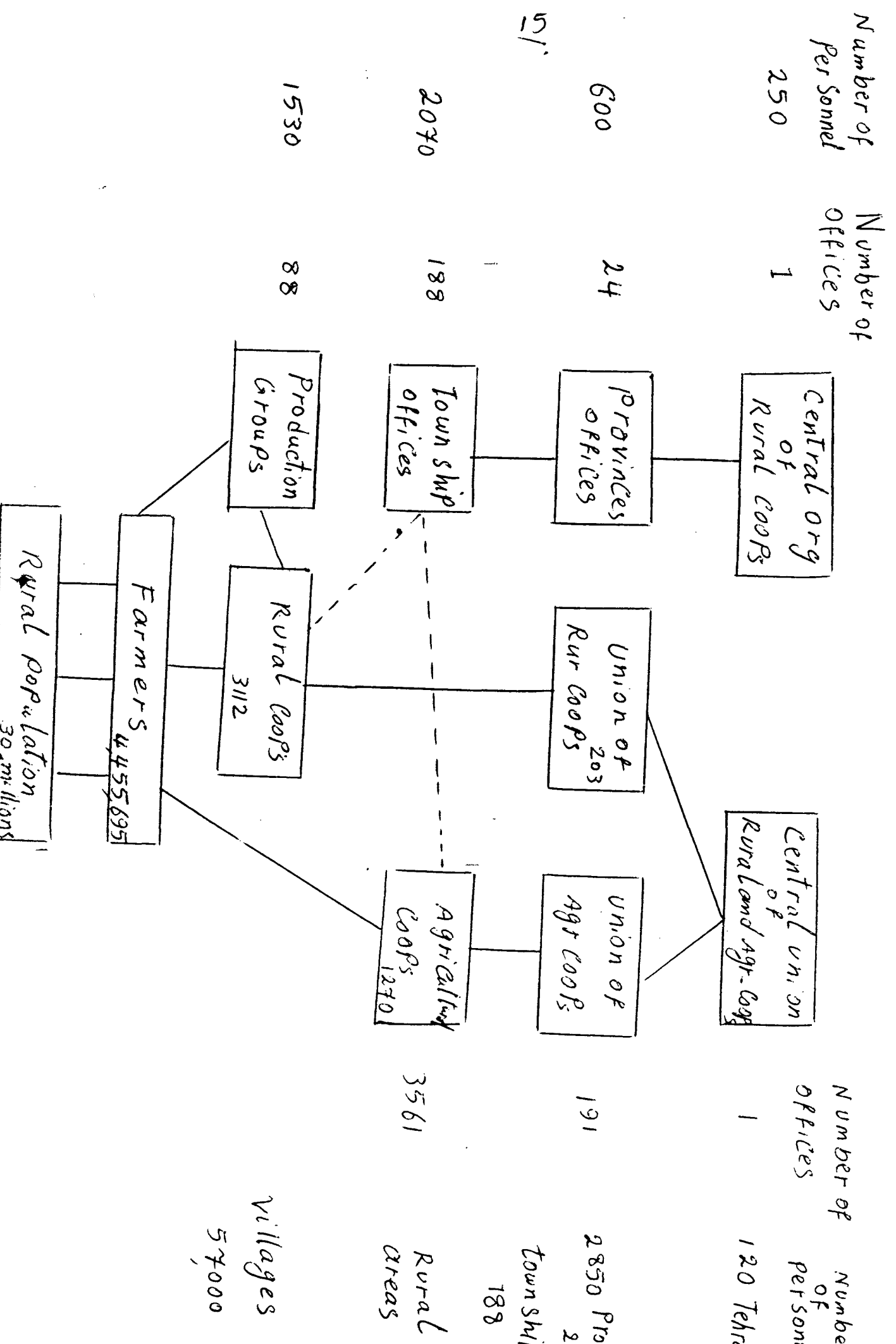
Management structure of
Agricultural cooperatives

Annex Three



Management structure of Union Coops

Annex four Structure of cooperative movement of IRAN



marketing agricultural produce through coops
and purchasing of crop surpluses (in 1992)

was about 679422233911 RLS. (1 Dollars=80RLS)

"CHART IV"

Problems: Some mention of the position the cooperative movement occupies in the field of education and in the agricultural extension (advice) service. Naturally the necessary attention is devoted to the co-operative movement in education, for the movement plays a significant role in the economic life our country; this is particularly the case in agricultural education. Moreover, cooperatives in the different sectors of social life have met with varying degrees of success, which has influenced the outward form of their organisation, this indeed, shows marked variation, since the same need was not felt in every sector of cooperative life for a transfer of authority to the central organisations.

Finally, the composite character of the co-operative movement is also expressed in the considerable variation found in the internal organisation of different co-operatives.

One of the main obstacles in the way of better farming is the lack of credit facilities in the cooperatives section. With agricultural credit, as with credit used in other branches of economic activity a distinction needs to be made between long-term, medium-term, and short-term credit. To demand for long-term credit, used to finance fixed assets, such as land, farm buildings and permanent equipment, is usually met by money loans on mortgage, if the provider of the money can be offered adequate security.

Principles of agricultural ^{coops} (multi purpose):

1) democratic organisation, which implied not only

that every member had one vote, but particularly that the Supreme authority in the society resided in the General-Meeting, which chose the Board, which board had to report every year to the General-Meeting of members on its management of the society's affairs.

2) the goods purchased jointly were put at the disposal of members for cash payment and at prevailing market prices.

3) surpluses not used to augment the society's working capital were to be apportioned among the members on the basis of the amount each member had spent.

4) interest was to be paid at a fixed percentage on the capital members subscribed.

problems, principal activities, management of my own cooperatives are as the same of above.

AGRICULTURAL COOPERATIVES IN KOREA THEIR ORGANIZATIONAL STRUCTURES, MANAGEMENT PRACTICES AND PROBLEMS

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**Country Background Paper Prepared for
8th ICA/Japan Training Course for
Strengthening Management of
Agricultural Cooperatives in Asia 1993—94**

Contents

I. Intorduction	2
II. General Information on the Country	3
III. Korean Economy and Agriculture.....	4
1. Overview of the Korean Economy	
2. Status of Agriculture in Korea	
3. Characteristics of Korean Agriculture	
IV. Historical Background of Agricultural Cooperatives.....	12
V. Present Situation of Agricultural Cooperatives	14
1. Organizational Structure	
2. Business and Activities	
3. Business Performance of Major Business Activities	
4. Role of the Government	
VI. Major Problems Faced by Agricultural Cooperatives	21
1. Agricultural Import Liberalization	
2. Severe Competition with Non-cooperative Organizations	
3. Diversified Demands for Coopratve Services	

I. Introduction

Thirty two years have passed since the Korean Agricultural Cooperatives were organized in 1961 in order to enhance the economic and social status through their voluntary organization.

Despite many difficulties rural communities have faced so far, our agricultural cooperatives have cooperated with member farmers and contributed greatly to the development of rural communities : to eradicate the chronic usury from the rural areas by introducing and implementing the mutual credit scheme, to achieve a self-sufficiency in stable food-grains by improving farm productivity through the guidance activities for farm management development and stable supply of high grade farm inputs, and to stabilize the prices in rural areas by supplying daily necessities.

However, in line with the industrialization, urbanization, liberalization and internationalization, agriculture and rural communities have been undergoing a rapid change.

In order to cope effectively with the rising expectations and diversified needs among farmers caused by such rapid change, agricultural cooperatives have to strengthen their role as the center for the development of agriculture and rural communities, as well as for the improvement of farm household economy, and also have to further expand the cooperative businesses designed to improve the welfare of farmers.

II. General Information on the Country

1. Location

The Korean peninsula is located in the extreme northeastern region of Asia neighboring China the main land to the north and west, Japan to the southeast. Korea has been divided into two zones since 1945, the communist's north which is called the Democratic People's Republic of Korea (DPRK) and the south of the Republic of Korea (ROK). The ROK will be only discussed hereafter.

2. Land and Climate

(A) Area and Land Usage

(In thousand square kilometers)

Total Area	Cultivated Land				Forest		Others	
	Total	%	Paddy Field	Upland		%		%
99.3	20.7	20.8	13.2	7.5	64.6	65.1	14.0	14.1

(B) Climate (in Seoul, for the year)

- Average Temperature : 12.3°C
 - the hottest : 25.5°C (August)
 - the coldest : -2.6°C (January)
- Precipitation : : 1,158.2mm

3. Population : 43.7 million

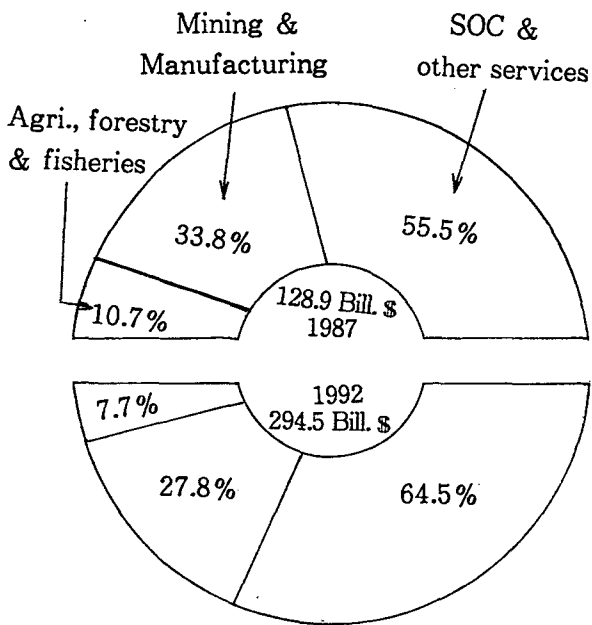
III. Korean Economy and Agriculture

1. Overview of the Korean Economy

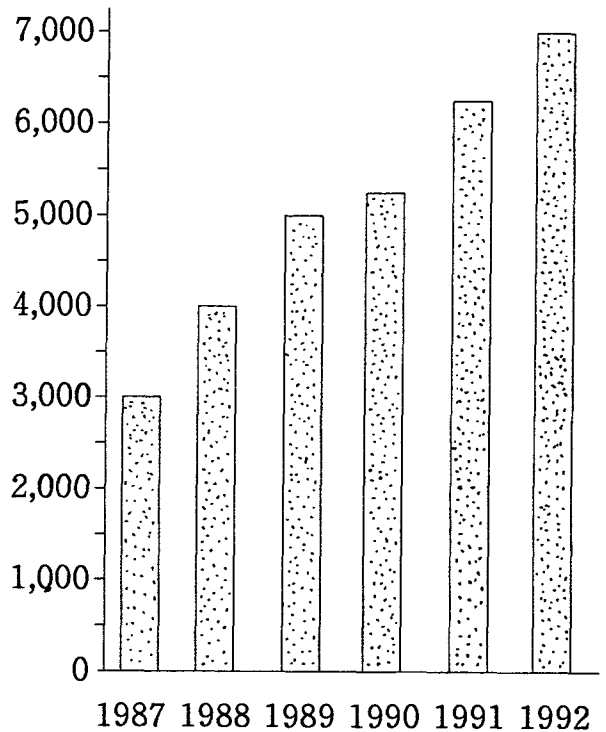
During the past three decades, Korean economy has moved from a primarily agrarian one to a newly industrialized one. Korea's export-oriented policies led by industrialization since the early 1960s ushered in a period of very rapid economic growth and development. Since 1962, Korea has witnessed a remarkable expansion in GNP and in per capita GNP.

Recent Trends of Economy

Industrial Origins of Gross National Products (At Current Prices)



Per Capita GNP (In us dollars)



Major Economic Indicators

	1990	1991	1992 *
GNP(US \$ billion)	242	282	295
Per Capita GNP(US \$)	5,659	6,518	6,749
Economic Growth Rate(%)			
GNP	9.3	8.4	4.7
Agriculture, Forestry and Fisheries	-5.1	-1.0	5.4
Mining & Manufacturing	8.7	8.7	4.6
Electricity, Gas & Water	16.3	7.4	6.9
Construction	23.7	11.4	-1.9
Services	10.1	10.5	6.3
Unemployment Rate(%)	2.4	2.3	2.5
Inflation(%, average annual)			
Wholesale Prices	4.2	4.7	2.2
Consumer Prices	8.6	9.3	6.2
Prices Received by farmers	12.3	8.9	4.4
Prices Paid by Farmers	9.1	14.4	8.3
Balance of Payments(US \$ million)			
Current Balance	-2,179	-8,728	-4,605
Exports	63,124	69,582	75,104
Imports	65,127	76,561	77,302
Agricultural Production(1,000M/T)			
Total grains	6,635	6,222	6,192
Rice	5,606	5,384	5,331
Farm Population(1,000 persons)	6,661	6,068	5,707
Farm Household(1,000 each)	1,767	1,702	1,641

* estimated

2. Status of Agriculture in Korea

Agriculture in Korea has been the most important industry in the past as expressed in the saying that "agriculture is the basic foundation of the nation." However, in the process of rapid economic development, the relative position of agriculture in the national economy has been declining rapidly in recent years mainly due to the low agricultural growth rate, low agricultural investment level and increasing import of cheap foreign agricultural products.

(A) Farm Households and Farm Population

The population employed in agriculture has been continuously decreased as a result of industrialization and urbanization. Thus the agricultural population portion fell down to 13.1% of the total as in 1992 from 45.9% in 1970

Farm Population

	Population(In 1,000persons)			Farm households (1,000households)	Population per farm household
	Total (A)	Farm (B)	% (B/A)		
1970	32,241	14,422	45.9	2,483	5.81
1980	38,124	10,827	28.4	2,155	5.02
1991	43,268	6,068	14.0	1,702	3.57
1992	43,663	5,707	13.1	1,641	3.48

(B) Arable land and Irrigation

The total arable land area was 2,070 thousand ha in 1992. Of the total, paddy fields comprised 1,315 thousand ha and dry fields 755 thousand ha. In recent years, arable land per farm household has been recorded a slight increase resulting from a faster reduction of farm households than that of arable land. About 74% of the paddy fields was irrigated by the irrigation facilities.

Cultivated Area

	Cultivated area(1,000ha)			Cultivated area per farm household (ha)
	Total	Paddy	Dry fields	
1970	2,298	1,273	1,025	0.93
1980	2,196	1,307	889	0.94
1991	2,091	1,335	756	1.23
1992	2,070	1,315	755	1.26

(C) Production of Food Grains

(In 1,000M/T)

	Total	Rice	Barley	Wheat	Soy beans	Corn	Potatoes	Others
1970	6,937	3,939	1,591	229	232	68	783	95
1980	5,324	3,550	811	95	216	154	431	66
1991	6,236	5,384	340	1	183	75	200	53
1992	6,206	5,331	315	1	176	92	243	48

(D) Farm Mechanization

Rising wages in urban areas resulting from industrialization during the 1970s lead to a shortage in the farm labor force, which caused the farm mechanization in rural areas. The leading item was the power tiller, which in 1992 saw a distribution of 768 thousand units, 48.6%, or one unit for every 2.1 farm household. Nowadays, the number of large expensive machines, such as farm tractors and combines, are gradually increasing

Agricultural Implements and Machines

(In 1,000 unit)

	Power tiller	Threshing machines	Power pump	Rice trans-planter	Binders	Combines	Farm tractor
1970	12	41	54	—	—	—	—
1980	290	220	193	11	14	1	3
1991	768	245	343	168	62	54	53
1992	768	222	353	185	63	61	64

(E) Farm Household Economy

In recent years, the income per farm household increased over 10% from the previous year mainly thanks to the increase of non-agricultural income rather than that of the agricultural income. However, the gap of income levels between the urban areas and the rural has widened due to the lower price of farm products influenced by the steady increase of imported agricultural products.

Major Indicators of Farm Household Economy

(In 1,000 won)

	1990	1991	1992
Farm household income (A)	11,026	13,105	14,505
Agricultural income	6,264	7,035	7,356
Non-agricultural income	2,841	3,662	4,423
Portion of non-agri income	25.8	27.9	30.5
Urban household income (B)*	11,320	13,903	16,273
Comparison (A/B, %)	97.4	94.2	89.1
Expenditure (C)	8,547	9,797	10,394
Surplus (A-C)	2,479	3,308	4,111
Farm household assets	79,352	99,189	115,615
Farm household liabilities	4,734	5,192	5,683

* Income per household by groups of salary and wage earners' in urban area.

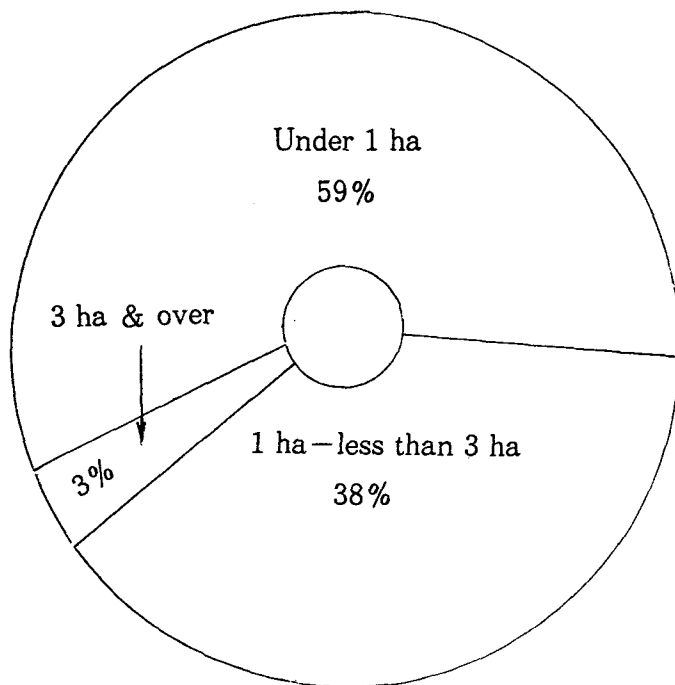
3. Characteristics of Korean Agriculture

Korea has made strenuous efforts to transform its agriculture from a traditional structure to a modern one. But it still preserves many characteristics of traditional agriculture.

(A) Small sized family farming

National average farm size per household is only 1.3 hectares(3.1 acres). This small sized arable land consists of several plots of paddy fields and uplands scattered around the village. Furthermore, 59percent of all farms operate less than one hectare. These small sized family farms have difficulty even in meeting living costs with income from farm operation

Distribution of Farm Households by Size in Korea



(B) Poor production base

Korea has very poor agricultural production base and infrastructure, including irrigation, drainage, land consolidation, rural roads, etc. 26 percent of paddy fields are still rain fed, and only 47 percent of 1,315 thousand hectares of paddy fields have been consolidated. Rural roads are not fully developed and their pavement rate was only 56 percent compared with 89 percent of urban roads in 1992.

(C) Deterioration of farm labor force both in quantity and quality

Comparatively high wage and better job opportunities in the industrial sector and urban centers have induced young and educated farmers to migrate to industrial urban areas, thereby lowering agricultural productivity. Therefore, farm operators have been substituted with aged persons and females, and they have become unskilled and less educated. The number of young farmers under 30 years old has rapidly dwindled from 29.2 percent in 1975 to 5.0 percent in 1992 of the total farm labor force. On the contrary, persons over 60 years old have increased from 8.6 percent in 1975 to 28.4 percent in 1992. Female labor force in the agricultural sector increased from 28.3 percent in 1970 to 51.5 percent in 1992

(D) Low level of farm household income and high dependence on agricultural income

Farm household income in 1992 was 14,505 thousand won(18,580 US dollars), which stood at only 89 percent of the urban wage earners' household income.

In addition, Korean farmers are heavily dependent on agricultural income sources. On the average, the Korean farmers earned 51 percent

of their farm household income from agricultural production, while they derived 49 percent of their income from off-farm income sources in 1992. The proportion of off-farm income in Korea is relatively small as compared with 84 percent of Japan in 1991 and 65 percent of Taiwan in 1990. The farmers of these two countries derive most of their income from off-farm jobs created by rural industrialization.

(E) Poor living condition

Most farmers in Korea still lack in modern living amenities such as tap water service, medical service, educational and cultural facilities, etc, as compared with urban dwellers. These relatively poor living conditions have accelerated the exodus of rural young people to urban sectors, which has caused the difficulty for rural males to get married.

(F) Low grain self-sufficiency rate

The grain self-sufficiency rate indicates a nation's ability to feed itself. Before 1970, the grain self-sufficiency rate in Korea stood at over 80 percent. In subsequent years, however, other nations greatly enhanced their grain self-sufficiency rates, whereas Korea's self-sufficiency rate plunged sharply to 56.0 percent in 1980 and further down to 34.3 percent in 1992. The self-sufficiency rate of wheat decreased to 0.02 percent, that of corn to 1.3 percent and soybean to 12.2 percent in 1992.

IV. Historical Background of Agricultural Cooperatives

In Korea, traditionally there have been various cooperative organizations for mutual help such as Dure, Pumasi, Kye and Hyangyack practiced by farmers in rural areas.

During the Japanese colonial rule, the Government General of Korea established the Financial Associations, the Industrial Associations and the Farmers Associations under the pretext of founding cooperatives to inject new hope into the impoverished rural economy. Apart from their merits or demerits, these Associations were essentially organizations for the imperialistic exploitation of its colony. The agricultural cooperative movement in a modern sense was initiated as a part of the national independence movement from Japanese colonial domination which was finally ended in 1945. This movement was led by the patriotic students, Cheondoists (the believers of a Korean national religion) and Christians.

In 1956 the new government of the Republic of Korea organized the Korea Agriculture Bank and its branches through the reformation of the existing Financial Associations because it felt an urgent need to expedite agricultural development. This Bank was exclusively for agricultural banking and credit services. On the other hand, agricultural cooperatives were organized in 1957 based on the facilities and property of the Farmers Associations. The agricultural cooperatives carried out such economic businesses as agricultural marketing and supply of farm inputs and credit services.

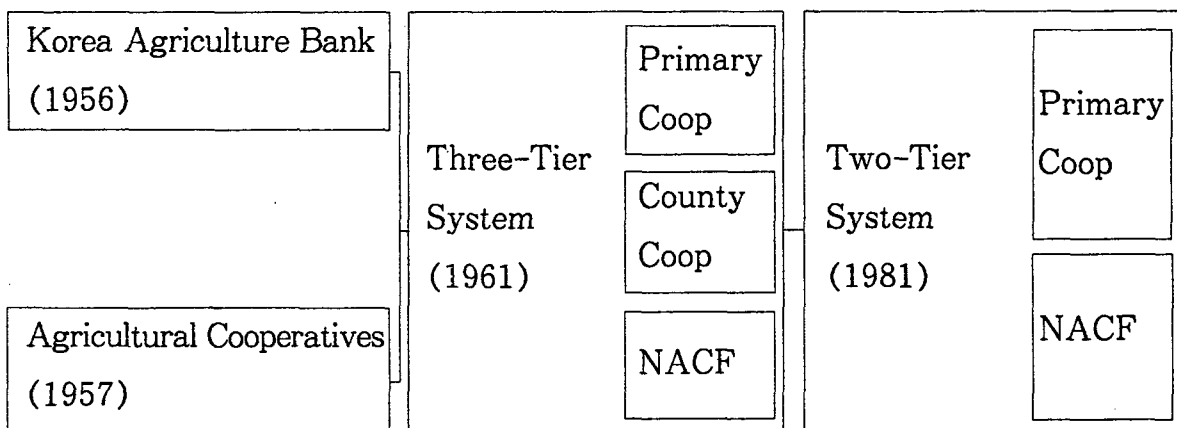
The Korea Agriculture Bank was relatively successful, while the agricultural cooperatives suffered from financial difficulties resulting from the poor return of their businesses and insufficient funds supplied by the Korea Agriculture Bank on which they were dependent. Such a situation accelerated the es-

establishment of a new type of agricultural cooperative with emphasis on successful management, especially in terms of efficient linkage between business operations and financial support. The Korea Agriculture Bank and the former agricultural cooperatives were merged into the present multipurpose agricultural cooperatives in 1961, in accordance with the Agricultural Cooperative Law based on modern cooperative principles.

Consequently, on August 15, 1961, the National Agricultural Cooperative Federation(NACF)was inaugurated as the apex organization along with its member agricultural cooperatives. Since its inauguration, the NACF and its member primary agricultural cooperatives have greatly contributed to enhancing the economic and social status of member farmers and to developing agriculture as well as enhancing the welfare of the rural communities.

In 1981, the agricultural cooperatives restructured their organizations in order to strengthen the managerial ability of primary cooperatives and to develop them as strategic organizations for rural development. The former three-tier system of the primary agricultural cooperatives, county agricultural cooperatives and the National Agricultural Cooperative Federation was streamlined into a two-tier system linking the primary cooperatives directly with the Federation by reorganizing the county cooperatives into branch offices of the Federation.

Chronological Chart of Agricultural Cooperatives



V. Present Situation of Agricultural Cooperatives

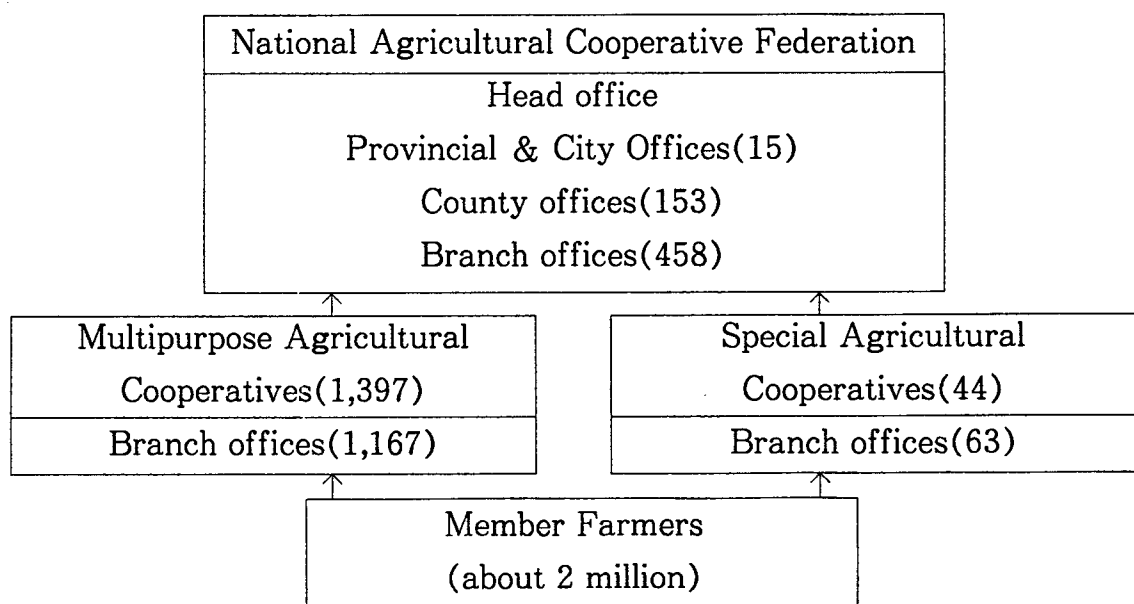
1. Organizational Structure

The Agricultural Cooperatives in Korea are organized into a two tier system ; the primary cooperatives at a township level and their federation at a national level. They are horizontally classified into two types of cooperatives ; multipurpose cooperatives and special cooperatives. The multipurpose cooperatives are mainly organized by farmers who are engaged in grain farming such as rice and barley, while special cooperatives are organized by the farmers who are mainly engaged in fruits and vegetables farming.

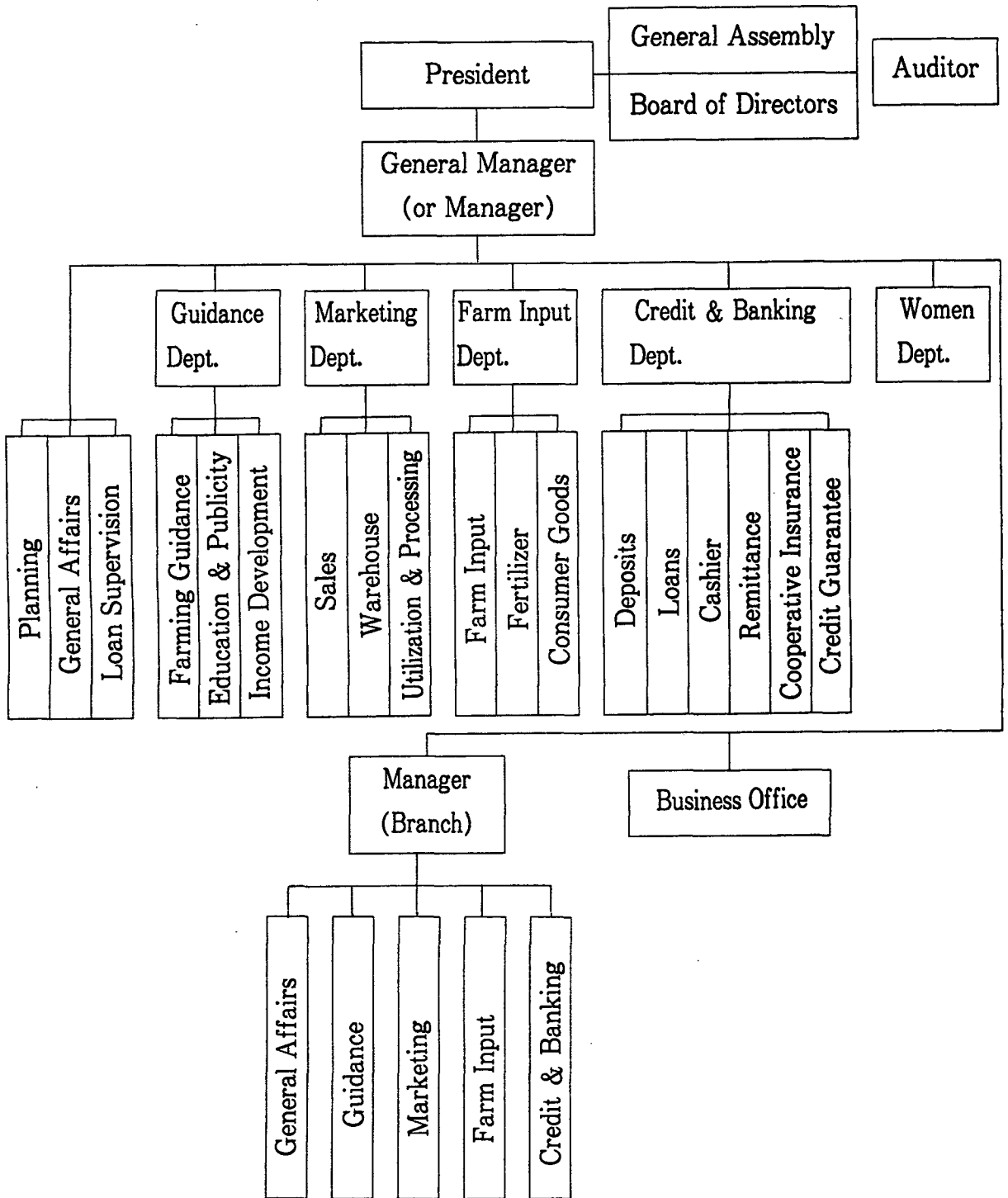
The multipurpose cooperatives and special cooperatives are affiliated with the national apex organization called the NACF or National Agricultural Co-operative Federation. The NACF has 9 provincial offices, 6 special city offices, 153 county offices, and 458 banking branches under its umbrella. There are 1,397 multipurpose cooperatives, 44 special cooperatives, and the number of member farmers stands at around 2 million.

The number of officers and staff of agricultural cooperatives totals 65,146 including 18,057 NACF staff.

Organizational Structure of Agricultural Cooperatives



Organizational Chart of Multipurpose Agricultural Cooperatives



2. Business and Activities

The agricultural cooperatives were established in 1961 to enhance the economic and social status of member farmers as well as to develop agriculture and the welfare of rural communities.

To achieve those objectives the agricultural cooperatives carry on diverse business and activities related to member farmers, rural communities and agriculture. Major business and activities of the agricultural cooperatives are as follows

- Guidance and Extention
 - Farming and living guidance
 - Development of off-farm income sources
 - Extention for member farmers
 - Training and education for member farmers and the cooperative staff
 - Fostering young prospective farmers
 - Rural cultural activities
- Research
 - agricultural cooperative businesses
 - policy measures for farm management and rural economy
- Marketing
 - Marketing both in producing and consuming areas
 - Marketing facilitating
- Supply
 - Supply of farm inputs such as fertilizer, farm chemicals, farm machinery, tax-exempted oil, PE film, etc.
 - Supply of consumer goods for farm households

- Processing of farm products
- Banking and credit
 - NACF Banking
 - Mutual credit scheme by the primary cooperatives
 - International banking(NACF)
 - Trust and securities
 - Credit guarantee
- Cooperative insurance
 - Life insurance
 - Damage insurance
- Foreign trade by the Korea Coop Trading Co. (a subsidiary of the NACF)
- Exchange of advanced farming techniques by the Agricultural Technology Cooperation Co.(a subsidiary of the NACF)

3. Business Performance of Major Business Activities

After their establishment in 1961 as multipurpose agricultural cooperatives, the primary cooperatives endeavored to create an indispensable organizational base for cooperative business operations. They have made remarkable progress since 1972 when village level cooperatives were merged into economically viable township level cooperatives, 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.

The rapid development of multipurpose cooperative is evident in the growth of annual business turnover. In 1992, the average business turnover per multipurpose cooperative reached 38.8 billion won(US\$ 49.2 million),

about 844 times over the 1972 figure. During the period, deposits recorded the highest growth rate followed by loans, marketing, supply of consumer goods, cooperative insurance, utilization and processing, and supply of farm inputs.

Business Performance of the Multipurpose Cooperative(national average per cooperative)

(in million won)

Business	1972	1980	1985	1992	Ratio(times)	
					92/72	92/85
Deposits	8	555	1,795	13,056	1,632.0	7.3
Loans	8	726	2,519	12,795	1,599.4	5.1
Coop. insurance		374	675	7,780	—	11.5
Supply of farm inputs	15	379	418	1,143	76.2	2.7
Supply of consumer goods	3	64	146	812	270.7	5.6
Marketing	11	287	621	3,105	282.3	5.0
Utilization & Processing	1	21	35	110	110.0	3.1
(Total)	46	2,406	6,209	38,801	843.5	6.2
Staff(person)	6	18	21	32	5.3	1.5

Business performance of the NACF

(in billion won)

Business	1972	1980	1985	1992	Ratio(times)	
					92/72	92/85
Deposits	133	1,172	2,752	12,499	94.0	4.5
Loans	148	1,181	2,854	10,331	69.8	3.6
Borrowings	72	575	1,943	5,256	73.0	2.7
Foreign loans	5	49	90	68	13.6	0.8
Foreign exchange	44	808	601	1,151	26.2	1.9
Cooperative insurance	90	540	1,540	16,065	178.5	10.4
Supply of farm inputs	41	401	467	1,244	30.3	2.7
Supply of consumer goods	2	80	338	948	474.0	2.8
Marketing	96	879	1,010	1,323	13.8	1.3
Foreign trade	39	40	35	22	0.6	0.6
(Total)	(670)	(5,115)	(11,630)	(48,907)	(73.0)	(4.2)

Major Facilities Operated by Agricultural Cooperatives

Facility	Unit	Quantity
Cooperative office	establishment	3,298
Agri. Coop. College	"	1
Saff training institute	"	6
Coop. leaders training institute	"	3
Coop. marketing center	"	76
Agri. collection point	"	269
Folk handicraft center	"	1
Warehouse	unit	11,898
Agri. supermarket	establishment	177
Coop. chain store	"	2,012
Farm machinery service center	"	752
Petroleum and Gas station	"	1,102
Truck	each	3,247

4. Role of the Government

The Korean government has recognized the important role which can be played by cooperatives as a way of enhancing the welfare of its members and of achieving a rapid development of the national economy.

Cooperatives in their early stage of development have received financial assistance from the government for manpower development, physical facilities, and cooperative operations.

In the case of the Agricultural Cooperative Law, it provides that all the Ministers of the government shall actively support the business of the cooperatives and their Federation, and shall preferentially provide facilities of the government or public organizations for their use. Furthermore, the government may grant subsidies necessary for the business operation of the cooperatives and the Federation within the scope of its annual budget.

The president of the Federation may present to the government his recommendations regarding development of the cooperatives and their Federation.

The same spirit of support can be found in other cooperative laws such as the Fisheries Cooperative Law, the Livestock Cooperative Law, and the Credit Union Law each express clearly the government support for these respective cooperatives.

The competent Ministry for agricultural, fisheries and livestock cooperatives is the Ministry of Agriculture Forestry and Fisheries, while the competent Ministry for credit unions is the Ministry of Finance. However, in the field of financing the credit business of agricultural, fisheries, and livestock cooperatives, while supervised by the competent Ministry, is done so with the concurrence of the Ministry of Finance.

VI. Major Problems Faced by Agricultural Cooperatives

1. Agricultural Import Liberalization

Korean agriculture has been experiencing great difficulties in the process of rapid industrialization and urbanization of the nation.

The share of agriculture in the national economy is gradually decreasing. At the end of 1992, the farm population accounted for 13.1 percent of total population, and the share of agriculture in the GNP stood at 7.7 percent. While the average farming acreage per farm household is meager 1.2ha. Because of the small scale of farming, our member farmers are unable to realize an economy of scale, resulting in high production costs for farm products, low level of farm income and heavy debts. Furthermore, the debts of farm households have steadily increased mainly due to the low prices of farm products and limited off-farm job opportunities for farmers.

Under these circumstances, our country has to import a large quantity of farm products such as grains, meat, fruits and prepared foods due to the mounting foreign pressure to open our domestic agricultural market, thereby dealing a serious blow to our member farmers and gradually shrinking our agriculture which is the basic foundation of the agricultural cooperative movement.

2. Severe Competition with Non-cooperative Organizations

As the competition between the cooperatives and the non-cooperative organizations becomes very fierce and intensive in the every business sectors, the competitive power of cooperatives, especially of primary cooperatives

which have small business size, becomes worse and worse than before. It is urgent time for the cooperatives to take measures reinforcing the competitive power by the merger of small size primary cooperatives and increasing its capital size.

3. Diversified and Conflicting Demands for Cooperative Service

The member farmers of agricultural cooperatives are increasingly requesting their cooperatives to pay higher patronage dividend and interest on their share capital, to guarantee higher prices for their farm products, to expand rural welfare activities including the supply of consumer goods at cheaper prices and insurance welfare programs and to be more actively involved in political and legislative activities for the interest of farmers.

On the other hand, the government strongly urges agricultural cooperatives to operate their business in line with agricultural policy aiming at increasing food production, renovating the agricultural marketing system and establishing welfare rural communities.

Furthermore, the consumers living in urban areas want agricultural cooperatives to supply farm products in good quality at reasonable and stabilized prices, thus influencing against the manipulation of prices by private traders. However, agricultural cooperatives are not in a position to satisfy those diversified and conflicting demands because of their limited capabilities in terms of financial, human and physical resources and because of the basic objectives and principles of the cooperative.

A CRITICAL EXAMINATION OF NATIONAL LIVESTOCK COOPERATIVE FEDERATION
IT'S ORGANIZATIONAL STRUCTURE, MANAGEMENT PRACTICES AND PROBLEMS.

1993. 10

NATIONAL LIVESTOCK COOPERATIVES FEDERATION

REPUBLIC OF KOREA

C O N T E N T S

I . Overview of Korean Agriculture and Livestock Industry.

1. Economic Development And Agriculture In Korea.
2. Current Situation Of korean Agriculture And Livestock Industry.
3. Present Situation Of Korean Beef Industry.

II . National Livestock Cooperative Federation.

1. Brief History.
2. Organization.
3. Objectives and Funtions.
4. Major Business Performance.
 - 4.1 Guidance And Training.
 - 4.2 Livestock Promotion Projects.
 - 4.3 Marketing.
 - 4.4 Supply.
 - 4.5 Reseach.
 - 4.6 Foreign Loan
 - 4.7 Banking.
 - 4.8 International Cooperation.
5. Present Problems in Korean Livestock Industry.
 - 5.1 Small Scale Operation
 - 5.2 Pressure for the Opening of the Domestic Market

III . Role Of Korean Beef Industry In World Beef Market.

IV . Appendix.

1. Major Indicator Of Korean Livestock Industry.
2. Highlight of Business Performance.
3. Development Status of Member Cooperatives.

I. Overview of Korean Agriculture and Livestock Industry.

1. Economic Development And Agriculture in Korea.

During the past three decades, Korea has grown into one of the newly industrialized countries thanks to the strong government-led economic development policy and the utmost efforts of our diligent people. In spite of poor natural endowments, the joint effort of government and people created the "Miracle of Han River," overcoming oil shocks and political upheavals after the devastation of Korean War. Korea's overall economic development during the past 20 years from 1972 to 1991, illustrated by the annual average growth rate of 8.7%, is remarkable when compared with those of various advanced countries. (Refer to Table 1)

(Table 1) Comparison of Economic Growth Rates by Country

	1972	1976	1986	1988	1989	1990	1991	Avg.1972-91
Korea	5.1	13.1	12.9	12.4	6.8	9.3	8.1	8.7
U.S	4.8	4.9	2.9	3.9	2.5	1.0	△0.7	2.5
Japan	8.3	2.9	2.7	△6.2	4.8	5.2	4.5	4.4
Germany	4.2	5.5	2.2	3.5	3.9	4.7	3.2	2.5

Source : Major International Economic Figures 1992. The Korean Statistic Association

However, Korea's economic development strategy, based on an export-oriented policy with particular emphasis on manufacturing industries, resulted in a comparative stagnation of agriculture causing a serious imbalance among industries. In other words, the agricultural sector, due to comparatively low value-added margins and small growth increments, could not earn for itself any investment priority for development, when compared with other sectors. As a result the growth rate of the agricultural Industry from 1972 to 1991 rested at around 2 % which is far behind the 13 % of the

manufacturing sector and the 8 % of the overall economy.

Today, agriculture in Korea has become a typical declining industry.(refer to table2)

(Table 2) Growth Rates by Industry
(based on 1985 non - variable price index)
(%)

	1971	1976	1986	1988	1989	1990	1991	Avg.1972-91
GNP	5.1	13.1	12.9	12.4	6.8	9.3	8.4	8.7
Manufacturing	13.3	23.6	18.3	13.4	3.7	9.1	8.5	13.4
Agro-fisheries	2.4	9.8	4.6	8.0	Δ1.1	Δ5.1	Δ0.8	2.1

Source : Major Economic Figures 1992. the Korean Statistics Association.

The share of the agricultural sector in the GNP decreased continuously from 25.7% in 1972 to 7.2% in 1991. During the same period, the ratio of farm population to the total economic population fell sharply from 48% to 16%.

2. Current Situation of Korean Agriculture And Livestock Industry.

The reality of Korean agriculture today is well illustrated by the trend of farm debt rapidly rising every year beyond farmer's economic ability to repay credit. The main reason for the rapid rise of farm debt rest in the government policies of placing its top priority on industrial development and the low price of agricultural products. Developed countries such as the United States, EC Countries and others have given huge amount of subsidies and various governmental support for the reason of food security and preferential treatment to agriculture. Korean agriculture, by contrast, far from being a beneficiary of such government support, has become the scape goat in favor of other industrial sectors.

As of the end of 1991, the annual average farm household income including off-farm income remained at approximately US \$16,808 accounting for only 68% of the urban

family income of US \$24,619. This income discrepancy between the city and the countryside has deepened since the mid -1980's and is the main cause for the huge migration of hundreds of thousands of the farm population to cities without finding any proper jobs. Being such the income discrepancy has emerged as a serious negative factor shadowing the future of Korean agriculture. (refer to table 3)

(Table 3) Comparison of Urban and Farm Household Income, 1975 - 1991
US \$

	1975	1985	1989	1991
Urban Working Family Income(A)	1,177	8,282	15,466	24,619
Farm Household Income(b)	1,196	7,940	12,927	16,801
B/A x 100 (%)	102	96	84	68

Source : Agro - fisheries Statistics Yearbook 1992, MAFF.

With the increasing demand for livestock products and the change of dietary pattern following improved national income, the livestock industry is regarded as a break through to achieve higher farm income. Today, livestock farming is in a transforming stage from a part-time farming to a full-time operation. The share of livestock income out of total farm income increased from 16.2% in 1981 19.3% to in 1991.(refer to table4)

(Table 4) The Share of Livestock Income Among Total Farm Income by year 1981-1991

(%)

	1981	1985	1989	1991
Share of livestock income	16.2	17.0	17.8	19.3

Source : Agricultural Economy Statistics Yearbook 1991 MAFF

However, the majority of Korean farmers who remember the "cattle crisis" that brought about plummeting prices in 1983-84 are reluctant to expand the size of their farm operation, the trend of which is prominent to aged farmers. And yet, never before was there more need for an increased role of the livestock industry in carrying out steady structural adjustment of agriculture and in developing additional sources of farm income.

3. Present Situation Of Korean Beef Industry.

It was only a few years ago that Korean beef industry began to be considered as a kind of industry. Traditionally, cattle have been raised mainly for draft purpose in crop farming and producing manure for the fields. For this reason, the main source of farm income had been crops such as rice, barley, etc. and thus, the contribution of cattle raising to farm income remained negligible. Even today, most farmers raise cattle as subsidiaries, utilizing agricultural by-products like rice straw. However, with the aging of farmers and mechanization of farming, full-time cattle farming is now on the rise. Especially of recent, with the number of farms decreasing and the average number of cattle herds increasing, cattle farming has entered a transitional period, on its way to commercial industry. (refer to table 5)

(Table 5) Change in number of cattle farms and average herd size

	1970	1975	1980	1985	1986	1987	1988	1989	1990	1991
Total No ¹ .of Heads(1,000head)	1,247	1,546	1,427	2,553	2,370	1,923	1,559	1,356	1,662	1,773
No.of Farms (1,000farms)	1,102	1,277	991	1,048	997	854	702	654	620	600
Avg.No. of Heads per Farm(head)	1.1	1.2	1.4	2.4	2.4	2.3	2.2	2.4	2.6	3.0

Footnote ¹ : Total No.Head = Hanwoo beef cattle + other beef cattle

Source : the 1992 MAFF Statistical Yearbook, MAFF.

During the past 3-4 years, beef production in Korea almost leveled off because of the vulnerable foundation in production. On the other hand, beef consumption increased sharply over the self-sufficiency capacity with the improved national income brought

on by industrialization. Thus Korean beef industry today faces a critical turning point, forcing more beef imports to meet the demand that can not be covered by domestic production alone.

Per capita beef consumption showed a dramatic rise from 1.2kg in 1970 to 5.2kg in 1991. The reasons for this rapid increase lie in, as mentioned earlier, the intensified purchasing power of people with improved income and the change of dietary pattern combined with people's traditional preference of beef over other meats.

Another reason can be sought from the unlimited importation of foreign beef selling at a comparatively low price to stabilize consumer prices. The rush of imported beef into the domestic meat market has made pork and chicken consumers switch over to imported beef, thereby further accelerating the rapid rise in overall beef consumption. Consequently, the actual beef imports reached 86,000 M/T in 1990, 125,000 M/T in 1991 and 132,000 M/T in 1992 far beyond the negotiated import quota of 58,000 M/T, 62,000 M/T and 66,000 M/T during the same years, respectively.

However, with subduing the mood of bubble effect in Korea economy since 1992, consumers' spending enthusiasm calmed down. Thus, the annual increasing rate of beef consumption that showed over 20 % during the past three years stabilized at 3-5 % in 1992. Korean beef market is expected to pull out of the past rapid increase in consumption and stabilize with a gradual and steady rise.

So far, only 10 % of total farm households are livestock farmers, among which only 4 % can be considered as commercial farms with 10-20 head of cattle. Considering this situation, what makes no sense at all is the term "competition" with those advanced countries such as the United States, Australia, and New Zealand where hundreds and thousands heads of cattle are raised on vast grassland feedlots.

II. National Livestock Cooperative Federation.

1. Brief History.

Since 1970, the GNP of Korea has increased with the intensive economic growth and, as a result, the national dietary pattern has changed. Therefore, meat consumption, in particular, has increased rapidly.

Accordingly, in order to enhance the level of self-supply of livestock products through the development of domestic livestock industry, the Government established the Livestock Development Corporation, a non-profit body, on April 1st, 1978. In order to execute such a project more effectively, the Livestock Cooperative Act was enacted and announced on December 15th, 1980. In accordance with the Act, the NLCF was established on January 1st, 1981, absorbing the Livestock Development Corporation and the livestock-related business and facilities of the National Agricultural Cooperative Federation.

Although NLCF, at the time of establishment, comprised only 100 member cooperatives with management and structure being quite poor and 27,000 individual member farmers. The number of member cooperatives increased to 183 nationwide and the number of individual member farmers also increased to 270,000 as of the end of 1992, by virtue of a vigorous campaign by the NLCF to expand the member organizations.

2. Organization.

The NLCF, as a non-profit corporation established under the Livestock Cooperative Act, consists of 145 local livestock cooperatives and 38 specialized livestock cooperatives, organized by each kind of specialized livestock farmers across the nation.

Thus, the total number of member cooperatives was 183 as of the end of 1992.

The leadership of the NLCF consists of 20 persons ; chairman & president, vice-chairman & executive vice-president, standing auditor, non-standing auditor, five standing director & vice-presidents and eleven non-standing director & vice-presidents.

The method of appointment of leadership in the NLCF is as follows: the chairman & president is elected by the direct vote of the president of member cooperatives at the General Meeting, and the standing auditor is also appointed by the same procedure. The vice-chairman & executive vice-president and the standing director & vice-presidents are nominated by the chairman & president with the prior consent of the General Meeting and the non-standing auditor and non-standing director & vice-presidents are appointed among the presidents of member cooperatives at the General Meeting.

The organization of the NLCF as of December 31st, 1992 consists of 23 departments, located in the headquarters for the comprehensive control of business, 10 provincial offices in the cities and provinces which play a bridging role between NLCF headquarters and member cooperatives, 64 bank branches which undertake the banking business, 8 feed mills which produce mixed feed, a training institute which is run for the education of member farmers and staffs, 3 centers in which superior breeding stock are raised for quality improvement test, a feed research institute which was established to develop better quality feed in 1992 and a feed inspection office which is in charge of inspecting feed ingredients, 5 marketing centers for processing and sale of the livestock products produced by member farmers, and 5 other marketing business offices.

The number of employee of the NLCF as of the end of 1992 was 3,400 and the employees of the 183 member cooperatives throughout the nation numbered 13,161 persons.

3. Objectives and Functions.

The NLCF, an independent organization established under the Livestock Cooperative Act, is doing its best to develop Korean livestock industry for improving the socioeconomic status of livestock farmers and realizing the welfare of rural communities by maximizing its services. The NLCF is also contributing to balanced development of the national economy by providing guidance and education, purchase, sales, processing, financing, investigation and research, and other diverse business activities with the livestock sector.

For the development of the livestock industry and the improvement of socioeconomic status of livestock farmers, the sound operation of cooperative organizations is very important.

To the end, the NLCF is pouring its efforts into increasing the number of member cooperatives and member farmers through its guidance activities. The NLCF is contributing for the effective operation by way of the introduction of an independent-profit management system, the managerial improvement of member cooperatives and monetary support at lower interest rates, etc.

The NLCF has been performing artificial insemination service and livestock improvement business to build up the herd of cattle and enhance the productivity.

For the development of Korean livestock industry, the NLCF also operates feed laboratory to supply high quality and low-priced mixed feed, develops livestock model house suitable to Korean climate and provides livestock breeding techniques, information and low-interest-rate financial aid.

In order to stabilize domestic supply and demand of livestock products and mixed feed, the NLCF imports livestock products and feedstuffs and release them timely through its purchase and sales arms. For the improvement of marketing structure of livestock products, the NLCF also operates meat retail shops which play leading role for fair deal of domestic livestock products. Furthermore, through the stockpiling and releasing livestock products, the NLCF has contributed to the price stabilization of domestic livestock products.

As for the banking business, the NLCF operated 64 branch offices as of the end of 1992. And 179 member cooperatives handling the mutual credit business are playing an important role in raising money for livestock farming in the rural areas. The money raised through banking and mutual credit business is supplied for livestock farmers, livestock multiplication & improvement, dairy farming, pasture building, feed sector, marketing of livestock products, epidemic disease control, etc. at a low interest rate. The NLCF is carrying out research service which collects relevant overseas & domestic information and data, and analyzes the information in a scientific and systematic way. The NLCF assists not only farmers in planning farming but government in setting up livestock policies by providing the results of analyses.

4. Major Business Performance.

4.1 Guidance And Training.

In order to help member cooperatives to enhance the socioeconomic status of member farmers and to provide member farmers with high quality service, the NLCF set management goals for member cooperatives as follows ;

Firstly, establishing democratic and autonomous management system of cooperative, Secondly, spreading cooperative movement ideology and establishing service system, Thirdly, coping with the import liberalization trend effectively, Fourthly, protecting the income sources of livestock farmers.

The activity performances of the NLCF under these goals in 1992 are as follows ;

i . Consolidation of Cooperative Foundation

To spread the ideology of cooperative movement widely, it is absolutely necessary to expand cooperative organizations as well as to encourage member farmers to participate in cooperative undertakings actively To do this, the NLCF has endeavoured to expand the number of member cooperative. The NLCF has also tried to expand the organization of livestock farmers' union and make the union and conduct substantial functions characterized by the bridge role between cooperatives and member farmers.

ii . Consolidation of Management Foundation

To secure the sound management foundation of member cooperatives the NLCF has encouraged member farmers to invest their money in cooperative capital. As a result, as of the end of 1992, the average amount of capital and turnover were 88 million won and 44.9 billion won respectively per a member cooperative.

iii . Business Management Guidance

Business Management Guidance is focused on successful execution and substantial management of member cooperative's business. To do this, the NLCF conducted management analysis for 17 member cooperatives which experienced business

deficit in 1991 and suggested appropriate measures for better management. The NLCF also provided 21 billion won at free of interest to 107 member cooperatives. And in order to establish the independent profit system, the NLCF has evaluated and analyzed member cooperative's business performance on a monthly and quarterly basis, and awarded member cooperatives for their excellent performance.

iv. Education and Training

The NLCF has conducted training and education for member cooperative's staffs and farmers to develop livestock industry, to enhance socioeconomic status of member farmers, to improve the capability adapting to the internationalization and specialization trend and to establish a desirable image as a person of Livestock Cooperative. In 1992, 1,360 staffs and 47,916 member farmers underwent the training courses provided by the NLCF.

4.2 Livestock Promotion Projects

To meet the increasing demand of meat in parallel with the economic growth and to cope with the high pressure of market liberalization, the maintenance of domestic livestock foundation and the improvement of productivity and meat quality are necessary. To do the end, the NLCF has devoted itself to the development and supply of high breeding technology for Korean livestock industry.

i. Artificial Insemination

The purpose of this project is to diffuse superior genes of Korean native cattle milch cow and pig to facilitate improvement of livestock. Through the artificial insemination, the NLCF has contributed to increasing the income of livestock farm households. For the efficient execution of the project, the NLCF has secured superior stocks and produced the semen, then supplied it to the member cooperatives conducting artificial insemination for member farmers at a low charge.

ii. Korean Native Cattle Improvement

The Korean Native Cattle Improvement Center that register and improves Korean

native cattle (HANWOO) was established in 1979 to multiply and improve the Hanwoo as feeder cattle through the way of pure-bred improvement. The project launched with 4,000 heads at 8 regions across the country in 1979 was expanded to 98,000 heads at 200 regions as of the end of 1992. The NLCF has launched a "test project for high-quality Korean beef production" in collaboration with the Livestock Experiment Station, a government body, since 1990 to meet consumers demand for Korean beef. Through the project, the NLCF tries to increase the competitive edge of HANWOO and the income of livestock farmers. The project would be effective for the import liberalization of livestock products.

iii. Milch Cow Improvement

The milk production performance test was started in 1979 to increase the competitiveness of Korean dairy industry through the improvement of productivity and quality of milk and rational management of daily farming. The project, expanded from 3 improvement stations in 1979 to 13,600 herds of 19 stations across the nation in 1992, has placed emphasis on the improvement of body shape and productivity of milky cow. The progeny test of daily cattle has been conducted to select superior bulls which were suitable to Korean daily farming since 1987. The progeny test linked with the project of milk production performance test has contributed to the increase of Korean daily farmers' income through the improvement of genetic milk productivity.

iv. Model Livestock Barn Improvement

The NLCF developed 25 types of new model livestock barns to reduce the construction cost of livestock barn through the standardization of livestock facilities and construction materials. The new model livestock barns for daily cows, pig, broiler and egg-laying hen would contribute to the increase of productivity through the rational management of livestock farming. The NLCF also invented and provided the livestock farmers with the standard blueprint of sewage disposal facilities to cope with the environment contamination problems caused by the excrements of animals.

4.3 MARKETING.

In order to meet the demand and taste of consumers by improving the marketing system for livestock products and modernizing processing facilities the NLCF has operated livestock products retail shops, egg-gathering facilities, and regional marketing centers. The NLCF is also underway of construction of pork-processing plant.

i . Livestock Products Marketing Center

The NLCF opened a modern slaughterhouse for cattle and pig in the ago-fishery wholesale market located in Karak Doing, SEOUL in 1986. The slaughterhouse equipped with on-rail system, a partial-meat processing facility, freezing rooms and an elotronic auction room has the capacity to slaughter 350 heads of cattle and 2,000 pigs per day. To stabilize the price and the supply and demand of livestock products in the provincial areas with expansion of livestock products wholesale markets and to protect livestock farmers and consumers simultaneously by streamlining marketing structure, the NLCF opened two large slaughterhouses in 1992 which have the capacity of slaughtering 100 heads of cattle and 700 pigs per day respectively. The NLCF also has a schedule to set up another slaughterhouse with the same in 1995.

ii. Livestock Products Retail Shop

The NLCF and 45 member cooperatives operate livestock products retail shop. The aims of operating shops are to ensure a smooth supply of livestock products to consumers and to establish sound distribution order of the products. The retail shops sell all kinds of meat, daily products, honey and eggs at the lower prices than those of ordinary commercial private shops. The speacial characteristic of the retail shop is that the beef, pork and chicken meat are sold at the different prices by cuts and grades.

iii. Construction of Meat Processing Plant

The NLCF has a plan to construct a large scale meat processing plant in Pyuntak city, Kyungki province, which also has the capacity of slaughtering 100heads of cattle and

1,000 pigs per day to prevent the loss of livestock farmers from the long-distance transportation of the live cattle and pigs. The NLCF will invest 9 billion won for the project.

iv. Carcass Grading System

To promote animal improvement and to contribute to livestock farmers' income, the NLCF has conducted carcass grading system at the Seoul Livestock Products Marketing Center run by the NLCF. The carcass grading system has the aim to deal the beef and pork on the basis of the objective quality grading standard. The system is expected to play an important role in fair price formation of the beef and pork and to provide the livestock farmers with the standard of high quality meat production. The grading system has classified the beef into 10 grades and the pork into 4 grades since July 1st, 1992. The civil slaughterhouses in Seoul city also adopted the system from November 1st, 1992.

4.4 Supply

The purpose of this business is to reduce unnecessary marketing costs by eliminating the profits of middlemen through purchasing farm inputs such as feedstuffs, production equipment, pasture seeds and other commodities of daily livelihood by collective bargaining power and to supply them timely to livestock farmers at lower prices. The importance of this business lies in not only encouraging farming but also securing welfare of livestock farmers.

i. Production and Supply of Mixed Feed

The NLCF and the member cooperatives have produced high-quality mixed feed through strict quality control procedure and supplied it to livestock farmers at lower prices. Because domestic feed grain production basis is poor, most of the raw materials of mixed feed have been procured by the international open bidding. In 1992, 8 feed mills of the NLCF and 12 feed mills of the member cooperatives produced and supplied

2,814,000 M/T of the mixed feed by using 2,182,000M/T of the raw materials imported from the United States and other countries. As of the end of 1992, the market share of the NLCF and the member cooperatives accounted for 22 % in the domestic mixed feed market. To prevent the bad quality mixed feed from circulation and to improve the quality of mixed feed, the NLCF operates Feed Inspection Office and Feed Research Institute.

ii. Supply of Consumer Goods

The purpose of this business is to promote the welfare of livestock farmers by providing convenience in purchasing consumer goods. Through the improved distribution structure of consumer goods, livestock farmers can purchase high-quality goods at lower prices at the nationwide cooperative shops operated by the member cooperatives.

Since the beginning of the the business in 1990, the NLCF contracted with 150 manufacturing companies for 15,000 kinds of commodities including food and miscellaneous goods and supplied goods valued at 67 billion won to the 240 shops of 119 member cooperatives. This this business contributed to the reduction of living costs of the member cooperatives

4.5 Foreign Loan

The NLCF has introduced foreign capital from major international loan organization such as the Overseas Economic Cooperation Fund(OECF) in Japan to support domestic livestock industry and to increase income of livestock farmers. The foreign capital has been used to modernize facilities and to build up feed mills and meat and daily products processing factories of the NLCF and member cooperatives.

i .Construction of Mixed Feed Mill and Modernization of Facilities

In line with the new introduction of foreign capital plan contracted in 1990 and took effect in 1991, the NLCF will invest 40 billion won of home capital and 25.3 billion won of foreign capital to construct and enlarge 4 feed mills of the NLCF and to modernize facilities of 12 feed mills of the NLCF and member cooperatives by the year of 1994. Completion of the investment project will contribute to the stabilization

of supply& demand and price of mixed feed. And it is expected that the income of livestock farmers would be increased by expanding supply of high-quality mixed feed at a low price.

ii. Improvement of Seoul Daily Milk Processing Facilities

This project is planned to invest domestic fund of 3.7 billion won of home capital and foreign capital of 11.4 billion won to add the facilities for powder milk production of 180 M/T per day in Seoul Daily Milk Processing Factory No 2. The capital will be also invested to add facilities for 200 M/T raw milk processing per day and the cheese production of 30 M/T per day in Seoul Daily Milk Processing Factory No3. The projects will be completed by 1995.

iii. Construction of Meat Processing Factory

The NLCF is building a meat processing factory to adjust the domestic supply and demand of livestock products, to stabilize the prices of livestock products and to increase the income of livestock farmers through the production of value added livestock products. The factory being established in the Kimjae county of Nouth Cheolla Province will have the capacity of slaughtering 2,000 pigs and producing first-hand processed meat of 46 M/T and second-hand processed products such as ham, sausage, bacon and canned meat of 26 M/T per day. The NLCF plans to invest total 25.7 billion won including foreign capital 8.1 billion won for the project by the end of 1994.

4.6 Reseach

The NLCF has conducted surveys and researches for the price trends of domestic livestock products, the amount of distribution, production cost, animal breeding and

raising trends, livestock finance and foreign livestock industries, etc . In addition, the NLCF has also analyzed farm management and forecasted the outlook of domestic livestock industry. The results of surveys and researches have provided to the government,academic circles, research institutes and livestock farmers. The information and data provided by the NLCF have been used for the policy decision by the government and for farm management by the livestock farmers.

i . Surveys on Prices and Distribution

The NLCF has conducted surveys timely and scientifically on number of farm animals farm and wholesale prices of livestock products and the amount of transaction. The information collected and processed by the NLCF is distributed to livestock farmers by the mass media. It contributes to the adjustment of supply and demand and price stabilization of the livestock products. Furthermore, it is used as basic data for a short and long-term livestock outlook and policy decision by the governments.

ii . Surveys on Production Costs

Farm management survey is conducted on seven types of livestock such as milch cow, beef cattle, breeding cattle, feeder hog, broiler and egg-laying hen. The objective of the survey lies in the improvement of livestock farming, setting up livestock policies and the study for livestock promotion through the analysis of production costs and farm management.

iii. Livestock Outlook

The NLCF forecasts the short-term prospects of domestic livestock situation analyzing the uncertain future factors by economic method. The forecast of the outlook is distributed by the mass media and encourage livestock farmers to adjust their farm size

by themselves. The livestock outlook project has contributed to the situation of price, supply and demand of livestock products and farmers' income.

iv. Farm Management analysis

Considering the current trend that Korean livestock farming tends to be capital and technology intensive, the NLCF conducts farm management analysis services. The service conducted jointly with the government on the milch cow, beef cattle, breeding cattle, feederhog, broiler and egg-laying hen would enhance competitive edge of Korean livestock industry through the rational management and the reduction of products costs.

v. Overseas Research

In order to increase the competitiveness of Korean livestock industry and to assist the government in setting up livestock policies, the NLCF collects and analyzes information on the United States, Australia, Canada, EC and Japan, the GATT/Uruguay Round Trade Negotiations and on the international trade. The information is distributed to livestock farmers, academic circles, research institutes and the government.

4.7 Banking

The banking business is conducted to provide livestock farmers with the financial service necessary for the expansion of farm size and management improvement. The business characterized by the deposit and loan has continuously grown since its start in 1983.

i. Banking service

The main purpose of this business is smooth supply of financial aid to livestock farmers by collecting idle money in the big cities. The major functions of the NLCF banking business that are the same with those of other commercial banks are providing services of deposit and installment deposit, loan money trust, local and foreign exchange, etc. As it is expected that

Korean capital market would be open to foreign countries in the near future. The NLCF improved administration and management system of banking business in 1992 to cope with the market opening. As of the end of 1992, the amount of deposit reached \$16.9 billion won which is up 20 % compared to that of 1991.

ii. Mutual Credit Service

Mutual credit service conducted by the member cooperatives is characterized by providing services of deposit and installment deposit, local exchange and loan, etc. The mutual credit service operated in 645 banking offices of 179 member cooperatives across the nation recorded deposit of 3,611.3 billion won as of the end of 1992 that is up 40 % compared to that of the previous year.

iii. Money Trust Services

The money trust is a financial service designed to get high profits by investing the money trusted by customers to the profitable banking items such as security, government and public bonds, etc. Since the start of the business in 1989, the business has raised trust money amounting to 244.2 billion won as of the end of 1992, and become an important part of the banking business.

iv. Credit Card Service

The NLCF began to provide credit card service in 1991 as a new business part in the banking sector. The service is being conducted by NLCF only. However it is planned that the business will be expanded as a new business part of the member cooperatives in the near future. As of the end of 1992, the number of credit card member was 61,000 and sales volume amounted to 37.3 billion won.

Record of Deposit

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(unit: billion won , %)

item	1991		1992		Growth	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total	681	100	817	100	136	20
Demand deposits	172	25	147	18	△ 25	△ 15
Saving deposits	509	75	670	82	161	32

Since the beginning of banking service in 1986 which has provided customers with the same full-fledged foreign exchange services as those of other commercial banks in Korea, the NLCF has done its utmost to expand the business foundation.

The business has been conducted mainly for providing effective assistance to the international transaction of livestock products. As of the end of 1992, the business accomplished US\$ 856 million which could be regarded as a brilliant performance.

The international banking service comprises international remittance and collection buying and selling of foreign currencies, buying exchange bill and issuing import L/C etc.

In order to provide the various services smoothly, the NLCF contracted exchange transaction with foreign banks. As of the end of 1992, the NLCF contracted exchange transaction with 491 correspondent banks in the world. The NLCF also set up Society For Worldwide Interbank Financial Telecommunication(SWIFT) network in 1992 which enabled the NLCF streamline the foreign exchange transaction with 3,400 banks in the world.

4.8 International Cooperation

The NLCF has carried out international cooperation activities such as holding membership in the international organizations and participating in international conferences and training courses. The international cooperation activities are aimed for the mutual development of each country and keeping close relationship with cooperatives in the world.

i . International Cooperation

The NLCF, as a member of International Cooperative Alliance(ICA) and Asia and Pacific Rural Agriculture Credit Association (APRACA), has actively participated in the international conferences, seminars and workshops sponsored by the ICA and APRACA. Through the activities, the NLCF has exchange information and tried to strenthen relationship with foreign cooperatives for mutual understanding and development.

ii. Internatonal Trade Cooperation

The NLCF tries to cooperate with foreign countries which have insisted on wider opening of Korea livestock market. As a part of the actvities, the NLCF dispatched trade mission headed bythe Chairman and President of NLCF to the United States and Australia. The NLCF delegation met with high-ranking officials in the administrations, parliaments and livestock industries of the two countries. At the meeting, the NLCF delegation explained the current situation of Korea livestock industry and insisted that it was impossible to open Korean livestock market wider until Korea completes structural adjustment of livestock industry to attain some degree of competitive edge. Furthermore, the NLCF delegation urged the United States and Australia to cooperate each other so that the bilateral beef trade consultations could reach an agreement in a direction that each country could get benefits upon the mutual understanding and trust.

5. Present Problems in Korean Livestock Industry.

5.1 Small Scale Operation

Korean livestock industry has recorded continuous growth thanks to the increasing demand for livestock products amid an expanding national economy and policies aimed at improving the health of citizens and farmers' incomes. However, majority of cattle farms remain small scale. In 1992, about 585 thousand farm households raised cattle, with most of them being small holders to the extent that 63 % of

them raised under 2 head and 94 % of them under 10 head of cattle. Meanwhile, the large scale farms raising over 50 head of cattle with a reasonable area of pasture and fodder crop field represented only 1,190 farms which constituted 0.2 % of total cattle raising farm households.

5.2 Pressure for the opening of the domestic market.

Industrialized countries, including the U.S.A, have been pressing for the opening of the domestic market. In general, domestic prices of livestock goods are more expensive than those of international market. Thus, the import of cheaper livestock goods would certainly reduce domestic output, which in turn would cause a reduction of income and employment in rural areas, accelerating the "rural exodus" phenomenon. Presently, however, a large unemployed farm population would seriously aggravate the problem of urban poverty and strengthen social and political unrest.

III. Role of Korean Beef Industry In World Beef Market.

Since the resumption of beef imports following the recommendation of the GATT Panel of 1989, Korea has been importing large amounts of beef from the United States, Australia, New Zealand and Canada. As a result, the once self-sufficient Korean beef industry recorded a 42 % self-sufficiency rate in 1992 and the future prediction is that it will be difficult to raise the self-sufficiency rate above the current level in the future as well. What is more, Korean beef industry has entered a new period of ordeal with the Uruguay Round agricultural trade negotiation without having the necessary time to be compensated for the sacrifice of agricultural & livestock industry during the process of economic development. Farmers experiencing the shock and psychological unease from the strong pressures for market liberalization are inclined to give up farming, shrink the farm operation or maintain the status quo at best. Despite the current

difficult situation, Korean beef industry will do its utmost to increase the mutual benefits through reciprocal understanding and cooperation with exporting countries. To do this, a sufficient grace period has to be given to Korean beef industry because it need time to adjust itself to the new trade environment and to implement effective structural adjustments. It is necessary for advanced countries to understand that unlike what the best exporting countries suppose, Korean farmers are not in a position to unconditionally oppose market liberalization itself. What Korean farmers insist is that minimum self-sufficiency of beef production should be guaranteed for their survival, which can be hardly explained by the logic of economics. Therefore, Korean farmers look forward to beef exporting countries' understanding and cooperation, upon which they will do their best as one of the participants of the world beef industry. The true meaning of trade is not seeking for one nation's interest at the cost of another country's sacrifice, but fostering mutual benefits through compromise among countries.

Major Indicators of Korean Livestock Industry

Year	1970(A)	1991(B)	1992(C)	C/A(%)
Item				
Head of Livestock (Thousand Head)				
-Korean Native Cattle	1,286	1,773	2,019	157
-Dairy Cattle	24	496	508	2,117
-Hogs	1,126	5,046	5,463	485
-Broilers	23,633	74,855	73,324	310
Number of Livestock Farmers (Thousand Households)				
-Korean Native Cattle	1,120	601	585	53
-Dairy Cattle	3	30	28	933
-Hogs	884	129	99	11
-Broilers	1,338	216	188	14
Supply of Livestock Products (1,000 M/T)				
-Beef	37	227	235	635
-Pork	83	517	603	726
-Chicken	45	207	231	513
-Milk	48	1,935	1,952	4,066
Consumption of Livestock Products Per Person (kg)				
-Beef	1.20	5.10	5.20	433
-Pork	2.60	11.80	13.40	515
-Chicken	1.40	4.80	5.30	379
-Milk	1.60	43.20	44.00	2,750

Highlight of Business Performances

(Unit: Billion Won)

Major Business	Year	Results		
		1991(A)	1992(B)	B/A(%)
Banking		1,367.1	1,960.4	141
Marketing		1,094.0	1,184.8	108
Purchasing		205.3	326.7	159
Feed Mill Operation		185.9	237.1	127
Pasture Management		2.1	2.2	104
Livestock Improvement		3.8	5.1	134
Livestock Processing		101.8	126.4	125
Total		2,018.6	3,842.7	190

Development Status of Member Cooperatives

Item	Year	Results		
		1991(A)	1992(B)	B/A(%)
No. of Member Cooperatives		171	183	12
No. of Member Farmers		252,000	272,000	18,000
Business Results (Billion Won)		6,545	8,865	2,321
Own Capital (Billion Won)		196	223	27

EACH FOR ALL AND ALL FOR EACH

COOPERATIVE MOVEMENT

IN

SARAWAK, MALAYSIA

CONTENTS

	<u>PAGE</u>
1. Chapter 1	
- General information on Sarawak	1
- Population/distribution by ethnic groups	2
- Population distribution by age group	2
- Percentage distribution of Labour force by educational level and ethnic group (1990)	3
- Labour force participation rates by age group (1990)	3
- Percentage distribution of labour force by occupation in 1990	3
2. Chapter 2	
- Land and its administration	4
- Agriculture Development	5
- Table 1 - Planted Area of Mini Crops - Sarawak	6
- Table 1.1. - Rubber Area Sarawak	7
- Table 1.2. - Cocoa Area Sarawak	8
- Table 1.3. - Oil palm Area Sarawak	9
- Table 1.4. - Production of Agricultural Products	10
- Table 2 - Export of Agricultural Products	11
- Rubber/Crude Palm Oil/Cocoa Beans	11
- Table 2.1. - Black Pepper/White Pepper	12
3. Chapter 3	
- Introduction	13
- Growth of the Cooperative Movement in Malaysia	13
- Cooperative Movement in Sarawak	13
- Background	13
- Function of the Department	13
- Departmental's Structure	14
- Types of Cooperative	14
- Cooperative Activities	14
- Primary Cooperatives	14
- Table 1 - Produces and Marketing Cooperatives	15
- Table 2 - Thrift and Loan Cooperatives	15

	<u>PAGE</u>
- Table 3 - Marketing Cooperatives	15
- Table 4 - Multi-Purpose Cooperatives	15
- Table 5 - Housing Cooperatives	16
- Table 6 - Stores Cooperatives	16
- Table 7 - Padi Milling Cooperatives	16
- Table 8 - Thrift (Savings) and Loans Coop.	17
- Secondary Cooperatives	17
- Table 9 - Sarawak Cooperative Central Bank, Limited	17
- School Cooperatives	17
- Table 10 - School Cooperatives	18
- Problem	18
- Place of business	18
- Table 11 - The Sarawak School Cooperative Societies Union Limited, Kuching	18
- Type of Coop. Societies	19
- Type of Local Produce Marketing by Coop	19
- Problem in the Cooperative Movement	20
 4. Chapter 4	
- Cooperative Movement in National Development	21
- Table 1 - Growth of Cooperatives from 1981-1990.	21
- Table 2 - Membership Growth 1981-1990 (Malaysia)	21
- Table 3 - Capital growth 1981-1990	22
- Table 4 - Asset Growth in 1981-1990	22
- Table 5 - Comparision of Savings/deposits with financial institutions in 1990	23
 5. Chapter 5	
- General Remark	24

Chapter 1

1. General information on Sarawak

Sarawak lies on the northwest coast of the island of Borneo. One of the 13 states of Malaysia, it covers an area of approximately 124,449.5 square kilometres, which is nearly the size of the total area of the 11 states of Peninsular Malaysia, from which it is separated by the South China Sea.

Topographically, Sarawak can be divided into three geographical areas - coastal swampy plains, a belt of undulating country and a mountainous interior.

The coastal plains, which cover nearly a fifth of the state and extend along most of the coast, are low-laying, badly drained and filled with swamp vegetation.

The belt of undulating country varies in width from 32 to 160 kilometres and merges with the mountain ranges of the south-eastern fringe of the interior. These ranges, rising in places to over 2000 metres form the central "spine" of the island of Borneo with numerous ravines and plateaux. Large areas in the interior of Sarawak are still practically uninhabited and covered by rain forests.

Sarawak's highest point above sea-level is the peak of Mount Murud (2424 metres) in Miri Division near the Indonesian border. Its longest river is the Rajang running through Sarikei, Sibu and Kapit Division about 242 kilometres upriver. Rivers have always been very important for travel into the interior and have had a pronounced effect upon settlement.

Being just north of the Equator, Sarawak has a hot and humid climate with temperatures ranging from 22°C to 31°C at midday, and high relative humidity.

Rainfall is particularly heavy from December to February with frequent thunderstorms. The mean annual rainfall is about 254 centimetres but large areas of the state receive from 300 to 400 centimetres.

Sarawak is a rich state in terms of its forest products but the soil are not particularly suited to intensive agriculture although the majority of the population farm for their livelihood.

Sarawak's population has reached 1.67 million with 79 percent still living in the rural areas. The indigenous people of Sarawak can be conveniently divided into three major groups with distinct ethno-geographical boundaries. The coastal group comprises the Malays, Melanau, Kedayan, Belait, Selakau, Sebuyau and Balau. The lowland group comprises the Iban (the largest of the ethnic groups), the Bidayuh, Kenyah, Kayan, Bakotan, Sians and Ukits. The upland group comprises the Kelabit, Lun Bawang and the nomadic Penan.

There are as many different cultures as these are races in Sarawak. Foreign cultures have also had their impact.

At the present time Sarawak is divided into nine Divisions; each in the charge of a Resident.

1. Kuching Division (Headquarters in Kuching) 4,565.5 square km
2. Sri Aman Division (Headquarters in Sri Aman) 9647 square km
3. Sibu Division (Headquarters in Sibu) 12639.7 square km
4. Miri Division (Headquarters in Miri) 26,777.1 square km

5. Limbang Division (Headquarters in Limbang) 7790 square km
6. Sarikei Division (Headquarters in Sarikei) 6968.6 square km
7. Kapit Division (Headquarters in Kapit) 38,934 square km
8. Bintulu Division (Headquarters in Bintulu) 12,166.2 square km
9. Samarahan Division (Headquarters in Kota Samarahan) 4981.4 square km

Each Division is sub-divided into a number of Districts, administered by District Officers, and most of the Districts into smaller areas each in the charge of a member of the Sarawak Administrative Officers service. The keynote of administration in Sarawak has always been close contact with the people.

Sarawak is known as "the land of the Hornbills" offering attractive tourist spots like Santubong Damai Beach, Niah Caves, Mulu Caves and many others which are worth visiting.

2. Population/distribution by ethnic groups

<u>Ethnic Group</u>		<u>1980</u>		<u>1990</u>	
1. Malays	258,000	19.7%	348,000	20.8%	
2. Melanau	75,000	5.7%	96,000	5.8%	
3. Iban	396,000	30.3%	493,000	29.5%	
4. Bidayuh	108,000	8.2%	140,000	8.4%	
5. Other Indigenous	69,000	5.3%	91,000	5.5%	
6. Chinese	385,000	29.5%	483,000	28.9%	
7. Others	17,000	1.3%	19,000	1.1%	
	<u>1,308,000</u>		<u>1,670,000</u>		

3. Population distribution by Age Group

<u>Age Group</u>		<u>1980</u>		<u>1990</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	
0-4	179,000	13.7	218,000	13.1	
5-9	196,000	15.0	192,000	11.4	
10-14	171,000	13.0	180,000	10.8	
15-19	147,000	11.2	195,000	11.7	
20-24	118,000	9.0	170,000	10.2	
25-29	101,000	7.8	145,000	8.7	
30-34	80,000	6.1	117,000	7.0	
35-39	67,000	5.1	100,000	6.0	
40-44	54,000	4.1	79,000	4.7	
45-49	47,000	3.6	65,000	3.9	
50-54	40,000	3.1	52,000	3.1	
55-59	33,000	2.6	44,000	2.6	
60-64	29,000	2.2	36,000	2.2	
65 above	46,000	3.5	77,000	4.6	
	<u>1,308,000</u>		<u>1,670,000</u>		

4. Percentage distribution of Labour force by educational level and ethnic group (1990).

	<u>Natives</u>	<u>Non-natives</u>
1. No formal education	29.2%	3.1%
2. Primary	32.5%	34.3%
3. Lower Secondary	20%	28.6%
4. Upper Secondary	14.5%	25%
5. Form Six	0.9%	3.6%
6. College/University	2.9%	5.4%

5. Labour force participation rates by Age Group (1990) . 15-64 is 77.4 and summarise as follows:-

Age-Group

15-19	62.1
20-24	82.3
25-29	80.8
30-34	81.9
35-39	83.5
40-44	82.9
45-49	86.1
50-54	81.7
55-59	70.8
60-64	64.9

6. Percentage distribution of labour force by occupation 1990

1. Professional, Technical and Related Workers	7.1%
2. Administrative and Managerial	1.2%
3. Clerical and Related Workers	6.9%
4. Sales Workers and Related Workers	8.7%
5. Service Workers	9.4%
6. Agriculture, Animal Husbandry and Forestry Workers, Fisherman and Hunters	46.8%
7. Production and Related Workers, Transport, Equipment Operators and labourers.	19.9%

The 1990 data refers to results from the sample Labour force survey covering only employed persons in private households aged 15-64 obtained from the Department of Statistics Malaysia, Sarawak Branch.

1. Land and its administration

1.1. To facilitate the general administration of land, land in Sarawak has been classified under the Land Code into the following categories :-

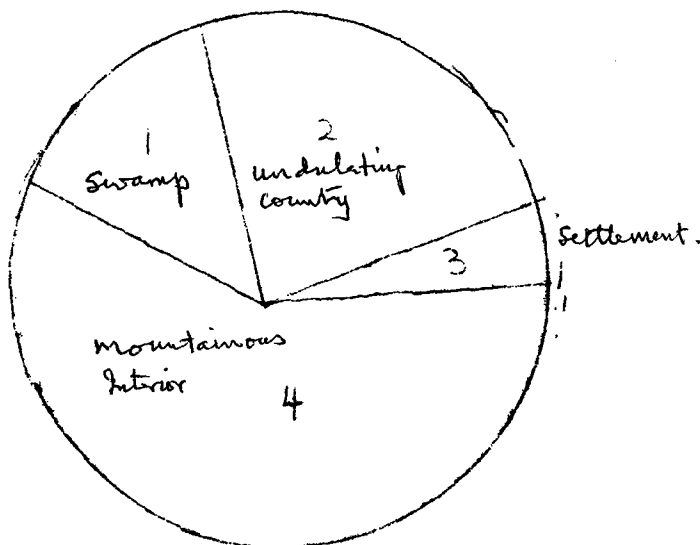
- (a) Mixed Zone, where land can be held under title by non-natives or by natives;
- (b) Native Area Land, where land can only be held under title by natives;
- (c) Reserved Land, where land is reserved for **Government** use;
- (d) Native customary Land, where the natives hold land under customary tenure and includes such land within areas which have been declared to be Mixed Zone Land or Native Area Land;
- (e) Interior Land Area, which is residue of Land not falling under any of the above four categories.

The adjudication of natives customary right plays an important ~~an important~~ role in the proper development of the state, especially with the formation of several statutory bodies undertaking land development.

There are also a number of other ordinances in Sarawak relating to land like Mining, Land-Control of Sub-division and the strata Title.

1.2. Sarawak Land use can be read as follows.

	<u>1976</u>		<u>1991</u>	
	<u>Sq. km</u>	<u>%</u>	<u>Sq. km</u>	<u>%</u>
1. Settlement and Associated non-agricultural Land	151.8	0.12	359.6	0.29
2. Horticulture Land (mainly cultivation and including small areas of fruit trees)	83.7	0.07	468.2	0.38



	1976		1991	
	<u>Sg. km</u>	<u>%</u>	<u>sg. km</u>	<u>%</u>
3. Tree, palm and other permanent crops (Rubber, Oil Palm, Coconut, pepper and Sago)	3026.1	2.45	2477.6	2.01
4. Crop Land (Wet Padi and Shifting cultivation)	28,945.6	23.49	37091.7	30.09
5. Unused Land (Secondary Growth)	724.2	0.59	633.7	0.52
6. Swamp Forest	13837.1	11.22	12627	10.24
7. Dry Forest Land	74801.9	60.69	68204.9	55.34
8. Mangrove and Nipah Palm Swamp	1682.5	1.3	1390.2	1.13

2. Agriculture Development

2.1. Sarawak is primarily an agricultural economy with 79% of her population living in the rural areas. It was estimated that about 69% of her economically active labour force were engaged in various agricultural activities. In terms of land area, (12.3 million hectares) it was estimated that about 2.8 million hectares in the state had been brought under cultivation. However, of this only 11% is intensively used for horticulture, perennial cropping and wet padi cultivation. The other 89% is or has once been used for shifting cultivation.

2.2. Most of the farms operating in the state are small-holdings. There are very few estates in existence. Since the early 1960's, the important crops grown in Sarawak have been padi, rubber, pepper, coconut and sago. However, oil palm and cocoa have become increasingly important since the late 1970's. Agriculture is an essential economic activity in Sarawak with a large proportion of the population depending on it for their livelihood. It is also a significant source of foreign exchange earning. The main agricultural exports since the 1960's were pepper, rubber, palm oil, sago flour and coconut oil. With regard to padi production, the state has consistently met about 40% of its requirement. Efforts are being made to increase this percentage.

2.3. The Agriculture sector remains a low productivity sector despite progress made over the past thirty years. Development of the sector continues to emphasize not only the achievement of the objective of eradicating rural poverty, but the generation of greater employment opportunities and the improvement of opportunities for agro-based industries. The Government's main target in agricultural development is to improve the living conditions of smallholders.

2.4. The following tables showed the progress of agriculture development in Sarawak.

Table 1

Planted Area of Mini Crops - Sarawak

Year	Rubber		Oil palm		Coconut (d)		Cocoa		Padi (c)		Papper (d)	
	Estate	Smallholding (a)	Estate	Smallholding (a)	Smallholding	Smallholding (a)	Estate	Smallholding (a)	Wet	Hill	Smallholding	Smallholding
1987	1,102	206,863	10,665	21,463	58,124	48,232	2109	48,232	63,884	80,021	8417	8417
1988	1,065	206,900	12,283	22,824	58,622	59,476	2168	59,476	62,459	79,697	9390	9390
1989	933	207,032	17,105	26,352	59,252	67,952	2251	67,952	63,131	71,465	10672	10672
1990	933	207,817	22,809	26,627	60,538	73,472	1671	73,472	60,442	71,404	11207	11207
1991	826	210,691	24,219	29,519	60,704	78,264	1551	78,264	61,813	77,631	10812	10812

(a) Includes area under land settlement schemes.

(b) Refers to areas planted under Agricultural diversification schemes.

(c) Padi statistics for a reference year, e.g. 1989 will include data for main crop 1988/1989 and off season crop 1989 for wet and hill padi.

(d) There is no coconut or popper estate in Sarawak.

Source

Statistics Department Malaysia, Sarawak Branch.

Table 1.1.

Year	Rubber Area Sarawak		Planted Area Total	Tapped Area Total
	(Hectares)			
	<u>Estate</u>	<u>Smallholding</u>		
1987	1102	200339	207965	2661
1988	1065	200319	207965	3083
1989	933	200435	207965	2763
1990	933	202642	208750	2046
1991	826	205478	211517	1848

Source: Annual censuses of Rubber

1. For estates and Land Schemes - Department of Statistics Malaysia, Sarawak Branch.
2. For total area - Department of Agriculture Sarawak
3. For Smallholding - Derived by deducting estate and Land Scheme hectare from total hectareage.

Cocoa Area Sarawak
(Hectares)

Cocoa Area Sarawak

Table 1.2

<u>Year</u>	<u>Estate</u>	<u>Land Scheme</u>	<u>Planted Area Total</u>	<u>Production Area Total</u>
1987	2109	4265	6374	2422
1988	2168	4606	6774	3079
1989	2251	5300	7551	3446
1990	1671	4804	6475	2744
1991	1551	4672	6222	3366

Source

1. Department of Statistic Malaysia, Sarawak Branch.
2. Production area for smallholders not available.

Oil Palm Area Sarawak

Table 1.3

<u>Year</u>	<u>Estate</u>	<u>Land Scheme</u>	<u>Smallholding</u>	(hectare) Planted		Production Area <u>Total</u>
				Area <u>Total</u>	Area <u>Total</u>	
1987	10,665	20,548	915	32,128	23,563	
1988	13,283	21,909	915	36,107	26,140	
1989	17,105	25,437	915	43,457	27,624	
1990	22,809	25,958	669	49,436	31,268	
1991	24,219	28,870	649	53,738	34,455	

Source

1. For estate and Land Schemes - Department of Statistics Malaysia, Sarawak Branch
2. For Smallholders - Department of Agriculture Sarawak
3. Palm Oil Registration and Licensing Authority (PORLA)

Table 1.4. Production of Agricultural products (000 tonnes)

<u>Year</u>	<u>Palm Kernel (1)</u>	<u>Copra (3)</u>	<u>Rice (3)</u>	<u>Cocoa beans (4)</u>	<u>Rubber (4)</u>	<u>Pepper(5)</u>
1989	279.2	12.7	107.0	793.6	1073.9	14,194.00
1988	414.5	18.6	106.1	923.5	1514.3	19159.8
1989	479.1	15.9	103.5	1393.2	1421.6	26321.5
1990	583.2	14.9	99.4	1151.1	902.0	29299.
1991	634.6	15.0	99.0	1214.4	746.4	26883.

Source

1. Department of Statistics Malaysia, Sarawak Branch
2. Department of Agriculture, Sarawak
3. Department of Agriculture, Sarawak (Padi converted into rice at rate 60%)
4. Export figures
5. Pepper Marketing Board, Sarawak

Export of Agricultural Products

Table 2.

<u>Year</u>	<u>Rubber</u>			<u>Crude Palm Oil</u>		
	<u>Quantity (tonnes)</u>	<u>Value (RM\$ 000)</u>	<u>Per Kg fob</u>	<u>Quantity (Tonnes)</u>	<u>Value (RM\$ 000)</u>	<u>Per Tonne fob</u>
1987	19906	42894	215	58037	41523	715
1988	28332	78207	286	73358	71256	971
1989	23580	54706	232	92406	74804	810
1990	14952	31939	214	104350	67915	651
1991	13425	28924	215	112761	88578	786

<u>Year</u>	<u>Cocoa Beans</u>		
	<u>Quantity 1000kg</u>	<u>Value (\$ 000)</u>	<u>\$Per Kg fob</u>
1987	16606	59432	418
1988	18415	64374	350
1989	19227	54181	282
1990	21202	54278	256
1991	20177	50293	249

Table 2.1

Export

<u>Year</u>	<u>Black Pepper</u>				<u>White Pepper</u>				
	<u>Quantity</u> <u>(Tonne)</u>	<u>Value</u> <u>(\$000)</u>	<u>Per Tonne</u> <u>fob</u>	<u>Quantity</u> <u>(Tonne)</u>	<u>Value</u> <u>(\$000)</u>	<u>Per Tonne</u> <u>fob</u>	<u>Quantity</u> <u>(Tonne)</u>	<u>Value</u> <u>(\$000)</u>	<u>Per Tonne</u> <u>fob</u>
1987	11,555	126,409	10,940	2625	36,092	13,441			
1988	15,199	117,459	7728	3998	46,166	11,547			
1989	22,797	138,647	6082	3497	26,519	7583			
1990	26,480	103,744	3918	2788	13,416	4811			
1991	24,459	75,762	3098	2395	9325	3894			

Chapter 3

1. Introduction

The Cooperative Movement was established in Malaysia for the past 71 years. In Peninsular Malaysia in the year 1922; Sarawak in 1949 and Sabah in 1958.

When Malaysia was formed on 16.9.1963 the Cooperative Movement was regulated by three different Cooperative Law. But the movement becomes a federal matter.

2. Growth of the Cooperative Movement in Malaysia

The early Cooperative Movement can be categorised into two sectors, urban and rural. The urban cooperatives were mainly thrift and loan formed by salaried workers, given selective guidance and supervision and most of the time left to run themselves. The rural cooperative were mainly agro-based involved in credit, marketing and consumer. In 1963 the general function cooperative type was introduced to integrate all the separate activities operated by the cooperatives previously. When established in a village may cater for the various needs of the farmers both trading and non-trading. The function of this type of Cooperative is to deal in agricultural credit, consumer supplies, processing, marketing and other link service making it an integrated function.

2.1. In 1973 many of the agro-based cooperatives was assimilated into the Farmers Organisation Authority and fisherman cooperatives into the Fishery Development Authority Malaysia. These two agencies do not encourage the formation of cooperatives. But several hundred agro-based cooperatives which was not absorbed was still under the supervision of the Cooperative Development Department; 70 in Peninsular Malaysia and the rest in Sarawak and Sabah. (No. Statistic to support the number in East Malaysia). For this presentation writer will emphasize more on the Cooperative Movement in Sarawak, one of the 13 states in Malaysia.

3. Cooperative Movement in Sarawak

3.1. Background

The Cooperative Development Department was, as mentioned earlier, was established in 1949 and is now under the Ministry of Land and Cooperatives Development, Malaysia.

3.2. Functions of the Department

The Cooperative Development Department is given the task and responsibility in promoting the formation of Cooperatives both in the Urban and rural areas with the following functions:-

- (i) Development
- (ii) Statutory
- (iii) Resources Management

It is also the duty of the Department to supervise the agro-based cooperatives.

3.3. Departmental's Structure

The head of the Department is the Director of Cooperatives Development Department Sarawak and functional as Registrar of Cooperative Societies, Sarawak. (The head of the Cooperative Development Department, Malaysia is the Director - General and also functions as the Registrar-General of Cooperative Societies Malaysia). At state level the Director is assisted by two Deputy Directors. One responsible for Resources Management and Statutory functions and the other deputy for Development function. The Resources Management and Statutory Division is responsible for services, finance, registration/liquidation of cooperatives, Human resources development, and cooperators education. The Development Division is given the task of cooperatives promotional and supervisory works. Other departmental development projects is also handled by this Division. At the State's Regional level the job of the two Divisions is handled by six Divisional Assistant Directors, Stationed at the various regional headquarters.

The Audit and Accounts Section of the Statutory function is handled by the Assistant Director Audit at the State's headquarters.

3.4. Types of Cooperatives

There are several types of cooperatives societies which can be categorised into 6 major groups. The Statistics can be found in this report and the tables and appendixes attached. The major groups are multi-purpose, savings and loan, school cooperative, Bank and Union. Other types are agro-based and its linkage activities.

The women folk also supported the cooperative movement in Sarawak. Besides being members alongside their male counterparts, they also formed womens' cooperatives.

3.5. Cooperative Activities

In elevating the economic interests of the members the cooperatives engaged in activities like thrift and loan, consumers, marketing of agricultural products including processing, managing of school canteens, handicrafts, livestock rearing, housing for members and other linkage activities .

3.6. Primary Cooperatives

Cooperatives that come under this category are multi-purpose, consumers, stores, thrift and loan, housing, Padi Milling, Livestock Rearing, Marketing and Processing and producers.

In the year 1982 there were 328 primary societies with a membership of 65,650. Until the end of 1992 the number of primary cooperatives increased to/with total membership of 180,000.

Table 1 - Produces and Marketing Cooperatives

<u>Year</u>	<u>No. of Coop.</u>	<u>Local Produce Marketed</u>	<u>Goods Produced</u>	<u>Turnover</u>	<u>Gross Surplus</u>
1982	136	\$1,814,422	\$11,641,391	\$13,455,813	\$1,190,201
1992	150	2,600,000	12,500,000	16,500,000	3,200,000

Table 2 - Thrift and Loan Cooperatives

<u>Year</u>	<u>Balance c/f</u>	<u>Granted</u>	<u>Paid</u>	<u>Balance c/d</u>
1982	\$16,498,355	\$16,044,143	\$10,681,002	21,852,496
1992	44,000,000	25,000,000	22,000,000	47,000,000

Table 3 - Marketing Cooperatives

<u>Year</u>	<u>Membership</u>	<u>Shares</u>	<u>Turnover</u>	<u>Dividend</u>	<u>Bonos</u>
1982	60	\$21,330	\$794,107	\$1,120	\$4,064
1992	21	200,000	950,000	5,000	6,000

Table 4 - Multi-Purpose Cooperatives

<u>Year</u>	<u>No. of Coop.</u>	<u>Membership</u>	<u>Share \$</u>	<u>Produce Sales \$</u>	<u>Goods Sales \$</u>	<u>Net Surplus \$</u>
1982	195	46,507	2,872,600	1769160	8542366	1859812
1992	267	97,671	7,800,000	3,600,000	11500,000	2800,000

Assets

40,050,229

75,000,000

Table 5 - Housing Cooperatives

<u>Year</u>	<u>Membership</u>	<u>Capital</u>	<u>Members' Loan</u>	<u>Houses</u>
1982	225	25,940	-	83
1992	841	131,509	-	300 (proposed).

The Kuching HengHua Cooperative Better - Living and Village Society Limited is the only housing cooperative in Sarawak situated at the outskirts of Kuching city. The cooperative owned 24.77 hectares of residential land. The land was sub-divided for housing and the individual lots of land were allocated to members free but the members have to erect houses of their own. With a loan from the Sarawak Cooperative Central Bank, Limited, Kuching of \$543,100 83 members built houses on 8.80 hectares of land.

Table 6 - Stores Cooperatives

<u>Year</u>	<u>No. of Coop</u>	<u>Membership</u>	<u>Shares</u> \$	<u>Reserve Fund</u> \$	<u>Assets</u> \$	<u>Net Surplus</u> \$
1982	20	2001	149,286	589,563	1,083,740	80,591
1992	21	2250	200,000	700,000	1,500,000	150,000

Table 7 - Padi Milling Cooperatives

<u>Year</u>	<u>No. of Coops</u>	<u>Padi Milled</u> kg	<u>Milling Charge</u> \$	<u>Milling Charges per</u> 100 kg
1982	27	382,131	16,568	4.33
1992	26	410,000	20,500	5.00

These cooperatives continued to provide convenient to members in Milling their padi. The average Milling charge on 100 kg of padi milled was \$4.33 which was cheaper compared with the rate levied by private millers.

Because of frequent mechanical breakdown and lack of fund for maintenance and repairs or replacing aged enquires resulted in some padi milling cooperative being dormant and also competition by private millers. The data in this table do not include padi mills operated by multi-purpose cooperative.

Table 8 - Thrift (Savings) and Loans Cooperative

<u>Year</u>	<u>No. of Coop.</u>	<u>Membership</u>	<u>Reserve Fund</u> \$	<u>Loan Granted</u>
1982	40	1729	47,786	224,607
1992	25	1725	60,000	320,000

Most of the cooperatives are found in rural are operating on a moderate and small scale only. Its main activity is only savings and giving loans to members who need it. It is more or less service oriented. The progress of these rural cooperatives was slow compared to their urban counterparts which was mainly due to the limited sources of income and indifferent attitude of the rural people towards their own cooperatives. The members is still being educated to practise thrift and the habit of savings.

3.7. Secondary Cooperatives

Cooperatives that come under this category are those registered consisting of individual members and registered member-cooperatives.

Table 9 - Sarawak Cooperative Central Bank, Limited

<u>Year</u>	<u>Membership Individual member Societies</u>	<u>No. of Loan granted</u> \$	<u>Share Capital</u> \$	<u>Numbers FTD.</u>	<u>Loan Granted</u> \$	
1982	1337	265	146	461,700	1,820,872	1,215,167
1992	1544	282	300	774,290	2,901,513	2,613,054

Reserves Net Surplus

150,933

105,509

376,138

Not available

The Bank was formed in the early 60^s by rural cooperatives and some urban cooperatives. In the 70^s the bank opened its membership to individual members. The role of the bank is to service loans of members and at the ~~source~~ ^{same} time received Fixed Deposits from members societies.

3.8 School Cooperatives

The formation of cooperatives in secondary schools and institutions of higher learning was formulated in 1976 in Sarawak. This was to expose students to business management. The progress of school cooperatives can be seen below:-

Table 10 - School Cooperatives

<u>Year</u>	<u>No. of Coop</u>	<u>Members</u>	<u>Shares</u> \$	<u>Total Sales</u>	<u>Net Surplus</u>	<u>Reserves</u>
1982	27	12,240	35,495	653,048	46,028	26,003
1992	105	80,000	224,347	4,400,000	536,000	834,000

3.8.1. Problem

Like any other type of cooperatives, school coop. were not free from problems. Problem faced by school cooperatives are:-

Insufficient Capital

Students acquire minimum shares only at the time of their admission and not interested to increase their shares.

3.8.2. Places of business

School canteens managed by individual trades/businessman. No suitable place for school cooperatives. The cooperation of the school authority very much needed.

Table 11 - The Sarawak School Cooperative Societies Union Limited, Kuching

<u>Year</u>	<u>Member Societies</u>	<u>Share</u> \$	<u>Statutory Reserve</u> \$	<u>Other Reserve</u> \$	<u>Net Surplus</u>	<u>Sales</u>
1982	24	5000	12795	1862	8298	131,769
1992	93	21,900	68015	54889	47033	576,240

The Sarawak School Cooperative Societies Union Limited plays an importance role to provide school exercise books and stationeries to its member societies especially those school cooperatives which lack working capital and needs credit facilities. But with increasing membership the Union finds itself cannot cope with the demand because it itself lacks working Capital.

Type of Coop. Societies

<u>Primary Cooperatives</u>	<u>1982</u>	<u>1992</u>
Multi-Purpose	199	267
Store and Marketing	24	21
Thrift and Loan	40	25
Padi Milling	27	26
Padi Milling and Sago Rasping	3	-
Livestock	2	2
Padi Savings	2	1
Housing	1	3
Investment	1	1
School Cooperatives	27	105
Agricultural	1	1
Others	1	1
	<u>328</u>	<u>453</u>

Secondary Cooperatives

Central Bank	1	1
Unions	8	7
	<u>337</u>	<u>461</u>

Type of Local Produce Marketed by Coop.

	<u>1982</u>	<u>1992</u>
Rubber	524,282	1,100,000
Rubber Scraps	28,193	30,000
Pepper	924,350	1,900,000
Rice	77,929	80,000
Padi	42,125	50,000
Illippenut	139,414	5,000
Other	184,292	3,035,000 (mostly cocoa)
	<u>1,920,585</u>	<u>6,200,000</u>

3.9. Problems in the Cooperative Movement

The movement experience problems of satisfactory management of cooperatives engineered by urban migration. So those who are still in the villages have low educational level and also not enlightened in cooperative principles, concept and practices. Again cooperatives cannot offer attractive remuneration like the private sector especially in the rural areas. The other problems is that committee of rural cooperative did not abide with the registered by-laws in holding meetings.

The Cooperative Development Department is trying to solve the problem of holding meetings according to the provisions of the registered By Laws by giving courses on meetings management.

Chapter 4

1. Cooperative Movement in National Development

When formulating a policy for the Cooperative Movement the question is what role the movements is going to play, as a socio-economic institution, in national development. Its essential role may be summarised as follows.

Table 1 - Growth of Cooperatives from 1981-1990. Showing the rate of annual growth of 4.9%.

<u>Year</u>	<u>Total Coop.</u>	<u>Annual Growth</u>	
		<u>Number</u>	<u>Percentage</u>
1981	1197	105	7.5%
1982	1515	18	1.2
1983	1618	103	6.8
1984	1707	89	5.5
1985	1817	110	6.4
1986	1981	161	9.0
1987	2088	107	5.4
1988	2110	52	2.5
1989	2165	25	1.2
1990	2236	71	3.3
<hr/> Total		844	48.8
<hr/> Average		84	4.9

Table 2 - growth 1981-1990 (Malaysia)

<u>Year</u>	<u>Total Membership</u>	<u>Annual Growth</u>	
		<u>Numbers</u>	<u>Percentage</u>
1981	1,692,904	382,120	29.2%
1982	2,371,711	678,807	40.1
1983	2,292,170	(79,541)	(3.4)
1984	2,454,445	162,275	7.1
1985	2,687,068	232,623	9.5
1986	2,545,131	(141,937)	(5.3)
1987	2,591,876	46,745	1.8
1988	2,665,146	73,270	2.8
1989	2,789,118	123,972	4.7
1990	3,084,812	295,694	10.6
<hr/> Total		1,774,028	97.1
<hr/> Average		177,403	9.7%

Table 2 illustrates the rate of annual growth of membership of 10%. These figures portrays that the population realise in their participation in the Cooperative movement and with this awareness the government has to prepare the basic infrastructure to collaborate with the Cooperative Movement.

Table 3 - Capital Growth 1981-1990

<u>Year</u>	<u>Million\$</u>	<u>Annual Growth</u>	
		<u>Million\$</u>	<u>Percentage%</u>
1981	713.1	121.0	20.5
1982	793.1	80.0	11.2
1983	933.3	140.2	17.7
1984	1063.9	130.6	14.0
1985	1265.0	210.1	18.9
1986	1294.0	29.0	2.3
1987	1324.4	30.4	2.3
1988	1455.3	130.9	9.9
1989	1520.9	65.6	4.5
1990	1621.5	101.0	6.6
Total		1029.8	107.9
Average		103	10.8%

Growth of capital share for the period 1981-1990 can be read above. The growth picture an average annual growth of over 10%. The figures indicate the confidence of the people in the coop institution in pooling their funds and savings.

Table 4 - Asset Growth in 1981-1990

<u>Year</u>	<u>Million \$</u>	<u>Annual Growth</u>	
		<u>Million\$</u>	<u>Percentage%</u>
1981	2389.4	392.8	19.7
1982	3225.8	836.4	35.0
1983	3986.3	760.5	23.6
1984	5294.6	1308.3	32.8
1985	6361.0	1566.4	29.6
1986	6878.9	17.7	0.3
1987	5923.6	(955.3)	(13.9)
1988	6149.2	255.6	3.8
1989	5910.9	(238.3)	(3.9)
1990	6007.3	96.4	1.6
Total		4010.5	128.6
Average		401	12.9%

Table 4 pictures the average growth of cooperatives assets of 12.9% and also an addendum of RM\$400 million.

Table 5 - Comparison of savings/deposits with financial institutions in 1990.

<u>Institutions</u>	<u>Values \$</u>
1. Commercial Banks	59,180.30
2. Financial Companies	24,139.30
3. Cooperatives	4,968.60
4. Pilgrimage Management Fund(LUTH)	990.60
5. Employees Provident Fund	40,217.80
6. National Savings Bank	2,568.80
Total:	<u>\$132,065.40</u>

Table 5 further pictures the cooperatives position as national financial institution from the pooling of funds, savings and deposits compare with other financial institutions.

The table verifies the importance of cooperatives "as an economic institution".

From the figures shown in the five tables can be evidently seen the role of cooperatives in easing inflation, appeasing consumers needs like housing, employment opportunity and as an investment source in economic activities.

2. In its effort to develop the Cooperative Movement the Cooperative Development Department Malaysia adopts the resolution of the Ministerial Conference for Asia and the Pacific in Februari, 1992 at Jakarta, Indonesia. The Malaysian government proclaimed a policy of collaboration between the government and the Malaysian Cooperative movement in the Malaysian Finance Minister 1992 Budget Presentation.

2.1. The Cooperative Development Department uphold the the Cooperative concepts of equality and equity; voluntary and mutual selfhelp; and social and economic emancipation. Safeguards the following cooperative values of economic activities for meeting needs; participatory democracy; human resource development; social responsibility; and national and international cooperation.

2.2. In order to have a satisfactory environment for the growth of the movement there ought to be an integrated approach by the Cooperative Development Department, Malaysian Cooperative College and ANGKASA in coordinating all activities and programme in collaboration with the cooperative movement.

Chapter 5

1. General Remark

Realising the problems existing in the Cooperative Movement and its role in the National development possible solutions have to be formulated by taking into consideration the following features.

- (i) The outline of Royal Professor Ungku Azia's book " The Cooperatives as the third sector" - making the Cooperative Movement as a component of the private sector to promote economic growth through private investments.
- (ii) Savings - The creation of national funds through the movement; controlling spiral costs by encouragement given through consumers and housing cooperatives.
- (iii) Native Management - Intensified efforts to train the natives in business management starting with cooperatives management.
- (iv) Income Distribution
Encourage cooperatives in poverty eradication programme in urban and rural areas through creation of funds, joint-effort and even distribution of income.
- (v) Workers' Welfare
Established workers cooperative in factories taking into consideration these workers may return to rural areas.

2. This paper contains a general research by the writer within a time limit of one week, mostly on the cooperative movement in Sarawak, one of the 13 states in Malaysia. The paper was compiled from the reports obtained from the Department of Statistics Malaysia, Sarawak Branch, The Department of Agriculture Sarawak, A Working Paper on the Malaysian Cooperative Movement presented during the Departmental Officers Conference in November, 1992 at the Malaysian Agriculture University, Sordang, Selangor and report of the Cooperative Development Department, Sarawak.

3. Writer wishes to extend his appreciation and gratitude to ICA Regional Office for Asia and the Pacific for accepting him to participate in the Eight ICA/Japan Training Course for Strengthening Management of Agricultural Cooperatives in Asia, India/Sri Lanka/Thailand/Japan Oktober 20 1993 to April 23 1994.

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THE EIGHTH ICA/JAPAN TRAINING COURSE FOR
STRENGTHENING MANAGEMENT OF AGRICULTURAL CO-OPERATIVES
IN ASIA, 1993 - 1994

PRESENTATION OF
AGRICULTURAL CO-OPERATIVES IN MYANMAR

BY

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PARTICIPANT FROM MYANMAR

1993

CONTENTS

CHAPTER 1

- GENERAL INFORMATION OF MYANMAR.

CHAPTER 2

- STATUS OF AGRICULTURE IN THE COUNTRY.
- STATUS OF AGRICULTURE INDUSTRY.
- MANAGEMENT OF AGRICULTURE.

CHAPTER 3

- TYPES OF CO-OPERATIVES.
- ORGANISATIONAL STRUCTURE OF CO-OPERATIVE MOVEMENT.

CHAPTER 4

- STATUS OF YOUR OWN CO-OPERATIVE.

CHAPTER 5

- SUMMARY OF THE PAPER.

Chapter 1

General information of Myanmar

1. Union of Myanmar is situated in South East Asia and geographically the largest in the area. It shares 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. The capital of the country is Yangon.

2. The population of Myanmar according to 1992/93 estimate was 42.33 million, registering a growth rate of 1.88 percent. Of the total estimated employment of 16 million, the largest portion totalling 10.52 million or 65.73% were engaged in Agriculture sector. Myanmar is a Union of nationalities, as many as 135 ethnic groups speaking with many languages dialects. Bamars who make up to 68 percent of the population is the largest of the nationalities.

3. The provisional data for 1992/93 shows that the total crop area of the country was 26.68 million. Mixed and multiple cropping area was 5.35 million acres, with an increase of 0.52 million acres over the previous year. Main Agricultural products of Myanmar are as follows :-
 - Paddy
 - Wheat
 - Maize
 - Bean and Pulses
 - Groundnut
 - Sesamum and other crops.

4. The Union of 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 warm

hot season from mid - February to mid - May. Myanmar which is formerly Burma is also known as the golden land not only for its golden pagodas but also for its rich minerals and natural resources.

Chapter 2

Status of agriculture in the country

5. Agriculture is the most important sector of the State economy. The agriculture sector has to expend the production of food crops for self - sufficiency and industrial crops to meet the demand of domestic industries, to make efforts to promote the export of agricultural products and to mechanize the agricultural activities.

6. Total land holding for 1992/93 was 167.18 million acres, and cropping area was 26.68 million acres and net area sown was 21.33 million acres. An increase of .73 million acres was achieved in 1992/93. In the total net area sown, mixed and multiple cropping area was 5.35 million. In 1992/93 the total estimated employment was 16.01 million, out of which 10.52 million or 65.73 percent was engaged in agriculture sector. Land utilization for 1992/93 was as follows : -

(a)	Net area sown	-	20.8	(in million acres)
(b)	Fallow land	-	4.1	(in million acres)
(c)	Culturable waste land	-	20.3	(in million acres)
(d)	Reserved forests	-	25.3	(in million acres)
(e)	Other forest area	-	54.8	(in million acres)
(f)	Other land	-	41.9	(in million acres)
				<hr/>
				167.2 (in million acres)

Main crops and their sown acreage, yield per acre and production for 1992/93 was as follows :-

	Main crops	Sown acreage (in million acres)	Yield per acre (in basket)	Production (in million metric ton)
1.	Paddy	12.60	75.10	14.91
2.	Wheat	.34	12.95	.14
3.	Maize	.36	24.36	.20
4.	Sorghum	.49	11.36	.15
5.	Matpe	.52	11.17	.18
6.	Pedisein	.44	8.12	.11
7.	Butter bean	.09	14.80	.04
8.	Sultapya	.10	9.04	.03
9.	Soya bean	.09	10.27	.03
10.	Gram	.45	9.94	.14
11.	Pesingon	.53	8.24	.13
12.	Sadawpe	.07	7.76	.02
13.	Groundnut	1.25	32.33	.45
14.	Sesamun	3.42	4.07	.25
15.	Others	5.93	-	-
		<hr/> 26.68 <hr/>		

7. Irrigation by various means for 1992/93 was 2.64 million acres with an increase of .17 million acres than the previous year. As water is the most needed for agriculture production, the State has been

investing in million on the instruction of canals, tanks, embankments and dams.

8. Agricultural crops were exported not only by the State, but also by the Co - operatives and entrepreneurs according to the provisional data for 1992/93 the export of agricultural produce totalled Kyats 1212 million of which Kyats 413 million was by the State, Kyats 69 million was by the co - operatives and Kyats 730 million by the private entrepreneurs.

Status of agriculture industry

9. The State has taken measures to maintain the production of some important commodities so as to enhance the productive capacity. These productions include animal feed plant, medicine plant for animal, fertilizer plant, water pump factory and tractor factory. Measures are taken to improve the supply of raw materials in order to increase the productions of the above mention productions.

10. Emphasis have been given to the extension services of live stock breeding and animal health services. There are 54 breeding farms in the country, and 3318 acres of pastures were developed in the year 1992/93. Animal feed are also produced in the country and are earnly available.

11. The country produce are a fertilizer and import triple super phosphate and potash from abroad. Fertilizer are distributed to farmers by the State, Co - operatives and private entripreneurs. For the year 1992/93 a total of 0.15 million metric tons of fertilizer was sold the farmers. To supplement chemical fertilizers, efforts are being made for systematic storage and utilization of bio - fertilizer, blue, green alga and natural fertilizers. The country has abundant warehouse capacities.

Management of agriculture

12. Agriculture, being the main stay of the economy, measures have been taken for the over all

improvement of the sector. High yielding quality seeds were distributed, disseminating farm technology, propagating improved cultural practices to farmers through establishing high technical demonstration plots supplying agricultural inputs by the State as well as co - operatives and private entrepreneurs. Undertaking irrigation and flood protection works, reclaiming virgin and fallow lands, disbursing agricultural loans for crops, advanced payments for paddy and industrial crops in term loans for the purchase of draught cattle, agricultural implements and for perennial crops, cultivating crops in collaboration with private entrepreneurs on mutually beneficial basis and cultivating opium substitution crops in border areas.

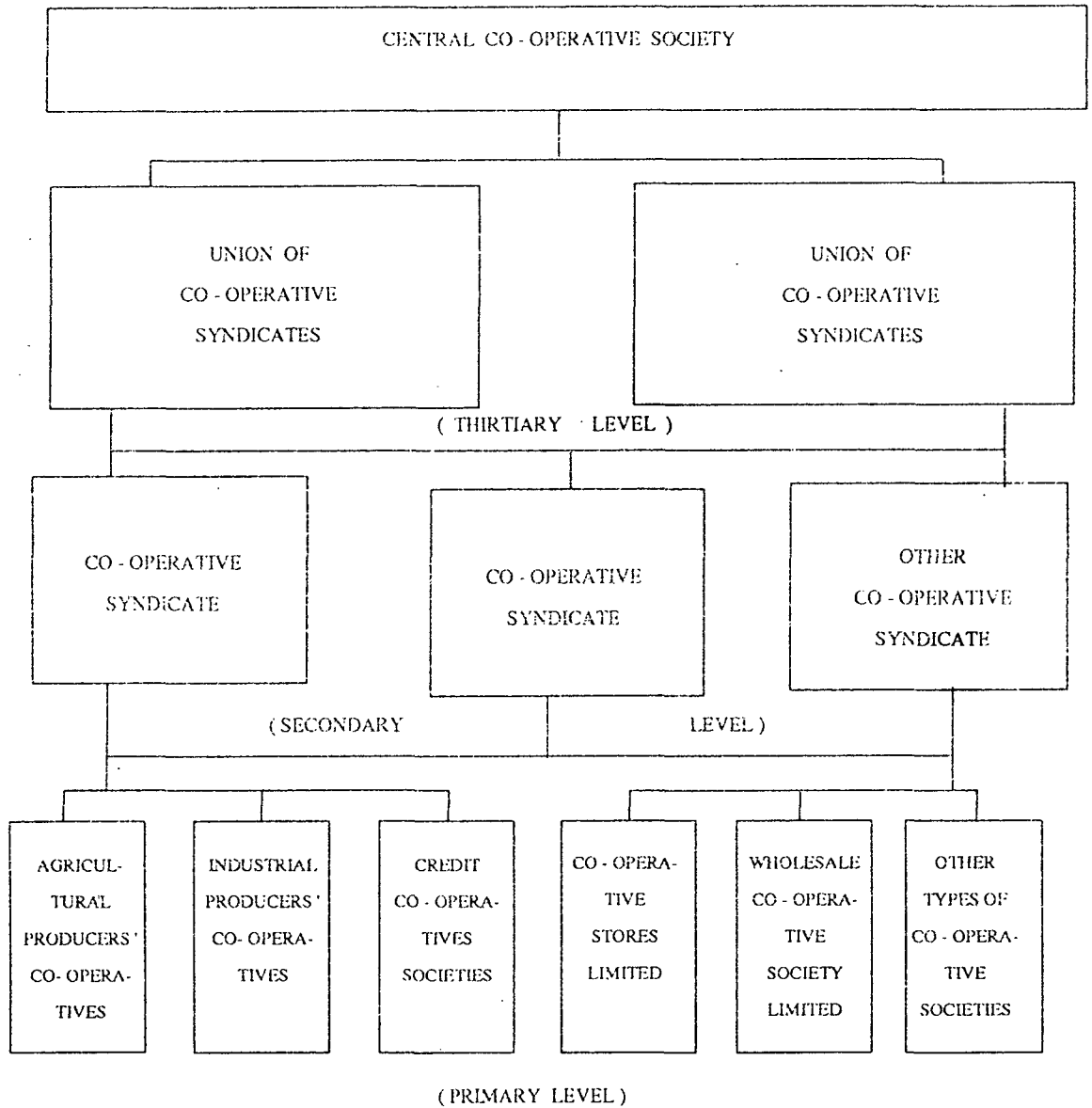
13. Extension services were provided to farmers to promote the production of crops by adopting high yielding techniques of farming and distributing high yielding variety seeds and agricultural inputs. Moreover, in 1992/93 farmer delegations were sent to neighbouring countries to study new farm technology. The Myanmar Agricultural and Rural Development Bank Law was enacted in 1990 to promote not only agriculture but also for the development of livestock breeding socio - economic condition of rural areas.

Chapter 3

Types of Co - operatives

14. The new co - operative society law was put into effect on 22nd December 1992. The law has been amended and updated in uniformity with the new market oriented economic policy of the government and co - operatives are now able to compete with private entrepreneurs in carrying out their business activities. There are more than twenty thousand co - operative societies formed by the old Co - operative law. These co - operative societies, according to the established new law must be re - organised and required new registration. Co - operative societies formed in relation with the new law members over 700. In all and in near future the total member of co - operative societies in this country will number about thirty thousand. Individual membership accounts to about eight million.

ORGANISATIONAL STRUCTURE OF CO-OPERATIVE MOVEMENT



15. The above figure shows the organisational structure of the co - operative movement. The primary level societies consists of Agricultural Producers ' Co -operatives, Industrial Producers ' Co -operatives, Credit Co -operative Societies, Co -operative Stores Limited, Trading and Marketing Co -operatives and many others. These primary level societies are formed by individual member, and minimum five members can form a syndicate. These syndicates in term can form a Union. These Union societies are members of Central co -operative society. The co -operative syndicates can also be members of the Central co - operative society on a non - voting basis.

16. Agricultural Producers ' Co -operatives societies number more than three hundred formed in line the new law. Most of the societies formed are based on paddy producing and the others are cropwise. In 1992 - 93 the total amount of agricultural products produced was over Kyats 987.44 million. The total crop area was 0.804 million acres and net area sown was 0.687 million and the amounted to Kyats 1739.3 million.

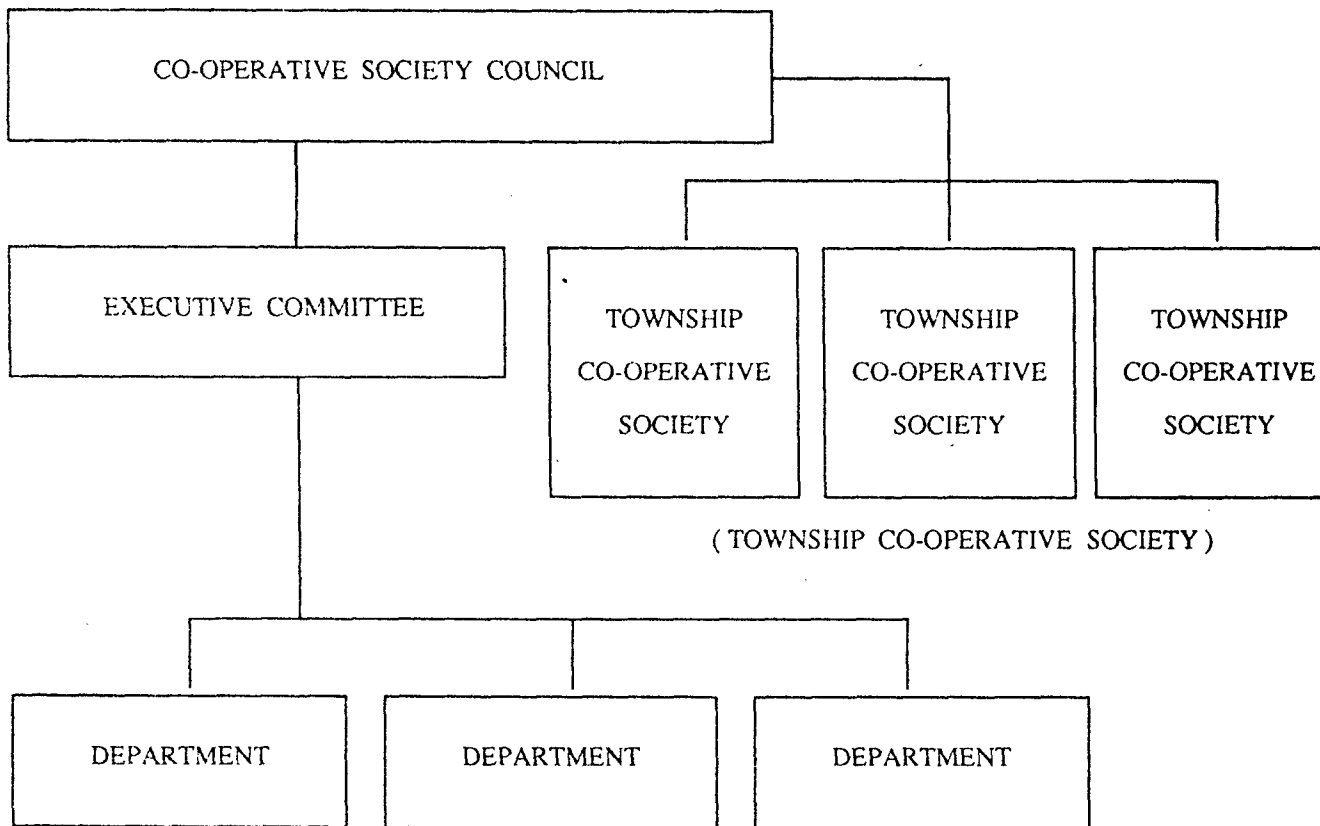
17. The agricultural produce are exported monthly to Singapore, India and China. The agricultural products consist of matpe, gram, Jute, onions, garlies and chillies, groundnuts and pulses.. More Agricultural Co -operative Societies are forth - coming and so more agricultural products will be produced in near future.

CHAPTER 4

STATUS OF YOUR OWN CO-OPERATIVE

18. My own co - operative is township co - operative syndicate in mon state. The syndicate was formed by amalgamating the ten township co-operative societies of the mon state. The organizational structure is as follows :

CO-OPERATIVE SYNDICATE COUNCIL



19. The syndicate council was formed by the representatives of the township co-operative societies. The executive committee is then selected from the council members. At present the committee is formed by five members. These executive committee members in turn take responsibilities of day to day affairs of the syndicate.

20. The syndicate co-ordinates the ten member township co-operative societies in general. The syndicate has to undertake production services and trade activities in accordance with the market oriented economic system. The syndicate also coordinates for prompt distribution commodities to the consumers and it also involves in procurement of commodities and basic food stuff as to be distributed by the township co-operative societies. The syndicate imported chemical fertilizers, edible palm oil and other commodities to distribute to the farmers and consumers. Syndicate exports goods to other countries for its own and also for its member societies. Rebate on shares are reimbursed to the member societies at the end of the year. Syndicate co-ordinate and formulate with the respective organization at various level in line with the state economy for the benefit of the Mon State.

21. The business of the syndicate are managed by four managers for four divisions in the office of the syndicate. Each of the divisions is then managed by an executive director. The whole syndicate consists of 150 staff, with about 30 in each division. The syndicate on the whole is doing good business and expects to do much better with the new co-operative law, but with market oriented economic system more exports have to realise and return in import exemption for essential items for the welfare of the societies are needed. New business contacts, up to date modern technique in forming, trade and in other related business will be welcome for the co-operatives of this country.

Chapter 5

Summary of the paper

22. Our co-operative syndicate is, in consonance with the changes in nation's economic system, functioned the society's economic undertaking and after simultaneously prescribing the new co-operative society law of 1992 by the government, is reforming the various level of societies in our state. Two important movements is now being launched in the co-operative sector; ie, restructuring of the existing co-operative societies and formation of more co-operative societies. In the movements,

efforts are being geared to industrial co - operatives and rural agriculture produce co - operative societies employing modern technique and mechenized farming.

23. The agricultural co - operatives are being encouraged and assisted by Ministry of Co - operatives as well as Ministry of Agriculture and Food and Agriculture Organisation (FAO), as our nation is preferably forestry, horticultural and agricultural country and agricultural exported country. So it is needing not only to possess essential machinery and fuel enough to support and fulfill to farmers but also to be strengthening agricultural co - operatives in future.

24. It is being extended many plot of land with a large scale for agricultural co - operatives to be formed to grow paddy crops and tree plantation by government sustainable purpose in some state and division in our country. Last importance is for development and strengthening to agricultural co - operatives which are deemed to greatly in urgent co - ordination and collaboration in ASIA and Pacific under the ICA communication.

Books Referred

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By Central Statistical Organization, Ministry of Planning and Finance.

EIGHTH ICA/JAPAN TRAINING COURSE FOR STRENGTHENING MANAGEMENT OF
AGRICULTURAL COOPERATIVES IN ASIA (INDIA, SRI LANKA, THAILAND, JAPAN)

October 20, 1993 to April 23, 1994.

AGRICULTURAL COOPERATIVES IN PAKISTAN-
THEIR ORGANISATIONAL STRUCTURES,
MANAGEMENT, PRACTICES AND PROBLEMS.

Participant: TASADDUQ HUSSAIN
(P A K I S T A N)

C O N T E N T S
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NUMBER.	PARTICULARS.	PAGE NUMBER.
Chapter - I.	Country Background.	1
Chapter - II.	Agriculture Status, Potentilals and Problems.	2 - 9
Chapter - III.	Cooperative Movement, Structure, Orgainization and Training.	10 - 15
Chapter - IV.	Punjab Provincial Cooperative Bank Limited.	16 - 17
Chapter - V.	Summary.	20.

CHAPTER - I.

INTRODUCTION.

Pakistan came into existence as an independent state on 14th of August, 1947.

Pakistan lies between 24.5° and 36.75° north latitude and between 61° and 75.5° East longitude. The total area of the country is 868,591 Sq: K.M.. The break down in respect of Provinces and Administered units is given hereunder :

<u>PROVINCE</u>	<u>AREA (SQ: K.M.)</u>
Punjab.	206,251
Sind.	140,914
NWFP.	74,520
Baluchistan.	347,190
FAIA : (Tribal).	27,220
(Northern).	72,496
Total :-	<u>868,591</u>

Islamabad is the Capital of the Country.

Pakistan's neighbourer to the North is People's Republic of China. In the North West, Afghanistan's Vakhn corridor separates Pakistan's border from Russia. In the West, Pakistan has common borders with Afghanistan and Iran. On the Southern side of Pakistan spreads the Arabian Sea. In the East, Pakistan has borders with Indian states of Punjab and Rajistan.

According to 1981 census, the total population of Pakistan is 84,2253,000. However, according to population estimates, the total population of Pakistan was 119,100,307 in July 1992 (Source: Federal Bureau of Statistics).

Pakistan is primarily an agricultural country. The main crops are Wheat, Cotton, Rice, Maize, Millets, Sugarcane, Barley, Grain and Oil Seeds.

The people of Pakistan can be divided into four Groups viz. Pathans, Punjabi, sindi and Baluchi living in the four Provinces of Pakistan i.e. NWFP, Punjab, Sind and Baluchistan respectively.

The climate of the country is very cold in winter and very hot in summer. There are in fact four seasons which are distinguished as; a). Winter season (mid December to March) b). Summer season (April to June) c). Monsoon season (July to September) and D). Post Monsoon season (October to December).

The National Flag is rectangular with 3/4 dark Green and 1/4 White vertical bar at the mast. The green portion bearing a white crescent in the centre and a five pointed heraldic star.

The National Language of the country is URDU, the National Flower is JASMINE and the National Game is HOCKEY.

* * * * *

CHAPTER - I I.

= = = = =

1. STATUS OF AGRICULTURE IN THE COUNTRY.

Pakistan is primarily an agricultural country in which 70% of the labour is directly or indirectly engaged and about 27% of the export is earned through the raw and processed agricultural products. In recent years contribution of agriculture to G.N.P. is 26% (Source: Federal Bureau of statistics 1991-92).

2. LAND HOLDINGS.

Due to inherited land distribution in Pakistan. Land is distributed in so small patches of land that it is un-economical to use it for cultivation. These patches of land are so small and on different places that a farmer cannot apply modern methods of cultivation.

The sub-division of land and fragmentation of holdings has created problem of un-economic holdings so the modern technology cannot be applied on these lands. These economic holdings are divided into two categories viz. from 1 acre to 12½ acre; and from 12½ acre to 50 acre. The first category is not useful for farmer while the second category is very reasonable and all types of agricultural machinery can be used.

Moreover, due to land tenure system, distribution of land is unequal in Pakistan. According to statistics of an agricultural report only 20% of land is owned by 80% land owners. In the Province of N.W.F.P. 1% Owners have more than 500 acres of land. In Sind Province, 30% of land is owned by only 1% landlords that was more than 500 acres of land. The detail can be viewed from the following Table :-

PER HEAD LAND OWNERSHIP	PERCENTAGE OF LAND	PERCENTAGE OF OWNERS
Less than 10 acre	31.7 %	79.0 %
10 acre to 100 acre	46.3 %	20.7 %
100 acre to 500 acre	11.5 %	-
500 acre and onwards	10.5 %	00.3 %

From the above table, it is obvious that 1/3rd of the total land is owned by 79% owners (which are un-economical holdings) and 22% of the total land is owned by only 0.3% owners.

3. FARM POPULATION AND ITS FEATURES.

As discussed earlier, about 70% of the labour is directly or indirectly engaged in agriculture sector. But the position of this important and major segment of population is not very good. A majority of the farm population

is so poor to meet with the basic amenities of life. The following are the feature of farm population.

i). OPPRESSED PERSON. A farmer is an oppressed person left at the mercy of zamindars, feudal landlords and other influential groups. In the rural sector, land is the primary productive asset and symbol of power. The landlord, therefore, wields all the powers and the landless farmer is at his mercy. The landlord gets a substantial share of the farm produce. The land is cultivated by the tenant who is exploited by the landlord in the forms of high rates. In times of financial needs, the farmer borrows from the Zamindars and other influential persons who exploit him unduly, since he is indebted to him. If the land is under tenancy, the income is unjustly distributed between the helpless farmer and the powerful landlord. Although in the un-organized market professional money lenders, traders, landlords, etc. offer loans to cultivators but they charge prohibitive interest.

ii). LACK OF EDUCATION/UN-EDUCATED. Another feature of the farm population is lack of education. These farmers are so poor that they are unable to educate themselves or their children. This also due to lack of education/schooling in remote areas.

iii). LITIGANT. This is another feature. The people of village and towns are usually indulged in litigation and are fond of un-healthy activities.

iv). BRADRI SYSTEM. This system is still existing and the villagers have to act according to the directions of the Chaudhri of the village and in this way they loose their individuality and self act.

4. MAIN CROPS.

The main crops of Pakistan are listed with their area (000 Hect), Production (000 Tone) and Yield (KGs/Hect) hereunder :-

CROP	1989-90			1990-91			1991-92		
	A	P	Y	A	P	Y	A	P	Y
Wheat	7844.5	14315.5	1825	7911.4	14565.0	1841	7877.6	15584.2	1990
Rice	21106.9	3220.1	1528	2112.7	3260.8	1543	2096.9	3243.1	1546
Maize	862.9	1179.3	1367	845.2	1184.5	1401	847.5	1203.1	1419
Sugarcane	854.3	35493.6	41.5	883.8	35988.7	40.7	896.1	35864.9	43.4
Cotton	2598.5	8559.8	560	2662.2	9627.7	615	2835.5	12822.2	769

(Source: Statistics 1991-92.)

From the table, it is evident that the area employed, production and per acre yield is increasing year by year. However, it is an admitted fact that per acre yield is still very low as compared to other countries of the world which is apparent from following table (Year 1991-92 Per' acre Yield Kg per Hect):

COUNTRY	WHEAT	RICE	MAIZE	COTTON	TOBACCO
Russia	1590	-	-	-	1186
China	3100	5512	4117	2740	1591
U.S.A.	2310	6292	6835	2193	2360
India	2270	2576	1474	842	1330
Pakistan	1990	1546	1419	769	1807

5. AGRICULTURE - ITS FEATURES, POTENTIALS AND STATISTICS.

The main functions performed by the agriculture sector are as follows :-

i). SUPPLY OF FOOD. This sector provides all food items like Wheat, Rice, Corn, Pulses, Sugarcane, Vegetables and Fruits. Besides, it also provides food to those who provide Milk, Cheese, Butter, etc..

ii). SUPPLY OF MAN POWER. This sector is the main source for supply of man power without affecting the agricultural productivity. According to Economic Survey of Pakistan 1990-91 71.7 % of whole population is directly or indirectly attached with agricultural sector.

iii). SOURCE OF NATIONAL INCOME. According to Federal Bureau of Statistics - 1990-91, Agriculture Sector contributed 25.7 % G.N.P.

iv). SUPPLY OF RAW-MATERIAL. This sector is also a major source of supply of raw materials and processed goods.

v). FOREIGN EXCHANGE EARNING. Agriculture sector provides about 27 % of total Exports.

6. Status of Agriculture Industry.

The agriculture sector is not only important at national level but at international level. During the last forty five years the sector has been a big and productive sector in Pakistan. For Pakistan, this portion provides employment to large proportion of population and is the main source of national income. This sector also provides the base for economic development.

In the past this sector was regarded as residual reservoir particularly of labour for employment in industries. In 1960s the importance of agriculture was realized and adequate attention was given to this sector. The growth of agriculture sector was stressed by development economists and this sector has gained the status of industry.

7. Cash Crops:

The Cash crops of the country are namely; 1) Cotton 2) Tobacco 3) Oil Seeds and 4) Sugarcane.

NAME OF CROP	P R O D U C T I O N	
	1990-91	1991-92
Cotton.	9627.7 *	12822.2 *
Tobacco.	75.0 **	97.3 **
Linseed.	4126.0 ***	4365.0 ***
Castor Seed.	9937.0 ***	2092.0 ***
Sugarcane.	35988.7 **	38864.9 ***

Source: Federal Bureau of Statistics 1991-92

* Production(000 Bales)
** Production(000 Tones)
*** Production(Tones).

8. Dairying and Animal Production.

The statistical analysis and production/dairying including animal production is as under :-

Estimated Milk Production		(000 Tones)			
		1990-91		1991-92	
		(I)	(II)	(I)	(II)
Cows		3653	2922	3788	3030
Buffaloes.		11256	9005	11884	9507
Sheep.		40	40	42	42
Goats.		532	532	566	566
		15481	12499	16280	13145

I = Gross Production.

II = Human Consumption.

Source: Livestock Division.

Estimated Live Stock Production		(ooo Heads)	
S.No.	Cattle	1990-91	1991-92
1.	Bulls & Cows For Breeding Others(Milk, Work).	220 17,491	221 17,524
2.	Buffaloes For Breeding Others(Milk, Work).	90 17,728	92 18,181
3.	Sheep.	26,338	26,995
4.	Goats.	36,972	38,564
5.	Camels.	1,056	1,076
6.	Asses.	3,534	3,653

Sources :
Livestock
Division.

9. Fertilizers.

Production and Consumption of Fertilizer					
Production (in thousand)					
Year	Urea	Amn.NIT.	Amn.Sulphpt.	SSP	Nitro Phas.
1990-91	2050	319	98	176	321
1991-92	1902	300	98	194	310
	Total: 2964 2804				

Consumption (in 000 N/tones)			
Nitrogenous	Phosphate	Potash	Total
1471.6	388.5	32.8	1892.9
1462.6	398.0	23.3	1883.9

During the year 1991-92 632.00 (ooo Nutrient tones) fertilizer of value of Rs.5895.5 million rupees was imported.

10. Irrigation Potentials.

The irrigation system of Pakistan may be considered as the best in the world.

There are two canals system :-

1. The Upper Indus Canal; and
2. The Lower Indus Canal.

The Upper Indus Canals are supplied water from Sutlez, Ravi, Chenab, Jhelum and Sind. There are at present the following canal system exist:-

1. The lower Chenab Canal
2. The lower Jhelum Canal.
3. The Upper Chenab Canal.
4. The Upper Jhelum Canal.
5. The Upper Bari Doab Canal.
6. The lower Bari Doab Canal.
7. The Tripple Canal Project.
8. The Sutlez Canal.
9. The Bahawal Canal, the Forwah Canal and Sadiquia Canal.
10. The Pakpattan Cannal.
11. The Thal Project,
12. The Tounsa Barage Project.
13. The Rasul Project.
14. The Rawal Dam Project.

The following System exist with the lower Indus Plain :-

In Sind Province:

- i) Sakkur Berage.
- ii) Kotri Berage.
- iii) Guddo Berage.

Western Highlands:

- i) Upper Swat Canal.
- ii) Lower Swat Canal.
- iii) Kabul River Canal.

Apart from these two more irrigation schemes namely AMMBER and NARICHI have been completed. Another big scheme namely NARI BOLAN SCHEME is also used for irrigation. Irrigation through TUBE WELLS is also widely used in Pakistan.

Besides above the following irrigation schemes are also used in Pakistan:-

- 1) The Warsak Multi-Purpose Project.
- 2) The Camal Dam Project.
- 3) The Khorke Lift Irrigation project.
- 4) Road Kohi Scheme (Rainy Water).
- 5) The Khurran Gashi Project.

11. Big Irrigation Projects in Pakistan.

1. Tarbela Dam.
2. Mangla Dam.
3. Tonda Dam.
4. Gomal Dam.

5. Simli Dam.
6. Baram Dam.
7. Hub Dan (Karachi Irrigation Project).

12. AGRICULTURAL MARKETING AND WAREHOUSING.

The agricultural marketing activities are inadequate in Pakistan. Due to this reason, the farmers are bound to sell their agricultural produce to the village shopkeepers or middlemen. Hence, they do not get good price of their produce. This is also because of the reason that there is absence of organized market existence of mediators poor communication and transport facilities, lack of storage facilities and inadequate credit facilities.

Taking a serious view of these problems, the Government took under mentioned steps, in other words these can be regarded as the agricultural marketing and storage agencies :-

i) PASSCO (PAKISTAN AGRICULTURAL STORAGE AND SERVICES CORPORATION).

The PASSCO was established by the Government in 1973 with the following objectives and the corporation is successfully doing these functions:

1. Construction of godowns for storage of agriculture products.
2. The supply of agricultural inputs, chemical fertilizers.
3. To process and prepare pesticides, fertilizers chemical sprays and agricultural equipment.
4. Purchase of food items from growers and supply to Government Departments.

PASSCO is playing an important role in stabilization of prices of selected agricultural commodities. The expansion of scope and coverage of this organization is still needed.

ii) AMSL (Agricultural Marketing and Storage Limited).

The A.M.S.L was set up in 1981 at Federal level with branches in all provinces for catering the marketing problems of perishable agricultural commodities (Potato, Onion, Fruit and Vegetables). This organization has done useful job in the stabilization of prices. However, there is a definite need to extend its scope and coverage.

The main difference between the two organizations is that the PASSCO is operating on fairly a large scale whereas the S.M.S.L is functioning on limited level.

13. Farm Management, Extension and Research.

Land Management is the method by which the per acre yield can be increased because if there are small pieces of land it would be impossible to apply modern techniques thereon resultantly yield per acre will be low. However, to have proper land management the Government of Pakistan introduced various land reforms.

Consolidation of Holding:

The problems of small and fragmented holdings lie in the consolidation of holdings. The consolidation of holdings unite the fragmented units of land of the owner farmers at one place. The work on consolidation of holdings was first started by Cooperative Societies in 1920. Since 1936, this laborious task is performed by the Government Revenue Department. The Government has now fixed a ceiling below :-

1. The farmers can make permanent reforms on the consolidated land.
2. The use of modern inputs is possible on large size of holdings.
3. The units of land at one place can be irrigated in a better way through installing tubewells or through the canal irrigation.
4. There is less wastage of water in the water course.
5. The farmers can carry on experiments for increased productivity on consolidated units.
6. The quarrels of small farmers can be minimized by consolidation of holdings.
7. Due to consolidation of holdings, the average size of holdings ~~and~~ increased from 2.86 acre to 5.8 acre by March, 1980.

Extension in Agriculture

The extension approach of the Government in agriculture can be viewed from the undermentioned facts:-

1. Supply of Agriculture Credit:

During the year 1990-91 the commercial banks, Agricultural Development Banks issued Agricultural Credit to the tune of Rs.15990.70 million as compared to Rs.14003.34 issued in 1989-90.

2. Flood Control and Erosion.

The Government tried to raise the area of forest in this regard. On the other hand, bunds and rivers are made for the purpose.

3. Better Irrigation Facilities.

During the year 1989-90, availability of irrigation water is increased by 2.2% that from 114.66 million acre feet (M.A.F.) in 1988-89 to 117.14 (M.A.F.) in 1989-90. While during the year, this was further increased to 119.62 M.A.F. (1990-91)

4. Provision of Improved Seed.

The Supply of Seed is assigned to Agricultural Development Corporations. For production of improved seed 34 farms comprising 24000 land are cultivated in the country.

5. Use of Fertilizer.

The Supply Market target of fertilizer was fixed at 2,038 thousand nutrient tones for the year 1990-91 which was 7.8% higher than previous year.

6. Mechanization.

During the year 1989-90 20,130 tractors were sold and total number of tractors was 242,903 in the country. Again in 1990-91 29,000 tractors were sold.

14. Agricultural Research.

Agricultural education and research is very necessary to promote and expand agricultural activities alongwith increase in output. For this purpose agricultural universities at Faisalabad, Peshawar and Jamshoro, agricultural college of Rawalpindi, Quetta, Multan and Dokri and faculty of Agricultural Gomal University are continuously providing agricultural education to our young and future farmers up to Ph. D. classes.

In-service training is also provided to field staff of agriculture department of all provinces at various agricultural institutes.

In order to spread latest technology with regard to crop production training and visiting system has been widely spread in Punjab, Sind and Baluchistan. The agricultural workers are providing advice to the farmers at their doorsteps regarding adoption of new technology and thereby raising yield of different crops.

Pakistan Agricultural Research Council (PARC) is the principal organization which has carried agricultural research in the fields of crops, vegetables, fruits, tea, animal disease, silk worm, honey bees, manpower training and farm machinery etc. PARC has started programme to produce audiovisual material, mainly video cassetts, to disseminate improved agricultural technology to the farmers.

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CHAPTER - III.

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1. TOTAL NUMBER OF ALL TYPE OF COOPERATIVES WITH MEMBERSHIP.

Cooperatives is a provincial subject in Pakistan and as a matter of fact in other provinces it is quite sluggish, slow, therefore, data is constrained to the province of Punjab only.

<u>S.No.</u>	<u>Name/kind of Coop. Society.</u>	<u>Number.</u>	<u>Membership.</u>
i)	Punjab Provincial Coop. Bank Ltd.	1	34669
ii)	Central Non Credit.	281	75507
iii)	a) Agricultural Credit.	33302	1460399
	b) Other Agricultural Credit.	7973	223412
iv)	a) Non Agricultural Credit.	1181	215434
	b) Other Non-Agricultural Credit.	1059	261872
v)	Industrial.	1498	33033
vi)	Women.	902	46206
		46197	2400532
		=====	=====

The position of other Cooperative Societies attached with each of the Provincial Bank is given as under:-

1.	Frontier Provincial Coop. Bank.	7113 Societies.
2.	Sind Provincial Coop. Bank.	1916 " .
3.	Baluchistan Provincial Coop. Bank.	468 " .
4.	Northern Areas Coop. Banks.	353 " .
5.	Azad Kashmir Govt. Coop. Bank.	3396 " .

2. ORGANIZATIONAL STRUCTURE OF THE COOPERATIVE MOVEMENT.

The Cooperative Movement in Pakistan like India did not emerge through evolution unlike in many European Countries. It was introduced here under patronage of Government which has not ever since, withdrawn. The Cooperative Law assigns all regulatory functions to the Registrar Cooperative as the representative of the Government and Principal Administrative Officer. Responsibilities of the Registrar are thus organizational, promotional and regulatory in nature and the Cooperative institutions are under the administrative control of Registrars.

The Cooperative structure in Pakistan from the start consisted of three tier system (in each province): One Apex Bank at the top; and central Cooperative Banks in the middle; and the primary societies were at the base.

With a view to revitalizing the Cooperatives and making them an effective instrument for the development of agriculture, it was necessary that the Cooperatives are reorganized. In fact, the problem fell into two parts :-

- 1) Devising a sound machinery for the credit operations of the Cooperatives.
- 2) Revitalizing and promoting the Cooperative Movement on sound lines.

To support the Cooperative Movement, the State Bank of Pakistan (Central bank of the Country) sponsored the setting up of Federal Bank for Cooperatives (F.B.C.), the Cooperative Bank system in the country was converted from three tiers to two tiers, resulting in the dissolution of Central Banks and Banking Unions. Hence, the undertakings of these Central Banks/Banking Unions were transferred to and vested in the Provincial Cooperative Bank in each Province. Therefore, the two tier system is as under :-

- | | |
|-------------------------|------------------------------|
| 1) Primary Societies. | The Base. |
| 2) Secondary Societies. | Provincial Bank (Apex Bank). |

The Federal Bank for Cooperatives in this structure has a role of Principal financing institution for meeting the credit needs of Provincial Banks.

In one sense, the existing structure of the Cooperative Movement can be termed as three tier system whereby primary Cooperative Societies are the base, the Provincial Cooperative Banks are the secondary institution and Federal Bank for Cooperatives is the national institution. However, as the Cooperative is provincial subject and the Cooperatives Institution working in the province are under the direct administrative control of the Registrars, it is better to consider the structure of the Cooperative Movement in Pakistan as two tier system.

3. STATUS OF AGRICULTURAL COOPERATIVES.

Agricultural Cooperative Credit Societies constitute the largest sub-sector of Cooperative Movement in the province. These societies provide short and medium term loans to their members. Short term loans are provided for purchase of seed, fertilizers, pesticides etc. Medium term loan is provided for tractors. agricultural machinery, milch, cattle, installation of tube wells etc.

In order to provide credit to their members, these societies raise funds through share capital and borrowings from Provincial Banks. Though thrift is a pivotal objective of the movement, most of these societies have made very slow progress in growth of savings and their dependence on outside borrowings has continued to increase over the years.

4. GENERAL STATISTICS.

i). Number and Membership.

Year.	Societies	Membership.	%Increase/(Decrease).	
			Societies	Membership.
1988-89	32,995	2,83,227	0.76	2.57
1989-90	33,302	4,60,399	0.93	13.80

ii) Share Capital and Funds. (Rupees in Million).

Year	Share Capital	Reserve.	Other.	Total	% Increase/(Decrease).
1988-89	90.91	165.66	4.23	260.40	16.47
1989-90	93.88	191.28	4.24	289.40	11.14

iii) Loans and Deposits. (Rupees in Million).

Year.	Deposits.	Loans.	Total.	% Increase(Decrease).
1988-89	33.42	1387.48	1420.90	1.15
1989-90	36.67	1514.47	1551.14	9.17

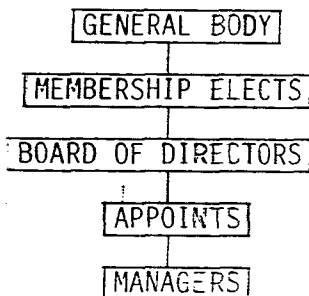
As discussed earlier that in Pakistan the Cooperative Movement did not start from below but was sponsored by the Government and the Government patronage has not been withdrawn. Therefore, these Societies are organized/constituted to enjoy the credit at a subsidized rate. As a matter of fact the popular type of primary Cooperative Society is Agricultural Cooperative Credit Society, these societies are usually interested in taking seasonal loan at subsidized rates for crop growing and then sell their production like sugar cane, oil, seeds and other agro related items. However, societies involving in value addition of agro processing are insignificant if not exist.

However, in order to sell the produce of these cooperative, there is Provincial Cooperative Supply & Marketing Federation at provincial level and District Cooperative Supply & Marketing Federation at district level (the details will be followed) and Central Credit and Non Central Credit, Agricultural and Non Agricultural are annexed.

5. ORGANIZATIONAL STRUCTURE OF PRIMARY, SECONDARY AND NATIONAL AGRICULTURAL COOPERATIVES.

i). Primary Society:

The Organizational Structure of a primary Agricultural Cooperatives is usually as follows :-



General Body: The societies members as a whole constitute the General Body. The general body is vested with supreme authority in the society which is exercised through General Meeting. Generally following business is transacted in in the general meeting :-

1. Confirmation of the admission of members and their expulsion.
2. Election of the managing committee.
3. Fixation of the M.C.L. of the each member and its renewal.
4. Fixation of the M.C.L. of the society subject to sanction by the Registrar.
5. Amendment in Bye-laws.
6. Receipts and consideration of the final accounts and their approval.
7. Distribution of Power.

Managing Committee: The general body elects a managing committee amongst themselves who is entrusted with the job to run the business on sound basis and have all the powers except reserved for the general meeting.

Manager/Secretary: The employment of the Manager is one of the most important actions to be taken by the managing committee. Normally, the manager is not from amongst the members because he cannot hold two positions at one time in the society.

ii). Secondary Agricultural Cooperative Society.

The secondary Agricultural Cooperative Society is the apex Cooperative Banks working in each Province as well as in Tribal Areas/Northern Areas and in Azad Kashmir. In the provinces these Banks are under the administrative control of the Registrars Cooperative Societies. However, in the tribal areas they are under the control of the Secretary Cooperatives of the Government.

In general the organizational structure of these secondary societies/apex provincial cooperative banks is as under :-

1. Registrar Cooperatives Ex-Officio President.
2. Chief Auditor - Director.
3. Three non-officials Cooperatives nominated by Registrar.
4. One selected member from each district.

The President is the Registrar Cooperative Societies. The general body elect the Board of Directors. The Board is constituted by selecting one member from each district. The normal procedure is that the Board of Directors is elected through district delegates. The formula for electing district delegate is one district delegate for each 50 Cooperative Societies in each district. Hence, if in a district 500 societies are working they will elect 10 district delegates. The same procedure will be followed in the whole province. These elected district delegates then elects the Board of Directors i.e. one director from each province in the Annual General Meeting and the period of Board will be for three years.

The Chief Auditor, Cooperatives, Punjab is also a member of the Board.

The Registrar nominates three non-officials Cooperatives as directors.

iii) National Cooperatives.

Though the structure of the Cooperative Movement is two tier system, Federal

Bank for Cooperatives can be termed as National Cooperatives because it meets the financial needs of the small cooperative farmers affiliated with each provincial bank.

The Board of Directors of Federal Bank for Cooperatives consist of the directors of State Bank of Pakistan (Central Bank) the Governor State Bank acts as Chairman of the Board/Bank. The Chief Executive is selected by the Board. Besides, the Secretary, Cooperatives in each province also constitute the Board. Moreover, there are 5 non-officials nominated by the Chairman. The Share Capital of the Bank is 2000 ordinary shares of Rs.1,00,000/- each amounting to Rs.200,000,000/- subscribed by the Federal Government and each provincial Government.

6. PROVINCIAL COOPERATIVE SUPPLY & MARKETING FEDERATION LTD.

The aim of the federation is to achieve the economics of large scale operations and strengthening the structure to guarantee the supply of agricultural inputs of quality at the door steps of the farmers. Besides it ensures proper return to small farmer through collective marketing of their produce. It has three tier system. On base there are primary societies ; at secondary level there are district federations and then there is provincial federation.

The Registrar Cooperatives is the Chairman of the Federation. The Board consist of 16 elected (2 from each District, one nominated and 7 Ex-Officio members (Cooperative Department, Food Department, General Manager Provincial Bank and Registrar Cooperative Societies).

In the province of Punjab, right from the very beginning since 1985 the Federation lost no time to establish offices, initiate planning, projections and execution of programmes in the scheme.

The Federation arranges supply of certified seed to small farmers through their own net work. Pesticides is another important requirement of the small farmers which are also met by the Federation through National or Multi-National Companies. The Federation also supplies medium term finance to the primary cooperative societies like tractors through a scheme/agreement with the tractor manufacturing concern which has given a benefit in price up to Rs.40,000/- per unit.

The cooperative credit is mostly utilized for fertilizer. The manufacturing companies of fertilizer in Public and Private Sector are contacted and arrangements are made to safe guard the interest of the cooperatives regarding quality, quantity, discount in price and timely availability of fertilizer of all varieties.

The under mentioned measures are required :-

1. The Government may grant 25% Grant of imported fertilizer to the Federation.
2. Capital base be provided for storage and warehousing, transport/vehicles show rooms cum shops.
3. Project proposals.
4. Trained Managers.
5. The manufacturing concern in public and private sector may be urged to provincial federation, the status of distributor of fertilizers.

7. EDUCATION/TRAINING OF AGRICULTURAL COOPERATIVES AND GOVERNMENT PARTICIPATION.

The genuine cooperatives are first born in the minds of the peoples. The cooperative Education and Training wing aims, inter alia, at making the people cooperators who, then, create genuine cooperatives. This, perhaps, is enough to explain the importance of the Cooperative Education and Training which, in fact, is the foundation upon which to build the edifice of sound cooperatives. Realizing its importance, the Government of the Punjab has created a separate Wing for Cooperative Training College, Faisalabad, Regional Cooperative Training Institute, Bahawalpur, Cooperative Training Center, Rawalpindi, membership Education (both male & female) led by the Educational Assistant Registrar, Cooperative Societies, Lahore, Educational Assistant Registrar, Cooperative Societies, Multan, and the Lady Educational Assistant Registrar, Cooperative Societies, Lahore, who are assisted by their field staff at the Divisional and the District Level throughout the Punjab.

The trained staff has successfully started to teach the small poor farmers the principles of cooperation and formation of an agricultural cooperative society and gaining the benefit to increase their income through booklets and their face to face discussion with them. Besides this, the Government is also motivating small farmers to enjoy the privileges of cooperation by forming a Cooperative Society through different media: like Radio, TV and News Papers, etc.

The Government has established a National Cooperative Union at federal level and Provincial Cooperative Union at Provincial Level. The role of these organizations in seeking the objective of cooperatives has been significant over the years.

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C H A P T E R - I V .

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The Punjab Provincial Cooperative Bank Limited is an Apex and Scheduled Cooperative Bank registered under the Cooperative Societies Act, 1925 having its 150 branches at District and Tehsil level in the Province of Punjab.

1. MANAGEMENT.

The General Management of the Bank is controlled by a Board of Directors consisting of the following :-

- | | |
|---|-----------------------|
| a) Registrar, Cooperatives,
Punjab, Lahore. | Ex-Officio President. |
| b) Chief Auditor, Cooperatives,
Punjab, Lahore. | Ex-Officio Director. |
| c) 13 Elected Directors i.e. one
from each district of Punjab. | Directors. |
| d) 4 Non-Official Cooperators
nominated by Registrar, Coop:/
President of the Bank. | Directors. |

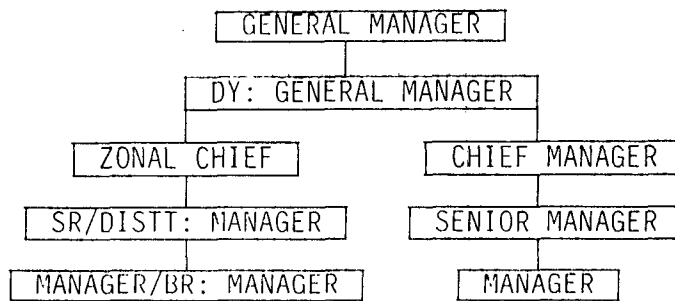
- Note:
- a) The Regional Manager, Federal Bank for Cooperatives attends the meeting of the Board as Observer.
 - b) The Board elects a Vice-President from amongst its members.

2. ADMINISTRATION.

The Administrative Head of the Bank is General Manager who controls the affairs of the Bank on the basis of the policies framed by the Board and according to the Staff Service Rules of the Bank. He is assisted by a Deputy General Manager and 9 Chief Managers at Head Office. The Chief Managers are assisted by Senior Managers, Managers, Officers and Clerks.

The business of the Bank is carried on through its branches (at District and Tehsil level) which are under the administrative control of eight Zonal Chiefs viz. 8 Divisions of Punjab. The Zonal Chiefs are also under the direct control of Head Office and are responsible for the affairs and working of branches.

The administrative chart is given hereunder :-



3. OBJECTS.

The principal objects and activities of the Bank are to facilitate the working of the member Cooperatives Societies, to carry on banking and credit business, to afford financial assistance to member societies, to provide educational assistance and training to member of Cooperative Societies and to help the growth of Cooperative Movement.

4. SHARE CAPITAL.

The Authorized Capital of the Bank is unlimited number of shares of Rs.100/- each.

The issued and paid up capital of the bank is Rs.37,272,200/=. The break up of which is as under:-

a) Punjab Government 71,773 ordinary shares of Rs.100/= each.	Rs. 7,177,300/=
b) Cooperative Societies 300,949 ordinary shares of Rs.100/=	RS. 30,094,900/-
Total:-	<u>Rs. 37,272,200/-</u>

(Sources: Annual Report for the year 1991).

5. BUSINESS PROFILE.

The major functions of the Bank are to provide Short Term and Medium Term Finance to the member Cooperative Credit Societies which are registered by the Cooperative Department of the Punjab Government and their Maximum Credit Limit (M.C.L) is also fixed by them individually as well as society level.

In order to be eligible for finance, a member Cooperative Society should be affiliated with the Bank for which it is bound to purchase at least 1% of total M.C.L and minimum 5 fully paid up shares of Rs.100/- each of the Bank.

The short term finance is provided to the members of Cooperative Societies to meet with their requirements of agricultural inputs like seed, fertilizers, pesticides etc. According to procedure in vogue, a member Cooperative Society approaches the branch of a Provincial Cooperative Bank (operating in that area) with the request for advancement of finance for above said item. The finance documents are attested by the officials of the Cooperative Department concerned. The Branch Manager of the Bank having satisfied that the documents are in order sanction the loan to the member/society according to the demand statement and M.C.L fixed by Cooperative Department. According to present procedure 50% of the finance is issued in shape of coin and 50% in shape of kind through a Pay Order in favour of a inputs supply agency.

The short term finance is issued for two crops viz. Kharif Crop and Rabi Crop. The finance is issued at a subsidized rate of mark-up i.e.8% P.A. In case of default in repayment, before the next crop 14% is charged and afterwards there is no mark-up on mark-up in terms of Islamization of Banking, if the default continues. However, if a society does not clear its finance for one crop, it loses the right to obtain the finance for next crop and till the finance is repaid.

In addition to this, the member Cooperative Credit Societies are also provided with short term finance viz. Tractors, Harvesters, Trolleys, Tubewells etc. Again, the finance is not issued in cash but in shape of goods. The rate of Mark-up is 14% and in case of default 21%. The period of repayment is usually from 3 years to 8 years prescribed for various items and installments are repaid half yearly.

The Bank also provides Finance to Industrial Cooperative Societies in the province. One of the big ventures in this regard is Pakistan Cycle Industries Cooperative Society (P.C.I.C.S) which manufactures Rustom and Sohrab Cycles.

All these loans are issued by borrowing from Federal Bank for Cooperative at Service Charge. However, the Bank also advances loan through own sources generated through deposits. Hence, the Bank also accepts deposits from general public and rate of interest thereon is quite handsome.

In case of short term finance usually no security is taken. However, in case of medium term finance the item is pledged /hypothecated in favour of the Bank.

The total finance outstanding (secured and unsecured) as on 30.06.1991 was Rs.2,336,740,856/- (This figure also includes finance/loan issued to staff) (Annual Report for 30.06.1991).

6. PROBLEMS AND SOLUTION.

The major **problem** being faced by the Cooperative Societies in Pakistan is that the activities are on limited scale and their members are usually uneducated and therefore, unable to manage the affairs of their own society (usually too small) successfully and due to lack of managerial skills, these societies are unable to build ventures of large scale. Since their activities are limited and all members are usually poor, Hence, they are unable to engage the services of a skilled person from outside to work as Secretary/Manager.

Another **problem** in this regard is that the Cooperative Movement in this country did not start from below but it was sponsored by the Government. Therefore, the cooperators usually do not initiate to make the society self sufficient and independent but they just style themselves as cooperatives to enjoy seasonal finance facilities at subsidized rate and other benefits.

Another **problem** is the interference of Cooperative Department, the present law in vogue vests the powers of registration, education, attestation of loan documents, and recovery of loan of the Cooperative Society to the Cooperative Department and in this way the Department becomes hurdle in independent working of the Bank.

The **Solution** of the problems lies in terms of extensive education programmes, motivation to small farmers to enter into a Cooperative Society and especially encourage them to start developing small or medium size projects in the field of agriculture.

It also demands that some sort of amendment may also be made in the Cooperative Law enabling the Bank to work independently and launch extensive educational and training programmes independently for people in general and Cooperators in particular. In this way, the Bank will be sole determinative of providing finance to the Cooperative Societies after thorough examination and scrutiny of the loan documents. Only then, the Cooperative Movement in the country can flourish for the uplift of the poor farmers and increase their income and resultantly prosperity in the country.

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C H A P T E R - V.
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SUMMARY.

The Cooperation is the hope of poor and under developed countries and in a developing country like Pakistan, its importance becomes rather important and significant. The Cooperative Movement is the most suitable instrument for economic and social development in the rural areas for the uplift of small and poor agricultural farmers and raising their income. But in this country the movement performance is below expectations and a positive and persistent effort is needed to reorganize and strengthen it so that it can achieve its laudable objects and that the existing official machinery charged with the responsibility of regulating, promoting, supervising and strengthening the cooperative movement has proved unequal to its task, it needs to be replaced/re-oriented to lead the cooperative movement to greater strength and autonomy.

In my own view, I am writing this on account of my own observations which may not be identical to others' view, that the Cooperative Department which is responsible for the regulations, promotions of the cooperative societies should be abolished and their duties may be vested to the Federal Bank for Cooperatives (which at present is almost performing the duties of financial institution for Cooperatives only). This will help streamline the cooperative movement in the country. Further, the education and training programmes for cooperatives should be extensively applied enabling the small farmers to enjoy the fruits of Cooperation.

* * * * *

STATEMENT SHOWING THE POSITION OF COOPERATIVE SOCIETIES AS ON 30TH JUNE, 1990.

KIND OF SOCIETIES	NUMBER	MEMBER SHIP	RUPEES				IN		MILLION		WORKING CAPITAL
			SHARE CAPITAL	RESERVE FUNDS	OTHER FUNDS	DEPOSITS		LOANS BANK	OWED GOVT.		
						IND.	SOCS.				
CENTRAL CREDIT											

Punjab Provincial Cooperative Bank	1	34669	32,408	65,515	65,906	467,196	349,927	1399,867	0	2,380,839	
CENTRAL NON-CREDIT											

Service (EAM)	76	6524	0.254	0.064	0.091	0.171	0.220	-	-	0.800	
Farm Service Centres.	20	1838	0.959	0.607	0.585	4.177	0.146	1.171	-	7.675	
IRDIP Markaz Association.	76	2010	0.420	0.024	-	0.349	0.002	0.610	0.054	1.459	
West Pakistan Cooperative (COOP) Consumer Society.	1	35351	0.769	-	0.541	-	0.455	3.468	6.152	11.324	
Ph:Provincial Coop:Supply & Marketing Federation.	1	29	0.966	1.881	5.342	-	-	18.891	-	27.080	
Distt: Coop: Supply & Marketing Federation.	29	15077	15.513	0.664	1.646	1.957	1.291	0.338	-	21.409	
Markaz Union.	29	575	0.150	-	-	0.291	-	-	-	0.441	
Central Marketing & Supply Societies.	1	112	0.016	-	-	-	-	-	-	0.016	
Service Union.	5	205	0.069	0.010	-	0.037	-	-	-	0.116	
Dairy Cooperative Union.	2	23	0.047	-	-	0.014	0.150	-	-	0.211	
Industrial Union.	19	1116	0.762	0.079	0.118	0.453	-	0.131	0.209	1.592	
Wool Dev: Marketing.	2	153	0.057	-	0.186	1.363	0.046	0.116	-	1.762	
Fruit Growing Assoc:	1	82	0.002	-	0.002	-	-	-	-	0.004	
Jari Cooperative Union.	1	84	0.034	-	-	0.001	0.627	-	-	0.662	
Soil Conservation Union.	1	36	0.001	-	-	-	-	-	-	0.001	
Tube Well Union.	1	10	0.001	-	-	-	-	-	-	0.001	
Cooperative Farming Union	1	136	1.032	3.417	6.636	2.262	1.212	-	-	14.559	
Cooperative Textile Mill.	1	7396	7.474	2.762	0.854	0.221	-	29.666	-	39.997	
Vegetable Federation.	1	13	-	-	-	-	-	-	-	-	
Sugar Cane Federation.	4	943	0.560	-	-	0.041	0.022	-	-	0.643	
Supply Union.	1	104	0.002	0.005	-	-	-	-	-	0.007	
Forest Guzara Union.	1	14	0.001	-	-	-	-	-	-	0.001	
Multipurpose Union.	1	45	0.046	0.039	0.045	0.004	-	0.253	-	0.367	
Supervising Union.	1	11	-	-	-	-	-	-	-	-	
Lahore Central Coop:Store Education Trust.	1	251	0.635	0.114	0.025	0.020	-	-	-	0.794	
Investment M/ent Agency.	1	15	0.575	0.001	0.002	-	-	2.262	-	2.840	
P.R. Central Store.	1	342	0.282	0.498	0.138	0.012	-	-	-	0.930	
Fruit Dev: Board.	1	3002	-	1.439	0.052	0.319	-	-	-	1.810	
TOTAL OF CENTRAL NON CR:	281	75507	30.556	11.804	16.263	11.892	4.178	50.906	6.415	136.606	

S.No	KIND OF SOCIETIES	NUMBER	MEMBER SHIP	SHARE CAPITAL	RESERVE FUNDS	OTHER FUNDS	IN		MILLION		WORKING CAPITAL
							DEPOSITS HELD		LOANS		
							IND:	SOCS:	BANK	GOVT:	
111 AGRICULTURAL SOCIETIES											
=====											
a) CREDIT SOCIETIES											

1-	Credit limited	502	20641	1.701	0.590	0.042	0.718	0.151	3.301	0.790	7.381
2-	Credit un-limited	32347	1393399	87.774	189.332	3.490	30.149	0.806	1473.460	29.184	1,814.195
3-	Development	453	46359	4.326	1.352	0.703	4.237	0.216	7.705	0.036	18.965
TOTAL OF AGRI: CREDIT		33302	1460399	93.991	191.282	4.235	357494	1.173	1,484.466	30.010	1,840.541
b) AGRICULTURAL MISC:											
=====											
1-	Agri: Supply & Marketing.	29	3815	0.474	1.487	1.238	3.247	0.046	0.364	-	7.456
2-	Service Societies.	1426	62643	4.467	0.397	0.233	1.706	0.791	6.581	0.066	14.263
3-	Multipurpose.	77	4974	0.753	0.204	0.117	0.757	0.056	0.162	0.422	2.471
4-	Ex-Service Men M/Purpose.	15	1231	0.053	0.237	0.074	0.399	-	0.039	0.002	0.504
5-	Multipurpose Mills.	8	475	0.757	0.063	0.062	4.043	0.081	0.214	-	5.220
6-	Sales & C.C Shops.	25	1670	0.345	0.147	0.053	0.282	0.033	0.337	-	1.197
7-	Sugar Cane Societies.	475	9012	0.413	-	-	0.158	-	6.984	-	7.555
8-	Wool Sheering Marketing.	50	1349	0.076	-	-	0.003	0.610	0.410	-	1.099
9-	Cattle Breeding.	14	261	0.006	-	-	0.002	-	-	-	0.008
10-	Sheep Breeding.	10	135	0.039	-	-	-	-	-	-	0.039
11-	Poultry Breeding.	16	1210	0.084	-	-	0.008	-	0.578	0.010	0.680
12-	Milk & Dairy Socs:	135	3925	1.502	0.002	-	0.027	0.004	2.231	-	3.866
13-	Live stock.	127	2871	0.261	0.092	-	0.222	-	0.432	0.195	1.282
14-	Teady Goat.	3	54	0.000	0.009	-	-	-	-	-	0.017
15-	Vet. Ist Aid Centre.	4	106	-	-	-	0.001	-	-	-	0.001
16-	Silk Worm Rearing.	1	30	0.001	-	-	-	0.003	-	-	0.004
17-	Seed Fara.	2	179	0.006	-	-	0.004	-	-	-	0.010
18-	Bore Master.	1	11	0.110	-	-	-	-	-	-	0.110
19-	Anti Erosion.	8	117	0.005	-	-	0.015	-	-	-	0.023
20-	Soil Conservation.	5	79	-	-	-	0.001	-	-	-	0.001
21-	Forest Guzara.	97	2085	-	-	-	0.565	-	-	-	0.565
22-	Tube- Well.	150	2951	1.032	0.009	0.005	0.994	0.046	0.581	0.022	2.689
23-	Pumping Set.	22	356	0.030	-	-	0.071	-	0.036	-	0.137
24-	Vegetable Growers.	34	1198	0.129	0.036	-	0.187	0.002	0.528	-	0.882
25-	Fruit Growers.	3	788	0.046	-	-	-	-	-	-	0.046
27-	Cooperative Farming.	103	4820	0.425	0.077	0.216	1.730	0.006	0.812	0.417	3.683
28-	Netter Farming.	12	229	0.002	-	-	0.010	-	-	-	0.012
29-	National Farming.	7	258	5.394	-	-	0.575	0.092	0.520	-	6.584
30-	Cooperative Farming Scheme	134	11311	0.506	3.281	3.921	2.292	1.269	5.501	-	23.130
31-	Consolidation of Holding.	12	1250	-	-	-	-	-	-	-	-
32-	Land Holding.	5	122	0.015	0.038	0.004	0.030	0.002	0.080	-	0.169
33-	Water Users.	4004	48776	1.095	0.093	-	0.006	-	2.239	0.271	3.704
34-	Zari Coop: Societies.	99	7796	0.357	-	-	0.427	0.093	1.890	-	2.567
35-	Grain Thrift.	2	55	0.114	-	-	-	-	-	-	0.004
36-	Potato Growers.	4	175	0.546	0.808	1.305	1.014	-	-	-	2.673

S.No	KIND OF SOCIETIES	NUMBER	MEMBER SHIP	SHARE CAPITAL	RUPEES		IN		MILLION		WORKING CAPITAL
					RESERVE FUNDS	OTHER FUNDS	DEPOSITS	HELD	LOANS	DUE	
36-	I.P.I.P. Village Farmers.	819	35301	2.486	0.900	0.082	0.697	0.011	19.368	0.421	15.465
37-	Falak-e-Kashkaran.	1	17	-	-	-	-	-	-	-	-
38-	Dehi Taraqi.	15	819	0.058	0.032	0.002	0.005	-	0.536	-	0.633
39-	Diesel Oil Societies.	18	673	0.098	-	-	0.001	-	-	-	0.099
40-	Tractor Operation.	3	94	0.007	-	-	0.000	-	0.075	-	0.082
41-	Guzara Kasht Karan Assoc:	2	10018	1.346	-	-	3.363	-	-	-	4.711
42-	Agro: Ind: Development.	2	51	0.054	-	-	13.912	-	-	-	13.976
43-	Farmers Association.	2	118	0.038	0.103	-	-	-	-	-	0.141
44-	Sheep Development.	1	13	-	-	-	-	-	-	-	-
TOTAL OF AGRIC: MISC:		7973	223412	29.520	8.016	7.312	35.959	3.145	41.861	1.822	127.578

IV a) NON-AGRI: CREDIT.

Coop: Finance Corp:	26	107985	13.462	12.520	14.514	8704.468	9.623	0.170	3.057	8,757.804
Urban Credit.	1007	101318	9.166	2.469	1.134	11.118	0.243	7.680	0.000	31.810
Rural Credit.	148	6131	0.463	0.263	0.081	0.224	0.005	1.030	0.065	2.131
TOTAL OF NON-AGRI: CR:	1181	215434	23.091	15.252	15.729	8,715.810	9.871	8.880	3.122	8,791.745

b) OTHER NON-AGRI:

1- Consumer's Socs:	185	33512	1.789	0.727	0.758	1.364	0.053	1.221	-	5.912
2- Purchase & Sales.	4	183	0.040	0.004	0.008	0.002	-	-	-	0.054
3- Supply Societies.	12	14649	0.219	0.094	0.188	0.031	0.002	0.034	-	0.568
4- School Societies.	5	2337	0.015	0.001	-	-	-	-	-	0.016
5- Multipurpose Socs:	19	373	0.083	0.044	0.029	0.070	-	0.011	-	0.237
6- House Building.	483	182551	86.350	1.050	10.069	726.760	0.245	0.571	0.325	825.374
7- Better Living.	40	1439	0.004	-	-	0.100	0.002	-	-	0.106
8- Thrift Societies.	217	3386	0.665	0.033	0.041	0.060	0.101	-	-	0.904
9- Arbitration.	3	355	-	-	-	-	-	-	-	-
10- Public Health & M/Aid.	16	1468	-	-	-	0.028	-	-	-	0.028
11- Education Societies.	12	2764	0.271	0.201	-	0.605	-	-	-	1.077
12- Motor Transport.	15	15759	4.542	0.568	0.579	1.178	0.001	0.102	-	6.970
13- Y.I.P.S.	31	533	0.075	-	-	-	-	-	-	0.078
14- Better Gasaban.	1	11	-	-	-	-	-	-	-	-
15- Library Society.	1	21	-	-	-	-	-	-	-	-
16- Welfare Societies.	2	280	0.004	-	-	-	-	-	-	0.004
17- Import & Export.	1	35	0.015	-	-	-	-	-	-	0.010
18- Peck Industrial.	1	39	0.001	-	-	-	-	-	0.015	0.016
19- Munj Marketing.	1	22	0.001	-	-	-	-	-	-	0.001
20- Brick Kiln Societies.	2	22	0.015	-	-	0.007	-	0.031	0.005	0.058

No	KIND OF SOCIETIES	NUMBER	MEMBER SHIP	SHARE CAPITAL	RESERVE FUNDS	OTHER FUNDS	IN MILLION				WORKING CAPITAL
							DEPOSITS		LOANS		
							IND:	SOC:	BANK	GOVT:	
1-	Rural Dev: Trust.	1	55	0.022	-	-	0.505	-	0.162	-	0.695
2-	Industrial Estates.	1	179	-	-	-	-	-	-	-	-
3-	Soap Industrial.	1	926	-	-	-	-	-	-	-	-
4-	Food Industrial.	1	722	0.016	-	-	-	-	-	-	0.016
5-	Fish Farmers.	2	50	0.007	-	-	-	-	-	-	0.007
6-	Pak Writers.	1	42	0.004	-	-	0.445	0.010	0.374	-	0.833
7-	Boat Society.	1	30	0.001	-	-	0.002	-	-	-	0.003
8-	Publishing Societ-.	1	38	0.011	-	-	0.006	-	0.007	-	0.044
9-	Shirkat-e-Kalaa.	1	11	-	-	-	-	-	-	-	-
0-	National Investment.	1	80	0.010	-	-	20.852	-	-	-	20.906
TOTAL OF NON AGRIC MISC:		1059	261872	94.169	1.722	11.672	752.063	0.415	2.520	0.365	863.917
V. INDUSTRIAL SOCIETIES.											
1-	Weaver's Societies.	941	70194	1.253	1.012	0.002	0.937	0.938	0.694	0.194	3.940
2-	Metal Trade.	98	2839	20.418	1.376	71.605	13.577	0.007	63.745	0.115	170.743
3-	Leather Trade.	44	907	0.297	1.006	-	0.066	-	0.167	-	0.446
4-	Furniture Trade.	34	639	0.120	1.011	-	0.061	-	0.265	-	0.457
5-	Sports Trade.	8	852	0.459	1.614	1.599	1.254	-	0.178	-	4.115
6-	Power-Loans.	34	1290	0.004	-	-	0.151	-	-	1.10	2.145
7-	Other Trades.	339	6272	4.144	1.038	0.001	57.071	-	2.511	2.55-	66.323
TOTAL ON INDL: SOCS:		1498	83033	27.505	1.957	73.207	73.199	1.945	67.501	3.845	248.169
VI. WOMEN'S COOPERATIVES.											
1-	Thrift Societies.	642	43175	3.334	0.011	-	0.121	-	-	-	3.466
2-	Industrial Societies.	43	2310	0.060	-	-	0.041	-	-	-	0.101
3-	Supply Societies.	2	40	0.002	1.001	-	-	-	-	-	0.002
4-	Consumer's Stores.	5	274	0.007	1.007	-	0.001	-	-	-	0.015
5-	Multipurpose Society.	1	46	0.041	-	-	0.009	-	0.176	-	0.406
6-	Tailoring Centres.	1	76	0.001	-	-	-	-	-	-	0.001
7-	Cafeteria Societies.	2	55	0.005	1.005	-	0.003	-	-	-	0.013
8-	Hostel Society	1	32	0.004	1.001	-	-	-	-	-	0.005
9-	Medical Aid.	1	139	-	-	-	-	-	-	-	0.000
10-	Children Societies.	3	44	0.001	-	-	-	-	-	-	0.001
11-	Boat Fara.	1	13	-	-	-	-	-	-	-	0.000
TOTAL OF WOMEN SOCS:		902	46204	3.454	0.025	0.000	0.255	0.000	0.176	1.600	4.010

**AGRICULTURAL CO-OPERATIVES
IN
SRI LANKA**

Presentation By:

H.A. SIRIPALA
Hungama Multi-Purpose Co-operative Society
Hungama, Sri Lanka

AND

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GENERAL INFORMATION OF SRI LANKA

NAME OF THE COUNTRY : DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA

Capital : Colombo

GEOGRPHY

Location : Sri Lanka is an island. It is separated from
Indian sub-continent by a strip of Sea called
"palk Strait"

Latitude : 5°.55 to 9°.59 M.

Longitude : 79°.42 to 81°.52 E

Area : 65610 Sq. Km.
large inland water : 958 sq. km.

TOPHOGRAPHY

The costal area and nothern half are flat. South & Central
area is hilly and mountainous.

CLIMATE

Rainy Seasons :

May - August (South West monsoon

November - February (North East Monsoon)

Temperature is differ from area to area

City	Rainfall (m.m.)	Temperature (C°)	
		Max	Min
COLOMBO	2232	30.4	24.0
KANDY	2086	28.6	20.3
JAFFNA	1748	31.3	24.9
NUWARA ELIYA	2047	19.9	11.6

Language : Sinhala and Tamil are national
(official) languages and English is
a link language.

People : Total Population : 16.8 million
(21.5% is urban)

Density (per sq. km): 245

Annual Growth rate : 1.3%

Ethnic Groups (%)

Sinhalese : 74%
Sri Lankan Tamils : 12.6%
Sri Lankan Moors : 7.1%
Indian Tamils : 5.5%
Others : 0.8%

Education (1989)

Literacy % - Male - 90.5

Female - 82.4

No. of School - 10,000

No. of Teachers - 183,000

No. of Students - 4 million

University Students - 20,000

Students in Technical Colleges - 20,900

Teacher Student Ratio - 1:33

Govt. Expenditure on Education - Rs. 3,500 mil.

Govt. Expenditure on Higher

Education - Rs. 1,400 mil.

Currency

Rupees and Cents

Exchange Rate : US \$ 1 - Rs.

U.K. 1 - Rs.

Economic Profile (1989)

Gross Domestic production - Rs. 228,000 mil.

Gross National Production - Rs. 222,000 mil.

Economic Growth Rate - 2.3 %

per Capita Income - Rs. 13,237

(US \$ 367)

Sectional Composition

Agriculture/Forestry/Fishery	-	23%
Industry/Manufacture/Construction	-	27%
Services	-	50%

Major Exports

Agriculture

Industrial

Tea

Natural Rubber

Coconut & their products

Minor Export Crops

(Cardamom Clove

Cocoa, Coffe,

Fresh Fruits,

Live Plants

Food & Beverages

Textile

Petroliom Products'

Volume of Exports

Traditional - 40%

Non Traditional - 60%

MANAGEMENT OF TRAINING AT NATIONAL AND

FIRM LEVEL IN SRI LANKA

Socialist Republic of Sri Lanka is situated in South Asia and occupies a small area in the Indian Ocean. It is a small island. The Capital of Sri Lanka is Colombo.

The total area including inland waters is 65,600 sq. Kilometres. The population is little more than 16 million which consist of 50% male and 50% female. 21.5% of the population is living in urban areas. The birth rate is 1.3 and death rate also has gone down significantly.

There are several ethnic groups living in this small island and those are as follows :

	<u>%</u>
Sinhalese	74.0
Sri Lanka Tamils	12.6
Sri Lanka Moors	7.1
Indian Tamils	5.5
Others	0.8

The literacy rate is high and 90.4% of males and 82.4% of females are literate. The literacy rate is very

high because government has given every facility for the education of children. There are 10,000 schools and 183,000 teachers are there in the schools and every 33 students have a teacher. The government expenditure on primary education is Rs. 3 billion and for higher education is Rs. 1 billion.

Out of 16 million population, 4 million (about 21%) is employed and 75% is in the government sector.

Our main foreign exchange earnings are from non traditional exports.

Traditional Exports (%)

Tea	27.16	
Rubber	7.70	
Coconut & Coconut Products	<u>7.01</u>	41.87

Non Traditional Exports (%)

Industrial exports :

Textile & Garments	28.26	
Petroleum Products	6.92	
Other (Industrial Products)	11.42	46.60

Mineral Exports :

Gems	2.22	
Other (Rocks & Sands)	1.25	
Other Agricultural products	4.40	
Unclassified	<u>3.66</u>	<u>11.53</u>
		<u>100.00</u>
		=====

About 75% of lands are under agricultural crops and half of it is under permanent permanent perennial crops; such as tea, rubber and coconut. Nearly 40% of the work force of the country is working in the agriculture sector. Though women have equal opportunity only 25% females are in the work force.

percapita income is Rs. 13,237 (US\$ 367) and average family size is 5 per family.

CHAPTER II

The economic of Sri Lanka is mostly depend on agriculture. It was by the given statisties. From the ancient times, people of Sri Lanka most traditionally cultivated the crops like many paddy vegetables, root crops (Yams). And also they were given the priorities for the animal hasbunday. Mostly cows and goats were reared in the home gardens. At that time the land were frealy available for the agriculture.

Our ancient kings had been builded large and small scale tanks to collect the water for agriculture purpose. And also they have been developed very advance irrigation systems to take the water to the fields. During the rainy season they collect the water in the tanks and use it during the dry seasons. History of Sri Lanka reveals that some of the traditional crops were exported to their countries.

About 450 years ago the Portuguese were invaded Sri Lanka and they were started to rule the country. Until 1948 went through a period of colonial rule under the Portuguese, Dutch and British. The foreign rules were influenced our population culture, religion and also specially the Socio-economic aspects of the country.

Until foreign rules invaded our country we were of our food crops. After that they were introduced plantation crops like Tea, Rubber, Coconuts and Spices crops etc. They did not wont to develop our country but they took maximum advantage of being cultivation the above mentioned crops. After that the definite demacation were seen in our traditional agriculture. That is plantation crops and field crops. Our economic culture most change and the people concentrated to cultivate plantation crops. Even the traditional sector was buyers more towards other field cash crops like paddy, Chillies, Onions and Potatoes.

Except this field crops the other crops is own in a small scale. The statistics shows the average land belongs to a farmer is less than two acres. Within this two acres farmers rare cows, goats, few hens and uplands crops.

The new téchnology or modern method of cultivation are rarely used by this farms. Therefore their production is low compare to the farmers who used modern technology. It is very rarely seen the small farmer Organizations/Co-operatives among these farmers.

The Sri Lankan Government always interpear with the farmers and their activities to develop the production and their income. For this propose number of research stations have been established and the Island wide extension service is provided. Some of the major agricultural project like Mahaweli have been commenced during last 20 years to develop the agriculture sector.

The other sector of the agriculture is fisheries and animal husbandry. Most of the features we sow in the field crops sector are there in the fisheries sector too. Some of them are as follows.

1. Production is low.
2. Used traditional systems.
3. Mostly family labour and mostly there are unskilled.
4. Small scale farms.
5. Low capital investment.

But the co-operative systems has been used buy this small scale animal husbandry and fisheries farmers than of other farmers.

However the agriculture system in Sri Lanka has been not developed up to the desired level as we expected.

Land Holdings and Farmer population

The land holdings of Sri Lanka in differs according to the crops, availability of userble lands. Due to this reason, the general features of the traditional sector are there in different levels. As a example sometime the farmer who has 1/8 of acres does not used modern methods of farming while the farmer who has one acre is using new technique, use of fertilizers, use of new varieties can be seen in defense level among them - (Annex - /)

As a example the farmers who has large land holdings are used new modern methods of farming. This shows by the production and the production per acre.

The annexure No. 1 shows the distribution of land holdings number of units and extent of the paddy sector. This table reveals 44% of the paddy units are below one acre and they accounts only for 12% of the total cultivated land area. Considering all these land holdings the average size of the paddy units in 1.65 acres.

TEA

(Annex- 14)

(Annex- 14)

50% of the total population of Sri Lanka is in the agriculture sector. Mostly they are in the rural areas very few of them engage in the agrobased production.

The farm population can be divided into different categories. They are -

1. Operators (Land owners)
2. Labourers - paid labour
unpaid labour

The operational status of the operators are different as given in the following table.

Table 5.7 - Number and area of operational holding by operational status.

Area in Acres

S.No.	Category	Number	%	Area	%
1	On own account	1772330	98.5	3408400	97.6
2	For an institution	5670	0.3	17580	0.5
3	For private person	13630	0.8	50210	1.4
4	In partnership	5680	0.3	13350	0.4
5	Unspecified	1660	0.1	3620	0.1
	All categories	1798970	100.0	3493160	100.0

Source - Department of Census and statistics

The operational status of the operators in 98% of the holding is on own account basis. Area carried by these holdings is also of the same magnitude.

Operators and their main characteristics are differ according to serve of the form population (see Annex -)

The total number of operators in the Island is 1,803,000. The number of holdings (1,798,000) is slightly less (4,750) than number of operators. It implies that in some cases the holding is operated by more than one operator 86% of the operators are male and only 14% are females (see annex - 02) Nearly half the number of operators are in the age group of 35 to 54 years. It is interesting to note that 13 percent of the operators are over 65 years of age.

Main Crops

Main crops cultivated in Sri Lanka are as follows;

- | | | |
|------------|--------------|----------------|
| 1. Tea | 5. Coca | 9. Cereals |
| 2. Rubber | 6. Cinnamon | 10. Pulses |
| 3. coconut | 7. Cardamoms | 11. Vegetables |
| 4. Paddy | 8. Pepper | 12. Fruits |

Tea is the main exporting agricultural item from Sri Lanka and it earns highest portion 178900 hectoryar in 1992, and production in the same years is 178.9 Mn.Kg.

In addition to this Rubber and coconut also have a leading position in the export list. Teas mainly planted in the upcountry areas but there are areas it can be grown below the 300 M - M.S.L. (Annex - 03)

The paddy production in Sri Lanka comes to about 2300 M.T. per years this amount comes from major and minor irrigation projects and from rain fed cultivation areas. the total areas of cultivation is 74100 hectares. Yield per hectares is 4000 Kg. paddy is grown under irrigation or rain fed conditions. Paddy is the major crops in the dry zone areas in Sri Lanka. There are two seasons, namely "Yala" and "Maha", which paddy is grown (Annex - 04).

The vegetables necessary for the day today cooking are grown in Sri Lanka. It has mainly two type of crops, namely low country are up country. Carrot, Leeks, Cabbage and Beet root are upcountry vegetables where as other vegetables come under low country category. The production and the extent planted are given in the annex - 5. some of the Low Country vegetable has a export market too. Most of the root crops except potato are grown in the home gardens.

Fruit production and area planted are given in the annex - 6 Mango, Pineapple and the lime are mainly grown in Sri Lanka. Some of the fruits like Pineapple and Mango has a export market. Mango mainly is a dry zone fruit.

Production and the extent planted of the other crops cereals and pulses are given in annex 7 and 8.

There are number of major and minor tanks which were built by the ancient kings in the dry zone areas. Under this irrigation schemes the farmers grow mainly paddy and other cash crops. Like chillies, onions and pulse crops. Most of the farmers comes under these irrigation schemes use traditional system in farming. Because they were not exceible to the new techniques. During past two, three decateds the Government started major irrigation projects like "Mahaweli", Lunugamwehera and Inginimiitya. These projects are in the dry zone areas where the water is not available through year. As a example realy 30,000 families were settle down in the Mahaweli areas. They were supplied insfrastucture facilities and farm inputs. 365000 hectoeare are surpose to develop under the project.

Agriculture as an Industry

There is a big protencial to start agriculture project as an industry. It has been encurraged by the open economy concept. Lands are available, specially in the major irrigation project, for this purpose. There is a possibility of getting higher production from the large scale farming than the small scale farming. There are few major crops grown in large scale as an industry. They are Tea, Rubber, Coconut and spice crops. Very recently "gurkings" "foliage plants" and "cut flower" production were started as an industry.

This production is done pureley for the export market.

In spite of the crop production fisheries and animal husbandry have the potentiality of getting industrial status.

Status of agriculture industry

In campaigning to the develop countries, status of our agriculture sector industries is animal. But there are agrigarian industries which has higher status in the country itself and also the export marketing. However milk products, animal husbandry, poaltry production and fertilizer production are done in Sri Lanka.

There are several big farms belongs to the Government. Several medium scale farms which belongs to the private sector and Government sector. Most of our farmers have 2-3 milking cows, bufferlows and neat cattles. There are milk production collected by the government sector to prepare spray dried milk and other milk product also. Now there are 2-3 private company which collect the milk and prepare milk products.

The total milk production is nearly 432 Million Liters year. (Annex - 9) There are 226 very stonge milk producers co-operative societies which has 45000 members. There total production is 230 Million Liters per year. Yoghurt, Curd are the main product of the co-operative societies.

The progress of Milk Producers' Co-operative Societies and its activities during the past decade is given below :-

I. Growth of Milk Producers' Co-operative Societies

Year	No. of Co-operatives	Membership	Milk Collection (in 000, litres)
1980	46	12,909	27,221
1981	68	15,286	36,933
1982	89	17,215	33,848
1983	101	19,882	31,704
1984	100	23,130	24,157
1985	112	24,963	30,642
1986	146	25,462	31,739
1987	173	35,393	35,782
1988	184	40,869	34,330
1989	226	45,366	34,298
1990	227	46,782	34,301
1991	230	48,100	34,210
1992	230	48,220	36,120

II. Milk Collection in 000, litres

Year	Total Collection by Milk Board	Co-operative Societies	% of the total Collection
1980	61862	27222	44.0
1981	58330	35933	61.6
1982	55086	33848	61.4
1983	53994	31704	58.7
1984	57024	24154	42.4
1985	67072	30642	45.7
1986	67240	31739	47.2
1987	68726	35782	52.1
1988	66.0	34330	52.0
1989	61.0	34298	56.2
1990	61.4	34301	53.5
1991	67.7	34210	50.5
1992	81.9	36120	44.0

III. No. of Milk Co-operative Unions

1992	05
------	----

In addition to above neat cattle poultry, buffaloes and goats farming moment are get considerable role with regarding the livestock population in agriculture of Sri Lanka. The Government Industries, Private Industries and individuals small scale group and persons are deeply involve under this animal husbandry it's widely spread out all over the country. In this sector of agriculture is shown big scale deta in entire country and as the result this somany other various job have been created. (Annex - 10-11) And also proudly should have to that small and medium scale co-operative societies are directly engaged to this role successfully.

CASH CROPS

Discussing under the agriculture industry, following plantation and industries are called "Cash Crops".

<u>Crops</u>	<u>Animal Husbandry</u>
1. Tea	1. Cattle
2. Rubber	2. Buffaloes
3. Coconut	3. Sheep and Goats
4. Coco	4. Pigs
5. Cinnamon	5. Poultry
6. Cardamoms	6. Prawns
7. Cloves	
8. Pepper	
9. Chillies	
10. Onions	
11. Greengram	
12. Potatoes	
13. Vegetables	
14. Fruits	

Above named cash crops are now taken as commercial crops in Sri Lanka at present and tea, rubber, coconut, paddy and small export plants taken as important place in this industry. By products and other products are also functioning as another industries.

Ex. Desiccated coconut, basicut, coconut oil, poonack, Coiro product and other by productions are attached to coconut industry.

These products are in high quality and in conditions fit for international trade. Now it is under observation for abilities to inaugurate more industries in this field under a scheme introduced in 1990. Now the current price standard of tea, rubber, coconut and other products are floating in the international market.

In addition to major crops such as tea, rubber and coconut, other crops and products have been prepared for local market.

In addition to this, the animal farming achieves an important role among this cash crops. Dairy products as milk, youghurt, ice-cream, butter, cheese, milk powder in dairy farming meat products such as precooked and processed meat, broiler chicken, eggs, prawns and other items are now developed in to international standard.

FERTILIZER PRODUCTION AND ITS DISTRIBUTION

Fertilizer industry has extended considerable contribution for the agricultural development in Sri Lanka. Local and imported manure used in agriculture field now. Apart from this processing fertilizer here in Sri Lanka, with imported raw material is also an important fact. They are:-

Local Products - Rock Phosphate
Urea
Other mixtures

Imported Products- Amonium Sulphate
Other Fertilizer Products

Sri Lanka Fertilizer Corporation and Baur & Company are main agents in imported and production in Sri Lanka. Analysing, following datas in agricultural field reveals how important in the consuming of fertilizer in it.

- | | |
|--|-------|
| 1. Issues of Fertilizer by Wholesalers | 91-92 |
| 2. Fertilizer issues by crops | 82-92 |

(Central Bank Report)

These fertilizer issued by storage complexes spread out in Sri Lanka Due to this distribution system, farmers requirements are met easily and has minimized his expenses.

Storage Complexes of Fertilizer Corpn. - Hunupitiya,
Maho, Weligama, Polonnaruwa and Anuradhapura

Under the standardize modification, consuming of fertilizer in agriculture is plane to be more effective and paying. Processing of fertilizer according to the soil, varity of crops, atmosphire, persons is very important under this programmes. Further on other programmes has been launched to reach the farmers and educate them in consuming fertilizer more accurately, sorting out most suitable crops for the concerned weather and climative condition and other important matters by seminars,

workshop programme, campaign etc. In addition to this a standard wide publicity is given to the farmers in a large scale with use of all medias including T.V. broadcasting, national news papers, magazines and other publication medias.

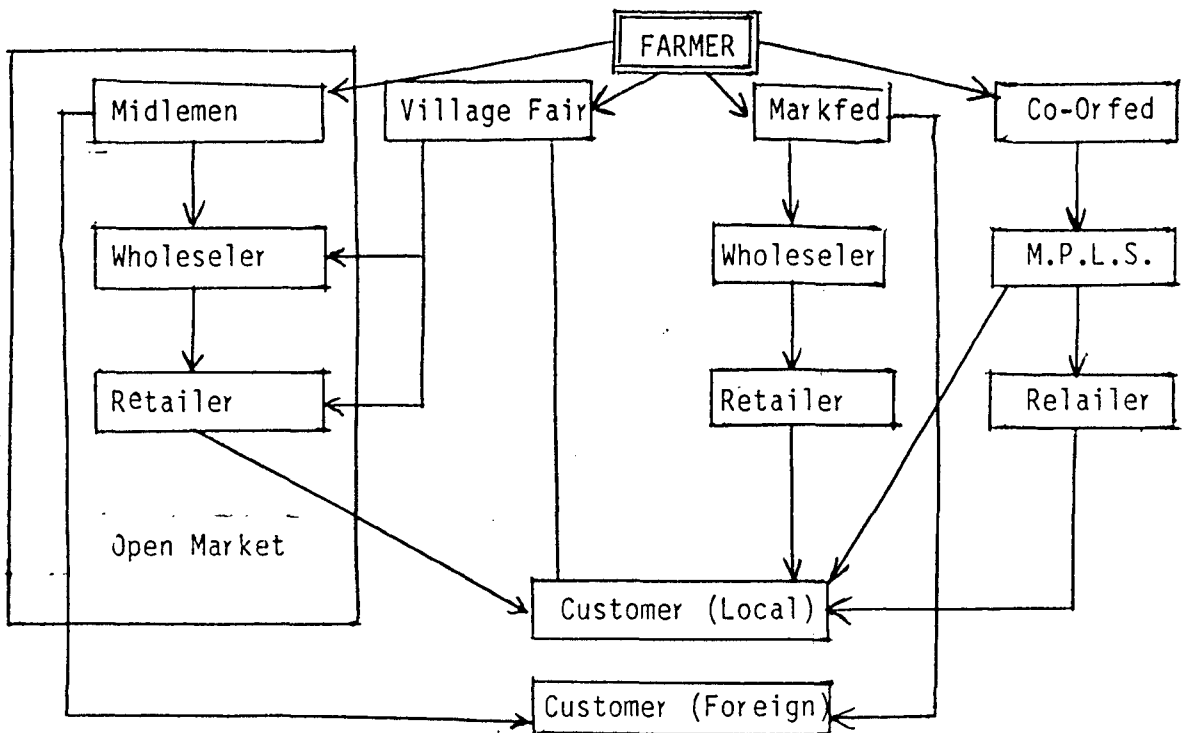
As a result of this, almost all farmers now, have inaugurated to follow modern systematic ways of farming, instead of their traditional methods.

Further on consuming of natural composed manure and this importance of it is shown and thought wide publicity compaignis launched on this purpose since 1902.

MARKETING OF AGRICULTURAL PRODUCE

Marketing of agricultural produce is based on a process central on the farmer and the consumer. It could be described as follows:-

MARKETING OF AGRICULTURE PRODUCE



Comparing with other countries, the marketing in agricultural field is not up to a very good standard and main reasons for this is participation in agricultural activities in Sri Lanka is mainly by rural public with less education and their not being capable of dealing in modern technology and methods of the trade. Due to less interest and knowledgde in pricing following modern methods, labour controlling standard storage and transport suitable methods of distribution and promotion of scale and standard, marking of agricultural products is stilled and held in a low level in Sri Lanka.

Apart from this the farmer faces another problem in pricing middleman gets involved himself in between the farmer and the consumer and he makes a great damage in pricing where the farmer is concerned. Here the farmer goes down under the bargaining power of the middleman.

But formally mentioned cash crops hold a considerably good level in some of its items in the field. There are tea, rubber, coconut, poultry and dairy farming marketing of the products in this field, is functioning in a fairly good level. Main fact for this is, shown as the approach of the western influence in it.

At present government has organizing and implementry programmes and campaign to confine considerable improvement in agricultural marketing. Special institute has been inaugurated.

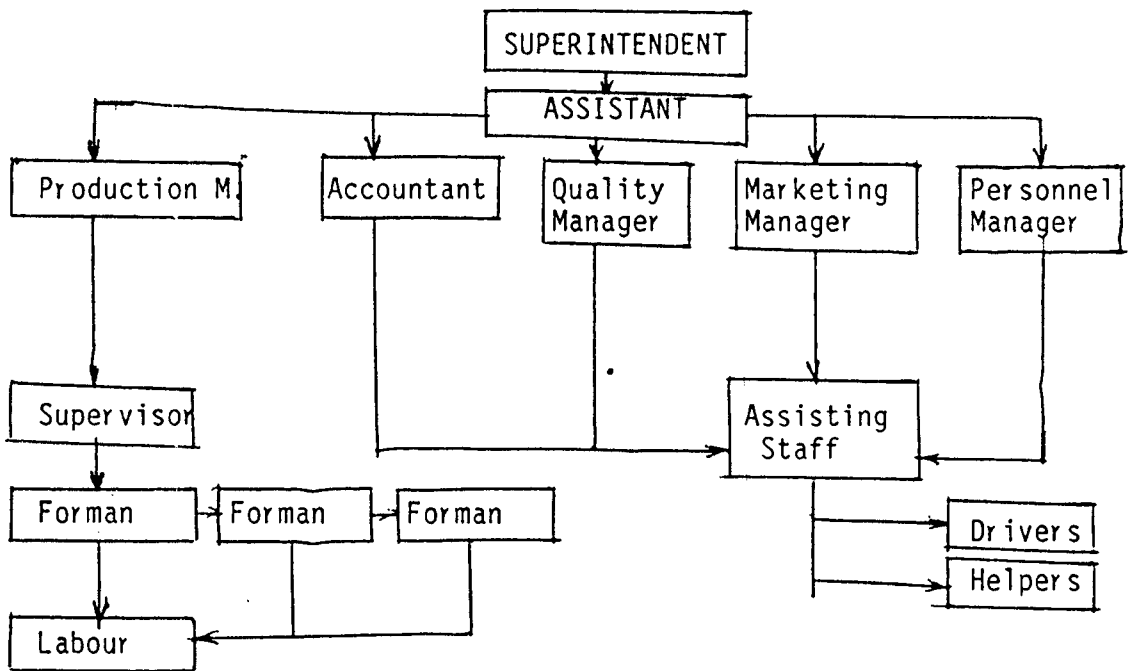
1. Agrigarian Research and Training Institute
2. Sri Lanka Council for Agricultural Research Policy
3. Livestock Developing Board
4. Industrial Developing Board
(Agricultural Unit).

WAREHOUSING CAPACITY

We are no where in storage facilities, comparing with some developing countries. Storage facilities for fishing industry is provided only in Colombo, Galle and Negombo. Although there are lot more places which are famous for fishing industry. Paddy Marketing Board provides limited storage facilities for paddy in various cities in Sri Lanka. Except these there are very little capacity for other agricultural products in our country and it has become a very sad problem for the farmer. For an example big onion farmer face a tradegy at present in Sri Lanka due to this storage problem.

MANAGEMENT OF AGRICULTURE

When speaking about management of agriculture in Sri Lanka a proper management is hardly seen in other agricultural industries except in activities concerning formerly discussed cash crops. In a cash crops plantation like tea, rubber or coconut the management is done in order. Under Estate Superintendent, assistants and well trained staff work is done properly and the products are sent to market promptly. As management, administration, production is done in order the marketing is also done according to proper marketing process. Apart from this production of tea, rubber, coconut and other items like prawn products are mainly, aimed for export market and a fine management on Target



but, as animal husbanding and other small products like dairy farming are done mostly in domestic basis and paddy cultivations is also frequently done in family scales, it is hard to see any methodical managements in these occasions. They manage their work up to their knowledge and ability. Production capacity and growth comes down. There is no management authority as no line management is been used. As less interest is taken or no interest at all in work measurement and time measurement, such agricultural activities remain in a low level.

TECHNOLOGICAL DEVELOPMENT IN AGRICULTURE

Since agricultural activities has to be proceed under free trade policy, producers in state and commercial sectors and other relevant parties and buyers, seem to be following technical methods now.

1. Irrigation Management
2. Introduction of new types of seeds
3. Introduction of new types of fertilizer
4. Modern methods of farming
5. Providing instructions for proper manuring
6. Introduction of modern chemical and machinery and tools
7. Introduction of modern cresentant varieties

Totalling above steps the farmer and the instructor seem to be trying to promote the agricultural field. That might be explained well, by research activities described below.

RESEARCH TRAINING AND FARM EDUCATION AND EXTENSION ACTIVITIES

Discussing further on above mentioned points, to great deal of training programmes and research in various stages has been functioning now to promote agricultural field now. On this purpose several institutes and campaigns have been inaugurated and they are a great success. These institutes are consisting of well experienced expertises in the field.

They are:-

1. Department of Agriculture (Training Unit)
2. Sri Lanka Council for Agricultural Research Policy
3. Agrigarian Research & Training Institute
4. Livestock Development Board (Training Unit)
5. Govijana Seva Centers
6. National Fertilizer Secretariat
7. International Irrigation Management Institute
8. School of Acriculture
9. Agriculture Development Authority
10. Department of Agricultural Services

A list of articles and reports written on these research work and progress of them is attached herewith.

1. Annual Report of Sri Lanka Council for Agricultural Research Policy
2. Agrigarian Research and Training Institute
3. Central Agricultural Research Institute

However according to these statistics- datas - details and descriptions, it is not very hard to understand that a considerable contribution is made by government and nonalined sectors, towards the promotion of agriculture in future Sri Lanka. It shows definite signs of great success in agricultural field through the devotion and dedication of the intentional farmer, making Sri Lanka a developed Agricultural Country once again.

CHAPTER 111

TOTAL NUMBER OF ALL TYPES OF CO-OPERATIVES WITH MEMBERSHIP

The co-operative movement in Sri Lanka due to various reason started around 1900 and during the second world war it was established in the country. From then onwards it has developed with the formation of various types of societies. In the present structure there are two main types of societies. (Annex-12)

1. Apex Societies
2. Primary Societies.

1. APEX CO-OPERATIVE SOCIETIES (5)

1. SRI LANKA CO-OPERATIVE MARKETING FEDERATION

Markfed is functioning as the Apex co-operative organisation of the agricultural co-operative society and the Multi Pur-pose Co-operative Societies carrying on agricultural activities. The membership at the beginning of the year was 316. This was reduced to 270 at end of the year after the removal of the inactive members.

11. SRI LANKA RUBBER PRODUCER'S CO-OPERATIVE SOCIETIES UNION

58 Multi Pur-pose Co-operative societies and 18 Rubber Producers Co-operative Societies have obtained membership of this Union, bur only 29 such societies do business with the Union out of this number 24 are Multi Purpose Co-operative Societies and 5 are Rubber Producers Co-operative societies.

111. COCONUT PRODUCERS CO-OPERATIVE SOCIETIES UNION

During the year 10 Coconut Producers Societies functioned.. Six of these were involved in large scale production and the balance 4 were Rural Primary Co-operative Societies. All these 10 coconut producers societies are member of the Coconut Producers Co-operative Societies Union.

1v. INDUSTRIAL CO-OPERATIVE SOCIETIES

A considerable number of various co-operative societies in the small and medium scale industrial sector are scattered throughout the country. The number of such societies have increased to 337 from 270 last year. The reason for this increase is the starting of a number of societies to find employment for the "Janasaviya" beneficiaries in the following areas, Light Engineering, Carpentry, Jewellery, Manufacture of Exercise Books, Garments, Ornaments, Metal and Handicraft. In addition to these there are six all island co-operative societies and federations such as mentioned.

1. Sri Lanka Industries Co-operative Union Ltd.
2. Steel Worker's Co-operative Society Ltd.
3. All Sri Lanka Handicraft Worker's Co-operative Society Ltd.
4. Textile Co-operative Society .
5. Sri Lanka Fisheries Co-operative Federation.

v. SRI LANKA CONSUMER CO-OPERATIVE FEDERATION

By the end of this year 208 Multi Purpose Co-operative Societies obtained membership of this organisation which was formed to supply the consumer requirements of the Multi-Purpose Co-operative Societies in the island.

2. PRIMARY CO-OPERATIVE SOCIETIES

The second types of societies in the island are the Primary Societies. All Apex Unions are formed, based on the primary societies belonging to the Apex. (Annex-13)

A part from this activities directly performed by these societies on large scales are production of Decicated coconut, Coconut oil, Tea, Sheet rubber. The following activities have been started in the agriculture field at national level. With the object of intensifins proper marketing facilities to help the rural production activities, specially for agriculture products, purchasing center were started at AGA levels. This Project was implemented with the assistance of co-operative and private sectors. 101 such centers were started during the year particulars are given below:

<u>Province</u>	<u>No of Centers</u>
Southern	17
Western	06
North- Western	26
North Central	08
Sabaragamuwa	15
Central	15
North East	02
Uva	12

Total	101
	=====

Source - Administration Report 1991
Department of Co-operative Development

Over Rs. 50 Million worth of items such as Green Gram, Cowpea, Dried Chillies, Rice, Soya and Sorgam were purchased during the year.

INTER PROVINCE TRADE

Exchange of agricultural produce and other items between co-operative societies of different provinces took place during the year. This programme facilitated the produce to obtain a fair price and have a ready market for his products while it also helped the consumer to buy his requirement at reasonable prices. Inter province trade was successfully implemented in the North- Western, Central, Sabaragamuwa and Uva province. Total turnover of inter province trade during the year is over Rs. 15 Million . Vegetables, Fruits, Red onions , Big onions Potatoes, Cowpea, Green gram, Jaggery, Pepper and treacle were also included in this trade.

It has been planned to extend this programme to the other provinces in the near future.

The number of Primary Agriculture Co-operative Societies are shown in the following table.

Serial No	Item	1989	1990	1991
1.	Tea, Rubber, Coconut	83	67	86
2.	Milk Producers	226	226	226
3.	Animal Husbandry	31	24	55
4.	Other Agricultural Societies	59	94	109
5.	Fisheries	254	739	844
	Total	653	1150	1320

2. SOCIETIES NOT DIRECTLY INVOLVED IN AGRICULTURE

1. Multi Purpose Co-operative Societies
2. Thrift and Credit Co-operative Societies
3. Consumer Co-operative Federation
4. Co-operative Marketing Federation

These Institutions provide Credit, Advise, Trade informations, Productions, Supply and Marketing facilities etc.

Some of the facilities provided by this institutions.

1. Providing short term and medium term credit facilities.
2. Providing Raw material, Fertilizer, Seed, Equipment
3. Advise and Training one Modern Technology.
4. Finding a competitive market
5. Feed back and evaluation on agriculture activities.
6. Distributions of profits
7. Other services involved in agriculture.

MEMBERSHIP OF PRIMARY CO-OPERATIVE SOCIETIES

ORGANISATIONAL STRUCTURE OF THE CO-OPERATIVE MOVEMENT

The organisational structure of the Co-operative Movement in attach to end of this annex.

All primary as well as secondary Secondary Unions are included the structure, in which the Department of Co-operative development, Ministry of Food and Co-operatives and the Minister takes a prominan place.

STATUS WITH AGRICULTURAL CO-OPERATIVES WITH GENERAL STAISTICS.

In the Agriculture sector, Societies on Agriculture, Animal Husbandry, Dairy Societies are included. A few secondary union has been formed this sector. Of these types some are directly involved in agriculture, In some it is a secondary activity. The institutions directly involved are

1. Coconut Producers Co-operative Societies) Secondary Unions *Annex-1A*
2. Rubber Co-operative Societies (*Annex - 14*)
3. Dairy Co-operative Societies
4. Poultry Breeders Co-operative Societies
5. Fisheries Co-operative Societies
6. Pig Breeders Co-operative Societies
7. Mahaweli Farmers Co-operative Societies

These societies are directly involved in cultivation and Animal Breeding. Most of these societies are small scale or medium scale stable societies with minimum capital funds. These societies are managed by small scale farmers ar village level with minimum management skill. But, in the Coconut and Rubber Societies administration is more organised.

MILK PRODUCERS AND ANIMAL HUSBANDRY

Three Milk Producer's Co-operative Societies were registered during the year. Accordingly the number of Milk Producer's Societies in the island stood at 230. The growth rate was 1.3% total membership was 48100. Total collection of milk during the year was 34,21 Million litres There was a shortfall of 0.2% when compared to the previous year. Milk Producer's Societies attributed this to the private trade.

A part from marketing the milk products of members many other services such as supplying drugs, availing veterinary and artificially insemination facilities. Supplying cattle food and granting loans were rendered by milk producer's co-operative societies. (annex (Statistic hand book 34) 15, 16)

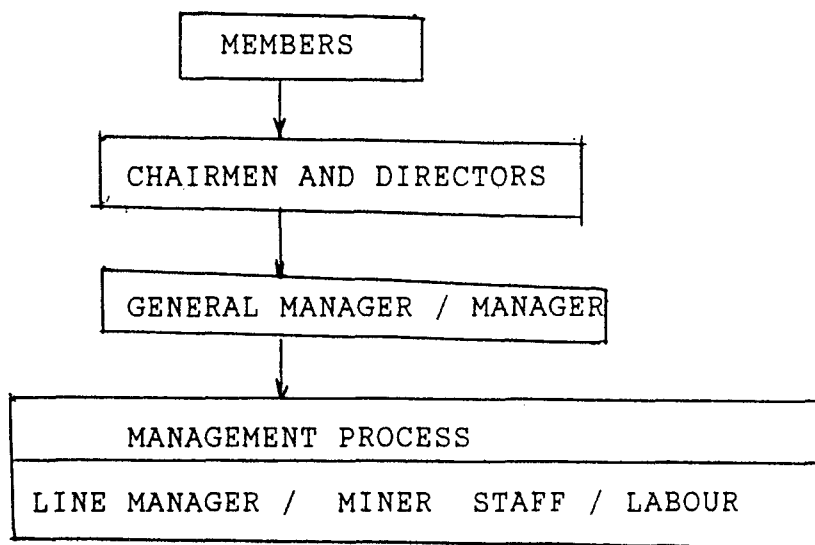
In addition to the milk producer's co-operative societies started under the sponsored of the Sri Lanka Asian Development Bank, Dairy Development Project, 20 Primary Poultry Farmer's Co-operative Societies were started. A national level union of these societies was also formed.

Four Pork Producer's Co-operative Societies and a national level union was also formed during the year 1991. All these co-operative societies were active during the year. Project period ended on 30.06.1991 and handing over of assets of these societies took place between 30.06.1991 and 31.12.1991. One note worthy feature in this field during the year was the affording and opportunity to their members to take control and management of these societies. The statistic is still not officially available.

In addition to above description trading indicide statistics of agricultural co-operative societies is attached on the annex - (hand book 32 - 33) 14, 15, 16

MANAGEMENT OF AGRICULTURAL CO-OPERATIVES

When discussing about Agricultural Co-operative Societies we have to look at the structure of the agriculture co-operatives in the country,

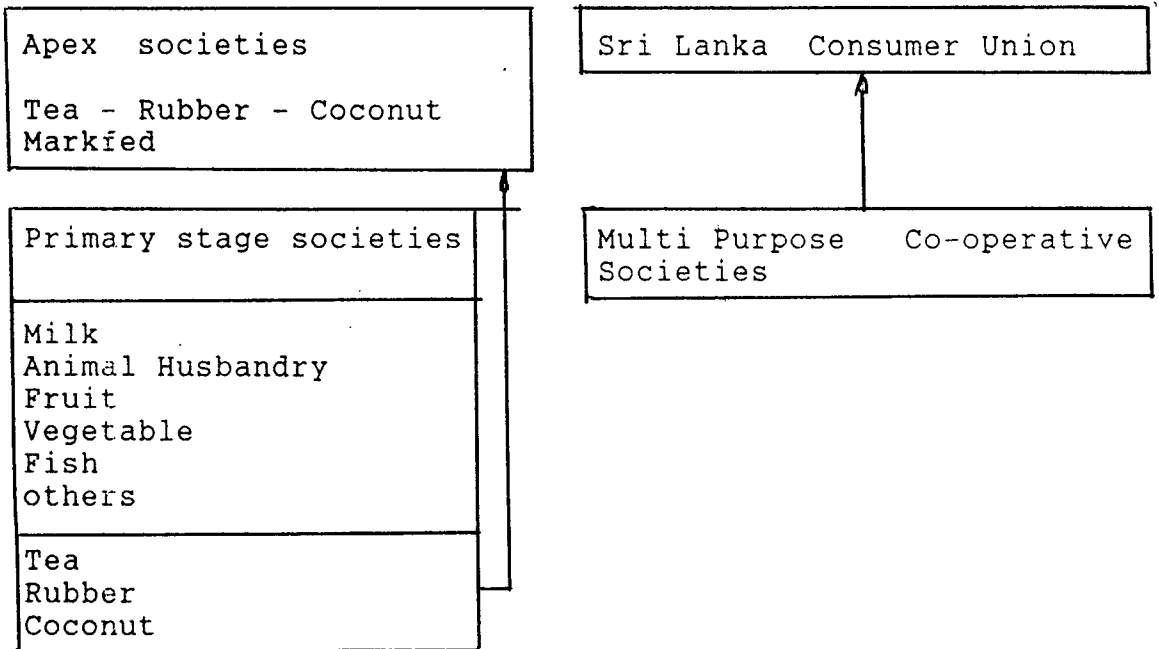


The societies of primary level ie. Multi Purpose Co-operative Societies, Dairy and Fisheries the management activities are well organised as well as the accounting system.

However, the Poultry Breeding, Pig breeding, Fruit Grower, Vegetable Grower and Horticultural Societies still at very basic levels.

They are registered under the Department of Co-operative Development and their accounting is supervised by the Department of Co-operative Development. The best solution to develop the societies is to train the Management, the Officers and the Farmers in all activities of the Societies. The society as well as the agricultural process.

ORGANISATIONAL STRUCTURE OF PRIMARY AND SECONDARY STAGE AGRICULTURE SOCIETIES IN OUT DOOR



In addition to above, most of agricultural co-operatives start lines are same to structure diagram show in page .26. or low structure than that. Most of times several position hold one manager in primary agriculture societies and it had been disadvantages for society growth.

* Role of business federations and a general description of their activities are briefly describe in under the Apex societies.

* PROBLEMS FACED BY THE AGRICULTURAL CO-OPERATIVE SOCIETIES

1. In the credit area, inadequate working capital of the co-operative societies to give loans to members, untimely release of loans, lack of loan supervision and weak loan repayments, and competition forms privately owned financial institutions are some important problems
2. Untimely receipt of fertilizer , agro- chemicals and lack of agricultural equipment, storage and marketing facilities too are drawbacks.

3. Lack of adequate and suitable transport facilities pose a problems to the efficient marketing operations. Absence of production and marked planning too has created deficiencies. Lack of a general market intelligence service within the Movement is a drawback.

* SOME SUGGESTIONS FOR DEVELOPMENT

1. Dranising viable agricultural promaries an grass root level.
2. To build up a three tiered structure with secondary and apex organisations with the farmers co-operatives.
3. Lack of proper coordination and planning has hindered the development of this sector. A national level agricultural co-operative plan will help to overcome this difficulty.
4. A considedated education plan for the agriculturalists as well as the co-operative leaders is a necessary.
5. Building up of a strong and effective agricultural marketing network.
6. Assistance to set up a good agricultural extension services for this sector. will be helpful.

* The instituion invalue in education and training in the agriculture co-operative field as follows:

1. National Co-operative Council of Sri Lanka
2. School of Co-operation
3. Sri Lanka Institute of Co-operative Management Services.

Sri Lanka is primarily an agricultural country. Even though are co-operative movement in more than 80 years old, we can't say that due interest have been taken to develop the agricultural co-operatives. There is no national development plan for the agricultural co-operatives in the country. Therefore, a long term agricultural plan involving societies from grass root level right up to the Apex level should be programmed and also a well planned education, training programme is essential to upper grade the societies as well as the personnel in the sector along with follow up and education programme.

TABLE 5.3 AGRICULTURAL OPERATORS CLASSIFIED BY AGE GROUPS AND SEX

S/No: 1	Age Group 2	Males 3	% 4	Females 5	% 6	Total 7	% 8
1	Less than 20 yrs.	3920	0.3	630	0.2	4550	0.3
2	20-24 Yrs.	39600	2.6	4210	1.7	43810	2.4
3	25-34 "	301310	19.4	24790	9.8	326100	18.1
4.	35-44 "	390980	25.2	47640	18.8	438620	24.3
5.	45-54 "	361590	23.3	66940	26.4	428530	23.8
6.	55-64 "	250650	16.2	56550	22.3	307200	17.0
7.	65 Yrs. above	188390	12.1	51110	20.2	239500	13.3
8.	Unspecified	13430	0.9	1560	0.6	15030	0.8
	All age groups	1549910 (85.9)	100.0	253430 (14.1)	100.0	1803340 (100.00)	100.00

Nearly half the number of operators are in the age group of 35 to 54 years.

It is interesting to note that 13 percent of the operators are over 65 years of age.

DISTRIBUTION OF PADDY LANDS

S/No:	Size Class of Paddy Lands	No: of Paddy Units	%	Area (Acres)	%
1	2	3	4	5	6
1	Less than 1/8	10280	1.4	630	Negative
2.	1/8 to less than 1/4	29490	4.0	4500	0.4
3.	1/4 " " 1/2	100790	13.7	29750	2.4
4.	1/2 " " 1	180680	24.5	108420	8.8
5.	1 " " 2	175240	23.8	210910	17.2
6.	2 " " 3	113900	15.5	250160	20.4
7.	3 " " 4	65380	8.9	200910	17.2
8.	4 " " 5	19470	2.6	80480	6.6
9.	5 " " 7	24540	3.3	130200	10.6
10.	7 " " 10	7620	1.0	60010	4.9
11.	10 " " 15	5530	0.8	61050	5.0
12.	15 " " 20	1610	0.2	26060	2.1
13.	20 & Over	2140	0.3	59060	4.8
	Sri Lanka	736670	100.0	1222140	100.0

44 percent of the paddy units are below of acre and they account for 12 percent of the area. The average size of the paddy units is 1.65 acres.

Source:- Department of Census and Statistics

EXTENT & PRODUCTION OF MINOR EXPORT CROPS

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)
PEPPER	15559	8732	16669	9936	17190	10888
CARDAMOM	4391	546	4440	764	4512	969
CLOVES	5997	1352	5874	1352	6146	1545
NUTMEG	704	305	NA	NA	NA	NA
CINNAMON	20197	10453	20312	9857	20212	10535

PRIMARY SOURCE : Dept. of Census & Statistics
 SECONDARY SOURCE : Data Bank of ARTI

EXTENT & PRODUCTION OF MAJOR PLANTATION CROPS

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (Mn kg)	EXTENT (Hec)	PRODUCTION (Mn kg)	EXTENT (Hec)	PRODUCTION (Mn kg)
TEA	221758	233.1	221691	240.7	178900	178.9
RUBBER	199048	113.1	198130	103.9	198100	104.8
COCONUT *	419195	2532	419195	2184	419195	2328

* - Production in Mn Nuts

PRIMARY SOURCE : Sri Lanka Tea Board
 Rubber control Dept.
 Coconut Development Authority
 SECONDARY SOURCE : Data Bank of ARTI

PADDY STATISTICS

	UNIT	1990	1991	1992
EXTENT ASSWEDDUMISED	- Major Hectares.	310522	310479	317212
	- Minor "	179311	179190	178286
	- Rainfed "	243562	242940	241506
EXTENT SOWN	- Major Hectares.	352177	334931	349763
	- Minor "	168277	161273	170640
	- Rainfed "	269929	216526	221438
AVERAGE YIELD	- Major Kg/Net Hec	4036	4025	3954
	- Minor "	3170	3156	3057
	- Rainfed "	2681	2596	2883
PRODUCTION	- 000 MT	2538	2389	2340

PRIMARY SOURCE : Dept. of Census & Statistics
secondary source : Data Bank of ARTI

EXTENT & PRODUCTION OF VEGETABLES

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)
BEANS	6518	35716	6772	35040	6738	35481
CABBAGE	2667	36378	2747	38053	2792	34732
CARROT	1263	13121	1608	20601	1844	25439
LEEKs	615	7913	694	10883	797	12506
KNOH KHOL	1436	11319	1447	12107	1398	12183
RADDISH	2078	16539	2231	18974	2097	18910
TOMATOE	4867	34528	4518	32234	4566	34708
BEET ROOT	1453	11492	1332	12712	1403	14954
CAPSICUM	2735	11024	2825	11965	2555	10469
RED PUMP.	7203	87717	6525	64414	5849	65429
ASH PTAN.	15193	109436	13626	95970	12365	84014
CUCUMBER	2334	25436	2290	19087	2099	17502
LA.FINGERS	7596	39969	7584	38799	7423	37949
BITT.GOURD	3764	19877	3679	20553	3794	22160
ASH PUMP.	756	6655	639	6081	721	6688
BRINJAL	9493	69725	9363	65583	9062	62824
SN.GOURD	3032	27788	2806	22311	2799	23074
CHILLIES	32987	106615	28975	99509	30454	75798

PRIMARY SOURCE : Dept. of Census & Statistics

SECONDARY SOURCE : Data Bank of ARTI

EXTENT & PRODUCTION OF FRUITS

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (000'NO)	EXTENT (Hec)	PRODUCTION (000'NO)	EXTENT (Hec)	PRODUCTION (000'NO)
PLANTAIN *	36699	32162	38222	30972	37869	31440
PAPAW	3333	42754	3350	41574	3558	45185
PINEAPPLE	4267	30367	4406	30494	4404	31581
MANGO	12222	344582	12689	320079	14432	343084
ORANGE	3211	27810	3167	23923	3580	24019
LIME	4964	113167	5154	103747	5788	125102
PASS.FRUIT	1397	43963	1420	42143	1359	39957

* - Production in 000' Bunches

PRIMARY SOURCE : Dept. of Census & Statistics

SECONDARY SOURCE : Data Bank of ARTI

EXTENT & PRODUCTION OF TUBER ROOTS

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)
POTATOES	7888	875205	6384	66737	7135	78562
RED ONION	8600	67957	6023	41630	7733	54515
B ^W ONION	1580	15903	1447	14046	2395	27879

PRIMARY SOURCE : Dept. of Census & Statistics
SECONDARY SOURCE : Data Bank of ARTI

EXTENT & PRODUCTION OF INDUSTRIAL CROPS

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)
TOBACCO	8924	10325	7992	9156	8389	9250
SUGER CANE	24851	792579	27002	855846	30529	1041420

PRIMARY SOURCE : Dept. of Census & Statistics
SECONDARY SOURCE : Data Bank of ARTI

Annex - 8

EXTENT & PRODUCTION OF CEREALS

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)
KURAKKAN	10718	7216	9840	6565	8389	5037
SORGHUM	69	54	123	85	145	103
MAIZE	32079	33192	28565	33493	27721	28803
MENERI	1300	1105	1302	1134	329	242

PRIMARY SOURCE : Dept. of Census & Statistics
SECONDARY SOURCE : Data Bank of ARTI

EXTENT & PRODUCTION OF PULSES

CROP	1990		1991		1992	
	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)	EXTENT (Hec)	PRODUCTION (MT)
GREEN-GRAM	33245	26951	33032	26584	26448	23139
COWPEA	26304	22864	25727	22407	21178	17453
DHAL	25	27	43	38	24	17
SOYA-BEAN	3983	3151	2053	1979	1360	1351
BLACK-GRAM	6785	4899	3005	2536	7123	5161

PRIMARY SOURCE : Dept. of Census & Statistics
SECONDARY SOURCE : Data Bank of ARTI

Annex - 9

ANNUAL PRODUCTION OF MILK , EGGS & FISH

	UNIT	1990	1991	1992
COW MILK	000'Ltr.	415792	408822	432665
BUFFALOE MILK	"	75961	70889	85293
EGGS	000 No	817349	784772	812265
FISH *				
Coastal	M Tons	134132	159151	163168
Deep sea & Off Shore	"	11666	15080	22000
Inland	"	31265	23832	21000
TOTAL	"	177063	198063	206168

PRIMARY SOURCE : Dept. of Census & Statistics
 : * Ministry of Fisheries & Aquantic Resources
SECONDARY SOURCE : Data Bank of ARTI

LIVESTOCK POPULATION

	1990	1991	1992
POULTRY			
Cock birds	1437000	1387400	1475800
Laying Hens	3731400	3537200	3668000
Other Hens	1358500	1304100	1455600
Chicken	2269700	2032200	2252600
Neat Cattle			
Milk Cows Presently	324800	290900	331600
Milk Cows Other	352600	299100	305100
Other Cows	351700	281400	321500
Bulls	321800	257000	276300
Calves	421800	348400	369300
BUFFALOES			
Milk Cows	283400	248100	276700
Other Cows	236800	206300	220500
Bulls	220900	191200	198000
Calves	217000	179400	201400
GOAT			
He	198800	178200	207000
She	322900	281800	321300

PRIMARY SOURCE : Dept. of Census & Statistics

SECONDARY SOURCE : Data Bank of ARTI

SY	ST	PROGRESS OF SETTLEMENT IN MAHAWELI AREAS 1993															
		BLOCK	END OF MAY 1993					DU RING MO TH JUN					END OF JUNE 1993				
			F.F.	N.F.F.	S.F.	C.F.	TOTAL	F.F.	N.F.F.	S.F.	C.F.	TOTAL	F.F.	N.F.F.	S.F.	C.F.	TOTAL
P	DAMMINNA	1275	120	303		1698		29	5			1275	149	308		1732	
	WAGAYABAPURA	1722	110	500		2332	10	30	4			1732	140	504		2376	
	ELLEWEWA	2190	1	513		2864	9	16	-5			2189	87	608		2884	
	DIMBULAGALA	2246	246	355		2847	3	9	3			2249	255	358		2862	
	SEVANAPITIYA	2368	144	214		2726	3	13	-4			2371	157	210		2738	
	SENAPURA	1793	21	257		2071	18					1811	21	257		2089	
	SINHAPURA	1477	117			1594	82	6				1559	126			1685	
	ASELAPURA	2139	1			2140	53	1				2192	2			2194	
	SUB TOTAL	15200	830	2242		18272						15378	937	2245		18560	
M	EPRAWALA	3525	1238			4763						3525	1238			4763	
	NGAMA	2823	1255			4078						2823	1255			4078	
	TALAWA	3190	977			4167						3190	977			4167	
	NGAMA	3480	1127			4607						3480	1127			4607	
	GALNEWA	3901	766			4667						3901	766			4667	
	MEGALAWA	2048	415			2463						2048	415			2463	
	GAL'GAMA	2158	778			2936						2158	778			2936	
	MA'ATUGAMA	2901	1069			3970						2901	1069			3970	
	SUB TOTAL	24026	7625			31651						24026	7625			31651	
C	BATALAYAYA	2022	274	460		2756						2022	274	460		2756	
	HEBARAWA	2292	75	431		2798						2292	75	431		2798	
	MEDAGAMA	2056	203	309		2568		10		10		2056	213	309		2578	
	LIHINIYAGAMA	1881	158	258		2297	21			21		1902	158	258		2318	
	SANDUNPURA	1838	198	285		2321						1838	198	285		2321	
	SIRIPURA	3267	222	266		3755						3267	222	266		3755	
	NUWARACALA	1541	64	128		1733						1541	64	128		1733	
	MAHAWANAWI	2414	53			2467	-5	24		24-5		2409	77			2486	
	VEHERACALA	1920	8			1928	4			4		1924	8			1932	
	RAJUWATTA				410	410									410	410	
	POLAKANDA	1364	124			1488	1	20		21		1365	144			1509	
	SUB TOTAL	20595	1379	2137	410	24521	5	44		80-5		20616	1433	2137	410	24596	
V	EMMELIPIIYA	1492	3544			5036						1492	3544			5036	
A	CHANDRIKAWA	2077	1663			3740						2077	1663			3740	
L	MURAWESIHEN	2407	540			2947						2407	540			2947	
A	BIUNKAMA	1904	470			2374						1904	470			2374	
W	A'KHOLOPELESS	2335	554	97		2986						2335	554	97		2986	
A	K'IBBANWEWA	3378	2958			6336						3378	2958			6336	
	SURIYAWEWA	3983	2860			6843						3983	2860			6843	
	SUB TOTAL	17576	12589	97		30262						17576	12589	97		30262	
G		3969	1155	208	57	5389						3969	1155	208	57	5389	
L		1076	2288			3364						1076	2288			3364	
	KOMALE		2953	69		3022							2953	69		3022	
	VICTORIYA		2491			2491							2491			2491	
	RANTAMBE		66			66							66			66	
	RANDEN'GALA		16			16							16			16	
	SUB TOTAL		5526	69		5595							5526	69		5595	
	GRAND TOTAL	82442	31392	4753	467	*****						82641	31553	4756	467	*****	

MEMBERSHIP OF PRIMARY CO-OPERATIVE SOCIETIES 87 - 91

<u>Serial No.</u>	<u>Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
01	Multy Purpose Co-operative Society	2168.1	2170.4	2393.7	2533.5	2556.0
02	Credit	547.0	568.3	615.0	650.7	702.2
03	Tea, Rubber & coconut	10.9	12.3	12.5	12.9	14.1
04	Milk Producer	37.2	40.9	45.4	48.4	50.4
05	Youth Agricultural	5.5	5.5	5.5	-	-
06	Animal Hasbandry	4.8	5.1	5.3	5.7	6.0
07	Other Agricultural	4.3	4.2	5.9	10.9	15.8
08	Textile	54.9	50.8	42.8	41.0	41.6
09	Fisheries	20.4	20.5	26.4	50.4	76.1
10	Small Industries	26.0	24.3	25.5	28.2	32.0
11	School	270.7	269.9	241.4	280.2	285.0
12	Hospital	14.1	14.2	14.4	14.3	14.4
13	Electoral	6.4	6.2	5.3	-	-
14	Labour	3.0	3.0	4.4	4.4	4.6
15	National Youth	154.1	185.1	308.0	370.3	430.1
16	Others	62.4	60.4	47.1	67.7	94.4
	TOTAL	<u>3389.8</u>	<u>3441.1</u>	<u>3798.6</u>	<u>4118.6</u>	<u>4322.7</u>

Growth Rate (3389.8 - 100)

SOURCE :- Department of Co-operative Development

PRIMARY CO-OPERATIVE SOCIETIES 87 - 91

<u>Serial No.</u>	<u>Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
01	Multy Purpose Co-operative Society	283	284	286	287	289
02	Credit	5608	5885	6156	6380	6763
03	Tea, Rubber & Coconut	69	73	83	67	86
04	Milk Producer	172	184	226	226	226
05	Youth Agricultural	21	21	21	-	-
06	Animal Hasbandry	25	25	31	24	55
07	Other Agricultural	47	45	59	94	109
08	Textile	29	29	27	27	26
09	Fisheries	84	64	254	739	844
10	Small Industries	173	169	180	197	337
11	School	777	776	779	1234	1339
12	Hospital	08	08	09	09	07
13	Electoral	38	38	38	-	-
14	Labour	59	58	58	48	64
15	National Youth	21	22	26	25	25
16	Others	143	134	187	188	349
	TOTAL	<u>7537</u> =====	<u>7815</u> =====	<u>8420</u> =====	<u>9545</u> =====	<u>10669</u> =====
	Growth Rate (1987-100.0)	100.0	103.7	11.7	126.6	141.6

SOURCE :- Department of Co-operative Development

TRADING INDICES : AGRICULTURAL SOCIETIES 1985 - 1989

<u>Item</u>	<u>Unit</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
01. Rubber Purchase	K.G.000'	657.5	703.0	642.5	525.0	419.0
02. Rubber Co-op. Union Ltd.						
2.1 Sheet rubber sales	K.G.000'	892.4	761.8	696.6	441.3	405.3
2.2 Sheet rubber value	Rs. Ml.	15.2	10.9	9.8	11.7	10.1
2.3 Other produce sales	K.G.000'	0.7	0.5	0.8	0.6	1.1
03. Coconut Products' Societies						
i. Coconut - Oil	K.G.000'	-	-	2773.0	5480.0	3426.3
ii. Deci Coconut	K.G.000'	-	-	5537.0	1075.0	1114.5
04. Coconut Products' Co-op. Union Ltd.,						
4.1 Coconut Oil sales'						
i. Quantity	K.G.000'	242.0	100.7	179.4	365.3	390.1
ii. Value	Rs. Ml.	6.8	1.5	1.8	8.7	7.4
4.2 Soap sales value	Rs. Ml.	2.3	1.0	0.6	0.7	2.4
05. Markfed						
5.1 Turnover	Rs. Ml.	145.1	170.9	165.7	139.0	143.8
5.2 Betal export value	Rs. Ml.	24.8	25.4	18.5	30.1	37.0

SOURCE :- Department of Co-operative Development

LIVESTOCK - 1982 - 1992

<u>Item</u>	<u>Unit</u>	<u>1982</u>	<u>1991</u>
<u>1.0 Cattle</u>			
1.1 Population	No. '000	1,698	1,477
1.2 Slaughtered	'000	183	-
1.3 Production Milk	Lit.'000	233,235	208,822
<u>2.0 Buffaloes</u>			
2.1 Population	No. '000	879	825
2.2 Production of Milk	Lit.'000	70,256	70,889
<u>3.0 Sheep and Goats</u>			
3.1 Population			
3.1.1. Sheep	No. '000	28	20
3.1.2 Goats	No. '000	512	460
3.2 Slaughtered (sheeps & Goats)	No. '000	163	-
<u>4.0 Pigs</u>			
4.1 Population	No. '000	75	84
4.2 Slaughtered	No. '000	22	-
<u>5.0 Poultry</u>			
5.1 Population	No. '000	6,248	8,261
5.2 Production of Eggs	No. '000	521,304	784,772

SOURCE :- Department of Co-operative Development

Ar

MILK PRODUCTION IN SRI LANKA AND MILK PRODUCERS' CO-OPERATIVE SOCIETIES 1985-1989

Item	Unit	Number				Percentage of Charge over previous year				
		1985	1986	1987	1988	1986	1987	1988	1989	
01. Total cattle & buffalo population	000'	2749	2747	2816	2751	N.A.	-	-	-	
02. Production of Milk	Lt.Ml	180.8	178.0	221.5	226.0	238.0	- 1.5	+24.4	-2.0	+5.3
03. N.M.B/Milco collection	Lt.Ml	07.1	67.2	68.7	66.0	61.0	+ 0.1	+ 2.2	-3.9	-7.6
04. N.M.B/Milco collection as a % of total	%	37.1	37.7	31.0	29.2	25.6	-	-	-	-
05 Milk collection by Co-op. Society	Lt.Ml	30.6	31.7	35.8	34.3	34.3	+3.4	+12.9	-4.2	0.0
06. Co-op. Soc. collection as a % of N.B.M collection	%	45.7	47.2	52.1	52.0	56.2	-	-	-	-
07. No. of Societies		112	146	173	184	226	+30.4	+18.5	+6.4	+22.8
08. Membership		24963	25462	35393	40869	45366	+2.0	+39.0	+15.5	+11.0
09. Curd Pots'	000'	83.8	129.8	174.3	232.6	N.A.	+54.9	+34.3	+34.3	-
10. Yoghurt cups'	000'	1046.1	1136.8	1445.6	2098.4	N.A.	+8.7	+27.1	+45.2	-

SOURCE: (1) Department of Co-operative Development
 (2) Central Bank of Sri Lanka.

C O U N T R Y S I T U A T I O N P A P E R

P A R T 1

GEOGRAPHY

The Kingdom of Thailand is located in the heart of South East Asia, and is bordered by Myanmar (formally Burma) on the west and north, Laos on the north and east, and Cambodia on the east. Southern Thailand borders onto the Gulf of Thailand, and extends down the Malay Peninsula, whose western coast faces the Andaman Sea.

The Kingdom is divided into 4 main geographical regions: The northern region-extensively forested and mountainous; The central region-the best rice growing area; The northeastern region-an area of poor soil quality, and drought in the dry season; The southern region-a mixture of mountainous and forested areas, with extensive rubber and coconut plantations.

Thailand has a tropical monsoon climate. Most of the country experiences 3 seasons: Rainy season (June-October), Cool Season November-February) and Hot Season (March-May) with temperatures reaching 40 C+. The capital of Thailand Bangkok has an average annual temperature of 28.4 C

POPULATION

Thailand has a population of 58 million people, with an average annual growth rate of 2.7%, and urban growth rate of 3.2%, the majority of which live in the Metropolis of Bangkok. Infrastructural development has not kept pace with it's population increase leading to chocked traffic and flooding in the monsoons.

The population has swelled in recent years with the influx of refugees from Vietnam, Cambodia and Laos. Although most have been resettled, some do remain in refugee camps run by the UN.

EDUCATION

There are 3 levels of Schooling: Primary schooling (prathom) lasts 7 years, followed by secondary education (matthayom) which continues for 5 years. Post-secondary education, including colleges and universities, involves a further 4 years of study. Both public and private schools exist for all 3 levels of education and includes monasteries and convents.

The adult literacy rate is currently 91%. However it has been found that Thai rural woman only complete 6 years or less of primary education.

CULTURE AND RELIGION

More than 95% of the Thai population are Buddhists, the majority of which, including ethnic Thais, practice Theravada Buddhism.

Buddhism is an integral part of Thai life, and cannot be separated from culture, arts, architecture, education and the character of the Thai people. There are over 30,000 Buddhist monasteries (wats) throughout the country, around which village life revolves. The calendar is indispersed with many traditional festivals and rituals, most of which are Buddhist in origin.

It is still traditional for young men to be ordained as monks when they reach the age of 20, either for a short or long period. This act bestows merit on the parents and reflects the strong family sense in Thai society in which children support their parents morally and materially. However, women are not permitted to participate fully in religious institutions, although some are ordained as nuns.

Religious freedom is acknowledged in Thailand; in the south, Islam is the prevailing religion, About 4% of the country's population are muslim, 1% are Christian plus small numbers who worship other religions ie Hinduism, Animism and Confucianism.

THE MONARCHY

The monarchy has been in existence in Thailand since the 13th Century. The first king was Rama the Great, more popularly known as "The Father of Thailand". He established Theravada Buddhism as the official religion and created the Thai alphabet.

The current monarch, King Bhumibol Adulyades (Rama IX) has reigned since the 1950's and is the longest reigning monarch in Thai history. Thailand is a highly centralised constitutional monarchy, so although the King is head of state, he lacks real governmental powers. However the King is loved and respected by his people, and his position as a revered symbol of national unity has not been diminished by the successive changes in government.

POLITICS

The monarchy in Thailand was absolute until 1932, when a military coup placed constitutional limitations on the monarch. Since then Thailand has been ruled by a series of military regimes, indispersed with brief efforts to introduce some form of constitutional democracy. In 1988 Chatichai

Choonhaven became the country's first elected prime minister in 12 years, and thus forging a path closer to democracy. The current prime minister is Chewan Leekpai, who came to office last year (1992), after the general election, and is head of a coalition formed from various contesting parties.

ECONOMY

Thailand, operating with a free-market economy dominated by the private sector, has shown impressive economic growth over the last 3 decades, and has become one of the newly industrialised countries in Southeast Asia. The fastest growing sectors of the economy are tourism and gem exporting.

AGRICULTURE

Thailand's economy traditionally rests on a agricultural base. Today about 60% of Thailand's working population is engaged in agricultural production, including forestry and fishing. However, low commodity prices, and the government's emphasis on diversification and industrialization have led to a deterioration of the agricultural sector. However, its products, primarily rice, rubber, tapioca, sugar and maize earn close to half the country's foreign reserves.

Crops are the most important component of Thailand's agricultural sector. Of the country's total land area, about 40% is cultivated farmland. 60% of this is used for growing rice. In the 1980's, after a slump in the price of agricultural products, efforts to diversify were made, resulting in such cash crops as tobacco, jute and cotton. The development of tropical fruits for export has been of a particular focus.

Maize is the second largest crop grown in Thailand, most of which is exported to East Asian countries as animal fodder. Tapioca, the second largest cash crop, is purchased primarily by the EEC for feed, although new markets have opened up in the Eastern Bloc countries. Sugar cane was originally developed in the 1970's, when world demand was high. Most of the crop is exported.

Although livestock is an important component of the agricultural sector in Thailand, it far ranks behind crops. Chicken and ducks and most commonly raised, along with cattle, pigs, goats, sheep and horses. Many farmers, whose primary interest is growing rice, also rear a few chickens, pigs and fish for private consumption.

The government is taking steps to improve beef and dairy production through cross-breeding and artificial insemination,

using high grade stock imported from the U.S, Switzerland, Germany, Denmark, Australia and New Zealand. Through the introduction of desirable grass varieties, grazing potential is also being increased.

In terms of dairying, there are many dairy co-operatives now established in Thailand. The first one was set up at Nong Pho about 20 years ago, and now has more than 4000 members. The co-operative body not only gives farmers security for marketing their products, but also offers services, such as artificial insemination. The farmers also are paid an annual dividend. Other co-operatives in Thailand include Agriculture and rice.

WOMEN AND AGRICULTURE

Women play a major role in agricultural systems in Thailand, providing unpaid family labour, in addition to their work in the home. Increasingly they are involved in para-agricultural activities, and off farm employment as well. However, it is only recently that women's various contributions have been recognised - out of the 18 million people who work in agriculture, almost 10 million are women.

Women indisputably are significant contributors to livestock production. However, their qualifications as successful farmers are undermined by social, economic and scientific technical factors, each of which is compounded by encompassing gender issues, the sum of which serve to hinder the development and implementation of government livestock promotion. Socially, family and village structure accords livestock ownership to male household heads. This places related management and financial decision making in their hand.

In education in general, and particularly in the field of science and technology, the disparity between men and women is notable. In agriculture, this is reflected women's ignorance and fear of new technology. This in turn limits the unique contribution of the feminine perspective to design, to experimentation and to planning.

Migration of men, due to lack of income, leaves women and children to share the remaining agricultural labour. Thus, women represent an experienced and stable workforce, lacking only in knowledge, management and decision-making skills. Therefore, the support of successful livestock rearing by women may serve to alleviate a root cause of rural migration, namely insufficient family income. It also serves to enhance the partnership of men and women working on the farm.

C O U N T R Y S I T U A T I O N P A P E R

Country Profile

OFFICIAL NAME	Kingdom of Thailand
CAPITAL	Bangkok
TOPOGRAPHY	Fertile central plain, riverine north, south peninsula, northeastern plateau
CLIMATE	Tropical, dominated by monsoons
AREA	514,000 sq. km
PRINCIPAL CROPS	Rice, maize, rubber, tapioca, sugar cane
RESOURCES	Tin, natural gas, petroleum, tourism
POPULATION	58 million
OFFICIAL LANGUAGE	Thai
OTHER LANGUAGES SPOKEN	Teochiu, Malay, English
ETHNIC GROUPS	Thai, Chinese, Thai Malay, Indigenous Hill tribes
RELIGIONS	Buddhism, Toaism, Confucianism, Hinduism, Islam, Christianity
PRINCIPLE EXPORTS	Textiles, jewellery and precious stones, rice, intergrated circuits, rubber, tapioca
PRINCIPLE IMPORTS	Machinery, vehicles, spare parts, fuel raw materials and intermediate goods
TRADING PARTNERS	Japan, United States, OECD counties, Singapore, Malaysia, Hong Kong
GNP PER CAPITA	\$810

C R I T I C A L E X A M I N A T I O N

O N

C O O P E R A T I V E M O V E M E N T I N V I E T N A M

Country paper

presented by Ms. Phung Ngan Ha

From S.R.Vietnam.

C O N T E N T S

I/ Basis information.

II/ Background .

III/ General development of Agricultural Cooperatives.

IV/ Types of Agricultural Cooperatives.

V/ Functions of Agricultural Cooperatives.

VI/ The organizational structure of Agricultural
Cooperatives.

VII/ Future of Cooperative.

VIII/ Current external suport to cooperatives.

Appendices.

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A G R I C U L T U R A L C O O P E R A T I V E
I N V I E T N A M

I/ BASIC INFORMATION

- Population (Mil.)	:	70
- Land area (000 Km ²)	:	329.6
- Density (per Sq.Km)	:	212
- Climate	:	Varied
- Life expectancy	:	63
- Literacy rate	:	94 %
- Major industries	:	Electricity, cement, cotton fabrics, paper, fish sauce, sea fish.
- Major exports	:	Coal, rubber, tea, coffee, wood, shrimp, potatoes.
- Major imports	:	Petroleum, fertilizer, steel.

II/ BACKGROUND

Historically Vietnam is an agricultural country. Agriculture plays a central role in the National Economy. Its share on GDP in 1991 was 50 %, whereas manufacturing had only 32 %. The export of agricultural products have been marginal and confined to rubber and coffee mainly . However, Vietnam has been considered as one of the major rice producing countries in the world.

79,6 % of the total population lived in rural areas in 1990. Out of a labour force of 30,286,000, 21,683,100 were employed in agriculture . Out of this, agricultural labour cooperatives had a total of 18,349,800, which is substantial. Number of households in cooperatives is 6,158,000 with a percentage in cooperatives of 69,2 % . Number of cooperative farms in 1990 were 16341. At present, the agricultural cooperatives are confined to functioning at the village level only. Secondary level and tertiary level cooperatives are yet to be formed.

Under the command economy centralized administration of the socialist government, the agricultural sector is regulated and controlled by the national Ministry of Agriculture and Food Industries (MAFI). MAFI has a number of departments and agencies involved in working directly with farmers and agro-producers in all aspects of the agricultural production, processing and distribution cycles . This includes strong support for agricultural development agencies. For administrative purposes, the country is divided into 7 major agricultural zones comprising 431 agricultural districts.

Despite the intense concentration and critical dependence on agriculture, the sector has encountered many hindrances to growth. In 1989, for the first time, Vietnam

became an exporter of rice (the prime agricultural commodity). The 1,4 million tonnes of rice exported to the international market, coupled with the sale of 300,000 tonnes by private traders across the border with China, provided 20% of the country's total export earnings. This positive development was short-lived, however, as the next year a series of natural disasters, particularly extensive flooding in the North, resulted in reduced yields and forced the country back into its traditional position as a net importer of food.

At present, only 33% of farms generate a surplus yield, and 35 % of all farm households do not produce sufficient food from their landholding to maintain themselves. In 1990, the average Vietnamese person received 15 % fewer calories than the World Health Organization recommended level of 2,300 and roughly one-half of Vietnam's children were classified as undernourished.

III/ GENERAL DEVELOPMENT OF AGRICULTURAL COOPERATIVES

The development of agricultural cooperatives in Vietnam is directly related to the land reform process . The agricultural cooperatives were the first to come with government support in 1959, along with the land reforms. The land was nationalised and vested with people's committees. By 1960, there were over 41,000 cooperatives with a membership of 2.4 million households. This was lowered to around 20,000 cooperatives in 1975. In turn, the People's committees transferred the land to communes of collectives to be cultivated on collective basis. This was preceded by farmers work-exchange teams which were aimed at mutual aid in production and daily life during 1956-1957.

During the early period, the lands were collectively owned by the cooperative. The farmers were paid for their labour and the proceeds used to go to the cooperative. After deducting the government dues, the surplus was ploughed back to community services such as education and health.

When this early system failed in terms of increase in agricultural output, the contract system was adopted where the farmers were provided with land on contract basis. They were to cultivate the land and surrender a specified yield to cooperatives for the government taxes and contribution towards community services. They could sell the surplus to cooperatives or outside markets. The current system is such that the country has been able to increase the agricultural output satisfactorily.

By 1975, the year of unification with the South, 95% of Northern rural households were members of cooperatives, owning 95% of farm lands and producing 92% of total agricultural output. A major consolidation (amalgamation) of the cooperatives was undertaken by the central government, reducing the number from over 40,000 to under 20,000.

Most of this cooperative membership is concentrated in the North, comprising almost 98 % of rural households. In South Vietnam, only 6 % of rural households are members of cooperatives, while approximately 78 % of farm families are members of self help groups or active in the 'informal' sector.

In late 1986, Vietnam introduced a new economic strategy - Doi Moi (Renovation). The strategy which allows for the introduction of mechanisms found in market economies, was adopted by the 6th Party Congress and is known as the strategy for the 'Transitional period'. Since Vietnam is mainly an agricultural country, a special Decree (No.10) of 1988 was addressed for the renovation of agricultural economic management, in line with the overall strategy.

Under Resolution No.10, cooperatives would contract or sell their landholdings to individual farmers. The farm household, not the cooperative, would be considered as the basic unit of agricultural production. The open-market provisions of the contract system would be expanded to include supply of agricultural inputs. Traditional command - economy centralized structures administering the agricultural sector would be reduced in size and influence and free-market forces would determine both supply and demand of agricultural commodities.

Under the contract system, rice production yields increased upto 20 %. By the mid 1990, the contract system was operational in 88 % of cooperatives in the North and 90% in the South.

The effect of Resolution No.10 on agricultural cooperatives were dramatic. For the individual farm household, the redistribution of agricultural lands had a major positive impact on average plot yields. The price of agricultural inputs were reduced, and for the first time, some family plots were able to generate surplus income from farm management.

For the cooperatives, the consequences of these reforms were somewhat radical. Resolution No.10 impacted the agricultural cooperatives in the following ways :

- Many cooperatives were dissolved, liquidated, or amalgamated into larger entities.

- Cooperatives came to 'exist only on paper', serving primarily as collection agents for government agricultural taxes.

- Cooperatives shifted the focus of their activities becoming providers of services (irrigation and drainage , crop protection, etc.) to farmer/members, earning revenue from user fees charged to members.

- Cooperatives actively intervened as supply market agents, becoming buyers, sellers and distributors of agricultural inputs (fertilizer, seeds, pesticides).

- Cooperatives established themselves as marketing agents for agricultural products other than rice (which remained under state-controlled marketing bodies) on behalf of their membership.

The reforms initiated by Resolution No.10 are still being implemented in Vietnam's agriculture sector and have created a dynamism that presents interesting challenges to an orderly transition of the agricultural economy.

The key issue in implementing the provisions of Resolution No.10 is the redistribution of the land, or land reform. Following the passing of the resolution by the Party, the Government sought to redistribute cooperatively-owned landholdings in the North by dividing the farm plots equally among all farm households. In the South, where the collectivization of the landholdings had been more recent (since 1975), the government proposed reallocating the landholdings back to the previous (pre-liberation) owners.

IV/ TYPES OF AGRICULTURAL COOPERATIVES :

At present, three types of agricultural cooperatives exist :

1. Collectives formed during stages of agricultural cooperatives, which absorb community activities in addition to farming activities.
2. Voluntarily formed cooperatives by farmers through their own funding (e.g. self-help groups).
3. The cooperatives formed by the farmers who entered into contracts with cooperatives.

The self-help group is the most basic form of cooperative organization in the agricultural sector. In this structure, members preserve ownership of the 'means of production' but perform some work collectively (e.g. irrigation, acquisition of implements and equipment, etc.) Self-help groups have three main objectives :

- To organize self-help and mutual assistance among farmers in their work.

- To buy jointly (from state controlled sources) the required implements and goods and distribute them among members.

- To mobilize farmers, coordinating the sale of agricultural commodities to the State marketing mechanism.

Another form of cooperative organization is the small-scale production team. Under this form of organization, the means of production remain privately owned, but are used collectively, and the entire working activity is based on the principles of collectivism, the harvest and goods being distributed among members according to their work. Farmers receive incomes dependent on their inputs and financial contributions.

These production teams form the basis of 'Pre-cooperative' structures and are frequently incorporated into more formal cooperative organizations, primarily to organize the labour component. The formally organized cooperative societies publicly own all major means of production and are based on the socialist principles of economic management.

Members of cooperatives contribute their land or cattle to the cooperative. Incomes of the cooperatives are distributed among members according to various formulas, including such calculations as the number of days worked by each member. A portion of the output is distributed to members according to the individual contribution terms of means of production.

V/ FUNCTIONS OF AGRICULTURAL COOPERATIVES :

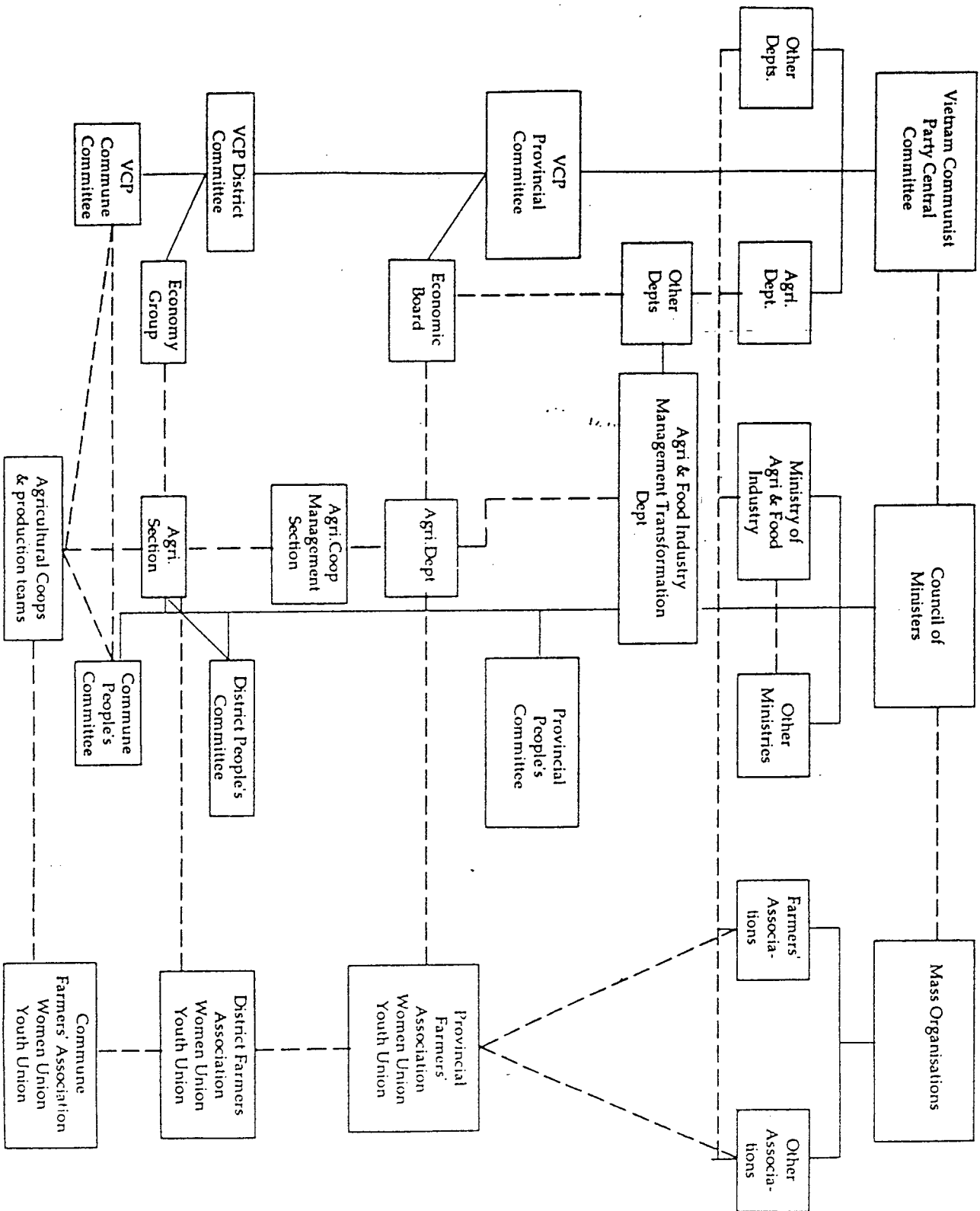
The agricultural cooperatives carry out following activities :

- Production and sale of agricultural inputs,
- Provide credit facilities to members through revolving fund or acting as an agent to agricultural banks,
- Provide agricultural machinery services such as tractors, water pumps, transport, etc.
- Conduct farmers' saving schemes, investment and insurance,
- Marketing of agricultural products,
- Undertake various agro-industries (e.g. coffee, cashew, fruits, etc.).

VI/ THE ORGANIZATIONAL STRUCTURE OF AGRICULTURAL COOPERATIVES

The organisational structure of agricultural cooperatives is illustrated on the following page :

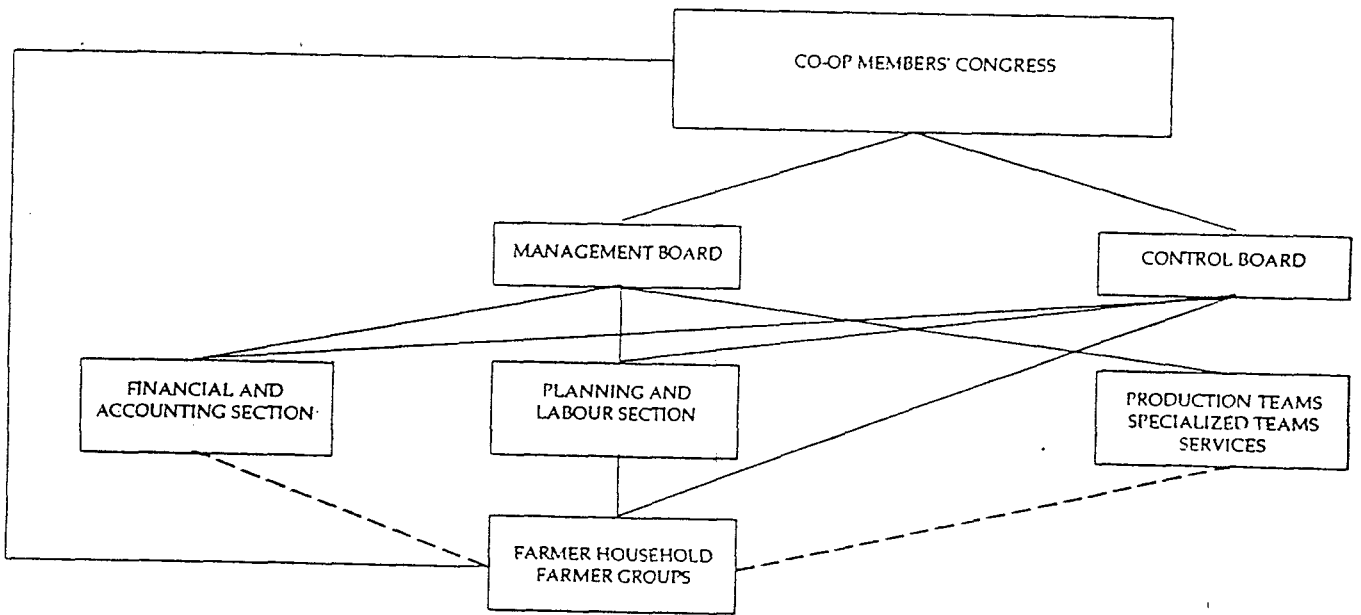
ORGANISATIONAL STRUCTURE OF AGRICULTURAL AND PRODUCTION CO-OPERATIVES



MANAGEMENT STRUCTURE OF AGRICULTURAL CO-OPERATIVES AND PRODUCTION COLLECTIVES

CHART 11

AGRICULTURAL CO-OPERATIVE



VII/ FUTURE OF COOPERATIVES :

In the new system, the role of the (agricultural or multi-purpose) cooperative is to distribute land, to supply services, to promote agricultural development, to promote agroprocessing (as to create off-farm jobs) and to ensure a solid revenue base for commune and state.

It is also the responsibility of the cooperative to ensure that agricultural development takes place by disseminating information to its members on new or more appropriate technologies and the like as well as by promoting new farm activities (animal husbandry, sericulture, social forestry, etc.). Multi-purpose cooperatives should also provide production inputs, basic consumer goods, marketing facilities, credit and support for small scale industries.

The services rendered by the agricultural cooperative should only relate to agro-based activities. In particular, it should provide services related to crop production through its brigades . In paddy cultivation, which involves eight steps : i) soil preparation; ii) irrigation,; iii) preparation of manure; iv) plant protection;v) sowing vi) transplantation of seedlings; vii) tending; viii)harvesting; the cooperative will give services in any of the first 5 areas as required by the contractor.

Owing to the small (national) average farm size 0,3ha per household, compounded by the fact that these 0,3ha are divided into a number of plots, it is not difficult to see that every farmer, of necessity, will have to rely on a number of the services. Also, the complex water regimes and the need for draught animals (or small tractors), compel the contractor to rely on certain cooperative services.

As people still tend to think in terms of the old collective system, in which the cooperative and the commune were synonymous, the cooperatives still provide a number of social services in terms of social welfare, social infrastructure and physical infrastructure, even though this now should be a responsibility of the People's committee only.

As the Vietnamese economy undergoes transition, the need for cooperation is being recognized by farmers, based on economic necessity (e.g. common irrigation needs beyond the capacity of any individual farmer, the need for efficient and equitable distribution and supply systems), and through long-standing cultural and social tradition, these forms as the preconditions for the growth and development of agricultural cooperative organizations and the evolution of a distinctive cooperative sector.

The process of building a strong independent agricultural cooperative sector in Vietnam is one of transformation, rather than re-construction. Despite the many failures and short-comings of the existing cooperatives in the country, the skeletal structure of a potential cooperative network does exist .

The challenge facing further development is in overcoming the widely-held negative impression of the cooperative concept in the rural communities, increasing member participation in the rural communities and increasing member participation in the ownership, control and management of the existing cooperative organizations. This will require structural changes in the management and administration of cooperatives, moving from a centrally controlled top-down approach to a fully participatory member-driven one.

The key component for success in this initiative is basic cooperative education. The first, and most fundamental, investment in a new agenda for cooperative development in Vietnam is in the education and training of cooperative members, elected officials and management. This education process should be reinforced by a new democratic structure of cooperatives.

Support for this process by the international cooperative community will facilitate the transition of Vietnamese cooperatives during the transformation of the country's economy. A coordinated and integrated approach to development assistance will enable the emerging cooperative sector of Vietnam to become a fully participating member of the global cooperative community and to provide the full benefit of economic and social cooperation to its membership.

VIII/ CURRENT EXTERNAL SUPPORT TO COOPERATIVES

The external support agencies entered into Vietnam after 1988. The earliest entered was the ICA when Central Council of Supply and Marketing Cooperatives (CCSMC) became a member. Since then, the ICA had several missions to Vietnam and arranged to train cooperative executives and leaders in different fields in Japan, India, Thailand and China. Some of the activities too were held in Vietnam with the expectation of orienting the authorities and leaders in cooperative practices.

The Canadian Cooperative Association made contracts with the CCSMC and the NIAPP with the emphasis on agriculture and credit. The CCA too provided training facilities to cooperative leaders as environment and marketing.

The SDID has entered into an agreement with banking institutions in Hochiminh City and seeking collaborations in other areas.

There had been some exploratory missions from Japan recently but no proper development partnership has yet been established. As a whole, very few international NGOs are functioning in Vietnam.

SIZES OF AGRICULTURAL COOPERATIVES

Region	Land, ha/coop.				Farm household/coop.			
	1976	1980	1985	1990	1976	1980	1985	1990
<u>The North</u>	<u>127</u>	<u>202</u>	<u>138</u>	<u>124</u>	<u>229</u>	<u>368</u>	<u>326</u>	<u>367</u>
- Mountainous	60	112	67	62	59	98	93	113
- Hilly	146	297	178	157	254	551	429	463
- Red river delta	227	340	250	194	528	898	775	705
- North central	176	227	155	127	317	399	330	353
<u>The South</u>	-	<u>312</u>	<u>247</u>	<u>238</u>	-	<u>519</u>	<u>445</u>	<u>498</u>
- South coastal	-	345	295	271	-	636	595	653
- Central highland	-	321	195	199	-	316	274	319
- South East	-	258	138	167	-	258	213	356
- Mekong delta	-	141	230	229	-	246	280	337
Total	<u>127</u>	<u>214</u>	<u>153</u>	<u>139</u>	<u>229</u>	<u>387</u>	<u>343</u>	<u>385</u>

EXISTING LANDUSE OF AGRICULTURE

(Up to 1990)

	<u>Has been used</u>	<u>Maximum potentiality</u>
Total	7.1	11.45
Rice field	4.20	4.80
Upland cropping field	0.60	1.35
Garden	0.37	3.25
Pasture	0.35	0.95
Water space	0.42	0.70
Sloping lands	1.16	0.40

(Unit: 1 million ha)

Source = NIAPP_ 1991

GENERAL LANDUSE IN VIET NAM

(Up to 1990)

	<u>Has been used</u>	<u>Maximum potentiality</u>
1. Agriculture	7.13	11.45
2. Forestry	8.95	15.87
3. Fishery	0.37	0.84
4. Urbanization	1.06	1.85
5. Natural conservency	1.38	2.50
6. Others	0.41	0.65
7. Unused (Bare lands)	13.86	0.00
Total :	33.16	33.16

(Unit: 1 Mill' ha)

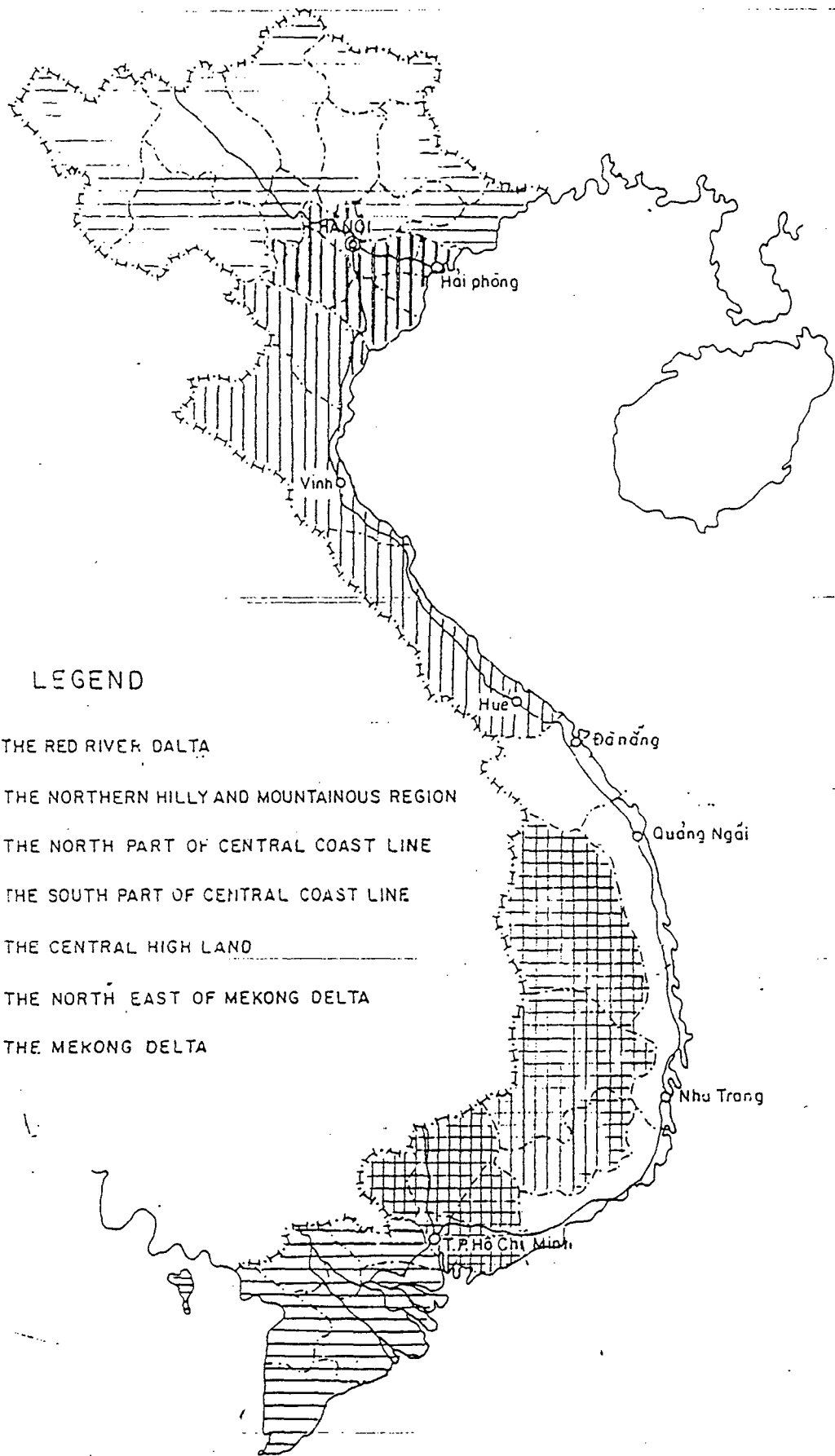
Source : NIAPP_ 1991

NUMBERS OF AGRICULTURAL COOPERATIVES

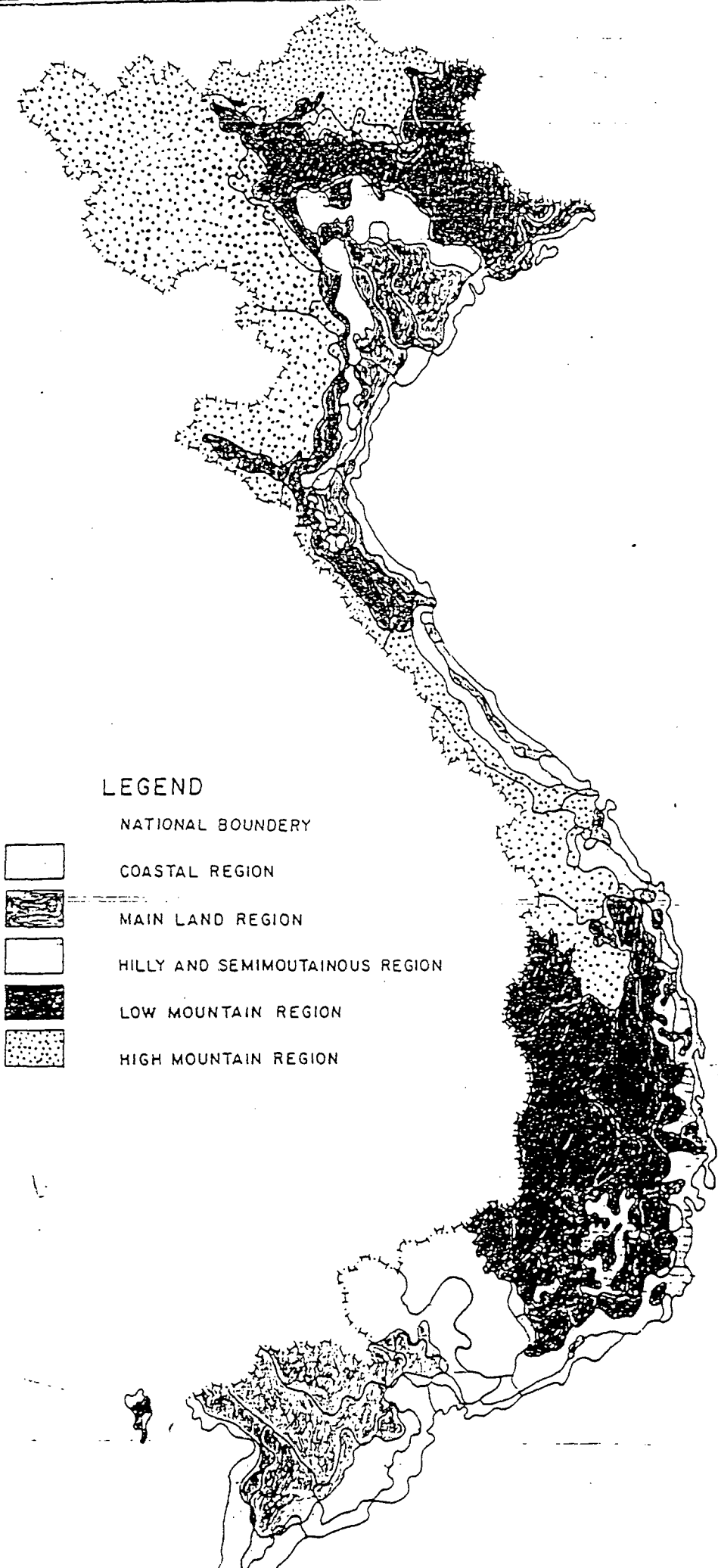
AND MUTUAL HELPING GROUPS

Regions	Number of cooperatives					% of household in coop.	MHG, 1988	
	1960	1976	1980	1985	1990		Number	% households in MHG
<u>The North</u>	<u>40422</u>	<u>15220</u>	<u>11088</u>	<u>14042</u>	<u>14087</u>	<u>96,5</u>	<u>373</u>	<u>0,3</u>
- Mountainous	8188	7275	5159	6014	5044	79,6	-	-
- Hilly	4683	1957	945	1415	1584	99,2	-	-
- Red river delta	16388	3179	2146	2778	3512	99,4	-	-
- North central	11163	2809	2838	3835	3947	98,2	373	6,6
<u>The South</u>	-	-	<u>1518</u>	<u>2292</u>	<u>2254</u>	<u>31,9</u>	<u>35125</u>	<u>54,4</u>
- South coastal	-	-	1058	1283	1256	91,1	882	5,1
- Central highland	-	-	206	320	368	47,8	1107	36,3
- South East	-	-	154	348	338	19,8	4597	27,7
- Mekong delta	-	-	100	259	292	6,9	27939	78,3
<u>Total</u>	<u>40422</u>	<u>15220</u>	<u>12606</u>	<u>16334</u>	<u>16341</u>	<u>69,2</u>	<u>35498</u>	<u>23,2</u>







AGRICULTURAL ZONING MAP OF VIET NAM



ECOLOGICALLY AND TOPOGRAPHICALLY ZONING MAP OF VIET NAM



LEGEND

-  NATIONAL BOUNDARY
-  COASTAL REGION
-  MAIN LAND REGION
-  HILLY AND SEMIMOUNTAINOUS REGION
-  LOW MOUNTAIN REGION
-  HIGH MOUNTAIN REGION

P R E S E N T S I T U A T I O N

A N D

O R I E N T A T I O N S

FOR FURTHER DEVELOPMENT IN PHU DONG COOPERATIVE
(Gia Lam District, Hanoi Suburb)

A Case study by
Ms. Phung Thi Ngan Ha
S.R. Vietnam

PRESENT SITUATION AND ORIENTATIONS

For further Development in Phudong Cooperative.

Content

- I/ General basic facts.
- II/ Present situation of the cooperative
- III/ The Management structure of cooperative.
- IV/ Facing problems.
- V/ Renovation and orientation of further development.

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I/ GENERAL BASIC FACTS

Phu Dong village belongs to Gialam District, outskirts of Hanoi city, 10 km away from the city center, being a cooperative nearby the city, locating in the Red River Delta. Its climate is in conformity with agriculture development, growing many crops per year. The soil is fertile, the topography is flat and conveniently irrigating for the farming production.

The total natural land in Phu Dong cooperative is 1,251 ha, in which cultivated land is 612 ha. Average cultivated land area per labour is 1,500 m². The total population of the commune is 9,045. There are 2,300 families, 4,000 labours (woman labours occupy 57 %).

The principal crops produced by the farmers in cooperative are rice, maize, potatoes, vegetables. Every year people here grow two rice crops reaching 3.5 tonnes/ha and they also grow a rather big number of vegetables supplying for Hanoi.

Phu Dong cooperative has good natural conditions favourable for development of animal husbandry, especially for development of dairy cow farming: there are 250 ha of alluvia under maize producing 800-1000 tonnes of maize grain, 4,000 - 5,000 tonnes of maize stem. Besides every year there are thousands tonnes of straw, 50 ha of dike under grass for cow farming. Every year people here farm 2,000 - 2,500 pigs, 630 - 700 cattle, produce 200 tonnes of meat, 40 tonnes of piglets, 15 - 20 tonnes of beef. Before 1988 dairy cow farming in the family was not developed yet (because the cooperative concentrated to develop pig and cattle farming under collective form that did not encourage dairy cow farming in family).

II/ PRESENT SITUATION

2.1. Generally during last years the agricultural production in Phu Dong cooperative has been going up. The living standard of its members is being improved. Number of rich households had been increased.

Presently, infrastructure of the cooperative consists of :

- Very good irrigation system, ensuring irrigation and drainage by gravity for 100.% of cultivated land including 90 km of canals (in which 6 km of main canals crossing the cooperative), 4 electric pumping stations, capacity totaling 2,350 m³/ hour.

- Traffic : with the location at gatemouth of the city in the East , it is an important transport spot from Hanoi to northern provinces of Red river, it is advantage for interacting economy, from the cooperative to other provinces.

- Electricity : in the cooperative there are 3 transformers capacity totaling 1,040 KW that is able to supply for demands of production and living. Besides, there are 3 km of high voltage line and 6 km of low voltage line.

2.2. The year of 1986 witnessed a great qualitative change in the development of Agricultural cooperative in Vietnam. In the light of renovation policy set by the Government a deep change was carried out in agriculture. As the result, great achievements have been recorded in resolving the food stuff problem.

Implementing the Resolution No.10 on all - sided renovation of economic management in agriculture, at present, every agricultural household in Phu Dong cooperative has become a real economic production unit. Each household has received a definite area of land on the basis of the number of family's members and labour force. The household is entitled to produce rice and any other crops as it likes. After deducting taxes, fixed in the contract between the household and cooperative, the household is entitled to use the remained products or to sell them on free market; in case state - run units or cooperative want to buy the latter, they must strike a bargain with the producer.

The household has the right of inheritance of the land area distributed to it by cooperative for 10 years (for short cycle crops) and for 20 years (for long-live trees) . The contract is signed between the household and cooperative for the period of 5 years. The cooperative and the household have to devise norms and fix prices to work out the contract, to devise plan of distribution (both in money and products) on the basis of fertility of soil.

2.3. Thus, in Phu Dong cooperative every household has to act upon principles of self-management, self-responsibility as to the efficiency of production and profit.

According to concrete conditions, some the so-called land-work services, such as ploughing, plant protecting are to be done by the cooperative, farmers have to pay for the used services. All other works, such as transplanting rice-seedlings, harvesting, etc. are to be done by the households themselves.

Like other cooperatives, the Phu Dong cooperative has a common system of accounts in its management. It should be noted that information system of accounts is very important quantitative information in cooperative. It not only gives a real picture of the cooperative but also it helps in the process of

coordination and decision making. The cooperative has to submit the following financial statements :

- 1 - Business account.
- 2 - Profit and loss account.
- 3 - Distribution of surplus.
- 4 - Balance sheet.
- 5 - Social welfare report.
- 6 - Auditor report.
- 7 - Statutory report of the Board.
- 8 - Other supplementary notes.

It should be mentioned that Phu Dong cooperative is the multipurpose one with 3 sectors: Supply and Marketing, Credit and Agriculture. These sectors operate and carry out their activities under the guidance and leadership of the Board . They are regulated by the decisions of General Meeting and indicators of the Board.

The main function of Supply and Marketing Sector is to provide and to supply necessary farming inputs to farmer such as different fertilizers, insecticides, etc. These inputs may be bought from the District Union of Supply and Marketing cooperatives or from other sources and should be distributed among farmers by a fixed price (selling price = buying price + fixed percent of deficit + fixed transport expenses + fixed percent of extra charge). Besides they also sell consumer goods in different shops and retail center. There is one big retail trade center situated almost in the middle of the commune and there are other small shops situated in different villages of the commune (one commune consist of 4 or 5 villages) These consumer goods are also taken from district Union of SMC or other State-run Companies on the basis of payment in arrear or progress payment.

The credit sector acts as agent of the District Agricultural Bank. Two kinds of loans are reported to be provided : long-term loan for purpose of buying small agricultural machines and short-term loan for buying means of production for seasonal

crops , such as fertilizers and insecticides. As to be reported, the credit sector operates not in success due to rather high interest.

Regarding the agricultural sector, it should be mentioned that, nowadays dairy cow farming plays important role in the Agricultural development in Phu Dong cooperative. Market economy is extending, the Government encourages dairy cow farming in order to supply fresh milk for the citizens of city and tourists ... Therefore dairy cow farming in Phu Dong has an opportunity for development.

In 1991, women here have organized their own dairy cow farming association that aims to unite women farming dairy cow into one voluntary organisation in order to help themselves on technics, experiences, the ways of solving problems in farming. Dairy cow farming association comprises 32 members, who farm 62 dairy cows. In 1991 they produced 60 tonnes of fresh milk supplying for city.

III/ THE MANAGEMENT STRUCTURE OF PHU DONG COOPERATIVE

3.1. At the Annual General Meeting representatives from all sectors elect the Managerial Board and members of Audit and supervision Board. The Chairman and two Deputies Chairman also are to be elected by the General Meeting. Automatically these three personalities are the members of the Managerial Board . The Chief Accountant is appointed by the District People Committee in Agreement with General Meeting.

3.2. The manpower in the Managerial apparatus is as follows :

- Managerial Board : 12 members.
- Audit and supervision : 6 members,
- Accounting : 4 persons.
- Chairman of cooperative and two deputies.
- 3 Managers of 3 sectors.

All the elected managerial manpower works on the full-time basis. All members of the Audit and supervision Board are farmers and representatives of different social associations existing on the territory of the Commune. They work without payment.

3.3 The function of the managerial Board is as follow:

- Carrying out proper procedures of production development, the development of business and increase the cooperative 's income.

- To fulfil its duty towards the State and towards customers.

- To increase the guidance control of the sector's and production brigades so as to make them realize properly the plan of production and respect the internal regulations of cooperative and brigades.

- To carry out the stages of work under the collectivity's responsibility.

- To carry out adequately the services for the contract signatories and to help needy households fulfil their task of production.

- To pay special attention to the services ensuring good conditions to signatories and needy households so they can carry out the contract signed with the cooperative.

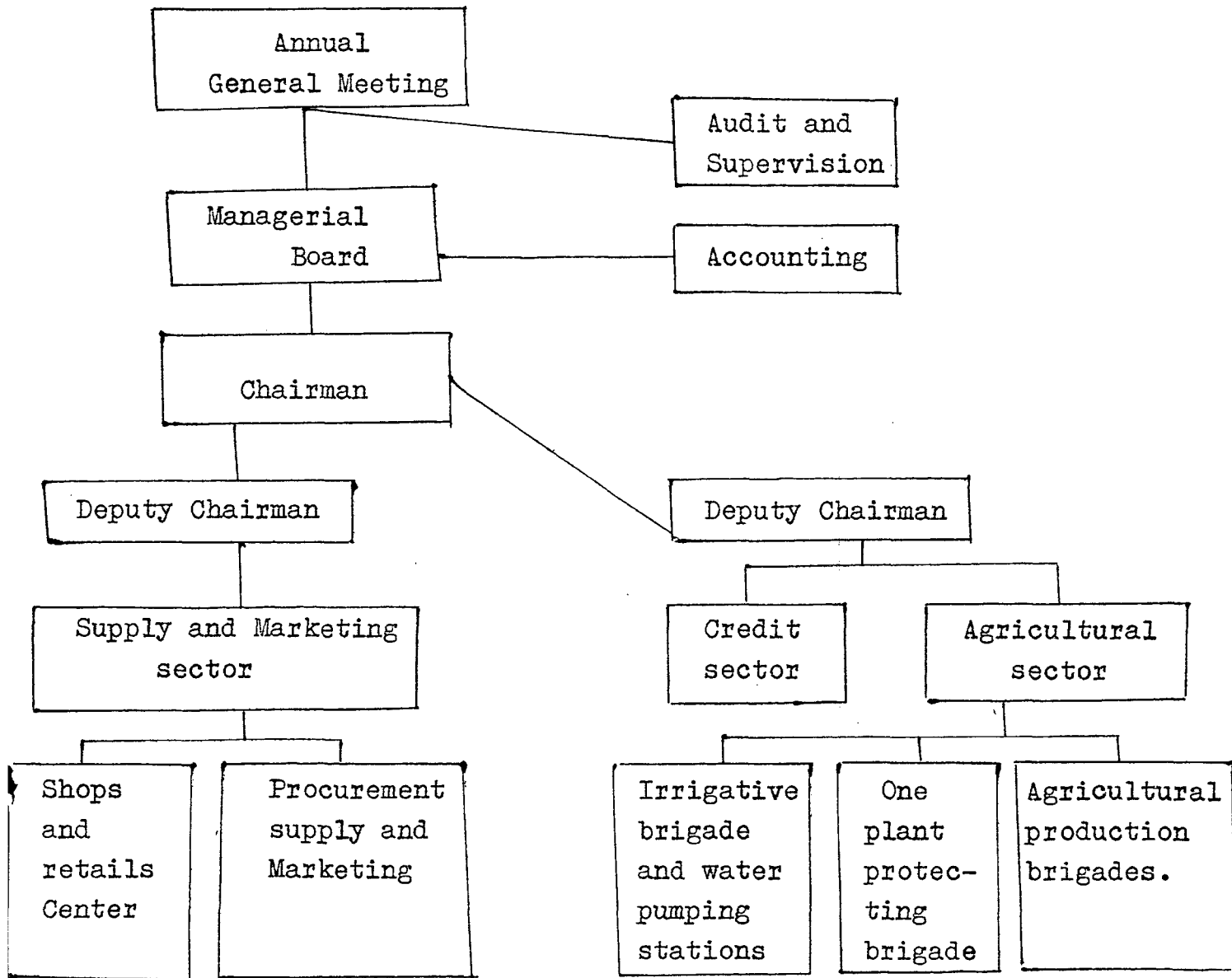
3.5. The functions of the Audit and Supervision Board are as follows :

- To promote activities of the Managerial Board so that these activities must follow the decisions of the General Meeting.

- To Supervise running and work-running capacity of the Managerial Board.

- To supervise and to control the implementation of General Meeting's decisions by the Chairman, his deputies, sectors' Managers and brigadiers .

Management structure of Phu Dong Cooperative :



IV/ FACING PROBLEMS

Recently the cooperative is facing many difficulties as follows :

- Lack of farming instruments & transport facilities.
- Shortage of trained and educated manpower.
- High interest percent of loan. Thus the credit sector is acting unsuccessfully. Revolving source from farmers is very limited and restricted due to shortage of fund in households.

- Many negative aspects have been noticed in the organization for supplying materials : supplies pass through too many hands. As a result, many losses are incurred, costs to farmers are high, and the level of production is adversely affected.

- Land potential is not throughly and fully exploited due to the lack of fund.

- Many households of the cooperative are poor. They always fail to deliver their contracted quotas and become liable for debts to the cooperative and state.

- Knowledge of people of dairy cow farming, milking and disease control is still low .

- Milk yield of cow herd in families is still low(a good cow just reaches 8-10 litres /day, in general 5-6 L/day)

V/ RENOVATION AND ORIENTATION OF FURTHER DEVELOPMENT

5.1. On the basis of Government Resolution No.100 concerning renovation of management in agriculture, the cooperative has decided to complete the process of dilive-ry of all kinds of land under the contract to farmers by

the end of June 1994. As known, only fertile soil has been delivered by now. All other various kinds of land remain untouched. They should be given under the contract with the adequate agricultural taxes which are being worked out presently.

5.2. In farming work, planting a rice crop at present involves eight links :

- Soil preparation.
- Irrigation.
- Protection against plant diseases and pests.
- Sowing and transplanting seedlings .
- Tending .
- Harvesting.

By now, in Phu Dong cooperative, only soil-preparation and irrigation are undertaken by the cooperative. All six other links are undertaken by individual coop-members. It's too difficult and hard for poor families which suffer from shortage of fund and labour force. So the General Meeting has decided that the first five links should be undertaken by cooperative. The other three latter ones should be undertaken by households. For this purpose, the cooperative is going to take a long-term loan for buying agricultural machines, such as tractors and trucks.

- The Supply and marketing sector will be improved and strengthened, so that it could fulfil its functions in supplying materials, especially fertilizers and insecticides.

- Interaction between the household and the cooperative is based on the contract signed by two sides. Many aspects and provisions of present contract form need to be corrected and amended. The cooperative would suggest the unified form of contract for all households.

- To promote and to spread the production system "orchard - fish pond - animal husbandry" in every household, including granting loans to the poorest families.

- Training people to raise their knowledge of dairy cow farming technology, improving working conditions.

- Taking dairy cow farming to become a popular job, that creates employment, increase returns, improve living standards of the families./.



Regional Office for
Asia & the Pacific

3th JTC/93/94

October 20, 1993

EIGHTH ICA/JAPAN TRAINING COURSE FOR
STRENGTHENING MANAGEMENT OF AGRICULTURAL
COOPERATIVES IN ASIA, 1993/94

DIVISION OF GROUPS

GROUP - 1

Dr K.G.Wankhade, India
Mr Tanoya Adi, Indonesia
Mr Do Hwan Woo, Korea
Ms Sein Sein Htay, Myanmar
Mr H.A.Siripala, Sri Lanka

GROUP - 2

Mr Deepak Kumar Saxena, India
Mr Iskandar Mukhlas, Indonesia
Mr Kwang Seog Song, Korea
Mr Anthony Samuel, Malaysia
Mr Pratin Boontioy, Thailand.

GROUP - 3

Mr Mh Anwaruzzaman, Bangladesh
Mr Ali Arbabi, Iran
Mr Tasadduq Hussain, Pakistan
Ms Phung Thi Ngan Ha, Vietnam
Mr K.L.Bandula, Sri Lanka

1. EACH GROUP TO ELECT ITS OWN CHAIRMAN AND SECRETARY ON ROTATION BASIS. EACH ONE OF THE PARTICIPANT IS EXPECTED TO PARTICIPATE IN BOTH POSITIONS.
2. REPORTS TO BE PREPARED ON OVERHEAD TRANSPARANCY (O.H.P.) SHEETS.
3. REPORT TO BE PRESENTED ON OHP PROJECTOR AND COPIES WILL BE CIRCULATED AMONG PARTICIPANTS FOR RECORD. REPORTS MUST BE READY BY THE STIPULATED TIME.

