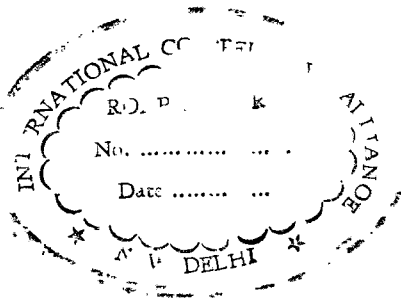
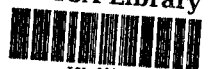


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# ASIAN CONSUMER COOP NEWS

For Private Circulation only

A Bulletin of the ICA Committee on Consumer Cooperation for Asia & the Pacific : Issued every 4 months

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November 1991

## CONTENTS

### ICA Regional Office Activities

Report of the ICA Consumer Committee 1990-91	3
Together with our Neighbours	3
Role of housewife in consumer coop. movement in Japan	6
Japanese Consumer Coop. Movement	7
Japanese Coop. Strategy for the '90s	8
Japan Coop. Information	9
Purchase Management for Consumer Cooperatives	15

### Consumer News from Asia

Bangladesh	17
India	17
Indonesia	18
Japan	18
Malaysia	19
Philippines	19
Singapore	20
Sri Lanka	20
Thailand	21
USSR	21
Vietnam	22

## EDITORIAL

The Consumer Cooperative Movement of Japan today ranks first among the world's best and efficiently run consumer movements. The Movement is highly motivated and most responsive to the needs of the members and the community at large. The Movement is aimed at creating comfortable life of the community by undertaking consumer business in a most professional manner and by providing the widest possible range of services to the people. It promotes consumer's rights to access of information, purchase of safe goods, prices commensurate with quality and informative labelling on goods. It contributes to the development of the society as a whole and strengthen the consumer's position.

The Consumer Cooperative Movement under the able leadership of the Japanese Consumer's Cooperative Union (JCCU) and its alert leadership, now can stand tall and high to face any competition from private operators and at the same time responding to the needs of the members and the community. This is because of the strong financial position, efficient management practices, high rate of member participation, dedication of its leaders and employees and its determination to survive. The Movement has derived its strength from its policies of "self-help" and "self-development". The development of its outlets and services is based on well-trying principles of scientific management. The Movement has also collaborated effectively with the producers organisations, more particularly with the agricultural cooperatives to ensure a regular supply of quality products which are healthy and environment friendly for the consumers and the society.

The Movement has also emerged as a prime-mover of development in Japan and abroad. It has supported a number of technical assistance projects and helped organisation of consumer-related institutions. The JCCU has come forward to assist a number of technical programmes in the Asia-Pacific region to promote and develop consumer cooperatives. The assistance is generally channelled through the ICA Regional Office for Asia and the Pacific (ICA ROAP). Some of the key programmes supported by the JCCU include education, training, seminars, workshops, consultancy services and exchange programmes for leaders and employees of consumer cooperatives in various countries of the region.

The present issue carries background information concerning Consumer Cooperative Movement of Japan, its brief history, organisational structure, business performance, information on top-10 primary consumer cooperatives and the role played by housewives in the development of consumer cooperatives in Japan. This information may be of some interest to our readers. Of course, if additional information on the activities of the JCCU or the Consumer Cooperative Movement of Japan is needed, please feel free to get in touch with the ICA ROAP.

- Editor

## ASIAN CONSUMER COOP NEWS

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#### To the Reader . . . .

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

- Editor.

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# ICA REGIONAL OFFICE ACTIVITIES

## Report of the ICA Central Consumer Committee 1990-91

### Executive Committee

*Members of the Executive:* Turid Strom, Sweden (Chairperson); Masao Ohya, Japan (Vice-chairman); Manfred Dabrunz, (Germany); Kalevi Soumela (Finland); Peter Szilagyi (Hungary); Giuseppe Fabretti, (Italy); Abdulatif Al Kharaza, (Kuwait).

### Membership

The ICA Consumer Committee has 17 member organizations from the following countries: Argentina, Austria, Costa Rica, Denmark, Finland, France, Germany, Ghana, Hungary, Israel, Italy, Kuwait, Portugal, Spain, Sweden, U.K. and U.S.A. The Committee has one associate member in Canada. In addition the following countries are represented on the ICA Sub-committee on Consumer Co-operation in Asia: Bangladesh, Fiji, India, Indonesia, Japan, Malaysia, Philippines, Singapore, Sri Lanka and Thailand.

### Secretariat

Secretariat services to the Consumer Committee have been provided by ICA Geneva since 1984. However,

in view of change in ICA policy with regard to support to its Specialized Organisations it was necessary to find a replacement for Mr. Lajos Varadi whose services could not be guaranteed to the Committee after 1992. Since the beginning of 1991 the Committee's Secretariat is located in Sweden and Secretarial services are provided by Ms. Finola Marras.

### ICA Official Visits NATCCO

The director of the Regional Office for Asia of the International Co-operative Alliance (ICA), Mr. G.K. Sharma, visited NATCCO for the first time last July 25. Mr. Sharma urged NATCCO to send a representative to the regional council of the ICA and to the regional council of the ICA and to participate in ICA activities even more actively.

The ICA - NATCCO partnership has been a long standing one. NATCCO's Distance Education Program was, in fact, set up with the help of Mr. W.U. Herath, ICA-Asia's project advisor for its Human Resources Development. Incidentally, Mr. Romulo Villamin, NATCCO general manager, went off to Kuala Lumpur to attend the HRD Committee Meeting of ICA-Asia

last August 19.

### New ILO Department Established

The International Labour Organisation has established a new department - the Enterprise and Co-operative Development Department (ENTERPRISE) it will have two branches: Entrepreneurship and Management Development, and Cooperatives.

The main objective of the department is to promote policies and programmes which encourage entrepreneurship and favour the development of enterprises in the formal and informal sectors in both rural and urban areas, including co-operatives.

Dr. Jurgen von Muralt has been appointed Director of the new department.

### ICA Publication

In July 1991 the ICA ROAP had reproduced a consumer education material on "Principle of Supermarket Operation" published by JCCU a few years ago. The publication is available at the ICA New Delhi Office. □

## Together with Our Neighbours

### Problems and Future of the Asian Co-operative Movement



Mr. M. Ohya, Chairman of the ICA Consumer Committee for Asia and the Pacific

On May 14, Mr. Masao Ohya, Executive Director of the Japanese Consumers' Co-operative Union (JCCU) and chairman of the ICA Committee on Consumer Co-operation for Asia and the Pacific, met with Mr. Pradit Machima, Consumer Advisor of the ICA Regional Office for Asia and the Pacific. The discussion covered a number of issues relevant to the consumer co-operative movement in Asia ranging from the current operative condi-

tions, problems and solutions relative to the promotion of co-ops in different parts of Asia, to the role of the JCCU and the ICA in developing Asian co-ops, as well as the future of the co-op movement. The discussion was marked by general agreement in terms of ideology and ultimate goals, with some differences concerning methods, particularly with regard to dependence on outside assistance and the role of government in the co-op movement.

Mr. Ohya opened the discussion by presenting his view of Asia as a world region undergoing drastic change. In many parts of Asia, traditionally, there has been no distinction between consumer and producer. Independent of suppliers, through farming and self-made goods, man has produced his own food and other needs for survival. Due to modernization and development, however, a new and large group of consumers is emerging throughout Asia. It is Mr. Ohya's opinion that the rights of consumers should be protected by establishing co-operatives. But it is the responsibility of the consumers themselves to organize these co-operatives.

Mr. Machima responded by describing the complexities surrounding the Asian co-operative movement. "The situation varies for one country or region to another. In the Far East and Southeast - mainly Japan, Korea, and Singapore - the co-operative movement is progressing much faster than in other countries". Reasons given were high standards of living, income levels, education, and access to facilities. He explained that although incomes were increasing in countries such as Thailand, the Philippines, Indonesia, and the sub-continent of the India, Pakistan, Sri Lanka, and Bangladesh, the residents of these countries were not aware of their rights as consumers. Mr. Machima stressed the need to protect such rights.

Mr. Ohya countered that because consumers now emerging are conscious of their right to buy due to increased access to supermarkets, they are learning of other rights to which they are entitled, such as safe and fairly priced products. "They experience the problems of high prices and pollution, and they are often exploited by merchants". Mr. Machima stressed that in India and the sub-continent, the situation varies depending on the region. "Around industrial cities such as Bombay, the level of education and income is high and living standards are modern. Although there are some successful co-ops operating, most are not effective."

He described the most significant problem plaguing the co-operative movement being a lack of education among consumers, government policy makers, and university officials regarding co-operatives and consumer rights.

There are some examples of successful co-operative movements in Southeast Asia, however, added Mr. Machima, citing examples in Singapore and certain parts of east Malasiya where the movement has been making great headway. "We must use these examples to promote activity in other parts of Asia," he affirmed.

Consumers need to be grouped into co-operatives societies," insisted Mr. Ohya. "We need to organize the needs and demands of consumers by creating a consumer co-operative society incorporating members' ideas and participation and member investment." Mr. Ohya concluded his statement by requesting Mr. Machima to define the ICA's current role as well as his position as an advisor to the ICA.

#### Role of ICA

Regarding the role of the ICA, Mr. Machima said it must assist co-ops in selling products which will benefit consumers and also address environmental problems to create a better life for the consumers, stating that "a better life involves a number of things." He explained that the ICA office in New Delhi (where Mr. Machima is presently posted) is working to promote successful co-op operations throughout the Asia Pacific region.

Mr. Machima noted that the ICA was a small organisation relative to the scale of responsibilities it faces in over fourteen countries, but that it was making headway with the help of Japan. The ICA's current approach, he explained, involves three areas of emphasis. "Firstly, we need to organize a system of education and training for co-op group leaders and managers. Secondly, we would like to set up exchange programmes. We want to send members from India and Bangladesh, for ex-

ample, to visit Japan or Singapore so that they may receive training. Thirdly, we need to implement an internal development program through provision of technical and financial support."

Mr. Ohya praised the accomplishments of the ICA in promoting the co-op development in Asia, commenting that "the ICA is the emblem of the co-op movement." Following the Second World War, Japan was a very poor country with a weak co-op movement. Japan visited other countries in search of co-op ideas to apply to its own co-op development. Mr. Ohya credited the ICA saying, "It was from the ICA that Japan learned the value of developing co-operatives. Now the role of the ICA is more important than ever."

Mr. Ohya stressed that people need to learn to practice "self-reliance, self-respect, and mutual assistance," with regard to co-operative development in Asian countries. They must learn from other countries, but avoid dependency on them, as only ideas, methods and philosophy can be transported from one country to another. "This is the type of policy that should be promoted [by the ICA]," stated Mr. Ohya.

Mr. Machima agreed that groups need to be self-reliant. He described the situation in southern India where certain consumer groups are prospering without outside assistance. In parts of southern India, political disturbances are uncommon and education and income levels are higher than in northern India, he explained. In cities like Bombay, this has made it possible to set up self-financed, self-developed, model co-op networks at universities, nurturing members from a young age.

#### Sharing in Asia

Mr. Ohya proposed that because of geographic factors and cultural similarities, the Far East (Japan, Korea, China, and the portion of Russia facing the Japan Sea), India and the sub-continent, and the ASEAN nations be considered three blocks for the purpose of promoting the co-op movement in Asia. For the Far Eastern re-

gion, Mr. Ohya suggested that Japan (JCCU) act as a pilot in this role. The obvious leader for the ASEAN nations should be Singapore, and India should spearhead co-op development in the region of sub-continent. "These three countries can play a major role in co-op development," contended Mr. Ohya, "and it is the role of the ICA to coordinate these three regions." He added that the JCCU would assist the ICA in this task.



Mr. Pradit Machima, Consumer Advisor of ICA Regional Office for Asia & the Pacific

Mr. Machima explained that the ICA has been working to coordinate the three regions, but stressed that there were a number of hurdles to overcome. He provided the examples of India, Pakistan, and Bangladesh that once made up a single country and share similar cultural and social backgrounds and average income levels. Because of low income levels and literacy rate, as well as excessive government interference, there are a number of problems involved in coordinating the promotion of co-ops in this region. In India, Bangladesh and Sri Lanka, where government officials are appointed to manage the co-ops, the co-op groups can not be self-reliant, because the government exerts control. Mr. Machima said, "If we can persuade governments not to intervene with the consumer groups, then I think we will eventually see co-operative groups in India, Pakistan, Bangladesh, and Sri Lanka like those in the Far Eastern region." Mr. Machima observed that also in certain Southeast Asian countries, governments are prohibiting the creation of a free

co-op movement. Mr. Ohya defended the role that governments have played thus far in the Asian co-op movement. In a number of countries, after gaining independence from colonial powers, people were not in a position to initiate co-operative societies. Only through government assistance could consumer groups be organized. Currently, however, government need to withdraw their control, and grant consumer groups autonomy to operate freely. Mr. Ohya noted that last year the ICA arranged a Co-operative Ministers' Conference in Australia, in which Asian government officials took part. A primary aim of this conference was to promote government withdrawal from consumer organizations. A similar conference will be held in Indonesia next year. Mr. Ohya emphasized that it is important for governments to provide assistance rather than control. "Governments must give the people a chance to manage their own co-ops," he insisted. Concerning the upcoming conference in Indonesia, Mr. Machima recommended that the proper role for governments in co-op movements be focused on. "We need to stress specific areas from which governments need to withdraw".

#### Assistance from JCCU

Mr. Machima expressed gratitude to the JCCU for providing assistance, without which ICA activities would not be possible. In addition to financial and technical aid, he cited several areas in which Asian co-operatives needed further support from the JCCU and proposed that the JCCU set up a scholarship fund to be applied to a training program. The program would involve training in Japan of co-op members from other parts of Asia. After receiving training they could develop stronger co-op networks in their own countries. Mr. Machima also recommended that members of the JCCU visit the movements in other countries. Mr. Machima also recommended that members of the JCCU visit the movements in other countries, analyze their problems, and provide assistance and consultation.



Six selected co-op managers had one week training in Japan, July 1991

Addressing Mr. Ohya, he suggested, "Use your experience to detect their problems."

Regarding JCCU development aid, Mr. Ohya described the fund established three years ago by JCCU president, Mr. Takamura, to assist the Asian co-op movement.

Mr. Ohya highlighted some of the unique aspects of the Japanese co-operative system which would make it difficult to transplant such a system in other countries. He explained that almost all co-op members in Japan are housewives, and that in Japan housewives handle family money affairs. Since the Second World War the education level of Japanese housewives has been very high. These factors combined with the fact that Japanese co-op groups operate under the Japanese Han (group) method of distribution, make the Japanese system difficult to transplant in other countries. "This is a very Japanese system. You can learn from Japan, but you must apply a system best suited to your own society. Movements should learn from other movements, but they must learn to stand on their own feet," Mr. Ohya reiterated.

Mr. Ohya and Mr. Machima were both hopeful for the future course of the Asian co-operative movement. Mr. Machima noted the recent establishment of Sri Lanka's first consumer co-op federation. "After just a few months, it has shown positive results. I think this is an optimistic sign for the future." Mr. Ohya closed the discussion saying, "Let's believe in the people of Asia."

# Role of housewife in consumer co-op movement in Japan

By Rekha S. Karkal

*Chairperson, Women's Co-op. Bank Ltd., Panjim. India*

Japan is a great country of great people who are highly disciplined, industrious and duty conscious; highly religious, tradition and culture bound and above all unflinchingly patriotic. Although reduced to ashes during the Second World War, Japan, like the legendary Phoenix, has risen from its ashes with renewed vigour within a short span, creating history. Their history of resurgence with many splendoured glory, has inspired lessons and experiences for all the developing countries and in particular to India.

The role of Consumer Cooperative movement in the resurgence of Japan and in improving that standard of living and economic status of its people, at a time of rapid industrialisation and the consequent rising cost and standard of living, is indeed commendable, and worth emulation.

Consumer Cooperative movement is one of the spheres of the larger Cooperative movement, especially meant to cater to the needs of their members, of various consumer products of day to day use, varying from perishables such as fruits and vegetables to groceries, clothes and textiles, medicines and health care products, kitchen gadgets and appliances and other consumer durables.

Consumer Cooperatives are organised with the same basic aims and objectives as other Cooperatives such as - mutual sharing of benefit, sharing of capital, elimination of exploitation, decentralisation of power, humane economy economic upliftment of members and political neutrality.

My study tour of Consumer Cooperatives of Japan as a member of 5 member Women Cooperators delegation from India, afforded me an opportunity to learn from close quarters their multi-dimensional activities covering

all spheres of consumer needs, their structure, organisation, and member welfare schemes and various factors which have contributed to their phenomenal success and increasing popularity particularly among housewives.

In Japan there are about 650 Cooperative Societies with a total membership of 12 million, which is indeed a staggering figure compared to the size of the Country and its population (12 Crores). One of the largest consumer Cooperative Societies, catering to practically all the consumer needs from womb to tomb which I had the opportunity to visit, 'KOBE CONSUMER COOPERATIVE', has a membership of 9,30,000 of which about 98% are housewives of women (functional area is a District of Prefecture with an area of about 1200 sq. km. and a population of about 10 lakhs). Its assets exceed Rs. 1400 crores, share capital Rs. 220 crores, sales turn over Rs. 2700 crores and has 12,000 employees on its rolls.

These astounding figures are an indication of the great strides made by the Japanese Consumer Cooperative movement in spite of intense competition by multiple chains of Super Bazars, Departmental Stores and Sales Depots run by the private sector (In Japan, by law, Cooperatives serve only their members and not the general public as in our country).

Some of the noteworthy factors which have contributed to the outstanding success of Japanese Consumer movement are as follows:-

1. Japanese Consumer Cooperatives leadership, although dominated by men, had realised that housewives, determine the Consumer pattern in the family and hence their active participation in the movement is of utmost importance for its growth, progress and success. It is with this realisation of

women's power, they have encouraged women's active involvement by organising membership of cooperatives into small neighbourhood groups (5-10 members) of housewives known as HAN (small in Japanese) group as the basic unit of the organisation. Through these groups members can take part in administration of their Cooperatives and each member can freely voice her opinion and desire to the management. The highly committed and dedicated leadership has shown continuing concern to women needs, interests and aspirations and have won their trust and confidence and have inspired and encouraged their active participation.

2. The members are highly motivated on account of the continuing attention and concern shown to members needs, opinions, desires and aspirations and welfare and material benefits made available to them. Further the members are involved in all the Cooperative activities such as product development, product testing and selection of merchandise. A feeling of ownership and belonging is instilled in them - thus motivating the members to actively participate in every stage of administration.

3. Development of 'CO OP' brand products in consultation with housewives which has given them an assurance of supply of better, safer, healthier and quality products at very competitive prices. (There are about 7000 CO OP brand consumer products).

4. Financially self sufficient movement without any outside help or support.

5. Joint buying activities through HAN groups which develop a sense of responsibility and also provide convenience to working members.

6. Close collaboration and coordi-

nated activities with producer Cooperatives like fisheries, dairies and agricultural 'CO OPs'.

7. Collaboration with local manufacturers of Consumer products who assist in manufacturing 'CO OP' brand products as per specification approved by the members.

8. Strict adherence to Cooperative principles with special emphasis on democratic administration and continuous consultation with members'.

9. Great attention to development of human resources, well informed membership and skilled and trained employees with emphasis on continuing education and training programme.

10. Active role to promote and defend interests of the consumer and close collaboration with other agencies with similar objectives.

11. The concept of family membership in Consumer Cooperatives permitting the use of community welfare facilities by the entire family of members.

12. The harmonious blend between members, management and employees

- all working in close coordination, irrespective of their status or position is a very distinctive feature that has contributed immensely to their success.

13. Awakening of women about their rightful place in the community and helping them to raise their economic status by providing opportunity of service in the Co-op without confining them to the position of mere objects of sympathy as in our country.

14. Capacity of the leadership to foresee and plan for the future.

15. Absence of religious bias and political neutrality of the leadership as well as members.

The consumer Cooperative movement in India (with a few exceptions) is in a stage of decline in spite of the initial euphoria and success. The movements declining popularity, diminishing image and slow growth can be attributed to several factors both within and outside the movement such as intense competition from the private sector, lack of efficient, committed and dedicated leadership, lack of appreciation of aims and objectives of cooperation, both by the leadership and the mem-

bers, lack of meaningful and active participation and involvement of members, particularly women who constitute the most powerful and energetic force totally determining the Consumer pattern in the Society; limited activities of Consumer Cooperatives to mere distribution of standard Merchandise and lack of genuine effort on the part of the Government to encourage and develop effective and economically self reliant Cooperative movement and above all, politicisation of the movement itself.

The Japanese experiences and innovations in the Consumer Co-op movement if adapted in our Country will certainly help to arrest the declining popularity and to refurbish the diminishing image of Indian Consumer Co-op movement. It will go a long way in strengthening the Consumer Cooperative movement, making it economically self reliant, enabling it to stand on its own legs without Government or outside help thereby contributing its due share in building a better community and a greater nation.

□

## The Japanese Consumer Co-op Movement

### Brief History of Consumers' Co-operatives in Japan

The formation of the first consumers' co-operatives dates back to as early as 1879, and a growing number of co-operatives began to appear after the enactment of the Industrial Co-operative Association Law in 1900. Co-op activities were suppressed during the World War II period, and many co-op shops and facilities were demolished by the air attacks of the Allied Forces. Co-operatives were quick to start reconstruction activities soon after the war, and began a new period of their history after the Consumers' Livelihood Co-operative Society Law took effect in 1948 under the jurisdiction of the Ministry of Health and Welfare.

The co-operatives entered the period of full-scale development in the second half of the 1960s. A number of today's leading co-operatives were founded in this period. At that time, university co-operatives projected the idea of organising citizen co-operatives, and accordingly many people with great experience in the university co-op operations played a leading role in the establishment of citizen co-operatives. Also, the basis of present 'Han' activities was established during that period. On the other hand, a number of co-operatives experienced management crises in the same period, as they expanded their store operations in a hurry

without a sufficient managerial and membership base. Learning a lesson from these bitter experiences, in the first half of the 1970s co-operatives began to pursue a democratic administration truly founded on the activities of individual members.

The feature of co-operative activities in the 1960s to 1970s in the expansion of citizen co-operatives among the retail co-operatives, and the increase of housewives in the percentage of co-op members.

The development of consumers' co-operatives from 1975 is summarized in the Table overleaf.



## Function and Organisation of the JCCU

The Japanese Consumers' Co-operative Union was founded in 1951 as a national apex body organisation for the guidance of individual co-operatives, succeeding the functions of the former Co-operative League of Japan. In 1965, the JCCU merged with the former All Japan Consumers' Co-operative Wholesale Society, starting wholesale business for primary co-operatives. In the field of international trade, the JCCU established a subsidiary, Co-optrade Japan Ltd., to embark on import and export business on the basis of the inter-co-operative trade.

## Evolution of JCCU Member Co-operatives

Fiscal year	1975	1980	1985	1989
No. of co-ops	619	658	659	665
No. of members (million)	5.1	6.7	10.3	13.4
Share capital (billion yen)	27	52	113	216
Total turnover (billion yen)	570	1,108	1,884	2,502
No. of citizen co-op members (million)	1.8	2.9	5.7	NA
No. of 'Han' members (million)	0.97	1.87	3.5	5.3

N.A. = Not Available

## The Japanese Co-op Strategy for the '90s

*On the 'Pursuit of a Better Life Full of Humanity', co-ops seek to develop activities in the following directions :*

### 1. Movement to create a comfortable life

It is important that all consumers co-operate with each other as independent creative individuals, rather than being passive consumers. Co-ops aim to develop activities for creating a better life.

### 2. Co-operatives in which anyone can take part anywhere

Co-operatives will expand business into areas of culture, leisure, services, mutual aid and welfare so that anyone can take part in and use services while working to create communities where everyone co-operates and benefits from the movement.

### 3. A wide range of consumer co-operative business

It is essential that there be a wider range of goods in the food sector and that the clothing and furniture/DIY sectors be strengthened. Co-operatives

will pursue other areas of business such as information, services and culture, etc.

### 4. Creating comfortable living circumstances and addressing human-related issues of environment and peace

It is an important role of consumer co-ops to contribute to the economic development of the community, work towards improved welfare programs, and assist in conservation of nature, the environment and culture. Creating a caring community represents the ultimate goal of the co-operative movement.

Co-operatives should address human-related issues such as natural resources, energy, food supply and agriculture, as well as world peace. A fundamental principle of the co-operative movement is to promote these issues on community, national and international level.

### 5. Establishing consumer's rights

Co-operatives will promote movements that establish and expand consumer's rights. To be pursued are consumer's rights to access of information, purchase of safe goods, prices commensurate with quality and informative

labelling on goods.

### 6. Community and nationwide co-operative networks

Working towards the establishment of a co-operatives sector will be established through:

- expansion of community-based activities: network of medical co-operative clinics, hospitals and jointly-run welfare facilities for the community; and promotion of joint planning in co-operation with university, worker, insurance and housing co-operatives.

- creation of a co-operative network in conjunction with agricultural and fishery co-operatives, as well as small business co-operatives.

### 7. Social role of co-operatives

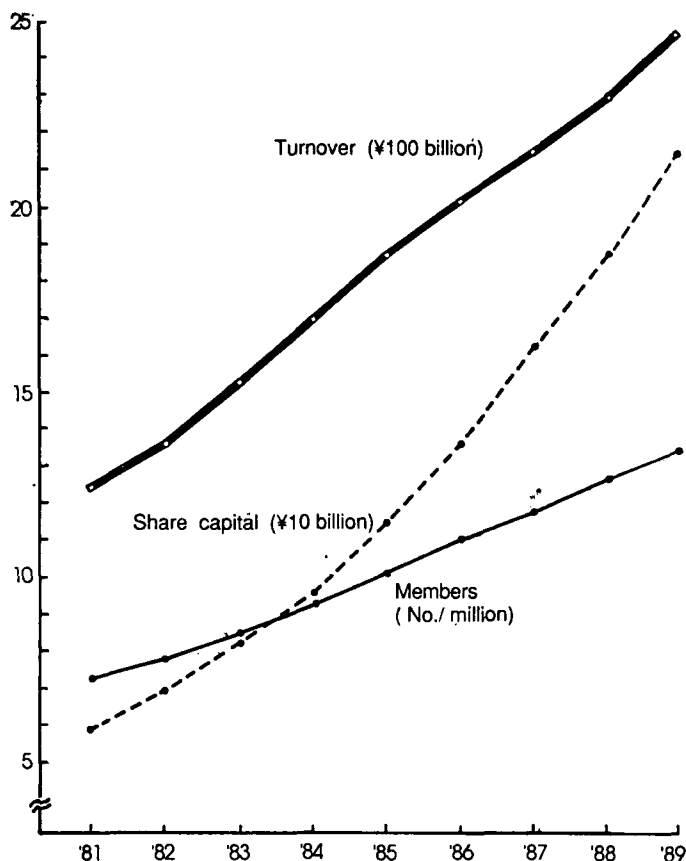
Co-operatives movements will contribute to the development of society as well as strengthen the consumer's position. Co-operatives will endeavor to improve their social position by playing a vital role in the community and economy when the majority of households in cities and towns become co-operative members.

# Japan Co-op Information

## Sum-up of Japanese Co-ops

	1989	1988	'89/'88(%)
Co-op societies (No.)	665	655	+1.5
Members (No.)	13,364,233	12,664,439	+5.5
Han groups (No.)	943,285	831,820	+13.4
Han members (No.)	5,311,079	5,010,451	+6.0
Han members ratio (%)	39.7	39.6	-
Total turnover (¥ Mil.)	2,502,803	2,326,805	+7.6
Retail sales (¥ Mil.)	2,275,281	2,123,863	+7.1
Services sales (¥ Mil.)	227,522	202,942	+12.1
Share capital (¥ Mil.)	215,863	187,149	+15.3
Share capital per member (¥)	16,153	14,778	+9.3
Co-op bonds (¥ Mil.)	79,264	77,094	+2.8
Retail outlets (No.)	2,330	2,259	+3.1
Sales area (m <sup>2</sup> )	1,049,347	1,005,574	+4.4
Full-time employees (No.)	51,465	48,566	+6.0
JCCU wholesale (¥ Mil.)	393,536	367,166	+7.2
JCCU CO-OP brands wholesale (¥ Mil.)	233,610	228,032	+2.4
Co-op retail share in Japan (%)	2.64	2.45	

## Evolution of Japanese Co-ops



## Japanese Top 10 Co-ops

	Turnover (¥ Mil.)	'89/'88 (%)	Members (No.)	'89/'88 (%)
1. Nadakobe	297,057	+6.7	969,196	+3.7
2. Kanagawa	134,216	+3.0	769,716	+5.1
3. Sapporo	131,909	+5.2	630,058	+5.8
4. Tokyo Citizen	80,240	+7.2	380,390	+7.7
5. Saltama	63,459	+7.5	270,467	+9.7
6. Miyagi	62,282	+7.4	296,057	+5.7
7. Toyota	60,449	+2.2	164,347	+4.5
8. Kyoto	54,228	+7.3	287,413	+7.6
9. F	53,054	+3.0	239,435	+4.8
10. Osaka Izumi Citizen	46,486	+6.4	180,094	+7.8

\* The top 10 co-ops represent 40% of the total turnover of the Japanese co-ops.

## World Top 10 Co-ops

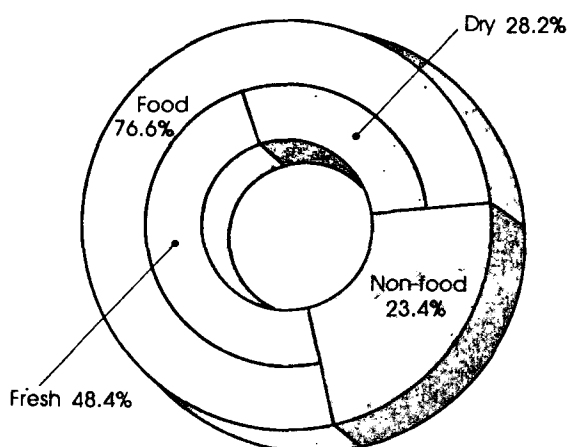
	Turnover (ECU Mil.)	'89/'88 (%)	Members (No.)
1. Konsum Österreich, Austria	1,862	+3.0	792,000
2. Nadakobe Co-op, Japan	1,758	+6.7	969,000
3. CRS, Great Britain	1,663	+6.4	1,358,000
4. FDR Retail, Denmark	1,486	-	696,000
5. Konsum Stockholm, Sweden	1,259	+3.5	324,000
6. Coop Dortmund-Kassell, W. Germany	1,228	+2.5	500,000
7. CWS Retail, Great Britain	1,071	+9.7	1,164,000
8. Tradeka, Finland	925	+9.0	-
9. Co-op Kahagawa, Japan	794	+3.0	770,000
10. Co-op Sapporo, Japan	781	+5.2	630,000

\* Inter-Coop Statistics 1989. The figures on Japanese co-ops are adjusted based on the final data.

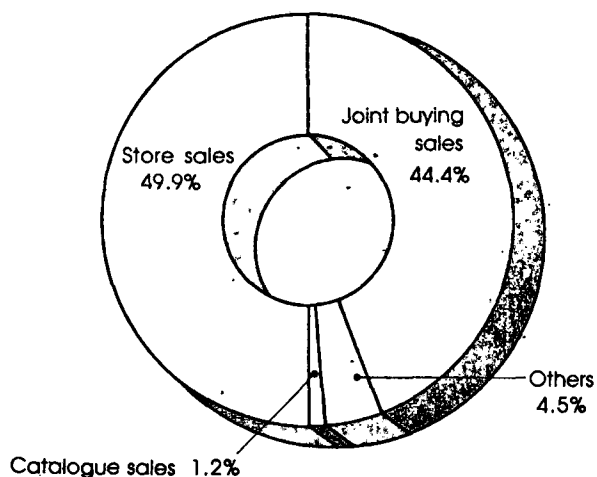
## Composition of Co-op Stores

	Number (%)	Sales area (%)	Turnover (%)
- 199m <sup>2</sup>	48.9	10.2	15.6
200m <sup>2</sup> -	26.1	19.3	21.0
500m <sup>2</sup> -	19.2	36.4	34.8
1,500m <sup>2</sup> -	4.3	18.8	16.1
3,000m <sup>2</sup> -	1.5	15.3	12.5

## Retail Sales According to Products



## Retail Sales According to Operation Types



## Basic Figures of Non-retail Co-ops

### (Medical Co-op)

Co-op societies (No.)	117
Members (No.)	1,367,145
HAN groups (No.)	14,490
HAN members (No.)	180,000
Hospitals (20 and more beds) (No.)	81
Clinics (less than 20 beds) (No.)	194
Beds (No.)	12,634
Doctors (No.)	1,620
Nurses (No.)	8,711
Other staff (No.)	8,073
Turnover (¥ Mil.)	173,967

### (Insurance Co-op)

Co-op societies (No.)	59
Policies (No.)	27,980,000
Premium income (¥ Mil.)	263,300
Claims paid (¥ Mil.)	91,100
Full-time employees	2,359

(As of May, 1990)

### (Housing Co-op)

Co-op societies (No.)	49
Members (No.)	875,060
Housing units constructed (No.)	2,196
Full-time employees (No.)	425

(As of March, 1990)

### Basic Figures of University Co-op

Co-op societies (No.)	170
Members (No.)	985,398
Turnover (¥ Mil.)	159,730
Full-time employees (No.)	2,500

(As of March, 1990)

\* As of September, 1989

## Profile of Japanese Consumers' Co-operative Union ( JCCU )

Head office:	4-1-13, Sendagaya, Shibuya-ku, Tokyo 151, Japan Phone: (03) 497-9103
Established:	March 1951
President:	Mr. Isao Takamura
No. of member Co-ops:	665
No. of member prefectural unions:	43
Total co-op members:	13.3 million
Total co-op turnover:	2,502,803 million yen
JCCU turnover	393,536 million yen
Of which, wholesale of CO-OP brand products:	233,610 million yen
No. of JCCU CO-OP brand items:	9,643 (as of March, 1990)
Share capital:	6,489 million yen (as of March, 1990)
No. of full-time employees:	748
Functions:	As a sole national consumer co-op organisation, it fulfills the following functions. • Formulation of co-op national policies • Coordination of member activities at national level

Subsidiaries:	<ul style="list-style-type: none"> <li>• Representation of co-ops' voice at national and international level</li> <li>• Planning, development and supply of CO-OP brand products</li> <li>• Other business operations including mutual insurance, travel agency, and publishing</li> <li>• Guidance on member co-op management and staff education through correspondence courses and seminars</li> </ul>
	<ul style="list-style-type: none"> <li>• Co-optrade Japan Ltd. Set up in 1956 as an international trading organ owned wholly by JCCU. Has trading relationship with co-operative organisations and other trading concerns of 25 countries throughout the world. Main trading items are marine products, food, clothing, logs for import and machines, electric appliances for export.</li> <li>• Co-op Clean Co., Ltd. Set up in 1978 as a joint venture with detergent company. Develops and controls production of a large variety of CO-OP brand detergents free from allergic reactions and causing less pollution to the natural environment.</li> <li>• National School Supplies Co., Ltd. Set up in 1967. Supplies both schools and students with economical but quality education materials developed through practical teaching experience.</li> </ul>

### JCCU Balance Sheet (as of March 20, 1990)

#### ASSETS

Current Assets	¥ 88,092,078,181	
Fixed Assets		
Tangible Fixed Assets	6,605,856,800	
Intangible Fixed Assets	78,900,590	
Other Fixed Assets	4,770,510,457	11,455,267,847
<b>Total Assets</b>	<b>¥ 99,547,346,028</b>	

#### LIABILITIES AND CAPITAL

Current Liabilities	¥ 79,705,176,046	
Fixed Liabilities	5,153,921,874	
Share Capital	6,489,900,000	
Retained Surplus		
Legal Reserves	4,251,000,000	
Voluntary Reserves	1,340,000,000	
Unappropriated Surplus	2,607,348,108	8,198,348,108
<b>Total Liabilities and Capital</b>	<b>¥ 99,547,346,028</b>	

### JCCU Profit and Loss Statement (from March 21, 1989 to March 20, 1990)

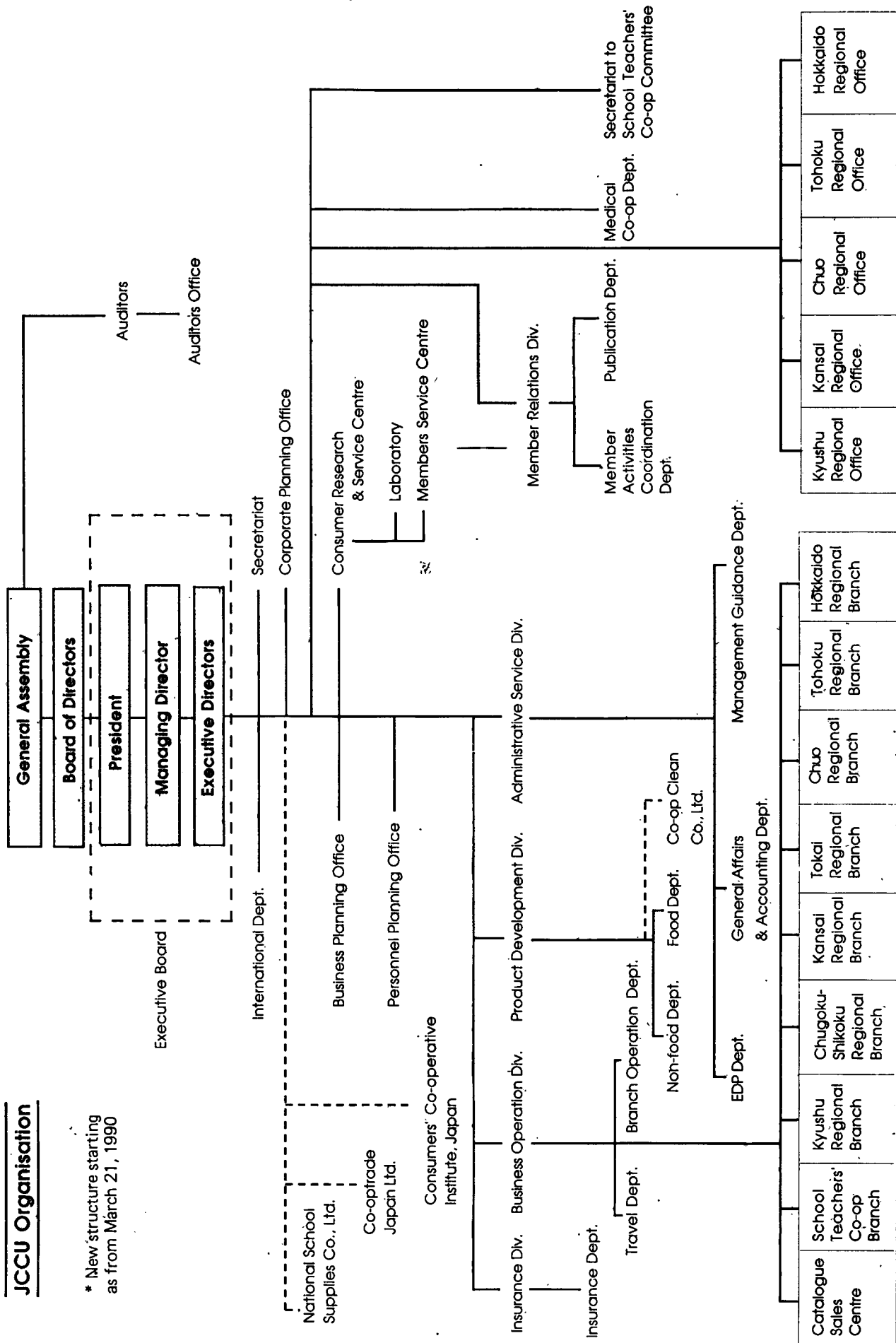
Sales	¥ 383,824,411,403
Cost of Sales	<u>365,849,217,945</u>
Gross Profit	17,975,193,458
Subscriptions Revenue	661,063,900
Management Guidance Surplus	258,252,870
Mutual Insurance Surplus	189,475,823
Other Revenues	<u>1,078,115,446</u>
Total Revenues and Surplus Funds	20,162,101,497
Trading Expenses	<u>17,808,479,618</u>
Trading Surplus	2,353,621,879
Non-trading Net Revenues	<u>1,474,973,159</u>
Current Surplus	3,828,595,038
Extraordinary Profits	475,068,441
Extraordinary Losses	<u>165,276,077</u>
Surplus for Year before Taxation	4,138,387,402
Taxation	<u>1,537,911,213</u>

**NET SURPLUS FOR YEAR**

**¥ 2,600,476,189**

# JCCU Organisation

\* New structure starting as from March 21, 1990



## Major Japan Data

Population 1)	121,049,000 (1985)
Households 1)	38,133,000 (1985)
Gross national product 2)	347,060 billion yen (1989)
Private consumption 2)	189,809 billion yen (1989)
Retail sales 1)	101,719 billion yen (1985)
Consumer Price Index 1)	
Food	102.2 (fiscal year 1985 as * 100*)
Total	103.7 (1985 as * 100*)

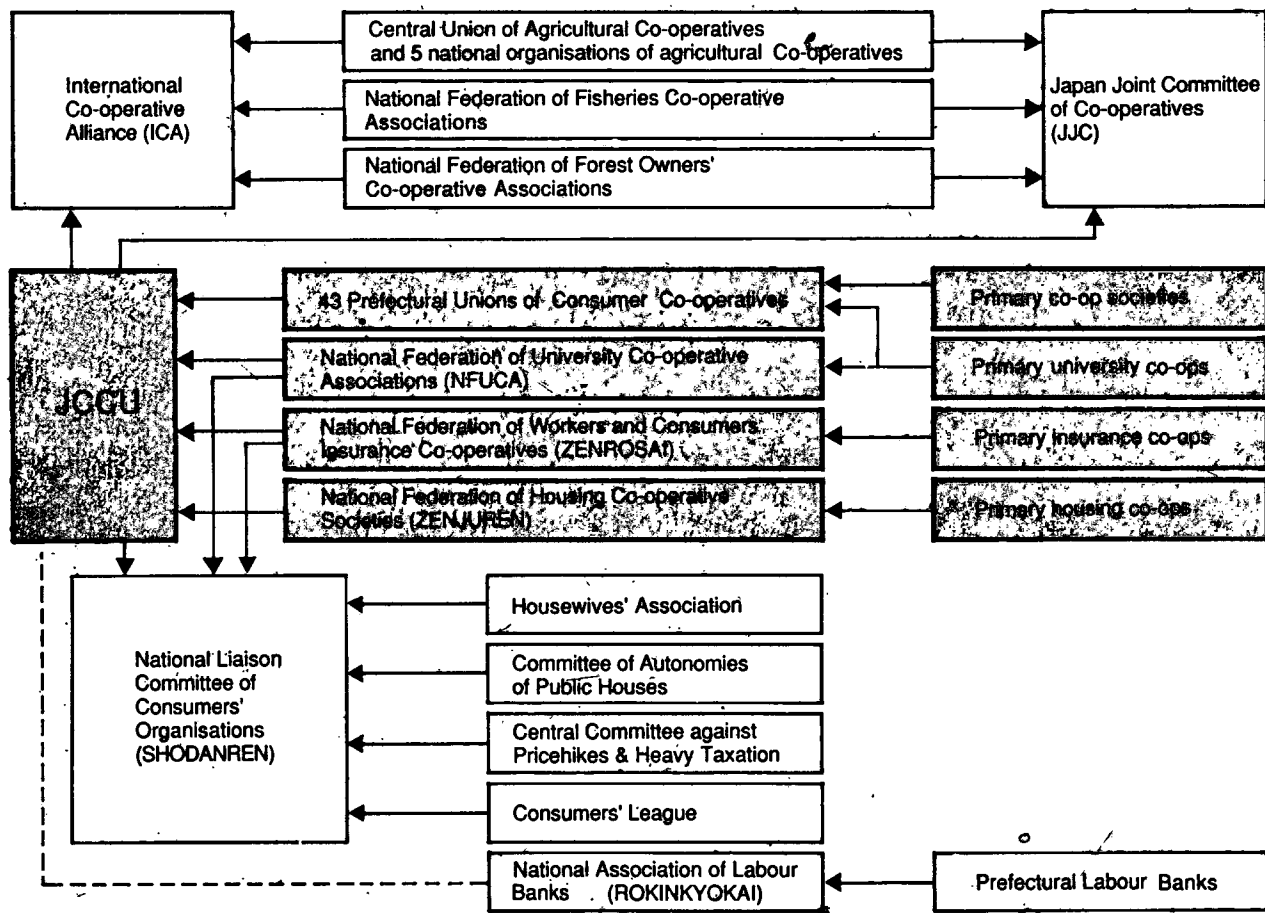
Source: 1) Toyokeizai Data Bank  
2) Economic Planning Agency

## Composition of Japanese Workers' Household Consumption Expenditures (Monthly average in yen for 1989)

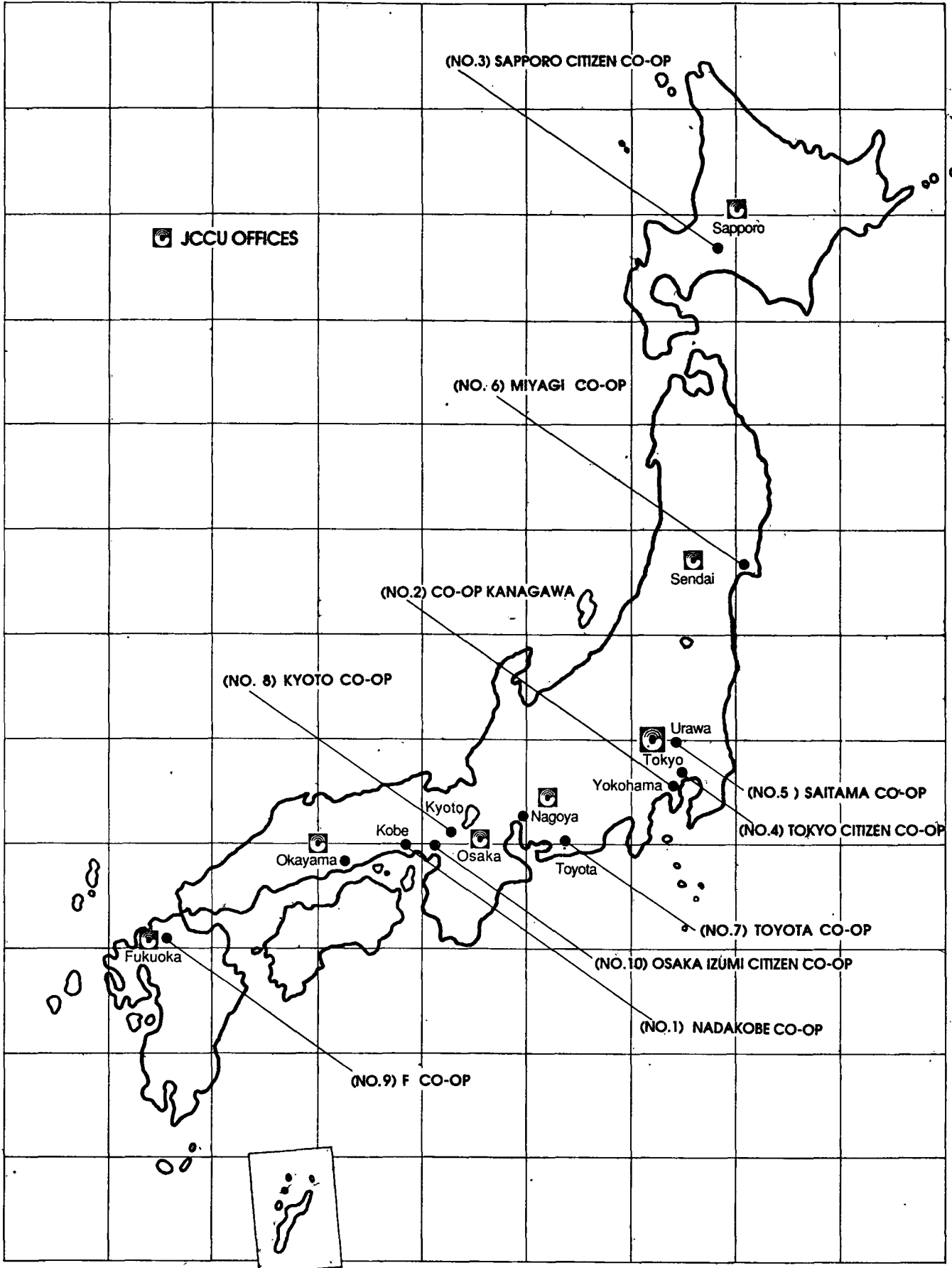
	Yen	Composition
Total income	495,849	
Total expenditures	316,489	100.0%
Food	76,795	24.3
Housing	15,846	5.0
Utilities	15,888	5.0
Furniture & household goods	12,388	3.9
Clothing	22,578	7.1
Medical & health care	8,092	2.6
Transport & communications	32,217	10.2
Education	15,349	4.8
Recreation & entertainment	29,585	9.3
Others	87,753	27.7

Source: Management and Coordination Agency of Japanese government

## JCCU Members and Related Organisations



LOCATIONS OF TOP 10 CO-OPS AND JCCU OFFICES



# Purchase Management for Consumer Co-operatives

S.S. Samant, *Chief Purchase Manager, Apna Bazar, Bombay.*

## Objectives of Consumer Co-operatives

The main objective of the consumers Co-operative is to supply standard material to the consumers at reasonable prices but while transacting this business, the minimum profit is to be earned to cover the cost of operative business. In order to acquire profit the burden should not be levied on consumers but purchases should be made on economic consideration. The supply of material at reasonable prices to the consumers, leads to rapid turnover of business which gives adequate profit at lower rates of margin. Most of the consumers coops. have 70% to 80% turnover of business in various items of provision and process followed in purchases to maintain adequate supply can be termed as Purchase Management.

## Management Concept

Management has been accepted as a Science. Accordingly to achieve our objective, we have to workout a process to be followed which may be called management. Hence we have to collect the information in respect of resources available with co-operatives, and needs of the consumers, when to be served with how much of quality. After processing this information we would be in a position to prepare our plan and decide also process in implementing. This entire process can be called as purchase management.

## Workout Objectives

We have to take into account, the priority of needs as needs are unlimited. Similarly the needs will also vary from locality to locality. Our plan should be based on realistic base. Hence demands for essential commodities should be considered keeping in view, standards of various articles. The past data available should be studied and on basis of previous experience, future demands may be estimated. This process of forecasting should be acquired and annual plan or quarterly plan of the consumers

Co-operatives should be prepared as it would be convenient for implementation. The purchase management has an important place in the total management because to supply articles timely at reasonable prices and earn profit, depend on efficient purchase management. Similarly rapid turnover of business also depends on right purchases.

For this purpose the Consumers Co-operative should have policy to earn profit by supplying material at reasonable prices and having rapid turn over instead of stocking material for earning profit.

## Purchase Policy

There should be effective communication and co-ordination between purchase Department and selling units and similarly there should be smooth relationship, among the different sections of organisation, so that the business will operate efficiently. Demand of sales organisation should promptly be supplied by purchase section. How far these two sections work with mutual understanding to serve the consumers will enhance the operational efficiency of both the sections. The purchase department should establish close contacts with markets, so that they will know day to day changes in the market which will keep the purchase section alert for effective action in procuring its requirement.

## Nature of Market

It should be studied whether we can purchase our full requirement from local market and for which articles we should have established contact with outside markets or producers. For examples Consumers Co-operatives in Bombay can procure all requirement from local market but it would not be possible for consumers co-operatives at District and Taluka level to procure their requirement from local markets only. Hence it would be necessary for the consumers co-operatives outside

Bombay to plan for different commodities, suitable markets. So that consumer interest will be safeguarded and stores will also earn adequate margin. The consumers co-operatives should maintain their reputation in the market having good business relations with suppliers and serve the consumers interest also. The trading community and producers should have confidence in respect of dealings in business by co-operatives as credit plays very important role in market.

Co-operatives should develop business contacts as some big consumers co-operatives have established their reputation and they receive priority in supply from dealers and producers.

It is always beneficial to take maximum advantage of local market and it can be observed also that our maximum purchases are from local market or nearby market. In order to have assured supply a certain policy should be decided on the basis of following :

- (1) Our suppliers should have confidence in our dealings.
- (2) We should not fully depend on only one supplier. There should be alternative sources for securing supplies.
- (3) We should have close rapport with producers and distributors of various sales campaigns and schemes.
- (4) We should be aware of the changing conditions in the market so that we can stand with any situation arising in the market.

## Advantages of large scale purchases

The suppliers or producers offer special concessions or discount, transport facilities etc., when a purchase order is sizeable; such facilities can be secured by co-operatives provided they cooperate with each other in joint purchase of selected commodities and articles. This policy has been principally accepted by co-operatives but it has not been followed effectively. The large scale



purchase provide concession in price, transport and special discount etc. which help to reduce actual purchase price and it enables co-operative to supply at beneficial price to consumers. In order to face the competition of private traders small co-operative stores should actively co-operate to reap the benefits of large scale purchases.

### Fashionable and Gift Articles

We have mainly considered methods and techniques followed in purchase of essential commodities and requirement of articles of daily consumption such as provisions, stationery, cosmetics, medicines and other articles of daily use. These articles have common standard accepted by common consumers in general. But Gift articles readymade clothes, crockery items and furnitures have large varieties and consumers have wide choice in selecting articles from these groups. In purchasing such articles, we should be very alert and purchases should be restricted only to demands. Cheaper price for larger purchases is risky policy in this transaction. While purchasing such articles, condition of replacement for non moving items should be there. This helps us to procure moving items in place of non moving items. The purchases of these articles should not block our capital for longer duration. Hence purchases of slow moving items should be restricted only to specific demands.

The popular brand articles only should be purchased and limited varieties would be profitable. If technique and fashions change, the stock becomes unsalable. Hence we should be always be on safer side to minimise the risk in business.

### Purchases on Consignment Basis

We observe that new enterprises bring out their products and approach us for selling facilities. The new producers or distributors should be advised to supply their products on consignment basis and sales can be effected on commission fixed by negotiation. This policy does not block our capital and we can observe the nature of material whether it moves, fast or slow. Particularly gift articles and fashionable articles should be purchased on consignment basis. In case new producers advertise their products to attract the consumers by offering any gift or special discount etc. to popularise their products, we should take advantage of such schemes. Thus it would be possible to attract the consumers by new variety of articles without having any risk to us if the products move slowly.

### Electric Items and Household Goods

Now the consumers desire to purchase Radio, T.V., Mixer, Electric equipment from reliable source and consumers co-operatives are compelled to deal in these articles. These articles

move very slow and sold occasionally. There is also a wide choice, the consumers have. Hence we have to handle purchase of these articles with great care. The demand of consumers should be taken into account in purchasing specific brand of articles. The stock should be made only to meet confirmed demand of consumers by advance booking of purchases. It would be better, if we can establish direct contact with dealers or distributors so that we can procure requirement to meet our demands. This would facilitate us to have minimum investment and stock. The maintenance of these articles require technical expertise. Hence it would advantageous, if we encourage consumers to book such articles and guarantee supply in a fixed period. This would bring less profit but economy of capital and space in the store will be maximum. Consumers co-operatives are expected to exercise control on the prices followed by the trader in the vicinity of the store. This helps to avoid the exploitation of consumers. The purchase policy of consumers co-operative should be consistent with market conditions, demand of the consumers and capacity of the store. Hence the purchases would be profitable. The consumers co-operatives should have comprehensive policy based on issue discussed above and it would be possible to safeguard the interest of consumers and manage the consumers business profitably.

#### PLANNED ACTIVITIES OF CONSUMER COOP. PROJECTS

October - December 1991

1. Setup up a pilot project of income generating activities in cooperative organisations in Bangladesh.
2. Training of store managers of Singapore consumer cooperatives in Japan.
3. National seminar on consumer cooperative development in Indonesia.
4. Training of selected managers of consumer coops in Singapore for Philippines and India.
5. Scholarship for senior managers of consumer coops in the region to study abroad on consumer coop management or any relevant subjects.
6. One meeting of the ICA Committee on Consumers Cooperation for Asia and the Pacific.
7. Publish one issue of Asian Consumer Coop News.
8. Set up a data bank and information system at ROAP.
9. Publish research findings, booklets, pamphlets, etc. on consumer cooperatives.

#### PLANNED ACTIVITIES OF CONSUMER COOP. PROJECTS

January - June 1992

1. Collect relevant information and conduct case study on success and failure of consumer cooperatives in Bangladesh and Sri Lanka.
2. Fact-finding mission to Mongolia on consumer coops development.
3. Follow-up on women's participation in women's coops in Bangladesh.
4. Set up a pilot project of income generating activities in cooperative organisations in Bangladesh.
5. Consultancy services on building a distribution centre of consumer cooperatives in the Philippines.
6. Consultancy services to primary consumer coops. in Sri Lanka.
7. Regional workshop on university consumer coops in Indonesia.
8. Exchange programme for women leaders of consumer cooperatives of one country (Sri Lanka) to Japan.
9. One meeting of the ICA Committee on Consumers Cooperation for Asia and the Pacific.
10. Publish three issues of Asian Consumer Coop News.
11. Set up a data bank and information system at ROAP.
12. Publish research findings, booklets, pamphlets etc. on consumer coops.

# CONSUMER NEWS FROM ASIA

## BANGLADESH

### Visit of Women Coop. Leaders to Japan

Three women coop. leaders from Bangladesh - Mrs. Seheli Haque, Mrs. Ahrafun Mosharaf and Mrs. Ferdousi Ali visited Japan during 23rd and 31st August, 1991. The main objective of the visit was to study Japanese Consumer Coop. Movement and the housewives' involvement in consumer coop. development in Japan. The programme was jointly sponsored and organised by the JCCU and ICA ROAP. The delegation had learnt a lot during their visit.

## INDIA

### Self-financed Workshop in Bombay

A self-financed workshop on consumer coop. development in Maharashtra was held at Bombay (India) between 22 and 24 August, 1991. Forty coop. leaders, managers and Govt. coop. officials including the Registrar of Cooperative Societies of Maharashtra attended the workshop. The result was very good. This will help facilitate building up "the model shop" in India in the future.

Encouraged by the result of this workshop, around 150 high ranking coop. officers, coop. leaders, managers and staff of coop. organisations in Maharashtra will organise a five-day seminar on coop. development in Maharashtra in late November, 1991. A good example of self-help and self-development.

### Training course in Calcutta

A special training course on "Retailing business and self-service shop of Consumer Coops" was held in Calcutta, India on 23rd and 24th September 1991. Seventy participants (Government coop. officials, coop. leaders and managers of consumer coops) from West Bengal attended the course. The training was initiated by Mr. S.L. Bose, Secretary of Cooperation, Government of West Bengal and Mrs. Pande, Registrar of Cooperative Societies, West Bengal. This is because of the rapid expansion of "self-service shops" in West Bengal. In the near future, West Bengal will become another "learning Centre" of consumer coops for Eastern part of India and for Bangladesh and Nepal as well.

### Progress of Consumer Coops. in India 1989

National	:	1
State Federations	:	26
Wholesale Societies	:	631
Primary Societies	:	22,647

### Big consumer coop. operations in four states

India has 26 State Federations of Consumer Cooperatives but only 4 States, namely Tamilnadu, Maharashtra, Madhya Pradesh and West Bengal have the big share in the consumer business. It dominated more than 65% of the total sales of primary consumer cooperatives in the country in 1988-89 as shown below:

Tamilnadu	:	24.6%
Maharsashtra	:	16.0%
Madhya Pradesh	:	15.7%
West Bengal	:	9.0%
Karnataka	:	6.0%
Uttar Pradesh	:	5.8%
Gujarat	:	5.4%
Andhra Pradesh	:	5.1%
Assam	:	2.8%
Kerala	:	2.4%
Others	:	7.8%
Total	:	100.0%

*A Customer is the most important visitor on our premises . . .*

- He is not dependent on us.
- We are dependent on him.
- He is not an interruption on our work.
- He is the purpose of it.
- He is not an outsider on our business.
- He is a part of it.
- We are not doing him a favour by serving him.
- He is doing us a favour by giving us an opportunity to do so.

*- Mahatma Gandhi.*



A Consumer Coop. Workshop held in Bombay, (India) August, 1991

## Coops. to manage irrigation

Apart from attempting to bring under irrigation an additional 2.5 lakh hectares of land during the Rabi season which is about to commence, the Union Ministry of Water Resources is undertaking an ambitious scheme under which farmers themselves would organise cooperative societies for management of irrigation water.

In fact, the emphasis during the Eighth Plan period would be to organise more such cooperatives (there were only about 15 during the Seventh Plan period) so that the task of distribution of water and the collection of cess would be transferred to the cooperatives on a bigger scale.

These schemes are being drawn up on the model of the successful ones being run, for instance, in the Dindori sub-division of the Nasik district of Maharashtra where the tribals have organised cooperatives with membership going upto even 200 farmers. Elsewhere in Maharashtra also such projects have been successful.

In fact, the Maharashtra Government has decided to pay back to these cooperatives 15 percent of their revenue from irrigation cess in order to cover the administrative costs of running the organisations.

The management of canal water distribution by cooperatives would leave farmers free to choose the cropping pattern without interference from the state, there would be less loss of water in conveyance and the incidence of over-irrigation leading to soil salinity would be reduced.

Meanwhile, the Ministry, after consulting 15 State Governments have taken a decision to raise the irrigation areas during the Rabi season in view of satisfactory level of water in selected 56 reservoirs in the country.

## Consumer Advice Bureau established

The consumers forum, Delhi in collaboration with the Confederation of Indian Consumer Organisations

(CICO) established a consumer advice and complaints bureau in Delhi, on September 19, 1991.

The establishment of consumer grievances redressal forums has not improved the plight of the consumers at large. Hence the consumer movement strives to improve the situation through its voluntary efforts. It has set up the consumer advice and complaints bureaus with this aim in mind. A consumer may approach the bureau for any kind of legal advice before going for a deal. Similarly, a consumer may approach the bureau for the redressal of complaints also.

The confederation of Indian consumer organisation is the national apex body of the voluntary consumer protection organisations. Presently it coordinates the efforts of 140 member organisations in 18 states and a few union territories.

## INDONESIA

### National Seminar on Consumer Coop. Development

The National Cooperative Council of Indonesia (Dekopin) with the cooperation of Ministry of Cooperatives and the Asian Committee on Consumer Cooperation (ICAROAP) is going to organize a national seminar on consumer cooperative development programme at the National Cooperative training centre, Jakarta between 18 and 21 November, 1991. Thirty coop. leaders, high ranking coop. officials and staff members of ILO Coop. Management Project, Indonesia, have been invited to join the seminar. It is expected that they (the participants) will discuss various factors affecting the consumer cooperative operations in Indonesia as well as to find ways and means of establishing consumer cooperative network in the country in the future.

## JAPAN

### JCCU Celebrates its 40th Anniversary

On May 9, a reception celebrating the JCCU's fortieth anniversary was

held at the Hotel Okura in Tokyo. The event opened with the film, Reflecting the Seven Colors of a Rainbow. By watching the film, the guests were able to review the JCCU's forty year history.

Roughly one thousand people gathered for the occasion, including 63 members from various parties of the House of Councilors and House of Representatives; people from public agencies such as the Ministry of Health and Welfare, the Economic Planning Agency, the Ministry of Finance, and the Ministry of International Trade and Industry; representatives from sixteen different embassies, Federation of Economic Organisations, the Japan Chain Stores Association, and other economic organisations; members of agricultural cooperatives, the fishermen's cooperatives, labor banks and other cooperative associations; participants from the Japan Housewife's Association, the Consumer's Union of Japan, and other consumer organisations; members of the Japan Seinendan Council, the Japan Federation of Bar Associations, the Japan Committee for UNICEF; and other fraternities, scholars and researchers from various universities and research institutes, and consultants as well as business associates such as manufacturers of coop products and trading firms, and the press.

Mr. Isao Takamura, president of JCCU, greeted the guests in his opening speech: "Forty years ago when we reconstructed the cooperative movement, many did not have enough to eat, and consumer coops went through great hardships just to keep people living. JCCU spearheaded actions to reduce prices when prices went on rise and engaged in manufacturing its own products to ensure a better quality of life and safety of food during a time of high economic growth. This was a period when economic concerns were often put before those relating to living standards. Cooperatives have grown to their present scale and standards thanks to support from various fields. Until now,



A HAN Activity in Japan

Japan has placed priority on its economy and industry, but the country is now moving into an age when emphasis is shifting to daily living. Regarding JCCU's role, we intend to concentrate the people's efforts to address welfare and environmental issues. Next year, we welcome the members of the world's coops to Tokyo for the ICA Congress. We will join hands with our friends from around the globe to spread and expand the coop movement."

The reception, which attracted a thousand people from various circles, served as an opportunity to confirm anew the high expectations placed on the coop. movement.

#### Nadakobe Becomes Coop Kobe

On April 1, 1991, the Nadakobe Co-op changed its name to the "Consumers Cooperative Kobe". The change in name coincides with Nadakobe's 70th anniversary.

The newly born Coop Kobe, which has a membership of one million households, has also adopted a new logo in blue and green embodying "symbiosis," i.e. the harmonious relationship of men and women, Coop Kobe and community, humanity and nature. The Chairman of the cooperative is Isao Takamura.

#### MALAYSIA

##### Big Network of School Coops in Malaysia

All school cooperatives have consumers activities. With the promotion of cooperatives in school as government policy, close to 70% of schools have cooperatives today. The summary details of school cooperatives in 1990 is given below:

No. of Schools	1,031
No. of Coops.	715
Area covered	69.4%
Membership	609,488
Share capital (M\$)	2,823,117
Sales (M\$)	28,312,326
Net profits (M\$)	2,960,361
Percent of coops on profits.	92.2%

##### Fact Finding Mission to Malaysia Accomplished

A fact finding mission to study consumer cooperative problems in Malaysia by Mr. S.G. Wijesinha, an ICA consultant from Sri Lanka was accomplished in February and the final report was submitted to ICA ROAP in June, 1991. The report is being reviewed and will be published for circulation soon.

#### PHILIPPINES

##### Cooperatives : Catalyst for Country-side Development

The promotion and expansion of cooperatives as a major and indispensable component of national development plans has recently been emphasized by the Philippine Government. In line with this, all departments, branches, sub-divisions and agencies of the government have been instructed to promote the formation of cooperatives under their respective programme by providing them with appropriate and suitable assistance and incentives.

To coordinate and oversee all efforts towards the development of cooperatives, a cooperative Development Authority (CDA) was created in March 1990 under the Office of the President. The main functions of the CDA are : (a) to formulate and implement integrated and comprehensive plans and programmes on cooperative development; (b) to develop and provide training programmes for cooperatives; (c) to register all cooperatives and monitor their activities, and administer all grants and donations channeled through the government for cooperative development.

Since its creation, CDA has registered 212 new cooperatives. To date, there are 8,323 registered cooperatives in the country. Most of these cooperatives are Multi-purpose (41%) and Credit Cooperatives (30%).

Various government agencies notably the department of Agriculture for Agrarian Reform, Department of Environment and Natural Resources are tapping existing cooperatives as conduits in the delivery of their services to their respective clientele in the countryside.

The Land Bank of the Philippines (LBP), the government financial institution mandated to provide credit facilities for farmers and small entrepreneurs in the rural areas, is currently channeling its credit resources through cooperatives under a wholesaling

scheme. This is being pursued in view of the limited branches of the Bank, and the fact that it has been observed that repayment rates of loans granted through cooperatives is higher compared to those granted to individual farmers borrowers. In CY 1990, LBP channelled 64% of its total loans through cooperatives while only 14% was actually provided directly to individual farmers.

At present, the CDA has created task forces to come up with policy recommendations that would further enhance a conducive climate for the development of cooperatives and enable them to become active partners of the government in countryside development.

## SINGAPORE

### NTUC Fairprice - A big Success

NTUC Fairprice Cooperative Ltd. of Singapore has made a big success in 1991. The business turnover increased from S\$ 400.6m. in 1990 to S\$ 429.5m. in 1991. Net profit increased from S\$ 29.2 million in 1990 to S\$ 34.1 million in 1991. This outcome is the result of its continuing commitment and focus on customer satisfaction and productivity improvement. Details of its operations during the last two years are shown below :

	1991 \$'000	1990 \$'000
Turnover	429,510	400,642
Operating profit	27,148	23,669
Investments income	6,476	4,330
Profit from sale of properties	0	1,203
Unclaimed discounts written back	511	0
Profit before contributions	34,135	29,202
Net profit margin	7.95%	7.28%
Return on net assets employed	34.04%	35.60%
Net tangible assets per \$1 share	\$2.52	\$2.55
Dividend	10%	10%
Patronage rebate	8%	8%
Average number of employees	1,700	1,660
Sales per employee per month	\$20,962	\$20,113
Sales per dollar staff cost	\$15.11	\$16.63
Sales per square metre per month	\$846	\$925



A computer course organised by the SNCF and conducted by the Premier Computer Co-op Society - Singapore

### NTUC Fairprice Training on Demand

There has been a great demand of training in super market operations with NTUC Fairprice, Singapore from Asian and the Pacific region resulting from its successful operations. Recently two batches of overseas trainees came to observe and learn how Fairprice runs its business and the latest techniques it adopts.

The first batch comprised four managers from the Utility Stores Cor-

poration of Pakistan, which is the government owned organisation and has 500 stores spread over 11 regions in the country. They were trained for three weeks in May and June, 1991.

The second batch of four managers from four of the largest department stores in Beijing, People's Republic of China came for a 4-week training programme in July-August, 1991.

They were most touched and impressed by the hospitality and good arrangements of Fairprice, its cleanliness, neat store layout, honesty and devotedness of its leaders and staff.

The third batch of four managers from India and the Philippines will undergo a special training on consumer coop. management in collaboration with ICA ROAP and Fairprice between October 28th and November 4th 1991.

## SRI LANKA

### Coopfed facing a problem

The Sri Lanka Consumer Coop. Federation (COOPFED) - a national body of consumer coop. societies is facing great difficulty in doing business. It cannot function as a national body as it used to be a year ago. According to the latest information from NCC



A rural Consumer Coop. in Central Sri Lanka

(National Coop. Council of Sri Lanka), which stated that "the Deptt. of Cooperative Development under the Food and Cooperative Minister has recently issued a newspaper announcement that the COOPFED should confine its activities to the Western Province only. That it will not be a national apex but a provincial union, such as the Provincial Unions already functioning in the North West and Central Provinces". This may hamper the growth and development of COOPFED in the coming years. Last year from March to December 1990 its total sales was Rs. 933.2 million.

## THAILAND

### National Seminar on Consumer Cooperatives

The National Seminar on Consumer Cooperatives was jointly organised by the Cooperative League of Thailand (CLT) and the National Consumer Federation of Thailand (NCFT) at Pattaya between 19 and 21 August, 1991. Fifty nine (59) participants from all over the country attended the seminar. The seminar discussed about the business management, financial management, joint buying and competition from private sectors.

Recently it has been observed that the number of participants in the seminar (organised yearly) has been declining year after year. Nobody can tell exactly why it is so. Therefore, it is necessary for CLT and NCFT to plan for a better result in the years to come.

### Consultancy Services-cum-Training on Consumer Coops

The ICA ROAP with the cooperation of JCCU and Kanagawa Coop. had provided technical assistance (consultancy services) to primary consumer coop in Bangkok, Chiang Mai and Sakol Nakorn between 26 August and 6 September, 1991. The consultancy team comprised Mr. Kurosawa and Mr. Amano from JCCU and Mr. Kitade from Kanagawa (Thailand Office) and Mr. Machima from ICA, New Delhi Office.

The results were quite good, especially the one in Sakol Nakorn was the best. Besides providing consultancy services to two consumer coops in Sakol Nakorn, the team (ICA & JCCU) with the cooperation of Provincial Coop. Office of CPD and the Teacher Training College of Sakol Nakorn had organised a three-day training programme on consumer coop. management in

September 1991, the first of its kind in the North East of Thailand. Fifty six (56) consumer coop. leaders, managers and staff and Government Coop. officials attended the training. Cooperation from the Government, local cooperative movement and Teacher Training College of Sakol Nakorn was excellent.

## USSR

### Success story of Consumer Coop. from Moscow

The consumer cooperatives of Moscow Region cater to above two million people. Over its 90 years the regional cooperative system has become economically the mightiest consumer union in the country and has turned into a major-sectoral public organisation employing above 51,000 people. The MRUCS total turnover amounts to 3,000 millions roubles a year, which yields 85 to 90 million roubles in profits. Its activity spreads to thousands of villages, small towns, and district centres. In order to improve the supply and to relieve the social tension the cooperators are doing their best to build up the output and extend foreign trade operations.

Today, the society has about 5,000 retailing outlets and over 1,500 catering enterprises. We want to build a smooth running retailing system in each district of the region, so that the population could know precisely what they can buy or order on the spot, what opportunities they will have on collective and state farms, and what they can expect at the district centre.

In the past few years the society's board changed its investment policy to increase the capital outlays for the development of storage depots, and the food and processing industries. The collective and state farms have started to take part in the improvement of the production, social and economic infrastructure in the country. The purchasing turnover increased by 80 per cent since 1986. It was not accidental that the share of the cooperative's own re-

sources in total sales of foodstuffs rose to 32 per cent, whereas the average for the system was only 23.8 per cent.

With the adoption of the Law on Taxation which exempts the consumers cooperatives from the profit tax earmarked for the development of the assets and facilities we have even more opportunities for the building of new purchasing and processing enterprises.

Four or five manufacturing facilities are to be opened in each district union of consumer societies (there are 41 of them in the region) which will produce various foodstuffs ranging from sausages to soft drinks. In the next two to three years some 40 new kinds of foodstuffs will be produced.

Even now there are 219 workshops in the region which manufacture consumer goods to the tune of 180 million roubles. Particular significance is being attached to the production of foodstuffs, primarily sausages. Over the past five years the output of foodstuffs increased 80 per cent.

Unfortunately, the growth of the cooperative's own commodity resources is restrained by the acute shortage of production and refrigeration equipment and the lack of efficient system of material and technical supply. But the ice has been broken. Under a government decision, the previously established procedure of priority supply of the agro industrial complex with locally distributed resources has been extended to the consumer cooperatives.

We also pin great hopes on the development of non-food consumer goods manufacture. Various workshops for the production of clothes, footwear, paints and furniture as well as specialised shops for their sale will be opened in the region.

Close collaboration between the cooperatives and the collective and state farms offers great opportunities for stepping up the output of consumer goods. There is already some experience in the joint production of various

food products. Joint ventures are operated in five districts of the region. These are the first steps towards such effective collaboration. The consumer cooperatives so far make little use of the confectionery-making capacities of the canteens belonging to the collective and state farms which are actually standing idle today. Putting them into action would allow the output of cookery and confectionery products to be increased substantially to meet the demand without investing heavily.

The society's foreign trade operations also contribute to the expanding variety of goods offered to the region's rural population. It exports goods in exchange for furniture, children's clothes, knitwear, household radio and TV equipment, electrical appliances and foodstuffs. These goods are distributed primarily among the suppliers and manufacturers of export products as well as individual farmers delivering agricultural produce and raw materials.

The extension of direct barter trade relations with foreign partners allowed the exports to be increased from 1.6 million to 24 million roubles in the past three years. fast-selling manufactured goods and foodstuffs were imported to the tune of 53.8 million roubles. In addition to consumer goods, production equipment was also bought to increase the cooperatives' own output.

The trade with cooperative organisations abroad is constantly developing. At present the closest economic ties are maintained with the Sofia and Farna cooperative unions of Bulgaria. Together with a Canadian firm we have set up an enterprise for making pizza.

In the past few years the collaboration with Yugoslav firms has seen a sharp rise. For instance the progress firm supplies the region's meat-packing plants with protein coating for sausages, which allowed the output to be increased and the quality improved.

The Yugoslav firm Karic Brothers and the Moscow Regional Consumer

Society have set up a joint venture for the manufacture of processing equipment for the food preparation and catering industries. Talks on setting up joint ventures are also under way with other countries. These enterprises will produce biscuits, crackers, sweets, mushrooms and other foodstuffs.

The new approaches to the development of foreign trade were incorporated in the social and economic development plan of the Moscow Regional Consumer Society adopted in December 1989. The whole point is that the Society must essentially enhance its role in supplying the region with foodstuffs and manufactured goods with due regard for the market economy. This can be done by increasing its own output and extending its export and import operations. The region's consumer market can only be satisfied by all-round restructuring of the economic mechanism and by contractual relations.

- YURI MARINICHEV

## VIETNAM

### National Seminar on Coop. Development

The National Seminar on Cooperative Development - the first of its kind in Vietnam, was jointly organised by the ICA, JCCU and Central Council of Supply and Marketing Cooperatives (CCSMC) in Hanoi between 9 and 11 September, 1991. The objectives of the seminar were :

(1) to introduce the new ideas, system and techniques of organising, administering and managing cooperative movement in Vietnam including the legal framework (Coop. Laws);

(2) to discuss the present situations of coop. movement in Vietnam including its problems and needs for changes and development;

(3) to discuss strategic plans for coop. operations at all levels; and

(4) to discuss Inter Coop. Trade and Joint Venture of Coop. business.



International Seminar on Development of Supply & Marketing Coops. - Vietnam

The seminar was attended by 65 participants. They were high ranking government officials, coop. leaders and managers of coops both from North and South. Out of this (65), 24 were from Southern part of Vietnam. The results were very effective. Mr. G.K.Sharma, Regional Director of ICA, New Delhi, Mr. Tsuboi, President, Cooptrade, Japan; Mr. Mizuno, Managing Director of Gifu Coop.; Mr. Takahashi, President of Chiba Coop., Mr. Amano from JCCU, and Mr. Machima from ICA, New Delhi joined the seminar.

### The Economy of Vietnam

Vietnam may be described as an agricultural country with most of the characteristics of a developing country. Because of years of warfare, Vietnam remains one of the poorest countries in the world. According to the United Nations estimates, per capita gross national product in Vietnam is currently about \$200 per year. Owing to low levels of mechanisation the agricultural output remains low, with per capita food yields at 300 kilograms per year.

On the whole, industry in Vietnam is still young and weak, with heavy and light manufacturing unable to support development in other industries. In

recent years, through government efforts and with the assistance of some foreign countries, Vietnam has implemented a number of key projects, including power stations, coal mines, cement plants, shipyards, pulp and paper plants and engineering plants.

The Government has adopted policies and issued directives aimed at encouraging the business establishment actively to seek improvements in prod-

uct quality, productivity and output, while at the same time businesses are being asked to assume full responsibility for the day-to-day running of their enterprises, without subsidies from the State. Whether large-scale or small-scale, whether privately owned or State-owned, all industries are given equal importance.

These policies have achieved some initial results, particularly in the 1980s. The year 1989 may be regarded as a year of considerable achievement in the economic and social fields in Vietnam, as reflected in the following results: the export of 1.5 million tonnes of rice, making it the third leading exporter after the United States and Thailand; export earnings of \$944 million in 1990; checking and pushing back inflation (from three digits down to two digits); and an improvement in the balance of payments situation through an increase in export earnings combined with import substitution and a more economic utilisation of available foreign exchange. The price and incentive structure and living conditions have also been improved. In addition, substantial foreign capital has been attracted into Vietnam as foreign direct investment.



A Japanese team discussing CoopTrade and Consumer activities with Vietnamese coop. leaders in Ho Chi Minh city.



Changes in the structure of the gross social product in recent years are reflected as shown below:

**The structure of the gross social product  
at current prices (percentages)**

Item	1976	1980	1986	1989
Manufacturing	38.4	33.0	42.0	40.6
Agriculture	35.4	41.1	34.4	38.2
Construction	10.7	6.8	5.3	6.3
Commerce and supply of materials	9.6	13.0	14.3	10.5
Others	6.8	6.1	4.0	4.4

With the initial changes in the economy, the renovation effort, the open-door policies, the government measures relating to management and administration and the potential of its labour and natural resources, it is anticipated that, in the next decade, Vietnam will overcome many of its severe development problems and recover its position in the region and the world.

**General Economic News**

*Agricultural Units place greater Emphasis on Cash Crops*

This year, units under the Ministry of Agriculture and Food processing Industry have focussed on improving export product quality for such products as groundnut and its oil, jute fibre, cigarettes, rice, fresh and tinned fruits and vegetables, dried bananas, various kinds of silks, cashewnuts, tea, soyabeans, lotus seeds and pickled cucumbers. In addition to the export volumes of every locality, as of August 1991, the branch's units had exported nearly 17,000 tons of groundnut, nearly 9,000 tons of rubber, 500 tons of sesame, nearly 1,200 tons of pepper, 11,000 tons of coffeenut, 1,000 tons of jute fibre, over 27 million

cigarette packages, 7,000 tons of fresh fruits and vegetables, 500 tons of dried bananas, 7,000 tons of tinned fruits and vegetables, 1,400 tons of groundnut oil, 1,000 tons of tea and nearly 700 tons of pickled cucumber.

**Some 45,000 Tons of Coffee Exported**

As of mid-August, 1991, the Vietnamese Coffee Industry had exported 45,000 tons of coffee. The industry is projected to export 30,000 additional tons of coffee from now upto the year's end.

For the time being, Vietnam has 135,000 ha of coffee, of which 80,000 ha have been already exploited, with a total production of 80,000 tons of coffee grains/year.

It has so far established relations with 14 companies of the Soviet Union, Great Britain, Germany, Austria, Switzerland, Italy, Belgium, Algeria, Indonesia, India, Japan and China.

**Shrimp Culture developed in Kien Giang**

Kien Giang's An Minh district has

expanded its Shrimp rearing area to 1,300 ha in the four coastal villages of Van Khanh, Ngoc Hung, Dong Thanh, and Thuan Hoa.

As of early August this year, farmers throughout the district had collected 320 tons of shrimp for export, valued at 2.2 d billion.

*(US\$ 1 = 10,000 Dong)*

An Minh authorities plan to improve water surface acreage for shrimp culture in the whole district so as to introduce the industry into mass scale production by 1992, raising cultured shrimp output to 800-1,000 tons/year.

**Vietnam Seeks Indian Capital**

India has been invited to set up joint ventures in Vietnam in areas including tyres and tubes, air-conditioners, refrigerators and cooling equipment, construction sector and computer software.

This invitation was extended by Mr. Huan, Acting Chairman of People's Committee of Ho Chi Minh City of Vietnam, at a meeting with the representatives of the Federation of Indian Chamber of Commerce and Industry (FICCI) here. The FICCI side was led by Dr. Banshi Dhar, Committee Member.

Mr. Huan said that the Vietnamese economy has opened up to attract foreign investment. He said that there had been considerable spurt in investment by the Japanese, US and the West European countries. However, due to the similarities between India and Vietnam there was ample scope for increasing the economic cooperation and trade between the two countries especially in consumer items as also on capital equipment needed for setting up plants and machinery.



# ASIAN-PACIFIC CONSUMER COOP NEWS



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## EDITORIAL

Coop. basic values, member participation and world environment are the main issues of cooperative institutions throughout the world now-a-days, especially among highly developed societies, such as in America, Europe, Japan, etc. In this issue, we highlight consumer cooperatives (Coop. Basic Values, Member Participation), environmental issues, cooperative movement in Malaysia and ICA Congress activities in Tokyo this year. Of course, consumer cooperative activities in Asia and the Pacific region are also included. In addition to this, we have included the important activities of JCCU in connection with ICA Congress i.e. Workshop on Environment, 2nd International Coop. Youth Seminar and Consumer Conference. We do hope that the ninth issue of Asia-Pacific Consumer Coop. News will be of some use to you, especially to keep you informed about the ICA Congress in Tokyo in October, 1992.

## CONTENTS

ICA Regional Office Activities	3
Cooperative Ministers' Conference in Indonesia	3
34th Meeting of the ICA Regional Council for Asia and the Pacific	4
ICA Domus Trust	4
Japanese Consumer Coop Leaders visit India	4
General Coop News and Development	5
Perfect chance to review your Movement	6
Consumer Cooperatives in the Spotlight	7
Coop and Environment	10
Coop takes 'green' lead	11
JCCU's Environment 21 Project starts	12
Important Activities of JCCU	13
ICA XXX Congress, Tokyo 1992 Programme	14
Cooperative Movement in Malaysia	15
Consumer News from Asia and the Pacific	19
Bangladesh	19
India	19
Indonesia	20
Japan	21
Malaysia	22
Philippines	22
Republic of Korea	22
Singapore	22
Sri Lanka	23
The Kingdom of Tonga	23

**ASIAN - PACIFIC  
CONSUMER COOP NEWS**

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**To the Reader....**

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

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# ICA REGIONAL OFFICE ACTIVITIES

## Cooperative Ministers' Conference in Indonesia

The second Conference of Ministers Responsible for Cooperative Development on "Cooperative-Government collaborative strategies for the development of Cooperatives" was held in Jakarta, Indonesia, from 18th to 21st February 1992. 17 ministers responsible for cooperative development representing Afghanistan, Brunei, China, Egypt, Ghana, India, Indonesia, Iran, Japan, Malaysia, Mauritius, Nepal, Pakistan, Philippines, Sri Lanka and Tonga participated in the Conference for its entire duration. In all 64 delegates from Afghanistan, Australia, Bangladesh, Brunei, China, Egypt, Fiji, Ghana, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Mauritius, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Tonga and Vietnam attended the Conference. In



*President Suharto of Republic of Indonesia greeting Participants on Cooperative Ministers' Conference in Indonesia Feb. 1992*

addition, representatives of international organisations, namely, AARRO, ACO, CCA, CCD, DANIDA, FAO, FES, ILO, UNDP AND UNESCO attended the Conference.

The Conference was inaugurated by His Excellency, Soeharto, the President of the Republic of Indonesia, at the Presidential Palace in Jakarta. The inaugural session was also attended by Ambassadors of various countries in the region.

Some of the key recommendations of Cooperative Ministers' Conference are given below:-

### Role of Government

1. Governments' collaboration in cooperative development is vital to strengthen cooperative values in several ways, particularly providing appropriate cooperative legislation and administrative policies.

2. The cooperative values need to be safeguarded while extending government financial and other assistance to the cooperatives.

3. The Conference recognised the role of the government in the creation of a conducive environment for the implementation of various programmes allowing cooperatives to diversify so as to achieve the projected objectives and goals. The conference recommended the following measures in this regard:-

4.1 to support the publicity campaigns undertaken by cooperatives to develop understanding about cooperative values, socio-economic objectives and competitive strength in the cooperatives.

4.2 continuing dialogue with the cooperatives to secure support and reaffirm faith of the executive heads of the government in the potentials of cooperatives.

4.3 to encourage extensive mass media coverage of the role played by cooperatives in the socio-economic development for the purpose of educating the general public as to the potential of cooperatives.

5. The Conference felt that to ensure greater functional efficiency, it was essential to promote professional management in cooperatives. It recommended that adequate measures should be taken by the Movement with the support of the government to strengthen human resource development.

6. The Conference further recommended that de-regulation also be extended to cooperatives.

7. The Conference acknowledged that planning should be the primary responsibility of each cooperative. The government's technical and other assistance be made available as required.

### Role of Cooperatives

1. Cooperatives have to play a conscious role in the propagation, promotion and strengthening of values. It is an important responsibility of each cooperative to educate its members about the concept and essentiality of cooperative values. The working of cooperatives ought to reflect the values. The bye-laws should specifically provide for value-oriented operations of cooperatives. The education and training courses for various categories of office-bearers and employees include discussion on cooperative values.

2. Cooperative values need to be safeguarded and maintained while accepting government financial and other assistance.

3. Cooperatives need to undertake education, publicity and intensive campaigning to educate the members and general public about the socio-economic objectives of cooperatives.

4. The projection and realisation of long-term objective depend to a great extent upon the performance of promo-

tional unions or federations within the cooperative structure itself. The conference noted that these were weak organisationally, financially, and professionally. In many cases they depended upon government financing. The conference recommended that due support be given to make them strong.

5. The Conference took note of the steps taken by the various governments to amend their cooperative legislation, keeping in view the spirit of Sydney Recommendation. The Conference recommended that needed legislative changes be carried out expeditiously.

6. The Conference took note of the weak condition of many primary cooperative societies and recognising that primaries being the base of the entire cooperative structure, the Conference recommended that adequate measures be taken to strengthen them.

### 34th Meeting of the ICA Regional Council for Asia and the Pacific

The 34th meeting of the ICA Regional Council for Asia and the Pacific was held at Jakarta, Indonesia on 17th February, 1992. Twenty-two (22) members from 15 countries and 6 observers from Mauritius, India, Fiji, Sri Lanka, China and Vietnam attended the meeting. The meeting was inaugurated by Prof. Dr. Sri Edi Swasono, Chairman of Indonesian Cooperative Council and chaired by Gen. A.S. Lozada, Chairman, ICA Regional Council.

Mr. Lars Marcus, President, Mr. Bruce Thordarson, Executive Director and Mr. Jan-Erik Imbsen, HRD Manager from ICA Hq. also graced the occasion with their presence. In addition to this, all the Advisors from the ICA ROAP attended the meeting.

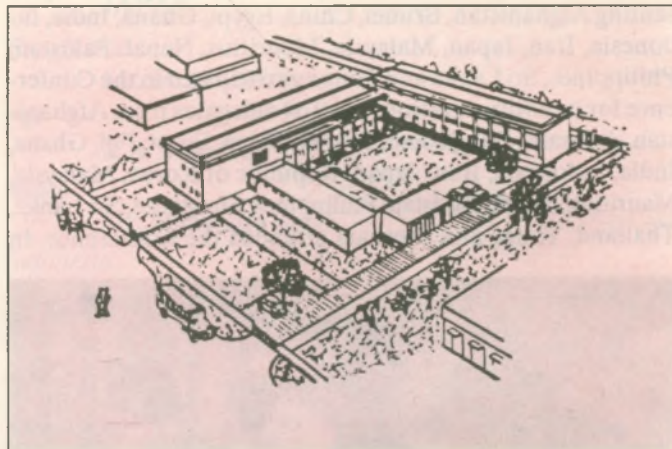
### ICA Domus Trust

*(Established in the memory of Dr. Mauritz Bonow)*

The ICA DOMUS TRUST, registered in November 1988, was created in the memory of **Dr. Karl Daniel Mauritz Bonow** (of Sweden), former President of the International Cooperative Alliance (1962-1975). He was one of the pioneers in visualising the essentiality for international aid for the development of the Cooperative Movement as an instrument for socio-economic transformation and development of economy in the developing countries in general, and, for the upliftment of the weaker sections of society in particular. Dr. Mauritz Bonow dedicated his whole life for this cause. He initiated and introduced this idea of Swedish international assistance for cooperatives known as the Fund Without Boundaries. He was responsible for the establishment of the ICA Regional Office in Asia and for creating a permanent work-place for the ICA in the Asia-Pacific Region. In recognition of the work and contribu-

tion made by him, the present building housing the offices of the ICA Regional office in New Delhi was named **Bonow House** in 1975. And now, the **ICA DOMUS TRUST** has been established in his memory.

The main objectives of the ICA DOMUS TRUST are, among others, propagation of Cooperative Principles; promotion of cooperatives; assist cooperative organisations/movements in encouraging genuine, self-supporting and technically sound cooperative organisations; bringing



*Bonow House*

out publications for the promotion of teaching and study of Cooperation; undertaking cooperative education and training activities and promoting collaboration between Cooperatives and the State, etc.

Any contributions made to the **ICA DOMUS TRUST** by way of donations and purchase of cooperative publications, would provide strength and acceleration to the process of achievement of the objectives of the Trust.

### Japanese Consumer Coop. leaders visited India and ICA ROAP

Two Japanese teams--one from Kyushu Regional Co-op Union and the other from Japan Committee for UNICEF, Japan, visited ICA ROAP, India in March, 1992. The first team comprising 11 members (Leaders and Executive Directors) from Kyushu Regional Co-op Union visited ICA ROAP and Super Bazar Coop. Store of New Delhi on March 2, 1992. After that they visited Consumer Cooperative Stores in Bombay. The second team comprising 14 coop. leaders of Japan Committee for UNICEF visited Super Bazar Coop. Store of New Delhi on March 7, 1992. The purpose of the visit of these two teams was to see and assess the working of Consumer Cooperative Movement in India. In addition to this, the second team visited Hyderabad and Patna in order to supervise some UNICEF projects there. They rated their visit as fruitful.

## **New name for ICA Asian Consumer Coop. News**

On the suggestion of Mr. Berridge Hume-Phillips, Assistant General Manager, Australian Association of Cooperatives Ltd., the name of our news bulletin has been changed to "ICA Asia-Pacific Consumer Coop News", with the approval of Mr. M. Ohya, Chairman of ICA Committee on Consumer Cooperation for Asia and the Pacific w.e.f. March 1992.

From now onwards, our news bulletin will cover "Pacific" region also, which includes Australia, Fiji, Solomon Islands, Tonga, Vanuatu, etc. Therefore, all member-countries in Asia and the Pacific are requested to contribute some articles, news, pictures, etc. relating to consumer cooperative movement in their countries in order to make the bulletin more informative and useful.

## **The passing away of JCCU Vice-President**

Mr. Hideo Sato, ex-Vice President of JCCU and Chairman of Kyoritsu-sha Coop, passed away in February this year.

Born in 1925, Mr. Sato organised the Tsuruoka Coop in 1955 and launched various active cooperative organisations. He became Board Director of JCCU in 1957, and in 1977, was appointed JCCU Vice President, a post he held until his death.

Mr. Sato was responsible for organising the first HAN (group) system, a characteristic of Japanese cooperative movements. He will be long remembered as a central figure in the powerful promotion of cooperative movements in Japan.

## **A Self-help and Self-financed Coops Development in India – A Good Example**

Encouraged by the National Seminar on University Cooperatives held at Pune, India between 5 & 7 November, 1990 and a self-financed workshop on management of consumer cooperatives in Bombay on 22-24 August, 1991, more and more cooperative institutions in India are coming forward to host the self-financed workshops in order to improve and develop the working of their respective cooperatives. After that two such workshops have already been held at Aurangabad in Maharashtra State and Mangalore in Karnataka State. One such request has also been received by the ICA ROAP from the Goa Rajya Sahakari Sangh Maryadit, Panaji. Another request from Madhya Pradesh State is also under consideration. Consumer Cooperative Development Project of ICA ROAP is extending its full technical/moral support and cooperation to these institutions and requests other consumer cooperatives of Asia and the Pacific region to do similar work in their respective countries.

# **GENERAL COOP NEWS AND DEVELOPMENT**

## **ICA Consumer Committee Launches Bulletin**

The ICA Consumer Committee has launched a news letter called ICA Consumer News. The bulletin will be published four times a year and will be sent to all members of the ICA Consumer Committee, Chairmen and Secretaries of ICA's Specialised Organisations and Working Parties and ICA employees. For further information contact Finola Marras, Secretary of ICA Consumer Committee, Tege-langsvagen 39, S - 151 30 Sodertalje, Sweden. Fax: 0046-755-67080.

## **UK Coop increases market share**

In figures recently announced the market share of the Co-operative Movement as a whole has increased to 4.6 per cent from the previous year's level of 4.5 per cent.

Even better news for all co-op employees is that the combined turnover of the whole Movement has increased by 9.5 percent compared with government figures for all retailers of only 6.6 per cent. This progress is partly due to the Co-op's strengths in food retailing which are not so sensitive to the current retail recession. However, owing to difficult trading conditions societies will have to work hard

to improve their situation in 1992.

The recent trend of mergers between cooperative societies has continued and this has certainly influenced the positive position of the Movement as a whole. There were at the time of the report 77 retail cooperative societies, of which the largest 25 (including CRS) accounted for 92 per cent of the Movement's turnover. CRS alone accounts for 21 per cent of the turnover, with the CWS close behind on 20 per cent.

The number of stores operated under the Co-op banner has remained fairly constant at around 4,700 but there is a trend to larger superstores and supermarkets.

There was a marginal increase in membership in the year under review. There are currently around 8,000,000 members across the country.

## **Store-less Co-op to cut produce costs**

A Consumer cooperative that aims to cut out supermarkets and deliver cheap organic produce to the doorstep is being set up in the United Kingdom.

The Creative Consumers' Cooperative is being supported

by organic farming organisations, the Henry Doubleday Research Association and Soil Association. A register of organic growers, including the Prince of Wales's estate at Highgrove in Gloucestershire, has been set up.

The cooperative is being modelled on Japan's Seikatsu

Club, which provides "environmentally friendly" products to more than half a million people.

The Seikatsu Club, founded in Japan in 1965, buys food, "real milk" and phosphate free washing powders and has a growing influence in local politics.

## Perfect Chance to Review Your Movement

### On the Coming 30th ICA Congress In Tokyo

At long last, the ICA Congress is to be held in Asia, for the first time ever since the organisation has been established 97 years back. So far, all Congresses have been held in the cities in Europe. This may perhaps be due to the fact that the ICA has been dominated by thinking and policies focusing mostly on Europe, or because there have been no significant cooperative movements in Asia. I assume that it was a combination of both. Asia has made dramatic changes in recent times, and accordingly the power of cooperative movement has been getting stronger year by year. Undoubtedly, Asia has become one of the most important regions in the ICA. One of the reasons why Tokyo was chosen to host the Congress was that it is a city in Asia. The choice does not, by any means, imply that Japan is a country which represents all of Asia. It is my great wish that many people from cooperatives actively participate in the upcoming Congress, the first ever to be held in Asia, and help to develop their own movements through mutual exchanges and discussions.

For many years, numerous Asian countries remained as colonies or were occupied by European countries and Japan. Their voluntary activities were therefore hindered, and development of cooperative movements were greatly retarded. After World War II, many governments adopted policies to promote development of cooperatives. Unfortunately, however, development of voluntary activities has been extremely slow. The delay in consumer cooperative movement, especially, is apparent in Asia, where the formation of working class and consumers in the modern sense of the words in the cities has been slow. However, with increasing industrialization in Asia, city worker groups have steadily expanded. Along with these important tasks needing the attention of, that is, the protection and improvement of their livelihoods as consumers--are beginning to accumulate rapidly in front of them. As more people move into large cities, major new urban problems are created. Cooperatives are expected to play an important role in the solution of these difficult problems as well.

The system of cooperatives is, I believe, common all over the world. However, the system is actually run by people and so its success or failure is deeply related to the society, culture, and spiritual climate in which the coop is rooted. Cooperatives in Asia must learn from the world experi-

ences, and at the same time, make importance of their own footing and make the best use of the unique characteristics of the various countries in Asia. In other words, activities must place more importance on the good tradition of people caring each other, fostering community together, the tradition of mutual respect, decision-making through consensus without creating hostility, and a more gentle social structure. Now that the Basic Values of Cooperatives are being questioned, a number of important keywords are expected to be determined at the Congress, including people's needs. They must be carefully maintained as words which are common to the cooperative movement internationally. It is important for each Asian country, however, to interpret the contents of each keyword presented in the ICA, and establish its own values firmly which must be realised and protected in the daily activities.

At the time of establishment, ICA aimed at realising the ideals of profit-sharing and co-partnership in cooperatives and in corporations. Later, the principles of Rochdale were introduced, including the six principles which still remain today. In the upcoming Congress, the Basic Values, which I consider as the third wave of fundamental thinking in the history of ICA, are finally to be made universal. Accordingly the principles is scheduled to be reviewed in 1995. Discussions might touch upon the relationship between values and principles. I firmly believe that this will also be a perfect opportunity for Asian cooperators to review their movement and work on their future direction.

The ICA Congress and the various conferences are, by no means, to be regarded as a sort of speech contest. Policies must be devised, and actions must follow. What cooperatives in Asia have previously lacked are concrete action plans. This will involve discussing, deciding, and implementing specific action programs for your organisation and yourself. This is a task coop members are asking you to fulfil. Unless you do this, the members will wash their hands of you, and your cooperative will remain as a name only.

**Masao Ohya**  
Chairman, Consumer Coop Committee  
for Asia and the Pacific

# Consumer Cooperatives in the Spotlight

Iwadare Hiroshi

On May 9, 1991, the elegant Hotel Okura in central Tokyo played host to a large gathering of dignitaries. That night, the ballroom was crowded with nearly 1000 people from the government; from the political and business worlds; from consumer groups, agricultural cooperatives; and peace-activist groups; from universities, research organisations, and the mass media; and from foreign embassies. The partygoers dined on *haute cuisine* and watched a large screen video presentation depicting the activities of Japan's consumer cooperatives.

The occasion was a banquet commemorating the 40th anniversary of the founding of the Japanese Consumers' Cooperative Union (JCCU). Well-known personages from many fields greeted the gathered throng one after another. In his welcoming remarks, JCCU Chairman Takamura Isao said, "Our thanks go to all of you whose support helped make the JCCU what it is today. In the future, we will see a shift in emphasis in Japan from economic development and industrialization to a greater focus on the quality of life. We must all work together to meet the challenge of improving social welfare programs and protecting our natural environment in the years to come."

Top JCCU officials reflected on the difficult early days of the union, when cooperatives were struggling to build membership and find stable management. In 1990, 674 cooperative organisations with 14.14 million members belonged to the JCCU. Including the family members of each coop member, this means that now roughly 20 percent of the population, or one in every five Japanese, belong to a consumer cooperative. And according to materials distributed at the banquet, the total turnover of JCCU member organisations in 1990 came to Y2.78 trillion, earned through 2400 retail outlets. This gave consumer cooperatives a 2.51 percent share of total domestic retail trade.

The JCCU membership figure is striking because even the Japanese Trade Union Confederation, perhaps the best-known large organisation in Japan, claims a membership of only eight million, far below that of the JCCU. The JCCU is the largest mass-membership organisation in Japan today.

Given their large membership, it may seem odd that consumer cooperatives command only a 2.51 percent share of total retail trade. Comparison with other retailers, though, reveals that the JCCU total turnover of Y2.78 trillion in 1990 tops the gross sales of even Daiei, Inc., Japan's largest supermarket chain, which recorded sales of Y1.84 trillion in 1990. Obviously, consumer cooperatives are force to be reckoned with in the marketplace.

## I

What is a consumer cooperative? Put simply, it is a nonprofit organisation that makes bulk purchases of consumer goods. Members are both the source of a cooperative's capital and its patrons.

Consumer cooperatives first began in the United Kingdom some 150 years ago. England was the first country in the world to undergo the Industrial Revolution, and with the birth of modern-style industries, productivity increased dramatically. Many workers were drawn to the newly founded factories, but working conditions were horrendous. The low pay, long working hours, and constant threat of unemployment meant that workers could do little more than eke out a living.

In 1844, the Rochdale Society of Equitable Pioneers was formed in the small town of Rochdale, near Manchester. Rochdale was host to a textile mill, and 28 mill workers contributed 1 pound each to start up the cooperative. It has taken a whole year to save the founding capital.

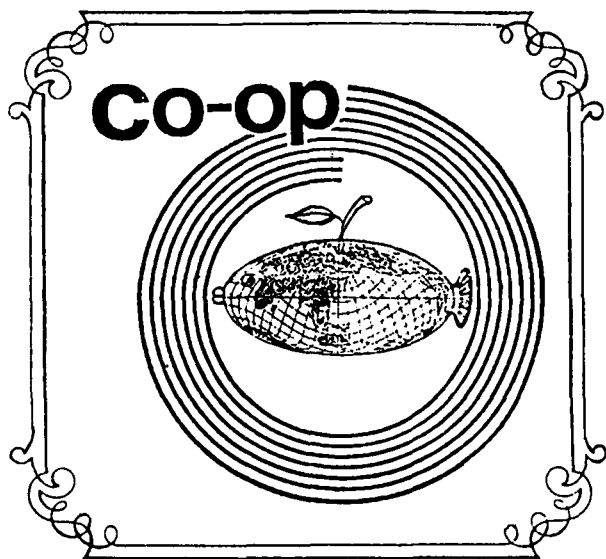
Society founders rented the first floor of a back alley warehouse. There they stored the goods they bought with their initial investment--wheat, flour, sugar, butter, oatmeal, and candles. In effect, the workers had opened their own store catering to themselves and their needs. From that small beginning grew the idea that workers could join together to escape the clutches of profiteering merchants and better provide for themselves.

Members made all their purchases from the coop. Proceeds from sales were invested in additional goods and product offerings gradually increased. So, too, did membership. By 1850, 600 people belonged to the coop, and sales exceeded 13179 pounds. That year, a total of 889 pounds in profit was redistributed to the membership.

The Rochdale cooperative gave rise to a set of rules and practices for consumer cooperative management known as the Rochdale principles. Today, they have been condensed into six tenets that are regarded as fundamental to the consumer cooperative movement. First is open membership. Any person is free to join and to quit a cooperative, and no person shall be discriminated against because of his or her ideas, beliefs, or political philosophy. Second is democratic control. All members of a cooperative are considered equal regardless of the amount of their investment, and voting rights are accorded on a one-person, one-vote basis. The third principle is limited interest. To prevent members from investing funds in a cooperative simply to earn a dividend, as one would do when investing in a corporation, a cooperative limits the amount of



interest that can be paid on invested funds. Fourth is distribution of surplus. Any surplus funds a cooperative's activities yield must be distributed equally among all members. Fifth is education. A cooperative must strive to educate and enlighten its members and staff, to inform the



public of its existence and purpose, and to work for the growth of the cooperative movement as a whole. Finally, the sixth principle is cooperation among cooperatives. Cooperatives must endeavour to help other cooperatives, both domestic and foreign, to whatever extent possible.

The Rochdale experience eventually crossed the Strait of Dover and spread across the European continent. Between 1890 and 1900, consumer cooperatives were established in most countries in Europe. The first word of the Rochdale Society of Equitable Pioneers reached Japan in 1878, but it was not until 1921 that Japan's first cooperative, the Kobe Purchasing Cooperative, was established by evangelist Kagawa Toyohiko (1888-1960) and others. This coop was the predecessor of Consumer Cooperative Kobe, which today boasts more than one million members and easily qualifies as the world's largest cooperative.

Consumer cooperatives sprang up throughout Japan during the 1920s, but as the country began gearing up for war late in the decade they became the targets of government intimidation because of their socialist tendencies. The government also began exercising tighter control over the distribution of basic goods. Most coops, unable to stock their outlets, were forced to the brink of collapse. By 1943, at the height of World War II, nearly all consumer cooperatives in Japan had suspended business or ceased to exist.

After the end of the war, many goods were in very short

supply, and, to obtain the basic necessities, people began forming cooperatives based on geographic proximity or a common workplace. In 1948, the Consumer Cooperative Law was promulgated. Article 1 says its purpose is to "promote the growth of voluntary citizen cooperative organisations and thereby stabilize living conditions and increase popular living standards." The JCCU was organised under provisions of that law.

Japan's consumer cooperatives operate on a weekly group ordering system or through retail outlets. The core of the group system is the *han*. Each cooperative comprises numbers of *han*, whose members place and receive order in bulk.

A typical *han* is the No. 1 Imaizumi Han in Kawagoe, Saitama Prefecture, just north of Tokyo. Its eight members belong to the Saitama Coop. Every Saturday afternoon, they meet at one member's home to unload their coop delivery. Members claim the items they ordered and place new orders with the driver of the delivery truck, who takes them back to the coop. The computerised order form lists some 200 different products. Orders are normally processed and filled by the next week's delivery. The process is so high-tech that members even have the option to pay by automatic bank account withdrawal.

All across Japan, orders are processed by computer, and deliveries are made weekly, only seven days after an order is placed. The *han* system plays a pivotal role within cooperatives, accounting for 44 percent of the total revenue of JCCU member coops. The remaining 56 percent is generated by coop retail outlets.

An important function of the *han* is to ensure that every member has equal say in a coop's management. Hans meet regularly to discuss matters of concern, such as what products a coop should be selling. The opinions voiced at *han* meetings are passed on to the upper levels of the organisation. In this sense, the *han* structure serves to guarantee each coop member the right to participate in the activities of the organisation as a whole. Consumer cooperatives today have a total of almost one million *han* comprising some five million members.

## II

As is well known, the Japanese economy grew at a phenomenal rate during the 1960s. The incredible pace growth put considerable strain on the fabric of society. Rapid and large-scale industrialization fouled the air, streams, and ocean waters around Japan. Before long, the problem of environmental pollution was in the public eye. Eventually, the food chain suffered as well. Distributors began using food additives that made fresh foods look better and last longer in storage. Farmers used more and more pesticides and chemical fertilisers on their produce.

Disclosures of toxic substance usage in foods started and dismayed many Japanese, especially housewives, who do so much of the food buying and preparation. Wives began to worry that if they continued feeding their families food containing toxic substances, the health of their husbands and growing children might suffer. Housewives started to look for alternative foods prepared with either few or no additives and grown with few or no pesticides.

This situation was a springboard for the growth of consumer cooperatives. They responded to citizen concern about the food supply by offering safe and reliable supplies of organic and non-toxic foods. They developed and sold products prepared without artificial additives, such as non-sterilized ham, fish pate, tofu, non-quality-enhanced bread, and non-artificially coloured candies. After questions were raised about the possible environment and human health consequences of phosphate in detergents, consumer cooperatives began offering non-phosphate detergent that was safe and easy to use. These are other product lines that came to be known as coop products.

To lend credence to its claim of offering the safest and freshest foods, the JCCU initiated a direct delivery service that delivered fresh produce and fishery products to member coops directly from the farms. This service bypassed food processors and other middlemen by linking producers with consumers. Direct delivery made it easier for consumers to obtain organically grown foods.

In this way, cooperatives quickly won the loyalty of housewives, and membership swelled. Today, the JCCU reports that some 90 percent of all affiliate members are women.

In 1988, the JCCU asked all affiliate members in a multiple-response survey why they decided to join a coop. Results revealed that 76.5 percent of members joined because coops offer safe, high-quality products. The second most cited reason, by 36.9 percent members, was a desire to buy in bulk and use the home delivery service. Underscoring these motives is the fact that 65 percent of the total retail sales of JCCU cooperatives in 1989 consisted of food products.

Another reason why consumer cooperatives have enjoyed such spectacular growth in the improvement in the social status of women after World War II. The postwar Constitution put men and women on an equal legal footing for the very first time, and women gained greater opportunities for participation in society at large. As the education level of women rose and the overall standard of living improved, giving women more time outside the home, more women felt a desire to engage in meaningful social activity.

For many women, consumer cooperatives were an appealing channel for their newfound energies. Cooperatives do much more than simply supply members with basic neces-

sities. They occupy a pivotal position in grass-roots movements in Japan today. Coops and their members play prominent roles in the consumer movement, the peace movement, and the environmental movement. Many women are drawn into the cooperative movement through their participation in these other causes.

Since 1977, coop members nationwide have been very active in antinuclear weapons groups and other antiwar groups. Coops sent large delegations to participate in both the Second and the Third United Nations Disarmament Congresses, held in 1982 and 1988, respectively, at UN headquarters in New York. And every summer, the JCCU sponsors or cosponsors conferences on the abolition of war and nuclear weapons. Some 5500 JCCU members participated in the August 1991 meetings in Hiroshima and Nagasaki.

As environmental activists, coop members have set up recycling programs for items such as milk cartons and aluminum cans. They are also involved in the development and distribution of products that are ecosystem friendly.

Japanese coop members have been honoured for their contributions to the peace movement. JCCU President Emeritus Nakabayashi Sadao, known by many as the father of Japan's coops, received the Albin Johansson Gold Medal from the Swedish Federation of Consumer Cooperatives for his contributions to the world wide cooperative movement through his coop's antinuclear activities. And the Seikatsu Club, a consumer cooperative, received the Swedish Right Livelihood Award for its efforts to improve environmental awareness through recycling programs and other activities. Both awards reflect Sweden's appreciation for the enthusiastic devotion of the recipients to the peace movement.

### III

The mushrooming growth of the consumer cooperatives in Japan has attracted attention worldwide. Japan has been selected as host for the 30th Congress of the International Cooperative Alliance (ICA) in October 1992, in Tokyo. Founded in 1895, the ICA has never before held its international congress in Asia.

The ICA is an international alliance of consumer, agriculture, credit, and multipurpose cooperatives. It has 193 member organisations in 77 countries, and total membership is 625 million. ICA Japan members include the JCCU, the Central Union of Agricultural Cooperatives, the National Federation of Fisheries Cooperative Associations, and the National Federation of Forest Owners' Cooperative Associations.

JCCU officials indicate that one reason for the ICA's choice of Tokyo as the venue for its next congress is the fact that all across Europe, where the cooperative movement is the most advanced and the most deeply en-

trenched, coops are in a state of crisis. According to JCCU Executive Director Oya Masao, the problems began with a string of coop bankruptcies in the Netherlands and Belgium during the 1970s. Before long, cooperatives from the Federal Republic of Germany southward across Europe were dropping like so many dominoes. Bankruptcies began spreading to North America as well. In the early 1980s, the Quebec provincial consumer cooperative, Magasin Coop, failed and by the end of the decade the large Berkeley Coop in Berkeley, California, was forced to file for bankruptcy and close its doors for good.

What was it that forced so many coops out of business across Europe? Oya explains in the January 1991 issue of *Agricultural Cooperative*:

First of all, co-ops tried to compete head on with giant supermarkets and chain stores. They tried to grow too big and do more than they really could. They overextended themselves financially and eventually got into trouble for it. Second, they lost sight of one of the central goals of a consumer cooperative, which is to serve its own members. Co-ops cannot survive without the direct contributions of time, energy, and money their members make. Nor can they thrive if their own members do not choose to shop through them. Unfortunately, many cooperatives began to slight the element of member participation. The end result was member alienation and declining membership rolls. (Pp.49-50)

In other words, the crisis in the European cooperative movement was caused by neglect of some of the fundamental principles of cooperative management. ICA chairman Lars Marcus felt that for cooperatives to overcome the current crisis it was essential for them to return to their roots and to reaffirm the fundamental ideals of the cooperative movement. With much of the world movement in disarray, the vitality of Japan's cooperative movement caught Marcus's eye. It appeared to him that Japanese co-

ops were operating in harmony with the fundamental principles of the movement and that this had contributed to their growth and current state of health. Hoping to give its members an opportunity to learn from the Japanese example, the ICA decided to convene its next international congress in Tokyo.

Marcus is particularly impressed by the han system. He sees it as the core of the vitality of Japan's co-ops and an embodiment of the fundamental principles of the movement. But the han seem to be losing their vitality to some extent. The reason appears to be the entry of women into the work force. Government statistics indicate that about 50 percent of all women now have paying jobs outside the home. As more and more housewives join the work force, they have less time for the han and other co-op activities. This is partly why han membership is leveling off and more and more co-op members are buying through retail outlets rather than the han.

If this trend continues, it could well undermine the principle of active member participation in cooperatives. The co-op movement in Japan has worked assiduously to promote this principle. The JCCU is deeply concerned about the trend toward declining han membership and is looking into ways to revitalize the han system.

The ICA has chosen as the theme of its Tokyo congress "the basic values of cooperatives." In accordance with the theme, Marcus has proposed "Participation, democracy, honesty, and caring for others" as the fundamental values of cooperative organizations to be discussed at the Congress. Participants may look to Japan as the best example of a healthy consumer cooperative movement, and indeed the Japanese movement is just that. But there are signs of malaise. It is hoped that the Congress will encourage overseas cooperatives as well as give Japan's coops inspiration for a cure.

--Japan Quarterly (October 1991)

## COOP AND ENVIRONMENT

*Message from the ICA Consumer Committee on the occasion of International Consumer Day, celebrated each year on 15 March.*

### To a Cooperative Environment

In the world of 1992, the 700 million members of the International Cooperative Alliance (ICA) are no different to the rest of the Earth's population when it comes to subduing the consequences of Environmental destruction. But as cooperators they are unique in that cooperators as individuals and as members of a larger global movement

can and are making a universal contribution to safeguarding the Environment.

Cooperatives are local organizations. The fundamental aim of a cooperative is to improve the lives of its members/owners. Cooperatives have no boundaries. They exist in the North and in the South. In many cases cooperative development in developing countries is facilitated by assistance from cooperative organizations in industrialized countries. But what makes them unique is that because cooperatives are local organizations, their members and their members' families are the first to suffer the consequences if the cooperative operates in an Environmentally un-

friendly manner. Considering the size of the international cooperative movement, it follows that this represents a very strong player in the global arena of Environmental protection.

June 1992 will witness the United Nations Conference on Environment and Development in Rio de Janeiro. This conference, known as the Earth Summit, will be a unique event in that all the governments of the world will gather to find a common basis for action on issues of universal concern to all humanity. In conjunction with the Earth Summit a Global Forum will be held, which will provide a series of meetings and events to be organized by the non-governmental sector. The ICA will be amongst the non-governmental organizations present at Rio and join forces with the governments of the world and hundreds of other organizations from the independent sector in this unique, universal and gigantic attempt to reverse the state of our Environment.

The ICA Congress in Tokyo in October will have Environment as one main theme on its agenda which gives the ICA a splendid opportunity to follow up decisions agreed upon in Rio.

**Turid Strom**  
Chairperson

## Co-op takes 'green' lead

The UK has witnessed a "green" consumer revolution over the last three or four years, CWS marketing manager John Bowes told an ICA environmental workshop at the CWS Farm Park. The Co-op had, from the outset, been involved in this process of change and had often taken the lead.

They had been involved firstly in response to consumer demand. Their customers had declared a green agenda.

A recent survey conducted by the Henley Centre for Social Forecasting indicated that 60 percent of adults considered the destruction of the ozone layer to be a major concern. A decade ago it was unlikely that many of those people would have known anything at all about the ozone layer.

The Co-op's unique historical antecedents were reflected in their Care positioning. As the retailer who genuinely cared about the key community issues it was right and consistent that they should take an overt role on green issues.

Listing many actions that had been taken on the environment, Mr. Bowes said that in terms of promotional activity they had treated environmental issues as being part of their overall Care programme. It was important to emphasise that their corporate commitment to a Care positioning endorsed more than just green issues.

Their position on the environment had been essentially

one of "staying care" rather than "going green". Their activities on green issues were only part of what the Co-op sought to put back into the community.

Mike Calvert, general manager, CWS Agriculture, said the Co-op was using its unique position as a farmer, food manufacturer and retailer to pilot a "farm to family" policy on pesticides - covering their use and control throughout the food chain.

Their tough agro-chemical policy meant that they applied tighter controls than the industry as a whole. The Ministry of Agriculture, Fisheries and Food advised that all pesticides were safe when used correctly. They were tested to check that they were safe to the user and safe to the consumer, but the Co-op was concerned that some were potentially more hazardous to the environment and human safety than others, if something went wrong.

They were aiming at lowest chemical residues - those could not be totally eradicated; there were even some present in organic foods.

CWS Agriculture would be looking at production crop by crop. Initially they had been looking at pea production on Co-op farms which were frozen for sale under Co-op Brand. This meant they could from the moment the peas were planted to the time they were harvested, stored and frozen. They were now beginning to look at their cereal production in the same way.

They were keen to pursue "responsible" farming systems that caused minimum amount of damage to the environment, in which consumers could have confidence when buying food.

On the conservation front they had developed three-years plans for each of their estates to maintain and develop existing habitat through creating new ponds and hedge and tree planting. Wildlife corridors played an important part in linking natural resources on estates by providing green strips on farms to allow indigenous grasses to grow.

Roy Martin, membership development officer (south), CWS Membership Services Department, said Co-operators for the Environment (CFE) had been born at the 1989 Co-op Congress at Torquay when more than 600 delegates had pledged their personal support for measures designed to protect the environment.

They now had around 3,400 members and although it had not been deliberately planned that way, they tended to be the local Co-op activists, members of local committees and auxiliaries and individual members who had a specific interest in the environment.

Their problem was to provide a link between CWS members living as far apart as Northern Ireland, the Highlands and Islands of Scotland and south-east England. To help bridge the gap they published a bulletin at roughly

quarterly intervals which was mailed to all members of CFE. They also undertook a great deal of activity with members at local, retail branch level.

After giving details of the work that was being done, Mr Martin said they believed it was living proof that the Movement was not only concerned with the retailing of baked beans and toilet rolls. In the words of the Woodcraft Folk's own charter "we do not so much bequeath the world to our children as borrow it from them" and perhaps that was the view they should take of their environment.

Alan Maxwell, chief officer, CWS South East Retail Group, said what the green consumer boom had done was to broaden the base of concern about the environment. Their customers were more likely to be aware of environ-

ment issues and to take actions based on that acknowledge. A survey in March last year showed that people were over 50 per cent more likely to express their concerns through the aerosols they bought than they would be to change their car driving habits or to join a pressure group. Any retailer that ignored such concern would not survive in the market-place for long.

Fifty-three per cent of food consumers were willing to pay a premium for environmentally-sensitive goods, although most would only pay up to 5 per cent more. More worrying was the fact that 63 per cent were confused by manufacturers' claim about green products and 70 per cent suspected manufacturers of using green issues as an excuse to charge higher prices. The CWS Retailing response had shown them to be both a caring organisation and a united one.

## *For Our Green Earth:* JCCU'S Environment 21 Project Starts

JCCU's Environment 21 Project aims to map out specific activities for the period until the year 2000 for Japanese co-ops, to create an environment-friendly society towards the twenty-first century "global environment-oriented age." These activities include products, members activities, and business endeavours. The project is to create an action plan for realising the "Co-op's Environmental Conservation Movement, its Concept and Guidelines," the environmental strategy for Japanese co-ops adopted in March 1991. The planning period is until fiscal 1993 and the years until 2000 are designated as the implementation period, but plans which are possible to put into effect will be carried out as they come up during the planning period.

With "safety and reliability" as the corporate image, Japanese co-ops have taken the initiative in the field of food safety for many years. And the Environment 21 Project is expected to help the co-op movement to again take the leadership in environmental issues in the ten years until the twenty-first century. The plans for the project will not be confined to co-op circles alone. The administration and concerned corporations will be asked to cooperate as well as the general public, not to mention co-op members; the implementation of the plans will involve many people and organizations.

JCCU has set up the Environment 21 Secretariat in October 1991 for drawing up plans. Also, a consulting contract has been concluded with Japan Eco-Life Centre, one of the groups that organize environmental activities involving government, corporations, and citizens. This group, together with the secretariat, forms a task force to coordinate the project as a whole. In December 1991, the Environment 21 Project Committee, made up of scholars

and specialists in environmental issues and administrative officials from the Environment Agency and Ministry of International Trade and Industry, was organized in order to discuss details of the plan. The Environment 21 project Council, an advisory committee to the JCCU Managing Director, made up of noted scholars and specialists on environmental issues and member co-ops' officials in charge of environmental activities, is to be organized during March 1992 to advise on the direction the plans are to take.

Plans will be made separately for (a) products, (b) business operations, (c) reviewing members' lifestyles, and (d) recycling. Project teams have been organized with four eminent Japanese think tanks as consultants to address each field. Investigations and research are under way at present in order to complete all plans by the end of fiscal 1993 (March 1994). □



Members helping to collect PET bottles in front of a coop store.

# IMPORTANT ACTIVITIES OF JCCU IN CONNECTION WITH ICA CONGRESS

## International Workshop on Environment—Japan May 22-24, 1992

An International Workshop on Environment is being organised by the ICA Consumer Committee, Japanese Consumers Cooperative Union and the Inter-Coop to discuss environmental factors in relation to the consumer activities at Yokohama, on May 22-24, 1992. The workshop is the third in a series of workshops organised by the ICA Consumer Committee since 1989. The detail of the workshop has already been circulated among our member-countries. The workshop in Japan assumes special relevance because this is the year of two major environment-related events- the United Nations Conference on Environment and Development (Earth Summit) and the 30th Congress of the International Cooperative Alliance, which will have the environment as a main theme on its agenda. The Congress will be held in Tokyo in October 1992.



Coop Stores offer 'Ecology Bag'

The International Workshop, although smaller in scale to the above mentioned two events, provides an important forum for environment practitioners from the consumer cooperative movement worldwide. The workshop will discuss specific items such as Recycling of Plastics, Packages and Containers, and information and communication.

One of the highlights of the international workshop is participation in COOP EARTH FESTIVAL which is being organised by the JCCU to make the results of the workshop widely known to the Japanese cooperative members. The COOP EARTH FESTIVAL is planned to be at Town Hall of Tokyo Metropolitan Government on May 24, 1992.

## Programme for Environmental Workshop

**Dates:** May 22-24, 1992

**Venues:** **Environmental Workshop (May 22-23)**  
PACIFIC CONVENTION PLAZA YOKOHAMA  
\*Yokohama is 2-hour bus drive away from New Tokyo International Airport.

**Co-op Earth Festival (May 24)**  
TOWN HALL OF TOKYO METROPOLITAN GOVERNMENT

\*Tokyo is 2-hour bus drive away to New Tokyo International Airport.

\*This festival is organised by JCCU to make results of the workshop widely known among Japanese co-op members. So, overseas participants are kindly requested to take part in this event, if time permits.

**Organiser:** ICA Consumer Committee, INTERCOOP and JCCU

**Host Organisation:** JCCU

**No. of Audience:** 130

**Registration Fee:** 50,000 JPN YEN per person  
(inclusive of all lunch and dinner)

**Working Languages:** English and Japanese  
(simultaneous interpretation)

**Accommodation:** Hotel reservation will be made by JCCU at the following hotels. Indicated room charges per night are inclusive of tax and breakfast.

\*Yokohama: BREEZBAY HOTEL

Single room : 15,450 JPN YEN

Twin room : 22,660 JPN YEN

\*Tokyo: SHINJUKU WASHINGTON HOTEL

Single room : 14,420 JPN YEN

## 2nd International Co-operative Youth Seminar, Kyoto, Japan – October 20-26, 1992

The 2nd International Co-operative Youth Seminar, sponsored by the National Federation of University Co-operative Associations, Japan in collaboration with the International Co-operative Alliance, is going to be held in Kyoto on 20-26 October, 1992, as a Special Programme along

with the 1992 ICA Congress.

Peace and the Environment is the theme of this seminar. The objective of this Seminar is to promote international ties and solidarity of young co-operators through sharing, exchanging the experiences, discussions and study.

The host organisation i.e. NFUCA will pay the seminar fee, travel expenses during the Seminar (Kyoto-Hiroshima, Hiroshima-Tokyo), board and lodging. But travel expenses to and from Japan is to be borne by the participants themselves.

A maximum of two young co-operators in the age group of 16-24 years are to be enrolled from each country. The last date for accepting the Enrolment Forms at NFUCA office is 31st May, 1992. Contact for further information and address for mail of your enrolment form:

### National Federation of University Co-operative Associations,

Address: 5-41-18, Chuo, Nakano-ku,  
Tokyo, Japan 164

Telephone: (81)-3-3382-3135

Telefax: (81)-3-5385-9632

### Programme for Consumer Conference

*Dates:* October 23, 1992

*Venue:* Keio Plaza Hotel (ICA Congress venue)

*Participants:* 300 (200 from Japanese consumer co-ops)

*Aim:* Approaching the issue of the basic values from the consumer co-ops' viewpoint, to deepen mutual understanding by exchanging experiences and opinions on the common interest of the world consumer co-ops

*Theme:* Members' influence on management  
(Sub-themes)

- \* Members' influence on policy-making
- \* Members' influence on daily operation (store operation, merchandise etc.)
- \* Members influence through activities of laboratories and test kitchens
- \* Participation of employees, women and the youth.

*Steerer:* Ms. T. Strom, Chairwoman of the Consumer Committee

*Panelists:* Top leaders of primary co-ops in the world. Each from Europe, Asia and Japan

*Working Languages:* English and Japanese (simultaneous interpretation)

## ICA XXX Congress, Tokyo 1992

### PROGRAMME

<i>Date</i>	<i>Time</i>	<i>Meeting</i>	<i>Parti- pants</i>
Thu. 15 Oct.	09.00-17.00	ICIF-CIDB	20
Fri. 16 Oct.	09.00-17.00	ICIF-CIDB	20
Sat. 17 Oct.	09.00-17.00	ICIF-ICRB	10
Sun. 18 Oct.	04.00-18.00	ICIF Exco.	20
Mon. 19 Oct.	08.00-10.00	ICIF Exco.	20
	14.30-18.00	ICIF-AECI Exco.	10
		ICIF-NAA Exco.	10
Tue. 20 Oct.	09.30-12.30	CIDB Forum	150
	14.00-17.00	ICIF-AECI Conf.	60
		ICIF-NAA Conf.	30
		ICIF-AOA Conf.	35
Wed. 21 Oct.	09.30-16.30	ICIF Conf.	250
Thu. 22 Oct.	08.30-10.30	Banking Exco.	15
		WpoCC Exco.	12
		Consumer Exco.	15
	09.00-11.00	Agricultural Exco.	20
		Research Exco.	10
	09.00-17.00	Women's Plen.	50
	09.30-16.30	ICIF Conf.	250
	11.00-19.00	Banking Plen.	70
		WpoCC Plen.	35
		Consumers Plen.	60
	14.30-16.30	Housing Exco.	20
		Fisheries Exco.	20
Fri. 23 Oct.	08.30-10.30	INCOTEC Exco.	15
		Tourism Exco.	15
	09.00-17.00	Agricultural Plen.	80
		Housing Plen.	40
		Women's Conf.	150
		Fisheries Plen.	80
		Research Forum	
		Consumers Conf.	100
Fri. 23 Oct.	09.30-16.30	ICIF Conf.	250
	11.00-19.00	INCOTEC Plen.	25
		Tourism Plen.	50
	12.00-14.00	WpoCC Editorial Board	15
Sat. 24 Oct.	08.30-10.30	CICOPA Exco.	15
		CLICEC Exco.	15
		Librarians' Exco.	10
	08.30-12.00	Inter-Coop Board	20
	09.00-11.00	BECA	25
		Audit/Control Cmte.	08
	09.00-17.30	ICA Executive	30
		CICOPA Plen.	80
	09.00-12.00	CLICEC Plen.	30
		Librarians' Plen.	10
	12.00-14.00	UN Reps.	10
	14.00-19.00	Inter-Coop Plen.	60
	14.30-17.30	Research Forum	
Sun. 25 Oct.	11.00-14.00	Study tour for all participants	
Mon. 26 Oct.	14.30-17.30	S.O. Chairmen	35
	17.30-19.30	ICA Central Cmte.	600
		New Mbrs. Welcome	20
Tue. 27 Oct.	09.00-17.30	ICA Congress	1000
	09.00-17.30	Congress Cmte.	10
Wed. 28 Oct.	09.00-17.30	ICA Congress	1000
	09.00-17.30	Congress Cmte.	10
Thu. 29 Oct.	09.00-12.30	ICA Congress	1000
	09.00-17.30	Congress Cmte.	10
	14.30-17.30	ICA Central Cmte.	600
Fri. 30 Oct.	09.00-16.00	ICA Congress	1000
	09.00-16.00	Congress Cmte.	10

# COOPERATIVE MOVEMENT IN MALAYSIA

By Cooperative College of Malaysia

## Land

Malaysia covers an area of about 330,307.1 sq.m., occupying the Malay Peninsula and the states of Sabah and Sarawak in the north-western coastal area of Borneo Island. The two regions are separated by about 531.1 km of the South China Sea. Peninsular Malaysia, covering 131,587.67 sq.km., has its frontiers with Thailand while Sabah and Sarawak, about 198,847.4 sq.km., border the territory of Indonesia's Kalimantan.

The Federation of Malaysia consists of the following states: Perlis, Kedah, Pulau Pinang and Seberang Perai, Perak Darul Ridzuan, Selangor Darul Ehsan, Negeri Sembilan, Melaka, Johor Darul Ta'zim, Kelantan, Terengganu, Pahang Darul Makmur and Wilayah Persekutuan (Federal Territory) in Peninsular Malaysia, Sabah and Sarawak.

## People

The people of Malaysia is multi-racial, multi-cultural, multi-religious and multilingual. Despite this diversity, the people live in unity, goodwill and harmony, making Malaysia unique in the eyes of the world. The national culture policy which is implemented to strengthen national unity is a prerequisite to establishing a national identity and national unity.

The estimated population of Malaysia in 1990 was 17.769 million. In 1980, the population stood at 15.7 million. Of this figure, about 13 million were in Peninsular Malaysia, 1.5 million in Sarawak and 1.2 million in Sabah.

The three major races in Malaysia are the Malays and other bumiputras, Chinese and Indians. In Peninsular Malaysia, the Malays and other bumiputras make up 56.5 per cent of the population, while the Chinese comprise 32.8 per cent and Indians 10.1 per cent. In Sabah, bumiputras form 84.2 per cent of the total population and Chinese 14.9 per cent. In Sarawak, 70.1 per cent of the population are bumiputras and 28.7 per cent are Chinese.

## Languages

Bahasa Malaysia is the National language of the country. It was declared the official language in Malaysia in 1967 following the passing of the National Language Act by Parliament. The government promotes the use of the national language to foster national unity. An effective way of developing the national language is by making it the medium of instruction in schools and institutions of higher learning in the country, besides being the official language

in government administration. However, the people are free to use their mother tongue and the other languages. English as the second is widely used in business.

## Economy (1991)

Main products : Rubber, timber, crude oil, palm oil and tin  
Exports : M\$ 91,507 million (US \$ 33,891 m.)  
Imports : M\$ 90,912 million (US \$ 33,671 m.)  
Per Capita Income : M\$ 6,638 (US \$ 2,459)

## Cooperative Development

Cooperative movement was introduced into Peninsular Malaysia in 1922 and spread to Sabah and Sarawak in 1958 and 1959 respectively. The early growth of cooperative movement in Malaysia was through publicised efforts of the government through its agencies and mass media. It was only during the last decade that there exist several groups who were really conscious and aware of the principles and philosophy of cooperatives.

The first cooperative society was registered on July 21, 1922. At the end of 1941, there were about 307 cooperatives with a membership of 94,000 persons. The most dominant type was thrift and loan societies. Most of the societies were dormant during the Japanese Occupation period and reconstruction of the movement took place almost immediately after the war.



Royal Professor Ungku Aziz, President of the ANGKASA in conversation with ICA Consumer Advisor, Mr. Pradit Machima.

Consolidation and reorganisation efforts of the Department of Cooperative Development in the mid-sixties brought about the gradual evolution of a strategy to create multipurpose societies. In the late sixties, there were 3,000



cooperatives with a membership of over 500,000.

The rapid growth of the movement and its manifestation in the general economic development made it necessary for the government to introduce measures for its continued progress. One significant step taken was the formation of the Farmers Organisation Authority (LPP) in 1973 to undertake supervision of all agro-based cooperatives while the Fisheries Development Authority (LKIM) took over the responsibility of fishermen's cooperatives in 1974.

Societies from all these agencies, however, are united under and represented by a national apex body known as the National Cooperative Organisation of Malaysia or ANGKASA. At the end of 1989, there were 3,000 cooperatives with a total membership of 3.58 million. Total shares was valued at \$1,674,000,000 and total assets was \$9,093,000,000 million.

The department places important emphasis on developing strong and healthy consumer cooperatives. Cooperative societies along with other businesses contribute towards growth of gross national product by maximizing member's income and ownership.

## The Malaysian Consumer Cooperative Movement

### A Brief History

The first Malaysian consumer cooperative society was registered in 1936. The initial progress was slow and by 1950, there were only 21 of such cooperatives. With the advent of the Korean War, the Suez Canal Crisis and the State of Emergency, in the 1950's. the government fully supported the formation of more consumer cooperatives in the country with the objective of over coming the problem of food shortages, high cost of living and adulteration of foodstuffs. Thus as a result of the direct and active involvement of the State, the number of such cooperatives grew and active involvement of the State, the number of such cooperatives grew, that is in the rural and urban areas and were effective in assisting the government distribute essential goods at controlled prices.

Unfortunately when the state of Emergency was lifted in the 1960s, the government withdrew her active support for the Consumer Movement. By removing the preferential treatment and monopolistic power accorded to the consumer cooperatives, the number and business performance of such societies declined. The cooperatives could not brace themselves against the fierce open-market competition posed by the small family-owned retail shops and the big private enterprises. The inability of the cooperatives to adapt themselves to the changing consumer lifestyles and needs as well as the existence of disloyal members, were additional reasons for the poor business performance of

consumer cooperatives in the 1960s and 1970s in the country.

In mid 1970s and 1980s, various attempts were made by the cooperatives to venture into chain stores, mini-markets and super-markets. Unfortunately not many had survived from the onslaught of stiff competition posed by the private enterprises. While Malaysia is satisfied with the business accruement of the Malaysian Cooperative Supermarket Society (MCCS), the Malaysian Cooperative Consumer Society Ltd. (MCCS), the Johor Cooperative Supermarket Society and the like, yet it would be incomplete not to mention some of those which had failed. Poor management, rapid expansion and lack of members' support were some of the reasons for the failure of the 15 mini-markets that were established by the Malaysian Multipurpose Cooperative. The same holds true for the closing down of 15 small retailing shops, set up by the Police Cooperative Society, another 5 consumer outlets, by the Malaysian Armed Forces Cooperative and those established by the Shamelin Cooperative Society. Even the optimistic venture of the KOMART, which started with supermarkets and 2 minimarkets, had been unsuccessful. Only two of their retail outlets are in operation in the capital city today. These examples form only a portion of the success and failure story of the consumer cooperatives in Malaysia. However, the future of this cooperative activity is expected to improve in the near future.

### Current Development

In Malaysia, various government and non-government agencies are involved in the promotion and development of the consumer cooperatives. They are namely:

- a) **The Department of Cooperative Development**, under the Ministry of Land and Cooperative Development.
  - It registers, audits accounts, advises, motivates, develops and executes the Cooperative Law.
- b) **ANGKASA** or the Apex Organisation for cooperatives in Malaysia.



*School Coop in Malaysia*

- It help to promote the cooperative ideology, provides member education and advisory services, publishes, as well as represents the Cooperative Movement in National and international matters. (There is a consumer unit in charge of the consumer activities)

c) **Cooperative College of Malaysia:** The Cooperative College of Malaysia was established in 1956 and in 1968 it became a statutory body. Since its establishment its administration has been financed by the Cooperative Education Trust Fund.



*Training activity at Coop College of Malaysia*

The college provides training and education to the cooperative movement in Malaysia. It also publishes or helps to publish reading materials, conducts research on cooperative activities and offers advice to cooperatives.

In-service and pre-service courses are conducted for officers from departments involved in cooperative movement such as Department of Cooperative Development, LPP, \* LKIM, MADA, and KADA. In addition, training is also conducted for staff of statutory bodies such as RISDA, FELDA and FELCRA; the college's own members and board of directors; and members of cooperatives.

d) **FELDA, FELCRA, RISDA**

- These organisations are in charge of land development and improving the livelihood of the rural population.
- A number of retail outlets have been set up for the convenience and benefit of the land settlers.

e) **LPP and LKIM**

The Farmers' Organisation Authority and the Fisheries Development Authority have also gone into retail business to meet the needs of the farmers and fishermen respectively.

In 1990 there were some 500 Malaysian cooperatives with



*Intensive farming in Coop. Village, Malaysia*

consumer activities. This makes up about 22% of the total number of cooperatives in Peninsular-Malaysia (under the supervision of the CDD). Of these only 68 of them are registered as single purpose consumer cooperatives with a total membership of 43,505 people and a share capital of about M\$ 17.3 million. This however does not include the activities of consumer cooperatives in Sabah, Sarawak and those from the rural Land Development Schemes such as FELDA, FELCRA and RISDA. Table A shows the classification of the cooperative activities in Peninsular Malaysia under the supervision of the CDD. Table B shows the financial position of all the cooperatives with consumer activities from 1981-1990. Figures from this Table shows that the Consumer Movement is moving in a positive direction.

Table C shows the number of cooperatives under the supervision of FELDA (Federal land Development Authority), FELCRA (Federal land Consolidation and Rehabilitation Authority) and RISDA (Rubber Industries Smallholders' Development Authority). Table C also shows the number of cooperatives with consumer activities, under these agencies for the year 1989.

## Government's Involvement

In Malaysia, the State plays an important role in promoting and developing cooperative societies. The Fourth Malaysian Plan (1981-1985) clearly outlines the government's stand with regard to the Cooperative Movement. It states that: "The Cooperative Movement provides an important vehicle for the promotion of economic activities, mobilisation of capital and the acquisition of property." The Federal Government has since then allocated a substantial amount from the national budget for cooperative development. For example under the Fifth Malaysia Plan (1986-1990), a sum of M\$ 33.07 million has been allocated for this purpose and under the Sixth Malaysian Plan (1991-1995), the CDD will receive a total of M\$

12.754 million. From this amount, a sum of M\$ 450,000 would be channelled for the promotion of consumer activities and another M\$ 3.85 million, for the development of the school cooperatives (many of which are actually undertaking consumer activities). The balance would be used for the activities of the KIK, KPD and cooperative training.

In the next 4 years, the government through the CDD, plans to increase the number of consumer cooperatives from 68 to 200, i.e. at a growth rate of 50 units per year. By providing some financial assistance in the form of initial operating expenses for the purchase of cash-registers, display shelves, gondolas and basic business stationeries, the government hopes that consumer cooperatives will then be able to take off from there and proceed to become viable business entities for the benefit of members and the society as a whole.

Thus as far as the government policy with regard to the development of consumer cooperatives is concerned, it has been very positive and encouraging. With the setting up of the Ministry of Land and Cooperative Development, steps are currently being undertaken to reevaluate and restructure

the functions of various Agencies under this Ministry. The results from such an effort will certainly be beneficial in equipping and preparing the Cooperative Movement meet the challenges ahead.

### Conclusion

Much must be done to improve and develop the Malaysian Consumer Movement into a powerful and beneficial organisation for cooperative members. Studies which have been carried out by the lecturers from CCM (1988) and those from the Agriculture University of Malaysia (1990) as well as by Mr. S.G. Wijesinha, a consultant from Sri Lanka for ICA (1991), have identified a number of weaknesses in the nation's consumer cooperatives. It is therefore imperative that a collective effort from the Board and ordinary members of cooperatives together with all the agencies involved in the development of consumer cooperatives with all the Agencies involved in the development of consumer cooperatives to seriously act on them. Only then can Malaysia be truly proud of her Consumer Movement and be an excellent model in the South Asian region.

## Classification of the Cooperative Activities in Peninsular Malaysia at December 1990

(Under the supervision of the Cooperative Development Department)

Table A

	<i>Function</i>	<i>No. of Coop.</i>	<i>No. of Members</i>	<i>Total Share Capital (\$)</i>	<i>Total Assets (\$)</i>
1.	Credit/Banking	216	887,494	951,312,233	3,938,430,467
2.	Housing	47	27,864	17,127,759	131,772,533
3.	Consumer	68	43,505	17,328,608	51,398,696
4.	Transport	30	8,624	1,822,844	10,930,608
5.	Land Development	13	83,787	100,165,329	286,144,608
6.	Industrial	47	19,323	8,279,651	68,919,648
7.	School	778	599,192	2,958,340	19,797,480
8.	Insurance	1	149,660	2,952,125	412,841,642
9.	Multipurpose	906	945,746	389,929,626	968,832,230
10.	General Welfare	25	14,596	248,659	753,132
11.	Capital Investment	29	75,484	65,945,177	106,806,101
12.	Workers Investment	28	11,797	3,376,205	6,528,344
13.	Weekend Markets	16	4,087	696,913	2,077,491
14.	Unions	30	29,524	27,118,497	201,248,136
	Total	2,234	2,900,683	1,589,297,964	6,206,481,115

SOURCE: Cooperative Development Department, Kuala Lumpur.

## Cooperatives with Consumer Activities in Peninsular Malaysia (1981 - 1990)

*Table B*

Year	No. of Coops	Units	Super/Mini Market/Shops			Units	Petrol Kioks		
			Sales	Purchases	Profit		Sales	Purchases	Profit
1981	256	261	93,448.4	82,348.6	2,203.5	19	30,611.6	25,804.2	4,095.2
1982	233	309	-	-	4,494.4	20	-	-	812.8
1983	224	338	142,304.3	122,364.6	6,933.6	20	25,816.3	24,770.5	213.6
1984	235	311	144,534.2	132,510.5	4,801.1	29	42,601.5	51,108.2	640.2
1985	225	333	173,910.1	169,748.9	5,251.7	36	62,520.9	59,703.7	1,148.7
1986	245	299	168,184.4	161,261.5	4,726.5	49	56,268.8	53,733.3	1,033.8
1987	488	296	160,175.6	131,868.0	3,087.3	56	48,901.6	47,770.9	978.7
1988	498	398	259,035.1	205,650.0	16,421.3	90	79,067.3	73,152.0	1,236.4
1989	485	428	325,651.3	274,498.1	18,616.6	88	81,743.4	77,480.3	1,368.4
1990	500	420	293,086.2	277,243.1	17,685.8	85	77,656.2	73,606.3	1,299.0

*SOURCE:* Cooperative Development Department, Kuala Lumpur.

*Table C*

### Total Number of Cooperatives under FELDA, FELCRA & RISDA (1989)

Agency	Total No. of Coops	No. of Coops with Consumer Activities
FELDA	237	89
FELCRA	68	30
RISDA	61	36

*SOURCE:* Cooperative Development Department, Kuala Lumpur.

\*

- LLP - Farmers Organisation Authority
- LKIH - Fisheries Development Authority
- MADA - Muda Agricultural Development Authority
- KADA - Kemuru Agricultural Development Authority
- RISDA - Rubber Industry Small-holder Development Authority
- FELDA - Federal Land Development Authority
- FELCRA - Federal Land Consolidation and Rehabilitation Authority

## CONSUMER NEWS FROM ASIA AND THE PACIFIC

### BANGLADESH

#### Follow-up Workshop on Women's participation in women's cooperatives in Bangladesh

A follow-up workshop on women's participation in women's cooperatives in Bangladesh will be jointly organised by ICA and BJSU in Dhaka on 2 and 3 May 1992. The objectives of the workshop are to enhance the role of women in cooperative operations through member participation. Mr. Masao Ohya, Chairman of ICA Committee on Consumer Cooperation will deliver a talk on "Role of JCCU in promoting consumers cooperative movements in Asia and the Pacific" at the workshop.

It is expected that 30 women cooperative leaders from all parts of the country will participate in the workshop.

### INDIA

#### Follow-up Workshop on Students Coops held in Mangalore

The first self-financed workshop on "Student Coops" in India was organised at Mangalore University, Mangalore, Karnataka State, between 21 and 23 January 1992. The objectives of the workshops were (1) to improve the performance of student/university coops; (2) to promote and develop the system and techniques of cooperative

education, training and extension at University, College and Cooperative Institutions; and (3) to establish a model student/university cooperative as a learning centre within the region.

Thirty five (35) participants from 14 colleges and 2 universities attended the workshop. The result was very positive and encouraging. It opened up the eyes and the minds of Indian Professors, Lecturers and students on the new fronts and dimensions of university coops in India. It is expected that this kind of coop. education and extension will be spread throughout India very soon.

**Follow-up workshop on Consumer Cooperative Management in Maharashtra, India.**

A two day self financed workshop on "Management of Consumer Cooperatives" in Maharashtra (India) was held in Aurangabad on 28 and 29 February 1992. Around 125 coop. leaders, Executive Directors/Managers and government cooperative officials of Maharashtra attended the meeting. The main objective of the workshop was to uplift



*A Self-financed Workshop on Consumer Coop. Development in Aurangabad, India*

the performance of consumer cooperatives through modern management techniques as well as to promote a self-help and self-development attitude of consumer cooperatives within the State. (This was another additional activity outside the Consumer Coop. Development Project 91-92). The outcome was very good. Because of the good result of the workshop, it was agreed that the third workshop will be held in Alibag (Maharashtra) in September this year. Recently, we learned that this kind of workshop is going to be organised in Goa, Madhya Pradesh and Gujarat State very soon.

**INDONESIA**

**National Seminar on Consumer Coop Development in Indonesia**

The National Seminar on Consumer Cooperative Development in Indonesia, the first of its kind, was jointly

organised by the ICA, National Cooperative Council of Indonesia (DEKOPIN) and the Ministry of Cooperatives, Republic of Indonesia, at the National Cooperative Training Centre, Jakarta on 3 and 4 December 1991. Forty five



*National Seminar on Consumer Coop. Development in Indonesia. December 1991*

participants from the Coop. Movement, private sector and the Government offices attended the seminar. It discussed about the present situations and results of its operations, problems faced and needs for changes and development. It also covered technical problems, such as procurement, distribution, outlet development, institutional development, funding and personnel development. The outcome was very good.

**Regional Seminar on University Cooperatives in Indonesia**

The Regional Seminar on University Cooperatives in Indonesia was organised at Brawijaya University at Malang between 28 and 30 January '92. The seminar was inaugurated by Mr. Bustanil Arifin, Minister of Cooperatives. Forty-nine participants from all over Indonesia and 11 participants from foreign countries (2 each from Malaysia and Sri Lanka, 4 from Thailand and 3 from South Korea) attended the seminar.



*Regional Seminar on University Cooperatives in Indonesia*

The outcome was very very good especially for Indonesia. It opened up the eyes and the minds of youth and student leaders from major universities in Indonesia. Besides, the Indonesian Television Network had televised the objectives, the opening ceremony and the activities of the seminar to the public many times. It has motivated students and youth leaders to organise and re-organise student/university cooperatives throughout the country. Because of this, they wish to do better and more for their coops respectively. But they lack of technical know how and guidance as to how to achieve their objectives. For the time being, NFUCA, ICA, Indonesian Youth Koperative



*Leaders and Organising Committee members of "Regional Seminar on University Cooperatives of Indonesia" at Brawijaya University, Malang, Indonesia.*

(KOPINDO) and Ministry of Cooperatives, Republic of Indonesia are going to prepare a concrete plan for development of University/Student Coops in Indonesia. If succeeded, India and Thailand may also follow the same plan in future. Regarding this programme, ICA and NFUCA may have to work harder to help promote university/student cooperatives in Indonesia and in Asia and the pacific region in the future in order to build up strong foundations for consumer coop. development within the region in the future. Indonesia, India and Thailand will be selected as regional centres for consumer cooperative development in sub-regional areas respectively.

## JAPAN

### **KYODA-GAKUEN (Coop College) Opened Providing full boarding Facilities**

On September 1, Coop Kobe, Japan's largest coop, opened its training facility, Kyodo-Gakuen (Coop College), after completion of the first construction phase. The college was established as one of the projects celebrating the Coop's 70th anniversary. Since being founded by Toyohiko Kagawa, Coop Kobe has emphasized education, convinced that human resources are a coop's most valuable assets. This idea also inspired construction of KYODO-GAKUEN.

The facility was mainly established to give Coop Kobe members, staff, and officials the opportunity for training and cooperative and lifelong education. However, it also welcomes people from other parts of Japan and overseas



*View of Seminar Building & Archive Building (right). Design of the Archive Building is modeled after the Rochdale Pioneers Museum in England*

who are working in the coop movement, as well as the local population. All education is aimed at promoting interpersonal exchanges as well as training, because the coop has the ideal to help create a caring society with generous and considerate people by developing social links for solidarity.

### **Joint Meeting of the ICA Committees on Consumer Cooperation and Trade and Industry**

A joint meeting of the ICA Committees on Consumer Cooperation and Trade and Industry for Asia and the Pacific was held in Kobe on 7 and 8 November, 1991. The first day (7 Nov.) was allotted to Consumer Committees and the second day to Cooptrade and Industry. Eight countries sent their representatives and observers to attend the meeting, namely Australia, Bangladesh, China, Japan, Singapore, Sri Lanka, Thailand and USSR. However, only 5 countries were members of Consumer Committee. They were Bangladesh, Japan, Singapore, Sri Lanka and Thailand.

After the meeting, the host had arranged a programme of visit to Osaka in order to visit Coop. Food Plant and a new branch of Consumer Cooperative of Supermarket in Osaka. The visit was the most interesting one.

### **Delegates from Mongolian Coops visit Japan**

Four delegates, with Mr. C. Molom, chairman of the Central Union of Mongolian Consumer Coops, as their leader, visited and talked with various Japanese consumer coop leaders in the eight days from November 25 to December 2, 1991.

In July 1991, a JCCU/ICA mission led by Mr. Takamura, president of the JCCU, visited the Central Union of

Mongolian Consumer Coops. They invited the people there to Japan, which resulted in this visit.

The delegates arrived in Japan on November 25, and visited Nogoya Coop and observed the activities of joint purchase groups. The next day they visited the stores of Nagoya Coop and a ceramics plant located in the suburbs of the city. On the morning of the 28, they visited Coop Kobe and talked with Mr. Takamura, chairman of the board of directors of Coop Kobe. In the afternoon, Mr. Takamura, as president of the JCCU, had official talks with them. The talks covered a wide range of topics, including the present condition of political and economic reforms in Mongolia, organisational reform for Mongolian coops, and how to promote the relationship between both coops. The ownership of Mongolian coops are now in the process of being transferred from the government to the members, in step with the nation's economic reform.

The delegates then traveled to the northern part of Japan, and visited Coop Sapporo stores, a food processing plant, and then a bakery. After touring the city of Sapporo, they returned to Tokyo. In Tokyo, they visited the JCCU on December 2 and drew up a memorandum on future cooperation between the JCCU and the Central Union of Mongolian Consumer Coops.

## **MALAYSIA**

### **20th Meeting of ICA Committee on Consumer Cooperation**

The 20th meeting of the ICA Committee on Consumer Cooperation for Asia and the Pacific will be held on May 6-7, 1992 in Kuala Lumpur, Malaysia. The National Cooperative Organisation of Malaysia (ANGKASA) has agreed to host the meeting. It is expected that about 25 members and observers from member-countries will attend the meeting. The meeting will, inter-alia, discuss matters concerning consumer coop. operations and plans of action within the region as well as the ICA Congress activities to be held in Tokyo in October 1992. In addition to this, the ANGKASA and the Malaysian Cooperative College will arrange a programme of study visit to various types of coops in and around Kuala Lumpur for 1-2 days and provide free accommodation for some observers at the Coop. College during their stay in Malaysia.

## **PHILIPPINES**

### **National Orientation Seminar on Member Participation and Japanese Housewives involvement in Consumer Cooperatives in the Philippines**

A National Orientation Seminar on Member Participation and Japanese Housewives Involvement in Consumer Co-

operatives will be held in Manila, the Philippines between 2 and 4 May 1992. The objectives of the seminar were (1) to enable participants to gain information on women's participation in Japanese consumer cooperative movement; (2) to identify the problems of involving housewives in consumer cooperative activities; (3) to identify and select proper strategies from the Japanese experience in housewives involvement in consumer coops; and (4) to enable the participants to prepare an action plan for the interaction of such strategies and methods.

The programme is jointly sponsored by ICA, JCCU and CUP. Around 35 women coop. leaders will attend the seminar.

The seminar will be technically assisted by Ms. Momoe Tatsukawa, Chairperson of JCCU Women's Council and Ms. Akiko Yamauchi, Secretary to the JCCU Women's Council.

## **REPUBLIC OF KOREA**

### **New Director General, Int'l Coopn. Department of NACF**

Mr. Yong-jin Kim has been appointed as Director General, International Cooperation Department of National Agricultural Cooperative Federation, Republic of Korea, in place of Mr. Won-ho Suh, who has been appointed as the Director General of the Research Department of NACF Head Office.

ICA Committee on Consumer Cooperation for Asia and the Pacific welcomes Mr. Kim and wishes him all success in his new assignment. The committee also would like to thank Mr. Won-ho Suh for his cooperation and extends its best wishes for his bright future.

## **SINGAPORE**

### **Training in Singapore**

Three consumer Coop managers have been selected from India and the Philippines by the ICA Consumer Cooperative Committee for a training course in Singapore.

They were attached to the NTUC Fair Price from 28 October to 4 November.

### **Training in Japan**

The Japanese Consumers' Cooperative Union (JCCU) has selected Purchasing Manager Michael Lim Boon Khuay and Supermarket Manager V. Alankovan to participate in its Store Managers' Training Programme 11 to 20 November.

Both Mr. Lim and Mr. Alankovan are from the NTUC Fair Price.

## Income Senior Manager becomes Radio Heart GM

Mr. William Teo, a Senior Manager of the NTUC INCOME, has been seconded to the NTUC Radio Heart as its General Manager as from 2 September to take over from Mr. Ronnie Choong who has resigned.

William began his career as an English teacher in 1961 and joined the NTUC INCOME as an executive in 1972.

Concurrently, he is a Regional Insurance Advisor with the International Cooperative Alliance (ICA) and the Cooperative Insurance Development Bureau (CIDB) of the International Cooperative Insurance Federation (ICIF).

He was also a member of the SNCF Education Committee from 1982 to 1984.

NTUC Voice Cooperative Society Ltd. manages Radio Heart which is a wireless station with two channels--FM 91.3 and FM 100.3

The Cooperative is owned by the Singapore National Trades Union Congress, NTUC Fair Price, NTUC Income, NTUC Comfort, the Singapore Labour Foundation and about 30 NTUC affiliated unions.

## SRI LANKA

### Planned activities for Sri Lanka in June and July 1992

Three important Consumer Coop. activities by the sponsorship of ICA are going to be undertaken in Sri Lanka in June and July 1992. These are (1) Consultancy Services to 3 primary consumer cooperatives in Sri Lanka in June; (2)



Rural Coop Store in Sri Lanka

Under Exchange Programme, 5 Sri Lankan Women Coop. Leaders will visit Japan in July '92; and (3) Consume coop leaders/managers to study abroad on self-financing basis.

## THE KINGDOM OF TONGA

The Kingdom of Tonga is a group of small island in the South Pacific. One and a half hours north east of New Zealand by plane. These islands are stretched out many miles from each other. Its land mass is 747 km<sup>2</sup>. Its population is only 97,000.

The Government of Tonga recognizes cooperatives as an important instrument to encourage initiative, self help and mutual assistance of social cohesion and harmony, and to allow self interest to be met by group action. It is also seen as an important channel to use in implementing the country's rural development programmes thereby playing a potential role in improving the quality of life.



Mr. K.T. Fakafanua (left) Minister for Labour, Commerce & Industries, Government of Tonga (29 years old)

*There are 3 main types of cooperatives in Tonga namely:*

Agricultural producer and marketing, Consumer, Thrift and credit and other types of Cooperatives.

### Agricultural Producer and Marketing:

Cooperative Societies in all Divisions are involved in some kind of production and marketing activities. Some of the commodities handled are: vanilla, root crops, watermelon, vegetables, squash (pumpkin), fish and handicrafts. Production is carried out either communally or by individual members but the marketing is done through the Friendly Islands Marketing Cooperative Society (a secondary cooperative).

### Consumer:

The pattern of the Cooperative Movement has been largely one of consumer cooperation although many societies are referred to as "multi purpose" most of these have a consumer base. About 35% of these consumer cooperatives are moribund whereas, the existing 65% has a turnover of \$2,469,949.05 and a net profit of \$116,338.97 during the period under review. Consumer cooperatives



deal mainly in basic essential consumer goods and operate to serve the rural Tongan population.

This sector provides a much needed consumer service in isolated islands and remote rural locations where very few

private retail merchants. On average village cooperative shop may carry as much as 80% of its stock in food items. It is interesting to note that the cooperative market share in the food distribution in Tonga is quite high.

**Table 1: Operational Performance in 1989 and 1990**

Division	1990		1991	
	Sales	Net Profit	Sales	Net Profit
Nuku'alofa	\$1,543,954.05	\$79,479.11	\$1,758,985.18	\$75,350.55
Vava'u	243,070.93	11,829.99	259,596.39	8,160.08
Pangai	199,004.09	22,531.24	285,069.96	26,876.40
Ha'afeva	38,922.61	1,715.65	23,275.70	367.26
'Eua	73,196.84	3,391.49	83,721.94	4,376.50
Niutoputapu	-	-	59,299.88	1,208.18
	\$2,098,148.52	\$115,516.18	\$2,469,949.05	\$116,338.97

### Thrift and Credit:

The outcome of these cooperatives is unsatisfactory. The remaining two registered cooperatives of this type, is under consideration of liquidation. Failure of these cooperatives was due to lack of managerial skills. However, credit and savings can still be done through the formation of Credit Unions.

### Tonga Cooperative Federation (T.C.F.)

Tonga Cooperative Federation has experienced another successful year during 1990. Over the past five years, turnover had increased from \$6.1 million to \$11.2 million the highest ever, since the split took place in January 1986.

Overall a Net Profit of \$542,646 was achieved which represents a 3.3% increase compared to the previous year. Although the financial statement for the period of 1991 has not been obtained, there is high expectation that this will exceed that of 1990.

**Table 2: Tonga Cooperative Federation's Turnover, Net Profit and Income Tax since 1987**

	1987	1988	1989	1990
Turnover (in million)	\$6.1	\$8.1	\$9.2	\$11.2
Net Profit	\$113,000	\$320,000	\$410,000	\$543,000
Income Tax to Govt.	\$35,000	\$109,000	\$114,000	\$121,000

### Consumer Cooperative Development Project July 1992-June 1993

Code	Activity details
2311	Training of store managers/leaders of Singapore consumer cooperatives in Japan.
2312	Regional Seminar on Cooptrade and Consumer Coop. Development in Vietnam.
2313	Training of selected managers on Super-market operations in Singapore for Korea, Malaysia, Thailand & China.
2321	Consultancy cum Training on management of consumer coops in the Philippines.
2322	Consultancy services to primary consumer coops in India (Sikkim), Sri Lanka and Bangladesh.
2323	ICA/JCCU Conference on Gender Integration and Women in Coop. development in Japan.
2324	ICA/JCCU Environmental Conference in Tokyo, Japan.
2325	National Workshop on University Cooperatives in Malaysia.
2326	Youth Seminar on Peace and Environment in Tokyo
2327	International Research Conference on Viable Coop Model for future development of Asia in Tokyo.
2328	Open Conference of Consumer Coops on Member Influence to Coop. Management in Tokyo.
2329	National Seminar on Consumer Cooperatives in India.
2331	Two meetings of the ICA Committee on Consumers Cooperation for Asia and the Pacific.
2332	ICA Congress in Japan.
2341	Publish three issues of Asian Consumer Coop. News
2342	Set up a data bank and information system at ROAP.
2343	Publish research findings, booklets, pamphlets, etc. on consumer cooperatives.



# ASIA - PACIFIC CONSUMER COOP NEWS

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## Editorial

This October the ICA Congress is going to be held in Tokyo. The main theme of the discussion will be on the Cooperative Basic Values. In this issue the main contributor on the Cooperative Basic Values is Mr. S.A. Book from Sweden. He elaborated five main points of Cooperative Basic Values. They are Economic activities for meeting needs, Participatory Democracy, Human Resource Development, Social responsibility and National and International Cooperation.

Besides Mr. Masao Ohya, Chairman of the ICA Asian Committee on Consumer Cooperation has also expressed his ideas on Asian Basic Values on Cooperatives, especially on the Japanese context.

In this issue we have also included two topics on Consumer Cooperatives. One is on the "Consumer Cooperative Movements in Asia and the Pacific Region" by Mr. G.K. Sharma, Regional Director of ICA ROAP and the other is "Consumer Cooperative Movement in India" by Mr. Mahendra Singh, Managing Director of National Cooperative Consumers' Federation (NCCF) of India.

We do hope that this issue will give you some clear pictures of Coop Basic Values and Coop Movements in the Asia and Pacific Region. We also do expect that you will contribute some valuable information on Cooperative and Consumer Cooperatives to us in the future.

## Contents

<b>ICA REGIONAL OFFICE ACTIVITIES</b> Consumer Cooperatives in Asia and International Cooperation	3
<b>REPORT OF THE SPECIALISED ORGANISATIONS</b>	6
<b>COOPERATIVE PRINCIPLES &amp; PRACTICES</b> By Sven Ake Book	8
<b>BASIC VALUES OF ASIAN COOPS</b> By Masao Ohya	10
<b>COUNTRY PROFILE - India</b>	11
<b>CONSUMER NEWS FROM ASIA &amp; THE PACIFIC</b>	
Australia	14
Bangladesh	15
Fiji	16
India	16
Japan	17
Malaysia	18
Philippines	18
Singapore	19
Sri Lanka	19
Vietnam	20

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**To the Reader . . .**

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives and related matters are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

--Editor

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# ICA REGIONAL OFFICE ACTIVITIES

## Consumer Cooperatives in Asia and International Cooperation

by

G.K. Sharma

Regional Director

ICA Regional Office for Asia & the Pacific

### Background

1. In most Asian countries, their economy and population still depend on agriculture. Thus agricultural cooperatives continue to occupy prominent position in the cooperative sector also. Asia-Pacific cooperatives account for more than 60% of the global cooperative individual membership. Out of around 460 million cooperative members in Asia-Pacific, India and China alone have a membership of more than 300 million. Consumer cooperatives stand next to agriculture in Asia-Pacific region with the exception of Singapore and Japan.

2. However, historically consumer cooperatives are as old as agricultural cooperatives, if not older, in Asia also. The first person to attend ICA Congress from Asia was Prof. Ambika Charan Ukil in the 4th ICA Congress in 1900 representing an Indian consumer cooperative namely Rochdale Pioneer Cooperative. This consumer cooperative was organized in September 1883 on the basis of the bylaws received from Rochdale Pioneers Cooperative of U.K. Later on, Australia was also represented in the ICA Congress in 1904. Japan was third country from Asia-Pacific region to join the ICA and Dr. T. Nisigaki of Tokyo District Cooperative Society "Kiodokwai" attended the 8th ICA Congress in 1910 at Hamburg followed by 9th Congress in 1913. Thereafter the First World War broke out and there was no Congress for 8 years. The 10th Congress was held in 1921 where Dr. Muniro Oka of Central Cooperative Union of Japan was a guest of honour. In 1924 at the 11th Congress, ICA passed a resolution in sympathy to the heavy loss due to earthquake which struck Japan on 1 September 1923 and in which a large quantity of property of cooperatives was destroyed.

3. While there are instances where initiative came from the people to organize cooperatives including consumer cooperatives, in many countries the imperialist governments at that time influenced the working of cooperatives to ensure that the cooperative leadership was not in the hands of nationalist leaders. Thus slowly consumer cooperatives also as other cooperatives in many countries of Asia lost their genuine character of autonomous, self-reliant cooperatives and looked more towards governments. While the support of governments in most countries in Asia was more liberal and stable in the case of

agricultural cooperatives, consumer cooperatives were used more as a fire fighting instruments during the period of scarcity particularly during the two World Wars. Thus very often large number of consumer cooperatives were organized during the course of time but when the scarcity of goods came down, many became defunct or economically un-viable.

### Present Position

4. Over the last few years, more stable approach is being adopted with regard to consumer cooperatives as it is being realized more and more that consumers' interest has to be protected not only from the angle of availability of goods and price stability but also quality of goods have to be ensured and cooperatives can play an important role in stabilizing the prices and as also ensuring availability of dependable quality goods.

5. Consumer Cooperative Movements in Asian countries can be classified into 3 groups - strong, medium and weak. Strong movements comprising Japan and Singapore where standard of living is stable and high. Medium strong are those of S. Korea, Malaysia, Thailand, Sri Lanka and parts of India. The weak movements include Bangladesh, parts of India, Indonesia, Pakistan, Philippines and Vietnam, where socio-economic conditions are not conducive to consumer cooperative development.

### Organizational Structure

Generally, there is no uniform structure of consumer cooperative in Asian countries. They are of mixed structured varying from one country to the other. However, we can divide them into five main categories, as follows:

6.1 *Purely Consumer Cooperatives:* They are organized or owned by members comprising common people or the general public. This type of cooperatives exist in India, Japan, Singapore and Thailand.

6.2 *Multi-purpose Co-operatives:* They serve both rural and urban people according to the need of the members. Their activities are mixed, such as Credit, Farm supply, Marketing, Processing, Consumer activities, Insurance, etc.. This type of cooperatives exist in India, Sri Lanka and Vietnam. Indonesia and S. Korea, where Consumer Coop-

eratives are not in existence but are organized or operated as a unit or section of agricultural cooperatives, can also be included in the list of Multi-purpose co-operatives.

6.3 *Institutional Co-operatives*: Institutional cooperatives are those co-operatives which are organized among workers, employees or civil servants or Armed forces, who work in the same organization or institution. It can be organized purely as consumer cooperatives or multi-purpose co-operatives, such as among government officials, workers or employees of State Enterprises, Banking Institutions or factories. They exist in most of the countries, such as Bangladesh, India, Indonesia, Japan, Malaysia, the Philippines, Sri Lanka, and Thailand.

6.4 *Trade Union's Consumer Cooperatives*: This refers to Singapore where NTUC Fair Price is a chain of consumer stores sponsored by National Trade Union Congress of Singapore and the members of NTUC primarily consists of employees trade unions.

6.5 *Student/University Co-operatives*: There are many students or university co-operatives in many countries in Asia, except Sri Lanka and Vietnam. The students and University co-operatives can function either as purely consumer coops or mixed one (Credit, Consumers, etc.) In Japan and Thailand members of University cooperatives comprised students, staff, faculty members and employees. In India, Indonesia, Malaysia and the Philippines, it is mainly meant for university staff and employees. But student cooperatives in Indonesia are purely for students.

6.6 *Village and Rural Co-operatives*: In India, agricultural credit cooperatives serve rural people with consumer articles, necessities and daily needs.

## Example from Japan

The main category of consumer co-operatives in Japan is the retail co-operatives, which can be divided into five types.

7.1 *Retail co-operatives*: These co-operatives supply members with a variety of consumer products ranging from perishable foods to electrical home appliances. The co-operatives make constant efforts to supply "better goods at lower prices" and develop "CO-OP products" reflecting the opinions of member consumers. Retail co-operatives are divided into five types according to the nature of their membership and operating areas.

- a. *Citizen co-operatives*: serving the residents of the districts defined in the Articles of Consumers' Co-operatives.
- b. *Institutional co-operatives*: serving workers in various work places.
- c. *Expanded institutional co-operatives*: a kind of institu-

tional co-operatives expanded in the neighbouring residential areas.

- d. *University co-operatives*: supplying books, stationery goods, daily-use articles and electrical home appliance, operate cafeterias, sell travel and entertainment tickets, and run insurance programmes in the interest of university students and faculty members.
- e. *School teachers' co-operatives*: serving teachers at both public and private elementary, junior and senior high schools, mainly supplying goods through catalogue sales and joint buying.

## Consumer Co-operatives' Problems

There are many problems confronting consumer cooperatives in Asia. Main problems are:

- 8.1 Poor infrastructure and poor socio-economic background of the countries;
- 8.2 Lack of operating funds and lack of adequate volume of business;
- 8.3 Lack of professional training opportunities and facilities on consumer coop. operations;
- 8.4 Lack of dedicated leaders and professional staff;
- 8.5 Lack of education on consumer protection, welfare activities, member participation, etc.
- 8.6 Lack of strong national consumer cooperative movements;
- 8.7 Lack of clear-cut policy on consumer cooperative development - both the government and the movement;
- 8.8 Stiff competition from private sector; and
- 8.9 Lack of strong national cooperative council to promote and develop cooperatives, such as in the case of Bangladesh, Indonesia, Fiji, Pakistan, Philippines and Sri Lanka.

## Strategies

To cope with the Asian Consumer Coop. problems, some measures should be taken as follows:

- 9.1 Organize consumer coop. activities within existing co-operatives, such as in the case of Indonesia, Republic of Korea and Vietnam;
- 9.2 Initiate and organize consumer cooperatives in suitable areas where the chance of success is high, such as in a new housing complex, government departments and state enterprises and factory compound;
- 9.3 Set up a model consumer cooperative in areas where successful coops are operating, such as Bombay in India, Chiang Mai in Thailand and Dhaka in Bangladesh;
- 9.4 Strengthening the roles of national federation of consumer coops, such as in the case of Sri Lanka;

9.5 Train consumer coop. leaders and professional staff. This also means creating and operating training institutions on professional lines;

9.6 Receive more technical assistance from stronger movements;

9.7 Link up consumer coop. development programme with other development programmes;

9.8 Encourage government and financial institutions to support consumer coops;

9.9 Initiate income generating schemes for coop. members;

9.10 Initiate and develop a self-help and self-development attitude within the movements through education/extension and promotion;

9.11 Prepare long-range planning programme for consumer-coop. development.

## International Cooperation in Asian Consumer Cooperatives

There are two international forums in the ICA working for consumer cooperatives - the ICA Consumer Committee and the INTERCOOP. While the Consumer Committee is a forum where leaders of the consumer cooperatives meet, the INTERCOOP is the trade organ of the consumer cooperatives of some of the stronger movements. Some countries from Asia are members of the Consumer Committee. JCCU is an active member of consumer committee is also a member of the INTERCOOP.

At the regional level also, there is a Consumer Committee for Asia and Pacific which is a committee of the Regional Council of the ICA ROAP. National level consumer and other cooperatives from most of the countries of Asia are its members. This Committee has been one of the most active committees, meeting twice a year under its dynamic Chairman Mr. M. Ohya. This committee is a forum for exchange and discussion of problems, learning from each other's experience as also helping the Regional Office of the ICA to carry out its consumer cooperative programmes.

Japan and Singapore are two countries where consumer cooperatives have been able to come over their problems with rapid progress. It is encouraging to note that both these movements are extending their support and helping consumer cooperatives in other countries of the region.

### Japan-ICA ROAP Collaboration

The ICA Regional Office in collaboration with the Japanese Consumers' Cooperative Union (JCCU) and

National Federation of University Cooperative Association (NFUCA) is operating a project called "the Consumer Cooperative Development Project" which is trying to create a favourable climate in the region in favour of consumer cooperatives. The project offers a variety of opportunities to leaders and management staff of consumer cooperatives in the region to learn from each other's experiences, feasibility studies and promote professional development of the sector. Some of the important activities undertaken were:

- Training of managers and cooperative leaders of ICA Consumer Committee members in Japan and Singapore;
- Seminar and workshop on improvement of consumer cooperatives in Bangladesh, India, Indonesia, Philippines, Thailand and Sri Lanka;
- National Seminar on Consumer Cooperatives in India, Indonesia, Thailand and Vietnam;
- Orientation seminar on University Cooperatives in Thailand, Philippines, India and Indonesia.
- Exchange of women delegations from Bangladesh, India, Indonesia, Sri Lanka and Thailand to visit Japan;
- Consultancy service to Bangladesh, Thailand and Sri Lanka on consumer cooperative movement;
- Mission to Laos, Vietnam and Mongolia;
- Study on consumer cooperative movement in Malaysia, Bangladesh and India;

The JCCU and its affiliates in Japan are playing an important role in helping consumer cooperatives in the region and so is the Consumer Committee under the Chairmanship of Mr. M. Ohya. The contribution of JCCU is of great significance to the Asian consumer cooperative movement. In addition, Cooptrade Japan is also assisting the cooperatives in the Asian region to promote inter-cooperative trade. Particular reference can be made of the joint ventures of Cooptrade Japan with Indonesia and Thailand.

As said by Dr. Laidlaw in his paper on "Cooperatives in the Year 2000" presented at the 27th Congress of the ICA, "The global picture of consumer cooperatives is spotty with large grey patches and empty spaces between dappled areas...Transplanting the methods and mystics of Rochdale has never been found easy, even though there were many activists working for it over a century."

What Dr. Laidlaw said for the global movement is equally true for the Asian Movement. Strenuous efforts have to be made to fill up empty spaces and strengthen the weak spots. This needs consistent efforts by the cooperative leaders, professionals and members as also by the respective governments. Along with it is also the moral duty of the stronger movements to provide them with

necessary expertise, know-how and assistance. In view of the strong say of the governments in the working of the cooperatives in many countries, ICA has made efforts to influence and orient their thinking through the cooperative Ministers' Conferences, held in Sydney in 1990 and 1992 in Jakarta. Japanese Consumer Cooperatives with

their long experience, success and commitment as also being accepted by others as a progressive model could play an important role in helping these movements in their efforts. We in the ICA look forward towards the Japanese Consumer Cooperatives for their continuous support in this regard. ■

## Reports of the Specialized Organizations

At the ICA Tokyo Congress, October 1992

### Consumer Committee

#### EXECUTIVE COMMITTEE:

*President:* Turid Strom, Sweden

*Vice-President:* Masao Ohya, Japan

*Members:* Manfred Dabrunz, Germany  
Kalevi Suomela, Finland  
Peter Szilagyi, Hungary  
Giuseppe Fabretti, Italy  
Abdulatif Al Kharaza, Kuwait

*Secretary:* Finola Marras

### Membership

The ICA Consumer Committee has 17 member organizations from the following 16 countries: Argentina, Costa Rica, Denmark, Finland, France, Germany, Ghana, Hungary, Israel, Italy, Kuwait, Norway, Portugal, Spain, Sweden and UK. It has one associate member in Canada. In addition, the following 11 countries are represented on the Consumer Committee's Sub-Committee for Asia: Bangladesh, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, Philippines, Singapore, Sri Lanka and Thailand. Since the 1988 Congress, one member, Konsum Oesterreich, Austria, has withdrawn from membership. Two new members were recruited: Suomen Osuuskappojen Keskuskunta (SOK Corporation), Finland and Norges Kooperative Landsforening (NKL), Norway.

### Meetings

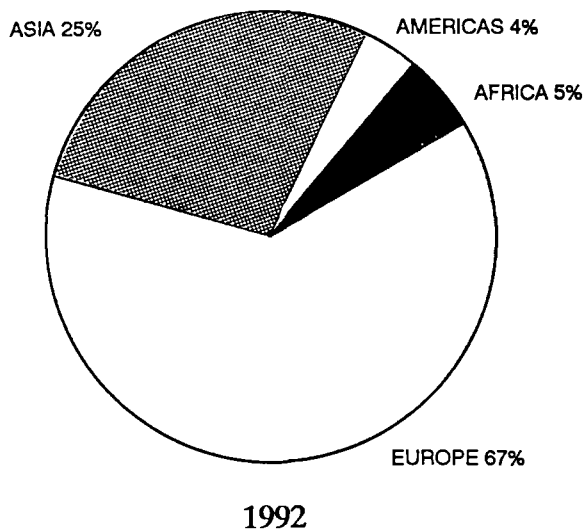
Since the ICA Congress in 1988 the Consumer Committee has met once a year in conjunction with the ICA Central Committee meeting. The Executive Committee generally met twice a year, once at the beginning of the year and once at the same time as the full Committee in October.

The Committee has also organized three environment workshops for its members-in Sweden in 1990 (co-hosted by KF), in the UK in 1991 (co-hosted by the CWS), and in Japan in 1992 (co-hosted by JCCU and Inter-Coop).

Other meetings include joint meetings with the Consumer

Committee for Asia in 1989 (India) and 1992 (Japan) and with the Agricultural Committee in 1988.

### Consumer Co-operatives in Membership of ICA



### Activities

In accordance with its objective to work in the field of consumer information, protection, enlightenment and education, the Committee has been active in discussing consumer issues of particular interest to co-operatives at its annual meetings. Topics include "Co-operative Consumer Policies in Societal Development", "Guidelines for Co-operative Consumer Policy", "Role of Consumer Co-operatives in Socio-Economic Development in Third World Countries", "Co-operative Values", and "Consumer Co-operatives in Eastern and Central Europe".

Not surprisingly, the Committee considers the environment to be one of its most important subjects, and it has been involved in monitoring and promoting environmental awareness amongst its member organizations. Several consumer co-operative organizations are very involved in

developing and influencing environmental policies at the national level. The Consumer Committee has acted as an international forum for its members through the systematic exchange of information amongst its members and through the organization of environment workshops for people directly involved in environmental issues within member organizations. By developing and organizing Workshops especially directed to experts in the field, the Committee has progressed from discussing the broader environmental issues to experience-sharing of concrete issues amongst consumer co-operatives around the world. The 1992 Workshop in Japan will discuss, for example, the specific problems encountered with the packaging of liquid products.

The Consumer Committee also organized a Co-operative exhibit at the Global Forum which was held in Rio de Janeiro in conjunction with the United Nations Conference on Environment and Development (UNCED) in June 1992. The Exhibit featured co-operative products as well as co-operative development projects - thus emphasizing the role co-operatives play in environment and development.

At the same time, the International Consumers' Day Message, which is disseminated every year on the 15 March by the Consumer Committee to commemorate the adoption of a UN Charter on Guidelines for Consumer Protection, has specifically addressed the environment.

The Committee operates on an annual budget of 20,000 Swiss francs. Up to 1991, free Secretariat services were provided by the ICA. In accordance with an ICA directive to encourage financial independence amongst its specialized organizations, the Secretariat was moved to Sweden in 1991 and the Consumer Committee is now totally independent of any ICA support. The Committee continues to enjoy an excellent working relationship with the ICA Secretariat in Geneva.

## Publications

In 1989 the Committee published a book entitled "Consumer Co-operatives in a Changing World". This study of consumer co-operative movements in ten countries was compiled by the Co-operative Department of the University of Vienna, edited by the ICA and financed by the ICA Consumer Committee.

In 1991, the Consumer Committee produced an information leaflet for general distribution.

In 1992, the Committee introduced ICA Consumer News, a four-page quarterly newsletter providing information on the activities of the Committee and its members and topics of general interest to consumer co-operatives.

## ICA Committee on Consumer Co-operation for Asia and the Pacific

The Consumer Committee has a sub-committee called the ICA Committee on Consumer Co-operation for Asia and the Pacific. It is presided over by Masao Ohya of JCCU, Japan and is comprised of consumer co-operative organizations in 12 countries. Its Secretariat, which is located at the ICA Regional Office in New Delhi, has its own budget and is particularly active in the field of consumer co-operative development. The Committee publishes a quarterly Bulletin called the ICA Asian Consumer Co-op News, which provides a very good overview of its activities in the region.

## Co-operation with other Committees

The Consumer Committee places considerable importance on collaboration with the ICA, its other specialized organizations, and international consumer organizations. The Consumer Committee organized a joint meeting with the Agricultural Committee in 1988. The Chairwoman addressed an INTER-COOP members' meeting in 1991, and the Committee will further collaborate with INTER-COOP when, together with JCCU Japan, it organized an environment workshop in Yokohama and Tokyo in May 1992. It has also offered assistance to the ICA Women's Committee in the form of free space in ICA Consumer News for the publication of issues particularly relevant to women co-operators in the consumer sector. Concerning collaboration with international consumer organizations, our Chairwoman, as Chairwoman of EFTA's Consumer Committee and sole representative of consumer co-operatives. Additionally, as Vice-President of EUROCOOP she has been able to maintain a close relationship between EUROCOOP and the ICA Consumer Committee. Similarly, our Chairwoman has been actively involved in developing closer ties with the International Organization of Consumer Unions (IOCU).

## Future Directions

The new ICA structure, to be confirmed at the Tokyo Congress in October 1992, has brought about a discussion within the Consumer Committee about its own future structure and role. At present, the ICA Consumer Committee largely represents consumer co-operatives in European and/or Industrialized countries. The Asian Subcommittee is independent of the main Committee, although liaison is provided by its President, who also serves as Vice-President on the main Committee. The future regional approach will accelerate discussions within the Consumer Committee on how it should resolve the issue of its own regional structures.



During the coming years, in addition to the review and rationalization of its structure, the Consumer Committee will continue to provide an international forum for consumer co-operative organizations through its meetings and

publications programmes and through a closer collaboration with its members, the ICA, and like-minded international organizations. ■

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## CO-OPERATIVE PRINCIPLES & PRACTICES

### Cooperatives for Economic Democracy and Social/Economic Emancipation

Sven Ake Book

As we all know, co-operative organisations are basically about people working together for economic and social aims, both for the associated members themselves and for the community at large. Co-operative organisations are looked upon as alternatives to private capitalist organisations as well as to state/public organisations, and are today practiced in many forms, for many needs of people and in most parts of the world.

Since the very beginning co-operators have promoted some basic values in forming their practices and in expressing their long term purposes. This has given co-operative organisations special characteristics, belonging to the essence of the co-operative way, and more or less distinguished it from the way of other kinds of economic and social organisations. Among these values we can find the basic ideas of

- \* Equality (democracy)
- \* Equity (social justness)
- \* Liberty (voluntariness)
- \* Mutual self-help (solidarity)
- \* Social emancipation (mobilization of human resources)
- \* Altruism (social responsibility)
- \* Economising (meeting people's economic needs)
- \* Internationalism (global solidarity, peace)

To committed co-operators these ideas have always constituted the core of the co-operative plea for a better society at large. Some of them have been considered as more "basic" than the others for the co-operative practice: the values of equality, equity, mutual self-help and social emancipation. They have also been looked upon as the basis for the ICA Co-operative Principles.

Close to those are some basic ethical values, included in the ideals of "the co-operative man" and "the co-operative spirit". Committed co-operators have tried to establish good conditions for developing such ethics and have themselves tried to "live as they learn". So, co-operators should be honest and responsible persons filled up with a

caring and democratic mind, and demonstrate a fundamental belief in social/economic justness.

Over the years co-operators have experienced that their organisations must be established and developed according to some basic principles in order to efficiently serve the current needs of the members and promote the basic value perspectives. In other words to maintain and to improve the viability of co-operative organisations and instruments on the co-operative way. In this context we can observe that viable co-operatives should encourage and be organised for or as:

- \* Associations of persons
- \* Activity to meet member's needs
- \* Efficiency for the benefit of members
- \* Mutual responsibility between members and their society.
- \* Member participation and democratic management.
- \* Unity and identity between members and their society.
- \* Self reliance and autonomy for the society in their decisions.
- \* Voluntary and non-discriminatory membership.
- \* Fair distribution of benefits.
- \* Education.

When these principles are used the co-operative organisations are also creating (reproducing) good conditions to promote and to develop the basic ideas and ethics. Yes, of course it is about a process: The values and the ethics are not there once and for all; they have to be reproduced by all generations of co-operators in order to become living as value guidelines for the co-operative way. The viable co-operative organisations since the beginning have also demonstrated a successful application of the essence of these principles in the organisation of co-operatives, in the main methods of work and in the use of resources. So, In the community context co-operative organisations have been, and still are, rightly looked upon as associations ultimately working for the welfare of the people.

What is our position now at the threshold of the next

century? Are these values and principles still relevant for contributions to mankind and for the co-operative way? Yes, of course, looking at the world around with those basic ideas and ethics as a point of departure we can clearly observe that we are only in the beginning when it comes to such contributions for mankind. All good forces are needed to make the world a better place in terms of these values. But what about the priorities for the contributions by the co-operative way?

Looking at the world co-operative sector and its development since the beginning it becomes obvious, that the more detailed interpretations - the essence of these for the contemporary practice - must be made locally in accordance to the prevailing conditions. That is natural and necessary, also for the future. There cannot be any "unitary" interpretations, because the conditions for the practices are, and will be, different. On the other hand there is a need to select and emphasise some overall perspectives of orientation in terms of values, which might serve as a way to unify the co-operative outlook from various contexts of application, to create a global identity and to guide the long-term use of co-operative resources. In fact, looking at the challenges before the future, this is more urgent than ever.

With such an ambition I have identified some comprehensive prospective values for the future as recommendations to the Tokyo Congress. Basically, and essentially, I consider co-operative organisations as expressions of a democratic economy (economic democracy) by, through and for the people. This has been a common denominator for the co-operative values and principles since the beginning, and is for the future of as high relevance as ever. From this point of departure co-operative organisations should have the aim to build up and to develop a co-operative sector of the local, national, regional and global economy, that should carry out the following characteristics in terms of values: Co-operative organisations should search for ways to efficiently develop

- \* economic activities for meeting the needs of people (economy for needs)
- \* structures with conditions for people to participate in the management (participatory democracy)
- \* methods for encouraging the development of people's resources (give voice to people) in order to take the responsibility for shaping their conditions of living (human resource mobilisation)
- \* activities for the benefits of the majority of the people and the community at large (social responsibility)
- \* ways for giving possibilities for people to meet and make contacts locally, nationally, regionally and internationally (national and international co-operation)

As a whole these action oriented guidelines reflect the essence of the co-operative values and principles. It is also my experience that these are agreed on in most parts of the co-operative world; those represent consensus values. I do not think that they need any special explanations, since these are well-known by committed co-operators. I just want to emphasise that an economy for meeting the needs of people as usual in co-operative contexts implies an orientation of the activities for the common people as consumers, producers, savers, farmers, etc. It also implies, even more for the future, a special concern for weaker (poorer) parts of the population and for environment protection. These needs, seen from a global point of view, are in fact about the basic challenges for the future of mankind.

What about the existing ICA Co-operative Principles against this background? Are they still efficient as guidelines for viable co-operatives? I have discussed that at some length in my report against the experiences from later decades and made some recommendations. This opens up for another article, but briefly speaking, I have recommended two ambitions for the revisions of the Principles: one more modest and one more radical ambition.

Within the more modest ambition I have suggested, that the Principles should explicitly emphasise more the values of a proper degree of autonomy (and member identity) in relations to governments and other organisations, because these values have been problematic during the passed decades and are basic for a viable co-operative performance. I also have suggested, that the essential values behind capital formation should be expressed more clear by the Principles; there should be a special Principle about that. In this context I also have recommended a more flexible view on the old (and debated) Principle about the interest rate, since this Principle has already been revised by many co-operative organisations. A too stiff interpretation of it has also become an obstacle to economic efficiency for the co-operative way, because of the changing environment and conditions for co-operative financing.

When it comes to the more radical ambitions for revisions, I have recommended an orientation towards two types of Principles: One set of Basic Co-operative Principles that are more close to the basic values, and one set of Basic Co-operative Practices that have more the character of "rules" for practice. The first type of Principles are more eternal in character, while the second type might be changed more often in order to be efficient in the contemporary society. The latter type might be formulated for various types (branches) of co-operative organisations. For more detailed discussions I refer to my report, the last chapter.

# BASIC VALUES OF ASIAN COOPS

Consumer Committee for Asia and the Pacific

Masao Ohya, Chairman

On the co-operative basic values, Mr. S. A. Book has already prepared the beautiful papers to the 30th forthcoming Congress, and he pointed out 5 keywords as the global basic values namely Economic activities for meeting needs, Participatory democracy, Human resource development, Social responsibility and National and International cooperation. Those values which he has extracted from the past and present co-operative situations are very unique so to say and stress the very points which movements, I might say, have ignored or stamped down and sometimes have made flow out. Those are necessary for the future co-operative movement too, and you could say it's provocative as it is not easy to carry out and realize those values through daily activities.

At the same time, Professor Munkner will present a paper "Cooperative Values and Development Aid" in which he emphasizes the importance of the promotion of self-reliant co-operatives. Cooperatives as well as government in the developing countries, he says, should have targets for this realization and even the donors outside also should think seriously about this. I say yes for those proposals.

Incidentally, the concept of "Value" is rather difficult for Japanese to understand because we don't have such a word in our tradition. Of course, we have a translated word, however, it has still European taste. So it is necessary for us to make it understandable for people to discuss, therefore we sometime express the wording in other way like characteristics or good appraisable point or becomings or worthiness of the cooperative.

We know that in a strict sense of the words value is value and for translation is good for neither one nor the other, but we think it's OK, if it is closer to the original notion and the out-come of the discussion would be helpful to the real movement.

How about other countries in Asia? I suppose the situation is almost same for every Asian country. If they don't have equivalent wording, they should have

also to translate into more closer notion in their own language, in more popular way not in highbrowed manner. In Asia, it is said that there exist Asian values and systems different from European ones, however, it is not always clear.

In the negative aspect, there exist military dictated countries without democracy, and even Japan we have dominance of bureaucracy, lack of participation in political issues, weakness in protection of human rights and seldomness of change of political power which apparently show the sign of defectiveness of the Japanese democracy. Of course, the co-operative movement is different from the government itself and always seeks for the alternative in the capital dominated society, however, those social and political atmosphere give influences to the co-op to a certain extent.

What are positive and good points of the Asian society? You have to find them and be proud of that in making much of them in co-operative activities, like humbleness, courteousness, softness, harmoniousness, if any and .... I hope at this moment of the ICA Congress, every Asian co-op would discuss and establish it's own important co-operative values evaluating deeply both it's good and bad points.

In this connection, I should like to specially put emphasis on the following among many values for Asian co-operatives.

- Self-respect and self-reliance (in this case, self means wisdom, power and energy of members and staff.)
- Openness (for wider membership)
- Member's benefits (for accelerating members participation)
- Empowerment for women's initiative (as a whole Asian women are contained to work at home and hampered to commit social activities).

I hope that this discussion will lead us in Asia to a future development.

# COUNTRY PROFILE

## INDIA

### The Present State of the Consumer Cooperative Movement in India

#### GENERAL BACKGROUND

1.1 While the cooperative movement started in India in 1904, it became an instrument of economic and social developments only in the post-independence era. At present the cooperative movement covers the following fields:

- Fishing
- Agriculture
- Banking/Credit
- Workers Productive
- Multipurpose Cooperative
- Consumers'
- Tribal Cooperatives
- Housing
- Insurance
- Heavy Engineering
- Fertilizer
- Sugarcane/Tobacco growers
- Spinning
- Industrial Cooperative

1.2 The consumer cooperative movement has assumed more and more importance in India during the last 25 years. Today, it is represented at the apex national level by the National Cooperative Consumers' Federation of India Limited (NCCF).

1.3 The consumer cooperatives have emerged as an important institutional frame work in the distributive trade. The wide net-work of consumer cooperatives is instrumental in making available supply of essential and other consumer goods to the common man. It helps to restrain unjustified increase in prices thereby creating a sobering effect on market prices. However, the distribution of essential consumer goods to the rural population in India has, to a large extent, been assigned to the primary cooperative agricultural credit societies. These cooperatives, therefore, also function as consumer cooperatives and render support to the Public Distribution System (PDS) in India. 22% of the retail outlets are run under PDS by the consumer cooperatives in urban areas, whereas more than 30% of such retail outlets are in rural areas. Recognising the important role of consumer cooperatives in making available the essential consumer goods, particularly to the poor section of the community, the strategy adopted in the national plan is to accelerate the development of cooperatives. This is to be achieved both in the urban and the rural areas, with a view to cover poorer segments of the population.

#### ORGANISATIONAL SET-UP

2.1 India's consumer cooperatives today have a four-tier structure comprising:

- i) Stores at the grass root level, normally a village or a cluster of it in rural areas and municipal wards in Urban areas.
- ii) Wholesale/Central Stores at the district level.
- iii) State Cooperative Consumers' Federations and State Cooperative Marketing-cum-Consumer Cooperative Federations at State level and
- iv) The National Cooperative Consumers' Federation of India Limited (NCCF) at the apex national level.

2.2 The summary of general information of the four-tier set-up of the consumer cooperative in India is as under:

Type	Nos.	Members
National Federation	1	108
State Cons' Federations and State Marketing & Coop. Federations	30	13861
Wholesale/Central Stores (7310 Branches)	659+	2.43 million
Primary Societies (10801 Branches)	22589+	6.83 million
Village Societies (Dealing in consumer goods).	58925	N.A.

2.3 There are roughly 235,000 persons working in the consumer cooperative sector of the cooperative movement in India.

#### BUSINESS ACTIVITIES

3.1 The consumer cooperative deal in a wide range of essential commodities viz. pulses, edible oils and other food/grocery items, textile and hosiery, toiletries & cosmetics, drugs and medicine, books and stationery items, household general merchandise items and various other items of daily use.

3.2 Some of the consumer cooperatives, particularly at the Primary/Village level are also functioning as Fair Price Shops for distribution of items like wheat, rice, sugar, kerosene etc. under Public Distribution Scheme of the Government of India. The number of Fair Price Shops

(FPS) in the cooperative sector were 85,112 as on 31.3.91. The Government of India have decided to open 11,193 more FPS during the current year.

3.3 The business handled by the consumer cooperatives during the year ended on 31.3.1991 was as under:

i) Primary societies	Rs. 985* million
ii) Wholesale/Central Stores	Rs. 1230 million
iii) State Level Federations	Rs. 760 million
<b>Total</b>	<b>Rs. 2975 million</b>

\* US\$ = Rs. 25.00

## MODE OF OPERATION

4.1 The NCCF and the State Level Consumer Federations are almost exclusively handling wholesale distribution of consumer goods. The Wholesale stores at the District level, however, combine both the wholesale and retail functions. The primary societies at the grass-root level and the village societies carry out retailing only.

4.2 The National and State Federations are making arrangements for procurement of various items in bulk directly from producers and manufacturers for supply to the consumer cooperative distribution outlets.

4.3 The National Federation has set up its branches, sub-offices, regional warehouses/godowns in different parts of the country for storing the items for supply to consumer cooperatives. Similarly State Federations have created such infrastructure at district/village levels.

4.4 The purchases of some of the items are also made locally by the Wholesale/Primary Societies if the National and State level Federations are not in a position to supply the same to them.

## RESULTS OF OPERATION

5.1 The consumer cooperatives carried out a business of Rs. 2975 million during the year 1990-91. Although the achievement as compared to the national turnover is not very significant but the very existence of consumer cooperatives all over the country has the following effects:

- i) Keeping a check on prices in the market.
- ii) Maintaining regular supplies of essential items of daily use to consumers at reasonable prices.
- iii) To help the Government in implementing its policies and programme under the Public Distribution System and other Government Schemes.
- iv) Educating the Consumers for purchase of quality goods of right weight.
- v) Providing of employment to the people.

## PROBLEM FACED

6.1 There is a general trend among the cooperatives to operate independently, instead of drawing stocks from their own channels. The cooperatives at different levels at times make their own arrangements for purchase of their requirements directly from the manufacturers/suppliers. This tendency is adversely affecting the collective bargaining power of the cooperatives, to get better terms from the manufacturers/suppliers.

6.2 The price fluctuation particularly in respect of Agricultural commodities and non-door delivery of the branded items by the suppliers/manufacturers is also one of the main constraints for having joint workable arrangement by the cooperatives.



*A busy business hour at Super Bazar, New Delhi, India*

6.3 The inadequacy of working capital with the consumer cooperatives have forced them to borrow funds for financing the business operations. Since the rate of interest charged by Banks in India is very high these days, it has resulted in adding to the cost of the items handled by them, it is adversely affecting the sales of the cooperatives.

6.4 The consumer cooperatives have not yet set up their own processing/industrial units for items of daily use. They are, therefore, dependent on private manufacturers/suppliers for purchase of their requirement. The established manufacturers/suppliers also impose their own conditions for supply of their popular branded items. At times, the supply to the cooperatives is not regular. With the presence of private manufacturers/suppliers Consumer Cooperatives have not been able to eliminate middleman's profit.

6.5 The consumer cooperatives, particularly at the primary/wholesale level are not in a position to provide better service conditions to their employees. Therefore, experienced and professional personnel are not available. Even if a few are appointed, they do not continue with the

cooperatives leading frequent dis-location of work.

6.6 The cooperatives are facing stiff competition from the private trade which are mostly managed by the single owners. The establishment cost of the cooperatives as compared to the private trade is generally more.

6.7 The cooperatives could not so far build up their own cadres. The Chief Executive of the cooperatives right from National level to Wholesale level are mostly appointed by the Government. The frequent changes in Management are adversely affecting the operational efficiency of consumer cooperatives.

### CENTRAL GOVERNMENT ASSISTANCE TO THE CONSUMER COOPERATIVES DURING THE 8TH FIVE YEAR PLAN COMMENCING FROM 1.4.92

7.1 In the 8th Five Year Plan, it is proposed to strengthen the consumer movement further. Its scope is also to be extended to the village headquarters particularly in tribal and hilly areas. Consumer cooperatives creates radiative impact on the market in stabilising the price line as well as in exercising a greater control over quality of articles and ensuring easy availability. Super Bazar, New Delhi, Apna Bazar, Bombay, TUCS, Madras, Calcutta Wholesale Store, Calcutta Janta Bazar and Warna Bazar at Kolhapur, Janta Bazar, Raigarh may be cited as leading examples of the same.

7.2 To supplement the State resources, Govt. of India provides financial assistance under Central Sector & Centrally Sponsored Scheme for the development of consumer cooperatives. During the period 1991-92 the following financial outlays have been provided for development of consumer cooperatives under Central Sector and Centrally Sponsored Scheme.

#### I Centrally Sponsored Scheme: (Rs. in million)

i) Development of Consumer Cooperatives in Urban areas	15.00
ii) Distribution of Essential Consumer articles through PACS & LAMPS in rural areas (The scheme is implemented through the NCDC. 10% of the assistance is earmarked for tribal areas)	20.00

#### II Central Sector Scheme:

i) Strengthening of NCCF & assistance for Consultancy & Promotional Cell	10.00
ii) Assistance to Super Bazar, New Delhi	2.00
<b>Total</b>	47.00

### NEED FOR COOPERATION AND ASSISTANCE FROM ICA-ROAP AND OTHER MEMBER ORGANISATIONS

8.1 The cooperation and assistance from ICA-ROAP and other member organisations is needed for:

- i) To coordinate between the Member Cooperative Organisation for exchange of views, technology, development of foreign trade in cooperative to cooperative basis and setting up of consumer industries in joint venture.
- ii) To arrange for the training of personnel of the cooperatives with a view to exchanging the expertise developed by the Member Cooperative Organisations in the field of production, marketing and publicity etc.
- iii) To arrange for extending expertise by the Member Cooperative Organisations to each other for setting up of Modern Departmental Store and to improve the operational efficiency of the existing consumer cooperative stores.
- iv) To examine the feasibility of creating a common fund by the member cooperatives in the region for granting financial support to the needy member cooperative organisations.

### NCCF (NATIONAL COOPERATIVE CONSUMERS' FEDERATION OF INDIA LIMITED)

9.1 The NCCF, the apex body of consumer cooperative society in the country, is governed by the Multi State Cooperative Societies Act and was registered in October, 1965. The main object of NCCF is to provide supply support to its member societies for distribution of consumer goods at reasonable rates besides rendering technical guidance and assistance to consumer cooperative societies in the field of packaging, standardisation bulk buying, pricing, account keeping, other business techniques and management methods to improve and increase their operational and managerial efficiency.

9.2 The NCCF is engaged in procurement and marketing of various consumer goods on large scale such as pulses of different varieties, tea, textile and manufactured items. To carry out its commercial activities, the NCCF over the years set up 22 branches in the country besides two modern pulses processing units, three Exercise Note Book manufacturing units, one tea blending unit and one spices unit. The NCCF has employed professionals to carry out its business activities. The total membership of the NCCF stands at 108 comprising of State level Consumer Federations large sized Wholesale/Primary Societies besides National Cooperative Development Corporation, National

Agricultural Cooperative Marketing Federation of India Limited, National Cooperative Union of India and Govt. of India. The share capital of the Federation stands at Rs. 109.6 million as on 31.3.1992.

9.3 To provide technical guidance and assistance to the consumer cooperatives, the NCCF has created a separate fullfledged Consultancy & Promotional Cell having experts in various fields like Management Accounting System, Wholesale/Retail Management, Lay out plans for opening modern departmental stores etc. The consultancy & Promotional Cell of the NCCF is playing a vital role for the development of consumer cooperatives. The area of working of the Consultancy & Promotional Cell is as under:

- To draw up operational, business and administrative procedures and norms for countrywide adoption and implementation, subject to local or regional variations, for working of the consumer cooperative net-work from the grass-root level upwards.
- To undertake studies of the individual institutions for development.
- To conduct diagnostic analysis of the weak and sick stores for their rehabilitation.
- To introduce Management Accounting System in consumer cooperatives.
- To assist the stores in formulating projects for their development under Central Sector Scheme and evalu-

ation thereof, and

- To gather data from viable and successful stores for evolving efficiency norms for the guidance of the other societies.

9.4 During the operation of the ILO/SIDA Project, the Consultancy & Promotional Cell brought out operational manuals on the following select functional areas:

1. Economic Purchase, Supply and Inventory Management.
2. Management Accounting, Budgeting and Management Information.
3. Cooperative Management.
4. Retail Operations.
5. Salesmanship Self-Study Courses.
6. Staff Development and Training.

These were prepared, field tested and then published. The Consultancy & Promotional Cell also brought out guidelines for rehabilitation of sick consumer cooperatives, Concept of Regional Distribution Centre (RDC), Business Efficiency Norms for Department Stores and large size Retail outlets, Retail systems, Furniture/building layout and self service system in Coop. retailing. This was done in addition to providing assistance to the societies in different fields by way of studies, implementation of systems and on the spot guidance.

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## CONSUMER NEWS FROM ASIA & THE PACIFIC

### AUSTRALIA

*FURNITURE ONE-Bringing Furniture and Floor Coverings to Consumers*

Furniture One Co-operative Limited has grown into a large and most successful Furniture Buying and Marketing Co-operative since it was established twenty eight years ago. The Foundation Meeting was held in the Southern New South Wales town of Gundagai in April 1964. As a Co-operative it is owned by the members who trade as independent furniture and floorcovering retailers from approximately fifty two stores under their distinctive Furniture One image.

To co-ordinate the activities of Furniture One, the co-operative maintains an office at Parramatta, which has a staff of three, consisting of the General Manager, Mr. Derek Hine; the Company Secretary, Mrs. Lisa Cater who attends to financial management; and the Receptionist/Secretary Miss. Lina Perino.

Mr. Hine has many years of experience within the furniture

industry, and attends to the day management of the group, negotiating deals for members' consideration and arranging new and exclusive designs.

Tradition and good business sense demand that members must maintain their independent trading image and also



Treloars of Tamworth

convey to their clients that they are members of a large buying group. This concept has been achieved with the visual impact of the distinctive Furniture One store identification, combined with the members' well known name.

The co-operative conducts a number of buying meetings each year, with merchandise being submitted by manufacturers from Queensland, New South Wales, Victoria and other states for members' consideration. These meeting give members the opportunity to voice an opinion on merchandise and trends in their industry.

Merchandise is selected by the members for inclusion in full colour catalogue promotions, television or radio promotions. Professionally prepared newspaper bromides are also available when required. Catalogues and other promotions are heavily subsidised by participating manufacturers.

The services of a leading Sydney advertising agency are retained to ensure all Furniture One promotions convey a most professional image. This is demonstrated by the evidence that Furniture One promotions have been well received in the market place, resulting in increased turnover for its members.

Co-ordinated with the sixteen page colour catalogues are professionally designed Banners and Price Tickets to be used in the stores. Staff uniforms and name badges are also made available. Professionally produced television ads are prepared for use in between catalogue promotions and these television ads feature "event advertising" attractive products, genuine reductions in price and perhaps a "bonus offer" to complete the make-up of the total promotional package. So far these ads have been very successful.

Most of the members also believe that they would not have the resources, as independents, to advertise on television as they now do regularly, if they were not part of the Co-operative. The members group together in their regions, to obtain the best possible rates from their local television stations to run the ads, at the best times for promotions. It is recognized that in being a Co-operative Society, and by working together, the members have gained strength in the market place as a result of this Co-operative "Buying Power".

## BANGLADESH

### 1. National Conference on Cooperative Day

On July 4, 1992 about 100,000 cooperators from different parts of the country took part in the conference, held at the ground near the Bijoy Swarani. The Conference venue, decorated with banners, festoons and miniature flags, wore a festive look.



Begum Khaleda Zia, the Prime Minister inaugurated the conference by hoisting national flag while the national anthem was played by the cultural group of cooperators.

Ministers, Treasury and opposition members of parliament, high officials and cooperative leaders attended the conference.

The Prime Minister told her audience that the cooperative could act as the driving force in forging the national consensus, required in the struggle for achieving economic democracy.

### 2. Workshop on Womens' Participation in Coops

The workshop on Womens' participation in womens' cooperatives in Bangladesh was jointly organized by ICA ROAP and The National Cooperative Union of Bangladesh (BJSU) at Sonagoan Hotel, Dhaka on 22 and 23 July



Social Function after the successful Workshop on Womens' participation in Womens' Coops in Dhaka, Bangladesh, 22-23 July, 1992

1992. Forty six womens' Coop. leaders from all parts of the country and 4 observers from International agencies attended the meeting. The main objectives of the workshop were to enhance womens' participation in womens' coop-



eratives and to improve the performance of Coop. operation through action plan. The workshop was inaugurated and closed by Mr. Abdus Salam Talukdar, Minister of Local Govt., Rural Development and Cooperatives. Mr. M. Ohya, Chairman of the ICA Asian Committee or Consumer Cooperation actively participated in the workshop as a speaker and a resource person. It was a grand success.

## FIJI

### Consumer Sector-Fiji

1.1 The consumer Co-operative sector of the Fijian Co-operative Movement is now reasonably well developed. Consumer Co-operatives deal mainly in basic essential consumer goods and serve the rural Fijian population in isolated islands and remote rural locations. In the Eastern Division as well as in Rotuma, up to 85% of all consumer goods flowing into these areas are handled by Co-operative stores.

1.2 Of the 602 Consumer/Marketing Co-operatives, 345 were fully operational, 183 were not operating and 74 societies were in various stages of liquidation.

1.3 The total annual sales during 1991 of all consumer Co-operatives throughout Fiji was around \$11,428,431.00. Compared to previous year's figures of \$11,332,611, the total sales have gone up by \$95,790. In terms of physical quantities of goods this figure must represent the major proportion of the total requirements of basic food stuffs in some rural areas of Fiji. There was also a significant increase in total net profit of \$892,980.00 compared to previous year's profit of \$503,563.00 which is an increase of 56%. This achievement is attributed to good management and sound business practices conducted by the consumer Co-operatives in all the Divisions.

1.4 The operational performance for the years 1990 and 1991 is shown by Divisions in the table on the following table below.

1.5 The consumer Co-operatives are being encouraged to diversify their operations and not be confined to just basic consumer goods. In this way the economic and financial base of Co-operatives will be strengthened, thus enabling them to play a more vigorous role in the rural economy.

1.6 In the field of Co-operative development the consumer Co-operative sector presents the most difficult problem areas within the movement. There appears to be two major continuing problems, namely, insufficient capital formation and associated management problems. These problems are being addressed by more frequent visits to these Co-operatives during 1992 by officers from the Ministry of Co-operatives and continuing education and training programme throughout the movement.

### Distribution Centre

2.1 Since the closure of the operations of the national co-operative wholesaler, the Fiji Co-operative Association Limited, the government has agreed to assist primary consumer co-operatives basic essential goods through a network of distribution centres.

2.2 The government has designated the National Trading Corporation (a fully corporatised organization) as an agent for the supply of essential and general merchandise goods and services to the islands and at the same time provide market outlets for island produce. This organization will also operate shipping services.

2.3 The National Trading Corporation commenced its services on 1st January, 1992 and the responses from the primary co-operatives are most favourable, as the goods and services are provided at competitive prices.

## INDIA

### 1. Fact finding Mission to Goa

A fact finding mission to study Consumer Cooperative Movement in Goa was dispatched by ICA in May 1992.

### Operational Performance in 1990 & 1991

Division	1990		1991	
	Sales \$	Net Profit \$	Sales \$	Net Profit \$
Northern	1,910,087	61,600	1,676,199	97,493
Eastern	4,210,270	270,166	4,605,832	300,616
Central	3,380,059	109,135	3,343,624	325,469
Western	1,832,225	62,662	1,802,776	169,402
Total	11,332,641	503,563	11,428,431	892,980

The objective of the study was to assess the situations and the performance of consumer coop. operations in Goa prior to the organization of a workshop a "Consumer Coop. Management" in June. The study was made by Mr. S.C. Misra, ICA short term consultant. The study was complete and the report was made. It is expected that the report will be widely used in planning and up grading consumer coop. operations in Goa.

## 2. A Workshop in Goa

A self-financed workshop on Management of Consumer Cooperatives in Goa was jointly organized by ICA ROAP and the State Cooperative Supply and Marketing Federation Ltd. of Goa and the Office of Registrar of Cooperative Societies of Goa. Around 110 members of Board of Directors, Managers and key personnel of cooperatives in Goa attended the workshop on 27-28 June 1992. The outcome was very good. This was the first workshop on self-financing basis ever organized in Goa.



*Training of future leaders of Women's Coop. in Cochin, Kerala, India*

## 3. Model Shop of Madhya Pradesh in Progress

A self-service centre of State Federation of Consumer Coop. Society of Madhya Pradesh (MP) at Bhopal called "Priyadarsini" installed by the State Federation a few years ago has done a good job. The number of customers increased from 69,000 in 1988 to 192,000 in 1991, sales increased from Rs. 3.7 million in 1988 to Rs. 38.6 million in 1991 and net profits increased from Rs. 78,000 in 1988 to 1.3 million in 1991 - a great success.

So, it has been selected by ICA ROAP to be a "model shop" for Madhya Pradesh. Because of this achievement made by the State Federation of Consumer Cooperatives in MP the ICA with the cooperation of the Cooperative Union and cooperative institutions/organizations in Madhya Pradesh is going to step up its effort to promote and develop Consumer Coop. Movement in Madhya Pradesh through education, training, motivation and cooperation among cooperatives. Meanwhile, the ICA is also planning



*Fishing village of Women's Coop. in Upudi, Karnataka, India*

to do this in nearby states: Gujrat, Orissa and Uttar Pradesh in the near future. However, all activities will be based on self-help and self-development.

## JAPAN

### *JCCU assistance programme in ICA Tokyo Congress*

In conjunction with the ICA Tokyo Congress in October 1992 the Japanese Consumers Cooperative Union (JCCU) has extended its invitation to board members and employees of consumer coops in Asian countries to attend the meeting as observers. Two each from Bangladesh, Fiji, India, Indonesia, the Philippines, Sri Lanka and Vietnam. As for women and youth participants (two from each country) Malaysia, Singapore and Thailand are also included. For China, Mongolia, South Korea and Russia some observers are also invited. Total number of invitees are 30, JCCU will meet all costs; air fares, board and lodging and registration fees. The objective of this programme is to promote better understanding among member countries as well as to promote and develop consumer coop. operations in respective countries.

### *JCCU Donates Used Cars to Metro Manila Federation of Consumers Co-operatives*

The Japanese Consumers' Cooperative Union (JCCU)



*A Japanese dressed in Indian attire smiles in front of the International Forum on Environment, Tokyo*

working with Co-op Tokyo, has donated two trucks to the Metro Manila Federation of Consumers Co-operatives, Inc. of the Philippines. Metro Manila built a distribution center last year, but lacked funds to purchase delivery vehicles. When Ms. M.M. Climaco, chairperson of the Federation Our Capability and Our Responsibility”, the Forum presented a series of speeches by a group of four panelists, headed by ICA Consumer Committee Chairperson Ms. Turid Strom. Other speakers were Dr. Ole Jepsen, Chairperson of the Inter-co-op Labo Group and head of the Danish Co-op Central Labo, Dr. Daman Prakash, Advisor for the environment programme at the ICA Asia-Pacific Regional Office, and Mr. Toshifumi Yamashita of Co-op Tokyo. The beginning was made by Ms. Strom, who summarized the results of the Yokohama Workshop to



Participants of the Environment Workshop visiting the Solar Power Station in Japan, 1992.

pinpoint the problems that the global society most urgently needs to address. One of the Workshop's most evident conclusions was to ask for measures to counter unbridled population growth, as well as changes in consumptive patterns. A step in this direction is the switch to environment friendly products, based on "green standards" developed and promoted by coops.

## MALAYSIA

### *ICA Consumer Committee Meeting Held*

The 20th meeting of ICA Committee on Consumer Cooperation for Asia and the Pacific was held in Kuala Lumpur, Malaysia on 6 May 1992. Ten participants and 4 observers from 7 countries attended the meeting. The meeting was hosted by the National Cooperative Organization of Malaysia (ANGKASA) and inaugurated by the Hon'ble Deputy Minister of Domestic Trade and Consumer Affairs, Dato Abd. Kadir Hj. Sheikh Fadzir. The meeting was chaired by Mr. M. Ohya, Chairman of the Committee. The meeting discussed about the consumer project activities



*ICA Consumer Committee Meeting held in Kuala Lumpur, May 1992*

within the region and the progress made by member countries and ICA Congress programmes and activities in Japan in October 1992.

## PHILIPPINES

### *MMAFECCO celebrates Blessing of JCCU-Coop Tokyo donated vehicles*

In simple ceremonies last July 30, 1992, the Metro Manila Federation of Consumers' Cooperatives, Inc. (MMAFECCO) jointly celebrated the formal opening of their warehouse at the SRA Complex in Quezon City and the blessing of two utility vans recently donated by the Japanese Consumers' Cooperative Union (JCCU) and Coop Tokyo.

Gracing the affair were Cooperative Development Authority (CDA) chairperson Edna Aberilla, Cooperative Union of the Philippines (CUP) secretary-general and concurrent International Cooperative Alliance (ICA) Regional Council for Asia and Pacific chairman Arcadio Lozada, officials

from the Sugar Regulatory Administration (SRA) led by Atty. Carmen Reyes, officers of the MMAFECCO as well as representatives of its member affiliates.

In her welcome address, Marietta M. Climaco, president of the MMAFECCO, heralded the JCCU donation as significant in deepening movement to movement collaboration in the international cooperative community and fostering better linkage among producers and consumers coops in the country. She also took the occasion to acknowledge key personalities who were instrumental in bringing about the JCCU-Coop Tokyo donation, namely: Mr. Masao Ohya, Executive Director of the JCCU and concurrent chairman of the Consumers Committee of ICA-ROAP, Mr. Hisashi Tanaka, Managing Director of Coop Tokyo and Mr. Pradit Machima, Consumer Advisor of the ICA-ROAP. The MMAFECCO president also cited the support of Gen. Arcadio S. Lozada whose intercession facili-



JCCU-Coop Tokyo donated vans being blessed by Fr. Martin Pimentel in simple ceremonies last July 30, 1992

tated the release of the donated vehicles, tax-exempt from the Philippine government.

The JCCU-Coop Tokyo donation, consisting of two second-hand Isuzu Elf. Vans, will be used to boost operations of MMAFECCO's Central Distribution Center (CDC) project.

In the meantime, guestspeaker Edna Aberilla, lauding JCCU-Coop Tokyo donation as a manifestation of the principle "big brother coop helping small brother coop", expressed hope that MMAFECCO's successful linkage with JCCU-Coop Tokyo will reaffirm in all of us the faith and belief in the cooperative movement.

## SINGAPORE

### *292 Study Grants for Fairprice Members' Children*

NTUC Fairprice Co-operative presented S\$178,000 worth of study grants to 292 primary to university children of the Co-operative's members at a recent ceremony. This is 47 more than the number of students who received the awards last year. In all, FairPrice has given out S\$953,000 worth of study grants since 1983.

Among the many Community Service projects, the Co-operative feels that needy students should be helped so that everyone has an equal chance to develop his or her potential.

The FairPrice used textbooks project is another example of the Co-operative's support for the needy.

Another scheme is low interest study loan to give financial assistance to members' children studying in tertiary institutions and FairPrice members pursuing part-time studies in recognised diploma or degree courses.

### *FAIRPRICE Launches Customer Service Programme*

In its push for service excellence, NTUC Fairprice Co-

operative has introduced several new measures. One of them is the setting up of a feedback headline for customers wishing to direct bouquets or brickbats at its supermarket operations to call a toll-free telephone number.

In addition, FairPrice has designated Customer Relations Officers throughout its 42 supermarkets to assist customers. These moves are part of the retail giant's Customer Service Programme as encapsulated in its new service slogan, "We Care".

FairPrice's emphasis on quality service is reflected in the S\$1.2 million it intends to spend over the next five to six years on improving staff's communication skills. Already, some 800 staff at all levels have undergone in-house training courses on customer relations over the past two years.

## SRI LANKA

### *Mission and Consultancy Activity*

Mr. Pradit Machima, ICA Consumer Advisor and Mr. S.C. Misra, ICA short term consultant on consumer cooperatives visited Sri Lanka between 14 and 20 June 1992. The objectives of the mission were to provide consultancy services to 3 primary consumer cooperatives in and around Colombo and to collect relevant information on women coops/activities in the country.



*Dress making class of women's unit of Coop. Society in Sri Lanka*

The consultation was made at three MPCSS (Multi-Purpose Cooperative Society) namely: Homagama, Polonnawa and Katana in and around Colombo. The report of the consultancy was complete. Main attention was given to shop layout, financial management, personnel management and practical training.

It is expected that after the report has been released the three societies can improve their operations accordingly.

## VIETNAM

ICA and Central Council of Supply and Marketing Cooperatives of Vietnam (CCSMC) are going to organize two important seminars in Ho Chi Minh City between 8 and 12 September 1992. One is a regional seminar on Coop. Trade and the other is on Consumer Coop. Development.

It is expected that a number of participants from Australia, India, Indonesia, Japan, Singapore, Sweden, Thailand and Vietnam will participate in the two seminars.

The main objectives are to promote coop trade and mutual assistance among ICA member countries and to develop consumer cooperative network in Vietnam.

### GENERAL STATISTICS & INFORMATION OF VIETNAM

Area	- 332,000 sq. km
% Cultivated	- 20%
% Forest	- 31%
% Pasture	- 15%
Population	- 67.6 million (1991)
% average annual growth (83-90)	- 2.3%
Agcd 15 years	- 39%
Life expectancy	- 63 years
Literacy rate%	- Male 90% Female 78%
Per-Capita Income	- 200 US\$
GDP Real growth	- 2.4% (1990)
% Average GDP growth	- 4.8% (1986-90)
Merchandise export (1991)	- 2090 million US\$
Merchandise imports (1991)	- 2463 million US\$
Major imports (1989)	- 46 million US\$
Fertiliser	
Oil Products	
Steel	
Raw Cotton	

### Major Exports

Rice	- 317 million US\$
Crude Oil	- 200 million US\$
Agro & Factory products	- 211 million US\$
Handicrafts & light industrial goods	- 20 million US\$
Marine Products	- 113 million US\$
Rubber	- 14 million US\$
Coffee	- 31 million US\$
Coal	- 21 million US\$

<b>Tourism</b>	Arrivals	- 250,000
	Revenue	- 29 million US\$

<b>Taxation</b>	Foreign Invest law allows foreign investme: upto 100% with tax rates varying from 15-2
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Bright faces and bright future for Vietnam



# ASIA-PACIFIC CONSUMER COOP NEWS

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A group of participants of the ICA Tokyo Congress at the Imperial Palace, Toyko, October 1992

## Editorial

"Consumer Cooperatives Towards the 21st Century" was the main theme of the Open Conference on Consumer Cooperatives held in Tokyo in October, 1992. This means changes and development not only on the cooperative principals but on the strategy and practices--self-help and self-development, member participation, better living and better environment, regional cooperation and improvement in cooperative operations. You can find the detailed information on this subject, written by Mr. Ivano Barberini, on the European scenario and by Mr. P.A. Kambli on the Asian scenario in this issue as well as other related articles and information in the same issue. We do hope that this issue will give you some idea as to how to develop consumer cooperatives in the 21st century.

## Contents

<b>ICA REGIONAL OFFICE ACTIVITIES</b>	
XXX ICA Congress	3
Cooperation : Look to the East for the Way Ahead	6
Consumer Cooperatives Towards the 21st Century :	
The European Scenario	9
The Asian Scenario	13
Malaysia University Cooperatives : A Profile	17
ICA Consumer Cooperative Development Project	21
<b>CONSUMER NEWS FROM ASIA &amp; THE PACIFIC</b>	
Fiji	23
India	23
Japan	25
Malaysia	26
Philippines	26
Singapore	26
Sri Lanka	27
Thailand	27
Vietnam	27

# ASIA - PACIFIC CONSUMER COOP NEWS

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### To the Reader . . .

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives and related matters are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

--Editor

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Mr. Abdulatif Al Kharaza, Kuwait

# ICA REGIONAL OFFICE ACTIVITIES

## XXX ICA Congress

The XXXth Congress of ICA started with a sumptuous display of traditional Japanese culture followed by a stirring address by the Prime Minister Kiichi Miyazawa on 27 October, 1992 in the Keio Plaza Hotel, Tokyo, Japan.

More than 1,300 delegates from 83 countries, together with 239 Japanese observers attended the Congress. 30 consumer leaders from 14 countries - Australia, Bangladesh, China, Fiji, India, Indonesia, S. Korea, Malaysia, Mongolia, Philippines, Singapore, Sri Lanka, Thailand and Vietnam - were invited by JCCU to take part in the ICA Congress as observers. In his inaugural speech Mr. Miyazawa said: "As the Prime Minister of Japan, I reaffirm our Government's commitment to a higher quality of life in the global community of nations. Japan will endeavour to create a society that promises to balance our limited global environmental resources with production and consumption, and to bring affluence to the people".



Open Conference on Consumer Coops. in Tokyo, October 1992

Mr. Miyazawa recalled the origins of Japan's co-operative movement and described how it has grown to a membership of 36 million--30% of the nation's population.

"These co-operatives are immensely important in promoting agriculture, forestry and fishery, as well as improving the lives of consumers. The Japanese Government therefore hopes that these associations will continue to develop and thrive".

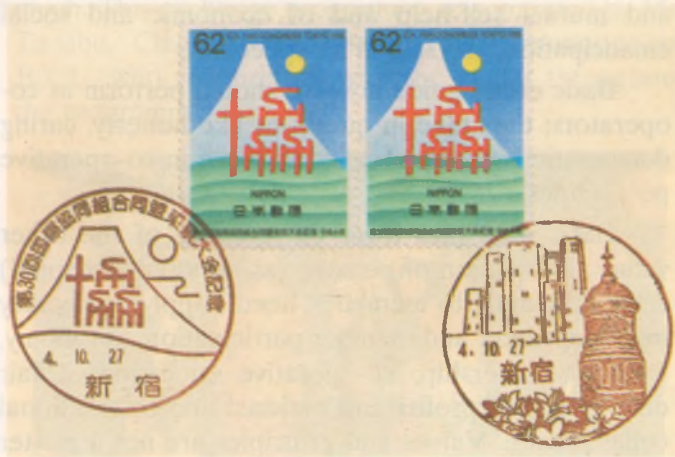
In the inaugural session, Mitsugu Horiuchi, Chairman of the Congress Organizing Committee, warned delegates that co-operatives throughout the world are

facing a severe challenge. He said: "the rainbow colours which symbolize the co-operative movement have faded somewhat and the power of our co-operatives to attract and hold on to people has also waned."

Another warning came from ICA President Lars Marcus, who expressed concern about the future status of co-ops in the changing world scene. He said, "several old and often diversified co-ops have found it necessary to defend themselves through the use of unorthodox solutions. They feel threatened by expanding transnational companies and national enterprises which have easy access to financing for mergers and technology updating."

Mr. Marcus concluded: "Remember, the fight goes on. This is just another beginning. The world needs co-operative solutions more than ever".

Other eminent speakers during the opening ceremony were Masami Tanabu, Minister of Agriculture, Forestry and Fisheries; Tokuo Yamashita, Minister of Health and Welfare; Takashima Sasagawa, Deputy Minister of Posts and Telecommunication, Yoichi Makino, vice Governor of Tokyo; Rafeuddin Ahmed, Executive Secretary of the UN Economic Commission for Asia and the Pacific, representing the UN Secretary General; and Dr. Ho-Sun Han, Chairman and President of the National Co-operative Agricultural Federation of the Republic of Korea.



## Commemorative Stamp

Mr. Takashi Sasagawa, Japan's Deputy Minister of Posts and Telecommunications, presented the



framed first issue of a special stamp commemorating the ICA Congress in Tokyo to Lars Marcus, ICA President, at the opening ceremony on October 27.

## ICA Election

On 26 October, the Central Committee officially approved the agenda and reports for the 30th ICA Congress. Following a motion submitted by the National Co-operative Business Association (USA), the Central Committee agreed to recognise the establishment of a new specialised organisation for Energy Co-operatives. The new committee will hold its first meeting in Dallas, Texas, in February, 1993.

During elections to fill vacancies on the Executive Committee, Mr. M. Horiuchi of Japan was elected as ICA Vice President and Roberto Rodrigues of Brazil and Graham Melmoth (UK) were elected to the Executive Committee.

## Basic Values - a matter of good business

In the Congress, discussions were held on Sven-Ake Book, "Co-operative Values in a Changing World". Mr. Book's task was to identify what co-operative basic values really are--to find a sort of common denominator for co-operators the world over. The basic values are divided, according to Mr. Book's report, into basic ideas, basic ethics and basic principles.

"**Basic ideas** are general values that co-operators have been fighting for since the beginning. They are the basic ideas of democracy and equity, of voluntary and mutual self-help and of economic and social emancipation," he said in his speech.

**Basic ethics** guide how we should perform as co-operators; they take in questions like honesty, caring democratic behaviour and confidence in co-operative possibilities.

**Basic principles** form the practice of the other values; association of persons (as opposed to capital) cater efficiently to members' needs, apply democracy in management and member participation, autonomy, member ownership, co-operative education, a fair distribution of profits and national and international collaboration. Values and principles are not a matter of theory, Mr. Book emphasized. "These are in all respects a practical matter, a question of good business. Let me give you an example: A truly vivid and democratically operated co-operative society lives in the midst of its own market - it doesn't have to spend

a lot of money on market surveys or advertising, for instance."

## ICA Structure

As the ICA structure review is implemented, we need to avoid overlapping or duplication of functions between the ICA and regional secretariats.

This caution was sounded by Shigeo Ishiwata, President of Zenkyoren, one of the delegates who spoke before the Congress approved changes of ICA Rules and Structure. Under the new structure, Ishiwata said, "it will be most effective to have the same types of cooperatives hold close and detailed discussions, as well as bringing different co-operatives in the same region together to discuss common problems."

Masao Ohya, Executive Director of Japanese Consumers' Co-operative Union, called on the ICA to expand its membership to more countries. ICA has members from 82 nations, whereas 179 countries are members of the United Nations among 183 countries in the world. ICA Regional Offices should take initiative to help non-member countries organize the co-operative movement."

## Environment and Sustainable Development

After a full day of discussions on the theme "The Environment and Sustainable Development", presented by Dr. Daman Prakash of ICA ROAP, Congress passed a resolution on 29 October, as under:

- recognises the link between environmental preservation and development;
- calls on ICA member organizations to strengthen their activities in this field;
- requests the ICA to continue and strengthen its role as an information centre about environmental and development issues;
- calls on ICA members and ICA itself to create special funds for sustainable development in order to carry out their own programmes in the future.

A new paragraph was added after a proposal by the consumer committee recommending that member organisations, specialised organisations, as well as regional structures of the ICA formulate their own action programme, towards the compilation of the Co-operative Agenda 21, to be presented at the ICA Congress in Manchester in 1995.

On the last day of the Congress i.e. 30th October, certain Motions and Resolutions were adopted, de-

tails of which will be communicated to you in due course in our subsequent issues of "Asia-Pacific Consumer Coops News".

### **Joint Meeting of the ICA Consumer Committee & ICA Committee on Consumer Cooperation for Asia & the Pacific Tokyo (Japan): 22nd October 1992**

In addition to various specialised organisation meetings, a joint meeting of the ICA Consumer Committee and the ICA Committee on Consumer Cooperation for Asia and the Pacific was held in Tokyo on the eve of XXX ICA Congress on 22nd October, 1992 at 11.00 a.m. In addition to this, the ICA Committee on Consumer Cooperation for Asia & the Pacific met separately at 4.00 p.m., in which about 42 persons participated as members and observers from 16 countries.

Mr. M. Ohya chaired the meeting and Mr. G.K. Sharma, Regional Director, ICA ROAP, Gen. A.S. Lozada, Chairman of ICA Regional Council, Mr. Karl Fogelstrom, Sr. Development Advisor, ICA ROAP and Dr. Daman Prakash, Project Director, ICA ROAP, also attended the meeting as special invitees.

In the meeting, interalia, the draft of Consumer Co-op Development Project for 1993-94 was adopted. Mr. Lim Ho Seng was elected as second Vice-Chairman of the ICA Committee on Consumer Cooperation for Asia and the Pacific; and it was decided to hold the next meeting of the committee in Fiji in May 1993.

A study visit was also arranged by JCCU on 24.10.92 to Tokyo Coop. The members were very much impressed with the working of Tokyo Coop, especially the Han groups. Views were also exchanged by the members in a luncheon meeting.

### **Role of JCCU in the Congress**

Japanese Consumers' Coop. Union (JCCU), especially Mr. M. Ohya, Executive Director, International Dept., JCCU played a very important role in encouraging consumers coop. leaders from Asia and Pacific region to participate in the Congress. JCCU invited 30 consumer coop. leaders from 14 countries in the region, namely Australia, Bangladesh, China, Fiji, India, Indonesia, S. Korea, Malaysia, Mongolia, Philippines, Sri Lanka, Singapore, Thailand and Vietnam, to participate in the Congress as observers. All their cost including board and lodging, travelling and registration fee was paid by JCCU during their stay in Japan for about 10-12 days.

JCCU also coordinated with ICA ROAP and Nagoya Coop. in connection with the selection of observers to take part in the Congress as well as under Exchange Programme to Nagoya. The objective behind this was to expose the working of Japanese Consumers' Coop. Movement to the developing countries so that they can learn something from the success of Japanese Consumers Coop. Movement and implement that in their respective countries.

### **Exchange Programme**

The Nagoya Coop. invited consumers observers of the ICA Congress from China, Indonesia, S. Korea, Malaysia, Mongolia, Thailand and Vietnam under Exchange programme between 29 October and 3rd November. Mr. G.K. Sharma, Regional Director, ICA ROAP, Mr. M. Ohya, Chairman of the ICA Committee on Consumer Cooperation for Asia and the Pacific, Mr. Pradit Machima, Secretary of the ICA Committee on Consumer Cooperation for Asia and the Pacific and Mr. Taneja from ICA ROAP were also invited. The arrangement made by Nagoya Coop. was excellent. The observers stayed with the host families for a couple of days and observed their living style minutely, which has further strengthened the roots of cooperation among the host and guest countries.

The hosts i.e. the Nagoya Coop. arranged study visits to various consumer coop. societies and to a museum for the observers. A Japanese cultural show was also presented, which impressed the guests very much. This exchange programme was initiated by Mr. Tanabe, Chairman of International Committee of JCCU, who was present with the guests throughout the programme.



A Cultural Exchange programme in Nagoya in November 1992

# CO-OPERATION : Look to the East for the Way Ahead

By Iain Williamson, Information Manager, Cooperative Union, U.K.

While the Emperor slipped out of town for an epoch-making journey as the only Japanese monarch ever to visit China, co-operators were moving into Tokyo to make history of another kind a mile or two up the road from the Imperial Palace at the thirtieth Congress of the International Co-operative Alliance - the first such gathering to be held outside Europe.

The Emperor's visit left an air of inscrutability, for while he "deeply deplored" the great sufferings inflicted by Japan on the Chinese people, his speech of reconciliation stopped short of an outright apology.

The ICA Congress in Tokyo was rather less ambiguous. It firmly established Japan as a principal (the principal?) centre of co-operation today, while proving to anyone among the 1,200 participants from 83 countries who may have doubted it that the Japanese are the most perfectionist, charming and hospitable of organisers and hosts.

For Manchester in 1995, when the British Movement will stage the ICA Centenary Congress, it will be a difficult act to follow.



Cooperators of tomorrow on a Tokyo subway platform

The Japanese view of the Movement in Europe today is honest and forthright, and was reflected in the splendid English language daily *The Japan Times* when it published a feature on world co-operatives to coincide with the Congress opening. Kunio Makino, one of the senior members of the Congress organising committee, was quoted as saying that many European co-ops have been in crisis for several decades, due to

a failure to modernise, exchange information and introduce corporate management methods.

"Many European co-operatives did not listen to the opinions of their members. This was their biggest mistake," Makino said.

By coincidence, just one day earlier, the same Japanese daily had published a speech by the Prime Minister of Malaysia which clearly reflected the radically-different way the world looks when viewed from the Pacific Rim. "The fact is Europe is living beyond its means," the Malaysian Premier said. "Its people are being paid too much for too little work. Europe cannot really expect the rest of the world to support their profligacy."

And he added tellingly: "There was a time when Asians looked West for guidance and models. Perhaps it is time for Europe to look East for the same."

Those words could certainly be interpreted quite literally in a co-operative context, for the Japanese Movement exudes vitality, success and member involvement (yes, it actually has real members) in the same way that the streets of Tokyo ooze with wealth, chic and all the other trappings of a prosperous society which has achieved its position as the world's richest nation through sheer hard graft and determination.

To walk through Tokyo is a startling experience. Where else on earth will you see streets so teeming with people smartly dressed in the latest designer labels? Streets so choked with traffic fumes and yet so cleanly swept and untainted by graffiti? Streets so free from crime that one woman I met said it was the last city on earth where she felt totally safe to go out alone at any time of the day or night? Streets which not a soul would dream of crossing when the pedestrian lights switch from green to red?

Yet the amazing contrasts are there too. Go out late at night and you will find the sharply-suited businessmen, who probably didn't leave their offices until nine, quietly swaying and bumping along the pavements after one or two whiskies too many in the karaoke bar. Go into the subway at midnight and you will see the unfortunates, somehow bypassed by the

Japanese dream, spending the night in cardboard boxes. Pick up the newspaper any day and you will read the latest instalments of political scandal and corruption which firmly link the ruling Liberal-Democrat Party (who have governed uninterrupted for more than three decades) to gangsters and mob bosses.

To a Western observer, it is certainly confusing, this land of the rising Sony, And perhaps not just to a Westerner, because many Japanese themselves will admit that in spite of all their new-found wealth, they are still a long way from achieving a demi-paradise of Shangri-la. For the consumer co-operatives in Japan, that means there is a job to be done and a role to be fulfilled which gives them a relevance and focus that we have been seeking in Britain ever since the Pioneers first set up shop.

JCCU, the union of Japanese consumer co-ops, makes no bones about its philosophy. "We are aiming to help shift Japan's society and economy away from their current focus on industrial growth. By making quality of life a central theme, the co-ops of Japan hope to build a better tomorrow for their members and the communities they serve," JCCU's promotional literature states.

The consumer societies have set themselves a bold agenda, targeting the welfare of old people, the role of women in a male-dominated society and environmental concerns as primary issues which co-ops must address. They're not talking about some dream of a Co-operative Commonwealth, but of practical ways in which co-operation can change life for the better. With 20 per cent of the nation's households registered as Co-op members, there is tangible proof that their policies are attracting strong support across a wide cross-section of the population. Oh yes, and they operate highly-efficient manufacturing and distribution systems as well.

As already reported in News, the most significant event during the four-day Congress was undoubtedly the debate on the report on basic co-operative values compiled by an ICA research group led by the Swedish academic. Sven Ake Book. It was a day of set-piece speeches, some of them repetitive and over-long, and the view from the press-room was that Graham Melmoth's contribution on behalf of the British delegation came as a breath of fresh air.

The CW's secretary niftily compared the ap-

proach of the Book report to that of Captain Carlssen, who some readers may recall was the captain of a stricken vessel The Flying Enterprise who, in the early 1950s, struggled for days to control his ship in the storm-tossed English Channel. "The voyage has clearly been a cathartic experience both for the captain and crew and for the rest of us, his passengers, but in the event the cargo was disembarked intact," Graham Melmoth declared, moving on to a spirited defence of the Co-operative Principles in their present form. He argued that the further review process which will now be undertaken before the issue is finally resolved by the ICA in 1995 should concentrate on what really matters - changing co-operative practice in a changing world.

It was a masterly address from the new UK representative on the ICA's ruling executive committee. His plain-speaking approach should go down well in the corridors of world co-operative power.

Another Tokyo highlight was the issuing by the Japanese post office of a special stamp commemorating the Congress, the first of which was presented to ICA President Lars Marcus during the opening ceremony. The stamp shows the Co-op symbol rendered in tencho script, an ancient style of Chinese characters, superimposed on a backdrop representing Mount Fuji with the sun and the sea.

Throughout the rest of Congress, the post office ran a stand at which first day covers and sheets of the stamps were sold and, needless to say, they did a roaring trade in souvenirs, one of which will now be put on permanent display in the Toad Lane Museum, Rochdale. Another will be sent to our own postal authorities as a gentle reminder of the kind of response we are seeking from them as part of the celebrations of the 150th anniversary of the Rochdale Pioneers in 1994.

Delegates were reminded of the aptness of holding the first ICA Congress in Asia when the Director, Bruce Thordarson, presented his report. Commenting on recent membership trends, he pointed out that financial, multi-purpose and agricultural co-ops all now outnumber consumer co-ops in the alliance, and almost two-thirds of the individual membership comes from the Asian continent.

ICA is certainly in a healthier state than it was four years ago when Bruce Thordarson took over the reins at the Stockholm Congress. Recent fears that

revenues would suffer disastrously from the vast changes now taking place in Eastern Europe appear to be unfounded. While the previously state-supported co-operative organisations from the old communist regimes have inevitably disappeared or changed beyond recognition, co-operation is not only surviving but is deepening its roots in many of the newly-independent states. This changing picture was reflected in the organisations admitted to ICA membership in Tokyo, including five from the former USSR and another from Poland.

In his Congress report, Bruce Thordarson pointed out that another area of strong growth for co-ops is Latin America, so it was appropriate that Tokyo saw plans being made for a new ICA regional office for South America which will be based in Brasilia.

It's all a far cry from the tiny group of European consumer co-operators who set up the alliance back in 1895. But as Masao Ohya, executive director of the Japanese Consumer Co-operative Union, reminded delegates, while ICA now represents more than 80 countries, there is a total of 183 nation states in the world. So the alliance's work is far from done.

Off into the countryside of Saitama Prefecture, north of Tokyo, for what our interpreter quaintly described as a "hobnobbing tour". I joined members of the ICA Research Group who were taken round the Shobumachi Agricultural Co-operative. There I had my first attempt at lunch (noodles followed by more noodles) eaten with plain wooden chopsticks while sitting shoe-less and painfully crosslegged on the rush matting floor.

Later that day, after a tour of the impressive agricultural facilities, we visited the adjacent Co-op foodstore and marvelled at the array of different seaweed products on the shelves. At the checkout, one of the girls on the tills was wearing what looked like a smong mask. "She has a cold, and the mask is simply to prevent her from spreading germs to others," we were told.

Out in Tokyo another day for a study visit which took in one of Japan's leading printing houses, members of the Communications Working Party were greeted with customary warmth by the company executives and invited to view the corporate video showing the latest developments in electronic media publishing. The video cassette was inserted, our little group fell silent - and nothing happened. It was a

moment of the greatest embarrassment, for here we were, in the land of the latest hitech gizmos and gimmicks, the reliability of whose products has won its way to our hearts and wallets, confronted by a Japanese machine that didn't work!

After a painful few minutes while flummoxed executives fussed around doing everything short of kicking the brute in a vain attempt to bring it back to life, our crestfallen hosts admitted defeat and ushered us into the company boardroom. There, honour was restored and the video was shown. And there, as we watched, I couldn't help noticing that sitting alongside all the latest Japanese sound and video equipment were two little boxes that are for ever England - loudspeakers manufactured by Rogers, to BBC specification, which are music to the ears of any hi-fi-buff including, clearly, those in Japan.

Many British co-operators have made outstanding contributions to the work of ICA, but few have been regarded with greater affection than Muriel Russell, who was bidding "sayonara" to the alliance in Tokyo after an association lasting more than a quarter of a century. Muriel, who was one of the first students at the Co-operative College after the war, joined the London office of the ICA in 1965. Among her many activities, she masterminded the "Buy a Bucket of Water" campaign in the late 1970s which financed water projects in 17 developing countries, ran youth conferences and, more recently, volunteered her services for development projects involving women.

Even though she has now retired as secretary of the women's committee, she looks forward to staying in touch with an organisation she has cared so much about and where she has made so many friendships. Muriel is, and will always remain, an outstanding international co-operator.

And finally, how to sum it all up, the experience that was Tokyo? What, amidst so many memories, will dwell longest in the mind? Was it the spectacle and grandeur of the Congress itself? The three-year-old virtuosi serenading us so sweetly on their tiny violins at the farewell dinner? Or the bizarre contrasts of a land which has found great prosperity but is still learning how to cope with it?

No, for me it was the kindness and sincerity of all the co-operators I met. They have a strong, powerful and effective movement. One to be proud of. And one we can all learn from.

# Consumer Co-operatives Towards the 21st Century

## THE EUROPEAN SCENARIO

By

**Mr. Ivano Barberini**

President, EuroCoop

### 1. General Outlook

The global situation today is far from positive. The World is going through a phase of self-destruction and we have no common project on which we can rely to rebuild what we have already destroyed and what we continue to destroy.

Capitalism has succeeded to defeat its opponents but it must now come to terms with its contradictions and respond to the people's need for social protection.

In Europe, even the creation of the Common Market presents an array of problems when it comes to the individual role of each member country - not least their role in the present conflict in Central Europe.

As far as economic perspectives are concerned, there is a general feeling of pessimism and fear of a long-lasting recession or, worse, an economic depression.

Nonetheless, we must not overlook the fact that the present situation is dependent on the consequences of a difficult transition; the European culture is changing to a culture based on planned change from a culture historically based on the "Status Quo".

Maintaining what was built in the past is not enough to lead us to the levels of modernization required by the European Union. It is necessary to boost projects, aimed at devising and implementing the new Europe. Disciples of the Status Quo are faced with the problems provoked by the planned creation of a new and innovative cycle.

This creation of a new Europe has also stimulated a transformation in our human values: to become European, and, at the same time, remain anchored to our national, regional and even local heritage.

Indeed, the absence of a "project phase" for a new value system together with the predominance of

a culture aimed at modernizing existing structures could seriously hamper the creation of the European Union.

As far as the economic system is concerned, the idea prevails that the market cannot work only according to its own rules.

The protection of the Environment, the protection of consumers' health, the guarantee of the consumer's right to safety and information represent the unsolved problems of the market economy as well as a test-bench for capitalism's capability to meet people's needs in advanced economies.

Ethics is no longer a mere ornament, rather it is considered by many as intrinsically linked to the smooth functioning of capitalism.

A meaningful transformation is now taking place. We can see that companies tend to pay greater attention to the value system. The idea is gaining ground that greater competitiveness cannot be achieved alone through successful market techniques.

People have a need to recognize themselves in their surroundings and this has an impact on their lifestyles and subsequently on their consumer behaviour.

The value of individuality - a central issue in the '70s and '80s that, together with income growth, has been one of the major propellers of growth and of consumption differentiation - is linked, nowadays more than ever, with social values.

These social values lead to a deeper and more spiritual relationship between "fellow-men" and to new forms of charity (as is proven by an increase in volunteer work).

Nonetheless, the establishment of a new type of society is dependent on the development of new rules and the creation of a new set of moral principles.

The examples which I have given with regard to changes in behaviour and in values indicate positive

aspects characterising the transformation which is presently underway. But there are drawbacks: a high consideration for local culture can lead to narrow-mindedness or even racism; political awareness does not necessarily imply a respect for democratic values (on the contrary there are many negative examples). It is absolutely necessary to strike a balance between the positive transition on the one hand and the drawbacks emanating from this transformation on the other.

The impact of this contradictory and uncertain process on general behaviour and on consumer behaviour is difficult to foresee.

One could imagine that the border between values and dreams lies between consumption needs and the exploration of new behavioural patterns and values.

These phenomena, linked with the consumer's expectations with regard to convenience, quality and service and the foreseeable consumption stagnation, contribute to pushing competition to the extreme.

The '90s will represent a crucial period for many companies as well as for economic and social organizations. The winners will be those who can take advantage of the changes and in so doing, assert their own strong identities.

## 2. The Challenge for Consumers' Co-operatives

At EuroCoop, our goal is to relaunch Coop at a European level. We know only too well that our goal presents positive aspects at the same time as it presents us with serious problems.

Technological changes that already in the past required a fast increase in financial resources do not seem to be decreasing in intensity. Competition is taking place at even higher levels, both in terms of size and of sophistication. Huge continental and intercontinental corporations are being formed. Consumption patterns are changing, also due to a wider application of information technology.

The co-operative has asserted its position in different environments, finding an explanation and a justification within itself, in its own ideals and in its ability to meet people's needs. Coop's tradition is one of growth combined with a strong desire for change and social justice, with an idealistic tendency.

Nonetheless, over the last 20 years Coop's preoccupations have been with managing the Status Quo

and fending off the blows of cutthroat competition rather than with the redefinition of its own identity and the interpretation of a values system on which its own competitive advantage could have been built.

In Europe, consumer co-operatives have two management possibilities. They are both equally difficult and extremely complicated:

1. Stability management. This means managing the decline whilst trying to control the dynamics.
2. Change management. This means relying on a project aimed at redefining the co-operative's identity and setting as the co-operative's goal a quantitative as well as a qualitative development. It is not a matter of radical projects, rather of innovative projects able to implement the idea from which they are derived.

We are well aware that the move from the Management of stability to the Management of a project entails upheavals and uncertainties. We have hopes however that with the help of research and experiences already carried out in some European countries we will be able to recharge the energy of the Movement.

We should develop a basic common idea to revitalize these energies. Actions taken at a European level and in accordance with a common strategy are of vital importance. And it is meaningful that this is felt and has been expressed by the Executives of many co-operative organizations in different countries.

To achieve this goal we must create synergies and develop the co-operative's policy and the co-operative's image among European consumers.

EuroCoop is the Brussels-based European organization engaged in fostering and promoting this process. Reshaping Coop's identity means that we must single out the main issues critical to success; how to harmonize profitability and people's expectations in the light of an everlasting adjustment to the environment. It also means meeting the need for consistency, clarity and transparency.

The new project should set as its goals the reassessment of economic values as well as of Coop's image or, in other words, the main ideas on which stable advantage in terms of competition can be built.

It is for this reason that we should acquire full awareness of our identity in order to assert our competitive edge. Rather than the monopoly of a

single product, the competitive advantage consists in strengthening the monopoly of a system of values.

Everything can be imitated. Everything that is apart from the generating element. The Whole can be and must be greater than the sum of the parts. This represents the real competitive advantage.

Coop must give special priority to economic effectiveness. If economies of scale are not implemented and if one cannot rely on an effective decision-making process, vying with the major competitors and expressing any social function becomes impossible.

It is for this reason that all the structural and organizational changes necessary to achieve this result have to be implemented.

At the same time, Coop should not neglect its own aims and characteristics both in implementing its policies and in its daily behaviour. As Laidlaw said "without any corporate aims, the co-op will probably survive longer. But, in the long run, it will become weaker to the point of breaking up".

The challenges which the market create should be tackled by giving true value to the distinctive features of Coop and implementing these or reassembling them in a new interactive function.

### 3. The Competitive Strategy

The choice of strategies and actions that can lead to a competitive advantage depends on the characteristics and vocation of the entrepreneur, the distributive system as well as on various market references.

The "marketing mix" relates on price convenience, quality, service, and profitability. The impact of these factors varies according to the different types of retail networks.

Convenience is a common and essential prerequisite in modern distribution but it is no longer enough.

In a highly segmented and professional market, with a tendency to saturation, it is the means and types of distribution ensuring a competitive advantage based on cost leadership or on differentiation that gain ground. We think that the choice of a competitive strategy based on differentiation seems to be the one that best suits Coop's structure and institutional aims as well as consumers' needs. Not only in terms of economic protection, but also with regard to safety and information.

This strategy is based on four fundamental points:

- Purchase convenience, that can be found in the absolute lowest price or in the lowest price compared to the service obtained;
- Customer relations, ranging from politeness to personalized service;
- Safety of goods, with respect to health and to environment protection;
- Protagonistic approach, that is the possibility to influence a product able to fulfil the requirements of the demand. This applies especially to our members who consider Coop as an association of consumers.

If one takes these values as the foundation on which to build a policy based on differentiation difficult for competitors to imitate, it is necessary to resort to a global approach to management.

Setting as one's goal the global approach to management entails considering a set of variables that must be harmonized so that they include strategy, structure, systems, productivity, technology as well as motivations, communication, behaviour consistency, managerial styles and ability.

The importance of values as well as of their systematic definitions and understanding at company and at individual levels is given emphasis.

The task of harmonizing the improvement of the service with the improvement of working conditions, so that internal and external requirements are met lies with the optimization of productivity.

The optimization of productivity, which entails a quantitative as well as a qualitative element, should increasingly become a central issue and an important parameter in the assessment of the effectiveness of entrepreneurial policies and activities.

Being competitive means abandoning the idea of a passive consumer defense, so that our contribution to market growth and quality will count. The demand in terms of participation and partnership plays a strategic role in Coop.

### 4. Democracy and Membership Involvement

The greatest hurdle in harmonizing the formal aspect with the substantial aspect of democracy lies in the ability to harmonize social control with managerial effectiveness rather than in the consistency between social aims and entrepreneurial policies.



Although democracy implies that members make the decisions, the impact of people's involvement added to the increasing complexity of the co-operative actually prevent membership participation and control. And of course one cannot overlook profit as being the most important element.

There is a widespread trend whereby members tend to be less in favour of giving up immediate benefits in favour of long-term profits from which future generations could benefit.

We must come to terms with an inbuilt weakness in the relationship between members and the co-operative:

- as "owner", the member manages property but cannot benefit from it directly;
- as "user", he shares the benefits of co-operative management together with all the other consumers;
- as "employee", he does not benefit from any special treatment with respect to other non-member employees;

The first things to be tackled are in the areas of:

- the member's personal interest, creating a difference between being a member and being a mere consumer;
- the economic benefit, that is the importance given to profitability as well as to the protection of savings;
- the social advantage, that is the possibility to participate in shaping the co-operative's development and activity programmes.

Whereas the co-operative's strategic impact is weakened by the lack of active membership involvement, the private sector's weakness is the result of a poor communication with the customer.

If it is true that all companies, no matter what the type, are concerned about the environment and see the role they play as vital, the co-op is unique in that its environment activities come directly from the members which the co-op represents. The need for greater involvement in the problems of the community is experienced by the co-operative at the grass roots level and needs can be met if the members can take these problems into consideration when strategic decisions are being made.

The level of democracy cannot be assessed on the grounds of voting rights alone but on the level of

members involvement in the day-to-day life of the co-operative.

Various projects are underway in different European countries aimed at harmonizing effectiveness, modernization and democracy.

The size of the co-operative enterprise combined with the huge support of the membership mass provide management with the task and the power to make effective entrepreneurial and managerial decisions.

The members must represent the voice of the consumers' needs and control management's reactions. This is vital. Indeed, a co-operative without any real contact with its members can only deteriorate in the long-run, jeopardizing its very existence and basic co-operative values.

The relationship between the co-operatives and between co-operatives and society should be given greater importance against a background of changing political environments.

The very nature of the consumer co-operative and the role played with respect to its members as well as to the whole community raises the issue of the introduction of various forms of control.

For example, the co-operative's balance sheet gives an account of planned activities as well as of those activities already carried out.

The possibilities available to a co-operative in a difficult social situation in a conflict-ridden world threatened by stagnation depend on a strong will for self-renewal.

The end of the 20th Century gives us an opportunity to draw conclusions on the contribution that our co-operative movement has made to the development of society. But we must be aware that many of the factors which made up that contribution have vanished. The creation of thousands of co-operatives in Europe at the beginning of the Century was important in terms of social and economic growth, and growth was greater in those countries which relied on a wide co-operative expansion. For millions of people co-operatives represented the first form of modern economic organization. They were a great innovation.

Nowadays the need for innovation is expressed in other areas and spurred by new values. Our ability to react is tantamount to the existence of Coop in the 21st Century.

# THE ASIAN SCENARIO

By

**Mr. P.A. Kambli**

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Apna Bazar Coop. Dept. Stores, Bombay, India.

## 1. Prologue

1.1 It is a matter of pleasure that the co-operative movement was born through the consumer co-operatives. The world has undergone rapid changes, since the Rochdale Pioneers organized their first consumer co-operatives on 21st December 1844 in England. During the last one and a half centuries the message and gospel of the Rochdale Pioneers has spread through the length and breadth of the whole world. During the last two centuries the world has been divided into developed and developing countries. Capitalistic, communistic Socialistic Societies and the like. However, the most common thing is that those countries which developed in their process of industrial revolution where an all round development in social economic and cultural field. Members of the G-7 are now the acknowledged world leaders.

1.2 The Scandinavian countries which learnt co-operative ideology from Great Britain have made rapid strides in their economic development. And the per capita income in these countries are among the world's highest. The co-operative movements in these countries have made legendary progress. They are also helping the development of co-operatives in developing countries.

## 2. Asian Scenario

Barring a limited few, all Asian countries were conquered by European countries such as Great Britain, France, Netherlands, Portugal, etc. and ruled by these for centuries. Colonial rule suppressed economic development. Though colonial rule did expose the colonies to the periphery of modern Education, Railway, Postal Services, Health Care these countries did not benefit from the Industrial Revolution that brought about major changes in Europe. And although the concept of co-operation has been written about and advocated in the ancient scriptures like the veda (co-operation is the strength in the present

world). Asian countries learnt the gospel of co-operation from the European rulers. In India, the co-operative movement was launched by a State initiative in 1904.

After the Second World War, there was an international cry for justice, liberty and liberty which brought a progressive end to colonial rule. Democratic governments encouraged the co-operative organization as a vehicle of the democratic process. This brought with it State Support. In some countries support was restricted to privileges. In others, it led to State partnership and patronage.

2.1 If we make an objective analysis of consumer co-operatives in Asian countries today, Japan ranks first amongst the best. The Japanese movement is built on a highly efficient, motivated consumer co-operatives, responsive to the needs of its members and of the community. It has the unique distinction of enjoying the active involvement of the members and more particularly housewives, through the 'Han' groups. It can now withstand the competition of any supermarket chain in the private sector. The Kobe Co-operative Society is the world's biggest and best. It is reported that Japan has about 670 consumer co-operative societies with a membership of about 14 million people.

Singapore, the small island country of 2.7 million multiracial people has developed a strong consumer co-operative movement. Singapore has only four consumer co-operatives (out of a total of 63 co-operative societies). All four consumer co-operatives are very strong, effective and popular on the island. The strength of the consumer co-operative movement in Singapore is illustrated by the fact that it now provides technical assistance to consumer co-operatives in neighbouring countries under "Sincotap Programme". It now offers training facilities for Managers of consumer co-operatives from Asian Countries.

2.3 The Republic of Korea is yet another Asian country which has made rapid strides in consumer

activities. They are reported to be so strong that they cannot only withstand competition from the private sector but also strong political pressure. However, amongst Asian countries, only Japan and Singapore have truly developed strong and vibrant consumer co-operative movements.

Thailand, Malaysia, and Sri Lanka have a sort of medium strong consumer co-operative movement. Thailand is reported to have 407 consumer co-operative societies. Membership in consumer co-operative societies ranges from 250 to 100,000 and the average membership is 1780. Notwithstanding competition from the private sector, most of the societies are doing quite well. Without any State support. Pra-Nakorn Consumer Co-operative Society is the best and biggest in Thailand and is worth a visit by co-operatives in developing countries.

In Malaysia, the first co-operative was organized in 1936. During the 40s and 50s growth was slow but thereafter it picked up, and towards the end of the 80s there were about 225 consumer co-operatives out of which about 80% are reported to be making a profit. Average membership of a society is 3760.

2.4 In Sri Lanka there are 286 multipurpose co-operative societies (MPCs) with a network of 8000 retail outlets spread over the length and breadth of the country. It covers almost the entire population of Sri Lanka. The annual consumer business of each of these societies is in terms of hundreds of millions of rupees and in the case of about 40% profits are in the millions of rupees. The main stay of the business is in the distribution of imported consumer goods such as wheat, flour, sugar, lentin, onions, potatoes, chilli and spices. There is a lot of scope to strengthen the well built infrastructure of thousands of retail outlets.

2.5 In Indonesia, some consumer co-operatives are organized by Government employees. There are also student co-operatives and village unit co-operatives. Consumer co-operatives are not as strong as private Supermarkets. However, consumer co-operatives, especially Kuds have great scope to develop their business.

2.6 In the Philippines, there are about 800 consumer co-operatives, most of which are very small and inactive. Only about 300 societies are functioning properly. Multinational Supermarket chains have been ruling the consumer market and consumer co-operatives have yet to develop to compete with their

standards.

2.7 In Vietnam, it is the supply and marketing co-operatives which take care of consumer business. There are about 2000 such societies, most of which are weak. A few are doing quite well.

2.8 In Pakistan, there are practically no consumer co-operatives, and the movement has yet to be developed.

2.9 In Bangladesh, there are 724 consumer co-operative societies with an average membership of only 53 per society. Most societies are weak and ineffective. A few consumer stores, organized by Government employees, public sector employees and industrial workers are doing moderately well. But in a comparatively poor country like Bangladesh there is a need for a strong consumer co-operative movement.

### **3. Consumer Co-operative Movement of India**

3.1 India is a vast country with 850 million people, living in 3000 towns and 550,000 villages. It has more than 22,000 primary consumer co-operative stores and about 700 central wholesale stores. Its consumer co-operatives have a mixed achievement. In some States, like Maharashtra and Tamil Nadu, consumer co-operatives have made rapid strides and have established a network of Supermarkets in almost all urban pockets of these two States. With their image impact, some of the Supermarkets have become household names. With the consultancy support of the National Co-operative Consumers Federation Ltd., a network of supermarket department stores have been set up in different parts of the country and are doing quite well. Though the development of consumer co-operatives is not even and balanced, all the top retailers viz. Super Bazar, Apna Bazar, Sahakari Bhandar etc. are from consumer co-operatives. Of late, the private sector has imitated the practices of consumer co-operatives such as self services and in metropolitan cities new private supermarkets are on the increase. But, barring a few, they have not been as successful as co-operative supermarkets.

3.2 The main reason for the big success of co-operative supermarkets may be ascribed to the dedicated leadership emerging from the Freedom Struggle.

### **4. Reasons of Disparity**

4.1 The land, population, income and consumer co-

operatives in various Asian countries can be seen from the table below.

4.2 It is a fact that in Japan, Singapore, South Korea, Malaysia, and Thailand, where the per capita income and literacy rates are much higher than in other Asian countries, consumer co-operatives have made much better progress in comparison with other Asian coun-

## 5. Emerging Challenge

5.1 With the collapse of the communist block and the cessation of the cold war, glasnost and perestroika have been a global phenomena of more and more countries which adopted a closed economy in the past, have now been opening up and privatization is gaining momentum in the socio economic political

**Land, Population, Income and Consumer Co-operatives in Asia 1990**

Country	Area Sq. miles	Popula- (millions)	Literacy Rate %	Per capita Income (USD)	No.of Cons. Societies
Bangladesh	51,000	116	29	170	724
India	1,300,000	850	36	340	22,600
Indonesia	750,000	185	85	450	-
Pakistan	314,000	105	28	390	-
Philippines	117,000	65	85	460	800
Vietnam	130,000	67	80	110	2,000
Sri Lanka	25,400	17	85	360	285
Thailand	200,000	57	90	1,600	407
Malaysia	128,000	17	76	2,200	225
S. Korea	38,000	43	96	4,400	Na*
Singapore	224	27	90	8,800	4
Japan	147,600	123	99	20,000	665

\*Na = Not available

(Courtesy : ICA Publication, Mr. Pradit Machima)

tries. Apart from literacy and better per capita income stability of the government and the nature of the people have also contributed to the development of consumer co-operatives. Lack of professional management, poor membership and capital base are other factors which contribute to the lack of co-operative development in developing countries. But the developing countries where the common consumer is exposed to the vagaries of the private trader has a greater necessity of strong consumer co-operative movement.

The mixed experience of India, whether with giant consumer stores or with small little primaries indicates that even in developing countries, strong consumer co-operatives can be developed. Consultancy impact has helped the development of hundreds of consumer co-operatives in different parts of India and this opens a new horizon.

thinking of the people of the developing nation. State support and subsidies are being withdrawn gradually. This situation poses a new challenge to consumer co-operatives especially where they have been receiving Government assistance latent or patent, but even objective analysis is made in respect of the performance of the developing countries other than the highly developed countries like Japan, Singapore, and South Korea. It is observed that those societies which are less dependent on assistance and support have made better progress than those dependent on such support. In India example in this regard is gallore, so that changed economic outlook of the government in the developing countries, consumer co-operatives have to be professional. They have to remember and practice the golden message of Miss Digbi of the British Co-operative Union : "Take care of the principles of management, principles of co-operation will take care

of themselves". Consumer co-operatives have to be better and not behind and if not better, different. By implementing various techniques of management, several consumer cooperatives of India which were earlier in loss are not only in profit, but they are the biggest retailer in their respective area of operation. These new management concepts have to be percolated to all the consumer co-operatives so that they can develop their operational efficiency.

## 5.2 Co-operative Brotherhood :

Amongst the Asian countries, Japan and Singapore have made maximum progress in the field of consumer co-operatives. The experience of some consumer stores in India especially of Maharashtra State shows that by proper planning, adequate capital and a band of professional people support with functional consultancy and leadership can improve things. This experience is required to be multiplied in all the developing countries of Asia. This, however require adequate finance and dedicated team of well trained manpower.

5.3 It is common knowledge that political leadership in the developing countries has been seeking financial assistance and technical support from the developed countries. The case is very similar for the development of consumer co-operatives.

Developing countries have to seek the support from their developed counterparts. Amongst all the countries in Asia, Japan is not only the most developed, it is the only Asian country which is one of the seven most developed countries of the world. In the spirit of co-operative brotherhood. The Japanese co-operative movement in general and the JCCU in particular have been assisting the consumer co-operatives in developing countries but there is a need to strengthen this support and assistance. ICA may consider the following submission.

5.3.1. The ICA should undertake fact finding studies of the consumer co-operatives of developing countries and recommend suitable measures to the concerned countries at regular intervals.

5.3.2. International trade of consumer goods should preferably be channelised through the leading consumer stores of the countries e.g. Sri Lankan Co-operative can import onions, potatoes, sugar, spices etc. from the relevant co-operative in India where these items are cheap. Similarly Thailand can import grapes, apples, and mangoes from India.

5.3.3. A big and successful co-operative of developing countries may enter into collaborative agreement with appropriate co-operatives from Japan & Singapore through JCCU and ICA to set up joint venture projects in food processing industries and other consumer items such as watches, cameras, electrical and electronic goods, hosiery, etc. which are sold in all co-operative department stores.

## 6. Call of the Twenty First Century

6.1 We are now in the last decade of the twentieth century and within a few years from now the world will step into the twenty first century. This current decade is a trend setter and pace setter in various aspects of the global economy. Trade barriers are collapsing and all controls in the name of socialism are being abolished. All this apart this is an age of management information explosion.

6.2 There is a growing trend of survival of the fittest. State support, patronage, assistance are being withdrawn everywhere. By the end of this century there may be absolute free economy, no trade barrier, no state control and free trade. This situation poses a new challenge. The consumer co-operative of the developing countries have to be viable, profitable and successful. Success is not only to be achieved but it is to be guarded and maintained.

6.3 In the transition period in the rat race of competition and survival of the fittest, many weak consumer stores may die, unless they merge themselves with the stronger consumer stores of the neighbourhood, so the total number of consumer stores will come down as has happened in the co-operative movement of developed countries like Sweden, U.K. etc.

6.4 Need of the day is professionalisation of management and there will be greater professionalisation in the twenty first century. so the officials and non-officials have to be groomed and trained to develop the operational efficiency of the consumer co-operative and to develop necessary competence to withstand competition in the free market economy. In ten days of galloping inflation there will be more need of bulk capital for setting up large super markets with modern gadgets and hence adequate capital base should be built up by huge membership.

6.5 Last but not least, co-operation of the developing countries has to remove the hangover of their past misgivings and think of scientific management, budg-

eting, long range planning and they should open themselves up to the experience and expertise of their counterparts.

## 7. Co-operatives Towards the 21st Century

7.1 It is thus necessary that the co-operatives should be made strong enough to resist the competition from private traders. For this, following strategy should be adopted.

- a) Modern methods should be introduced.
- b) Assortment should be changed, taking into consideration the aspirations of modern generation.
- c) Member participation should be ensured.
- d) Involvement of women in Co-operatives should be encouraged.

## 7.2 Consumers Co-operatives Towards the 21st Century in Asian Countries.

The consumers co-operatives in the Asian countries are predominantly provision & grocery stores. As they have to cater to the needs of people living below poverty line numbering 50 per cent of the total population. However, since the 1980s there is a tremendous change in the demand pattern of the consumers. There is an increasing demand for consumer durables like electronics, music systems, refrigerators, washing machines, computers etc. There is also demand for packaged commodities and instant food. The people desire to have various services like pesticides repairs to domestic appliances etc.

The 21st century is therefore a challenge to

consumers co-operative stores in developing countries like India. India has a huge potential because of the size of its population and an increasing per capita as well as family income.

The consumers co-operative societies should now plan to meet the challenges of the 21st century, and equip themselves to explore the potential market of consumer durables, cosmetics and services. The consumers co-operatives have to consider to set up consumer industries and establish their impact being the organisation that makes quality goods available at competitive prices.

### Open Economy and Competition

It is true that with the liberalization of economic policy, there will be keen and cut-throat competition. This process will lead to the survival of the fittest. The weak and the inefficient societies will die, hence the consumers co-operative societies should become independent and strong enough in all respect to rather survive, rather than relying on the help of the Government.

Before concluding, I am happy to inform you that in India, under the leadership of Mr. Machima we have developed a team comprising of Mr. Misra from consultancy cell of N.C.C.F. Myself from Consumer Co-op and Mr. Pawar from Govt. We are equipping our Directors, Executives and Govt. to accept the challenge of 21st Century.

We are in the take off stage and we are confident to fly high.

# COUNTRY PROFILE

## Malaysia University Cooperatives

(An Overview and Recommendations)

Dr. Mokhtar Bidin, National University Malaysia &  
Mohd. Ariffin Hj. Ibrahim, Mara Institute of Technology

### 1.0 Country's Background

Malaysia comprises the Malay Peninsular, Sabah and Sarawak. The Malay Peninsular is situated at the main land of South-east Asia, while Sabah and Sarawak are located on the island of Borneo, separated from the Peninsular Malaysia by about 530 kms (330 miles) of the South China Sea. The country has a total

land area of around 330, 433 square kilometers.

The population of Malaysia is just over 17.8 millions. The outstanding characteristic of Malaysia's population today is its highly variegated ethnic mix which makes it one of the prime examples of a multi-racial society in the whole world. Its population comprises of Malays, Chinese, Indians, Ibans and

Khadazans forming the main bulk, with the Malays forming the prominent ethnic group. The other smaller communities are made up of Arabs, Singhalese, Eurasians, Europeans and the aborigines.

The per capita income of Malaysia is about M\$6,210.00 (US\$2,300) and the real gross domestic product growth is about 10% per annum.

The Malaysian economy is estimated to have expanded with the manufacturing sector emerging as the leading economic sector, followed by the agricultural and mining sectors.

Bahasa Malaysia is the National Language and English is widely spoken. All the world's major religions are represented in Malaysia, with Islam as the state religion.

Literacy rate is very high, touching more than 92 percent. This is due to the fact that although Malaysia is not a welfare state, education at the primary and secondary level is fully funded by the government,

while the tertiary education is highly subsidised.

Following independence (1957) there have been two major developments in the Malaysian education with important implications for the relationship between occupation and education. The first involves the expansion of educational institutions to provide more young Malaysians with education and with education to a higher level. The second development has been the dismantling of the four separate education streams based on different languages of instruction i.e. English, Malay, Chinese and Tamil into one national stream.

Higher institutions are quite recent. In 1957 a campus of the university was founded in Kuala Lumpur, and this obtained autonomy in 1961 when it became the University of Malaya. Subsequently, Malaysia witnesses the development of six more universities and (the setting up) MARA Institute of Technology by the government:

**Table 1: Malaysian Universities  
As of 1991**

Name of Universities	Year Founded	Number of Full time Students	Number of Teaching Staff
1. Univ. Malaya (UM) (Univ. of Malaya)	1961	11,893	1,372
2. Univ. Sains Malaysia (USM) (Univ. of Science, Malaysia)	1969	17,257	609
3. Univ. Kebangsaan Malaysia (UKM) (National Univ. of Malaysia)	1970	10,255	1,100
4. Univ. Pertanian Malaysia (UPM) (Univ. of Agriculture, Malaysia)	1971	8,920	879
5. Univ. Teknologi Malaysia (UTM) (Technological Univ. of Malaysia)	1972	8,142	1,276
6. Univ. Utara Malaysia (UUM) (Northern Univ. of Malaysia)	1984	3,500	173
7. *Univ. Islam Antarabangsa (UIA) (International Islamic Univ)	1983	2,642	307
8. Institute Teknologi MARA (ITM)	1967	30,114	2,500
<b>Total</b>		<b>82,723</b>	<b>8,216</b>

\*UIA is a private university sponsored by Malaysian government and various other Islamic countries.

As education has a high priority among the goals of Malaysian society, getting a tertiary education has always been very competitive. This scenerio has led to the establishment of several privately run institutions of higher learning which offer degree programs using the twinning concept.

## 2. University Cooperatives

It is a most welcoming sight to see that every university in Malaysia has its own university or college cooperative, a few has more than one. The privately owned universities and colleges recently established are in the process of creating their own cooperatives.

Most university cooperatives offer their membership to staff and students, but due to their temporary stay at the university the student membership is rather small, of less than 10 percent.

**Cooperatives Membership (Staff)  
1987-1990**

Cooperative	1987	1988	1989	1990
UM	1,357	1,357	1,301	1,314
USM	520	540	560	600
UKM	1,749	1,746	1,895	356
UPM	203	260	284	356
UIA	129	188	200	256
ITM	271	262	283	357
Total	4,229	4,353	4,523	4,948

**Cooperatives Turnover Income, Expenses,  
Profit/Loss and Dividend for 1990**

Coops	Turnover	Income	Expenditure	Profit	Dividend
UM	M\$9,548,844	1,531,868	1,329,400	202,468	10%
USM	2,714,450	446,306	304,659	141,646	20%
UKM	4,726,564	636,810	294,258	342,551	6%
UPM	7,346,711	490,556	346,959	143,606	15%
UIA	541,794	386,211	354,875	31,336	20%
ITM	4,500,678	511,368	480,773	95,002	15%
Total	M\$29,379,041	4,003,119	3,110,924	956,609	12.6%

US 1=M\$2.5

## 3. Performance of University Cooperatives

All university cooperatives have registered substantial profits, and this success can be related to several factors:-

### 3.1 Good Management

Board of directors is made up of lecturers and senior administrators with a high level education and commitment.

### 3.2 Strong Leadership

The post of chairman and secretary of the university cooperatives, have always been occupied by senior members of university staff, thus commanding respect by its members.

### 3.2 Full Time Employees

The day-to-day running of co-operatives is run by full-time qualified personnel.

### 3.4 Monopolist Market

In terms of text books and stationery with the university logo, university cooperatives are the main suppliers to both staff and students.

## 4. Impact of University cooperatives on Campus Life

Traditionally, the university cooperative is the main supplier for text books, university souvenir items and stationeries. A university bookshop is a place where the staff and students gather around during their free time either to browse through books and magazines or to collect souvenir items.

The cooperative's cafeteria is always a nostalgic site for most university students. It is as old as the university itself, while the cooperative's mini market is most popular among college residents to shop for their daily needs and tit-bits.

The cooperative's office serves as a bank where university employees who are cooperative members to get cash loan with a minimum interest charge of about 6 percent.

Members can also buy electrical goods, furniture and other items, at competitive prices on credit and repayment is made by deducting from their salary.

Some university cooperative bookshops offer a discount for academic books bought by the members and students.

As a good gesture university cooperatives always lend a hand either to sponsor or promote student involve in and off campus activities.



It can be summarised that the university cooperatives play a very important role for the social welfare of the university community.

## 5. Problems and Challenge of University Cooperatives

University cooperatives although one of the most successful cooperatives in the country are by no means free from problems and challenges.

Responding to our questionnaires several problems confronting them were highlighted:-

5.1 Although the university cooperatives play a very important role in uplifting the social welfare of university community (in the form of services and dividends), the university cooperatives are not recognized by the university authority as part and parcel of the university management team.

5.2 Membership of the university cooperatives only attracted the lower income group, while membership of lecturers and students was extremely small.

5.3 As the university keeps on expanding and growing, the location of university cooperative bookshops, and mini market becomes less and less-strategic.

5.4 The cooperative's businesses are strictly restricted to the university community. Long vacation periods (where there is practically no students) has some adverse effect on their business.

5.5 The cooperatives have to compete with privately-owned shops in the campus as well as departmental stores mushrooming around the campus.

5.6 In 1986, the government prohibited the university cooperatives from supplying books, stationery, and other office equipment to the university, because of the fear that there will be a conflict of interest.

This circular has an adverse effect on all the university cooperatives. A few cooperatives registered losses in the year 1986 and 1987.

5.7 Most members of cooperatives are inactive and non-participative.

5.8 It is difficult to get efficient and qualified full-time personnel to manage coop, there is a high turnover among the employees of the coop.

5.9 Lack of capital restricted the business activities.

## 6. Needs for Improvement

6.1 University coop, by its nature is an entity which

helps to improve the social welfare of university community and therefore, it is right and proper to propose that the university administrators and board of directors of the coop work hand-in-hand in planning strategies to provide better welfare facilities to the university community.

6.2 Wooing membership has always been a problem. Serious effort must be made to increase membership especially among academicians, senior administrators and students.

6.3 Most university coop are restricting their business boundaries within their own campus compound. Cooperatives need to venture businesses outside the campus to serve the public and community in the vicinity of the campus.

6.4 The high rate of turnover of coop staff can be reduced by providing a competitive salary scheme and fringe benefits.

## 7. Recommendations

Earlier at the outset it has been indicated some of the achievements of university coop, nevertheless there is lot of room for further improvement:-

7.1 University coop and National Cooperative Organization of Malaysia should *organise comprehensive seminars for the university community to educate them on the philosophy, and the objectives of cooperatives*. The knowledge would hopefully induce better participation and involvement of university community in the cooperative movement.

7.2 The Training Department of National Cooperative Organization of Malaysia, the cooperative college of Malaysia should design a comprehensive education and training programme for the advancement of knowledge and skills of the cooperative's personnel.

7.3 The high level executive of the cooperative management should undergo special courses or attachment to some successful cooperative for practical training.

7.4 The Association of the Malaysian Universities which was recently launched, should play a role to serve as the ware-house buying goods at large quantities and distributing them at competitive prices to university coop.

7.5 Inter-universities trades and businesses should be introduced, to expand business opportunities.

7.6 Dialogue and meetings with top government officers responsible in making policies need to be more frequent so as to create better rapport and understanding.



A busy hour at a Cooperative store in Malaysia

7.7 The university cooperatives should share their knowledge and experiences with their less successful counterparts. Each university coop should create an education fund to fulfil this obligation.

7.8 University coop should provide some funds to help provide scholarships to students. This gesture is definitely most welcomed by the university community.

### Conclusion

It should be realised that fundamentally cooperative principles are contradictory to the principles of private enterprise. The major concern of university coop should therefore not only focus on the profit to its members and its community only, but should extend their hands to help other less fortunate cooperatives through education and training and guidance.

## The ICA Consumer Co-operative Development Project

Pradit Machima

### 1. Introduction

The Consumer Co-operative Development Project (CCDP) is one of the main activities of the ICA Regional Office for Asia and the Pacific. The project covers eleven Asian countries, namely India, Bangladesh, Sri Lanka, Thailand, Malaysia, the Philippines, Singapore, Indonesia, Japan, South Korea and Fiji. These countries are full members of the ICA Committee on Consumer Co-operation for Asia and the Pacific. All member countries have directly benefited by joining the ICA.

The project activities are planned, organized and administered by the secretariat at the New Delhi office under the guidance of the Committee Chairman and the ICA Regional Director with the approval of the Committee. In the past, all project activities were financed and supported by the Swedish Co-operative Center (SCC). But recently it has been entirely financed and supported by the Japanese Consumers' Co-operative Union (JCCU).

### 2. Consumer co-ops under Project Activities

There are three types of consumer co-ops under the project operations. The first and the most impor-

tant category is that of citizen co-ops. This can be applied to both purely consumer co-ops, such as co-op stores, supermarkets and department stores in Japan, Singapore, Thailand, Philippines, Bangladesh, India and Fiji, and multipurpose co-ops, such as the multipurpose co-op society (MPCS) of Sri Lanka, Koperasi Unit Desa (KUD) of Indonesia and NACF distribution centers of South Korea.

The second category is that of university co-ops. These can be either solely organized by students, faculty members, staff, employees or by all of them together.

The third one is women's co-ops, especially in the case of Bangladesh and India.

### 3. ICA Consumer Co-operative Development Project

In order to cope with the situations and the need for changes and development of the consumer co-op movements within the region, the ICA Regional Office in collaboration with the JCCU and the National Federation of University Co-operative Associations (NFUCA) of Japan is operating a modest project called "the Consumer Co-operative Develop-

ment Project” which is trying to create a climate in the region in favour of consumer co-ops. The project has developed the strategies and methods for consumer co-op development as follows:

1. Initiate income generating schemes for co-op members, women and youth;
2. Train consumer co-op personnel at all levels;
3. Transfer technical know-how and provide consultancy services to the weaker movements;
4. Develop self-help and self-development projects;
5. Organize national and regional seminars or workshops.

During the last few years, the project had implemented a number of project activities as given below, which were very effective and encouraging:

1. Train managers and leaders of ICA Consumer Committee members in Japan and Singapore;
2. Hold seminars and workshops on consumer co-op development in Bangladesh, India, Indonesia, Philippines, Thailand and Sri Lanka;
3. Hold national seminars on consumer co-ops in India, Indonesia, Thailand and Vietnam;
4. Conduct orientation seminars on university co-ops in Thailand, Philippines, India and Indonesia;
5. Promote the exchange of women’s delegations

from Bangladesh, India, Indonesia, Sri Lanka and Thailand with Japan;

6. Provide consultancy services to primary consumer co-ops in Bangladesh, India, Thailand and Sri Lanka;
7. Conduct missions to Laos, Vietnam and Mongolia;
8. Study consumer co-op movements in Malaysia, Bangladesh and India;
9. Set up model shops in Bangladesh, India and Sri Lanka;
10. Motivate self-help and self-development activities of consumer co-ops within the whole region;
11. Assist income generating activities within women’s co-ops in Bangladesh; and
12. Publish Asia-Pacific Consumer Co-op News.

The role of the JCCU and its affiliates in Japan in the context of developing consumer co-ops in the region is of great relevance and significance. The ICA Committee on Consumer Co-operation for Asia and the Pacific, under the chairmanship of Mr. M. Ohya (of Japan) provides guidance and encouragement to the consumer-related activities of the ICA in this part of the world. So far, the outcome has been very effective and encouraging. ■

## ICA ROAP Consumer Cooperative Development Project 1993-94

The following activities are proposed to be undertaken during the next year i.e. 1993-94. The same were approved by the members of the ICA Committee on Consumer Cooperation for Asia and the Pacific, in its 21st meeting held in Tokyo on 22nd October '92.

Act. Code	Activity details
2311	Collect basic data on cons. & university coop. operations in member countries.
2321	Special consumer coop. development project in non-member countries.
2331	Set up pilot projects of income generating activities of women’s coops in Bangladesh.
2341	Training of managers of consumer coops from Singapore on supermarket operations in Japan.
2342	Set up pilot projects on consumer coops in India and Sri Lanka.
2343	Training of selected managers of consumer coops in Singapore for Korea and Indonesia.
2344	Training of consumer coop managers in India and Sri Lanka.
2345	Training of Store Managers from Thailand and Korea in Japan.
2351	Consultancy services to primary consumer coops in Thailand by Fairprice.
2352	Follow-up workshop on university consumer coops in Thailand.

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| <p>2353 Exchange programme for women consumer coop leaders from Philippines to Japan.</p> <p>2354 Exchange programme on teaching-cum-management of university coops among member organizations.</p> <p>2355 Sub-regional seminar on consumer coop. development in India for Bangladesh, India and Sri Lanka.</p> <p>2356 Technical assistance to Fijian Consumer Coop. Movement.</p> | <p>2361 Two meetings of the ICA Committee on Consumers Cooperation for Asia and the Pacific.</p> <p>2362 Regional Council Meeting.</p> <p>2371 Publish three issues of Asia-Pacific Consumer Coop. News.</p> <p>2372 Set up a data bank and information system at ROAP.</p> |
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## CONSUMER NEWS FROM ASIA & THE PACIFIC

### FIJI

*Next meeting of the ICA Committee on Consumer Cooperation for Asia and the Pacific.*

The 22nd meeting of the ICA Committee on Consumer Cooperation for Asia and the Pacific will be held in Fiji between 13-15 May 1993. In addition to the members of the committee, observers from Tonga, Vanuatu, Solomon Island, Marshal Island and Kiribati, are also expected to be invited, as agreed between Mr. M. Ohya, Chairman of the Committee and Mr. K.B. Matalau, Chairman, Fiji Cooperative Union Ltd. (the host).

### INDIA

*India becomes a sub-regional centre for consumer cooperative development in South Asia*

At the planning meeting held at Keio Plaza Hotel, Tokyo, on 31 October, 1992, Mr. Masao Ohya, Chairman of ICA Committee on Consumer Cooperation for Asia and the Pacific had suggested that consumer cooperatives should be developed with the ideas of self-reliance, self-respect and self-development. He further stated that they (movements) should rely on members. Members should participate in doing business with cooperatives and in decision making (meeting & election) etc. And at the same time, strong movements should assist the weaker movements. Therefore, he proposed that India should become a sub-regional centre for consumer cooperative development in South Asia (India, Bangladesh,

Sri Lanka & Pakistan) which was accepted.

*Self-development attitude of consumer cooperatives in India gains momentum*

A concept of self-help and self-development of consumer cooperatives in India introduced by ICA at the first self-financed workshop on consumer cooperative management held at Bombay last year has been very successful and gaining popular support from government and leaders of cooperative movements in Western part of India, especially in Maharashtra, Karnataka, Goa and Madhya Pradesh. After the first workshop in Bombay in August, 1991, ICA with the cooperation of National Consumers Cooperative Federation of India (NCCF) had organized similar workshop in Mangalore (Karnataka), Aurangabad (Maharashtra) and Panji (Goa). Earlier next year, two self-financed workshop on development of consumer cooperative management will be held in India. One in Bhopal, Madhya Pradesh in January, 1993 and the other in Alibag, Maharashtra in March, 1993. ICA and NCCF will try to spread this kind of ideas and experience to other states such as Gujarat, Andhra Pradesh and Orissa in 1993. Then, we will expand it to other areas in the future.

*"Need to Review Government Role in Cooperative Development"*

Shri Mullappally Ramachandran, Union Minister of State for Cooperation pointed out recently that State-partnership in "cooperatives which was meant to strengthen them has paved the way for increasing State control over the cooperative bodies to the detriment of their autonomous functioning". He,

therefore, emphasised the need to “review the role of Government in cooperative development” to ensure that government in its enthusiasm to develop cooperative organisations does not overdo its part and destroy the autonomy of the cooperatives”. He said this while inaugurating the All India Cooperative Week celebrations organised by the National Cooperative Union of India in New Delhi on 14th November, 1992. The Minister further said that this issue should be considered in all its ramifications and the state governments should be persuaded not to impose government functionaries on cooperatives and destroy their basic autonomous nature just for furtherance of narrow political interest.

Shri Ramachandran, however, cautioned the co-operators that to be really a model of democratic and self-regulating independent bodies, the cooperatives have to be self-reliant and viable units. In the modern changing world no institutions can survive and justify their existence for long if these are not competitive and efficient. In the context of the opening up of our economy the cooperatives have to gear themselves up to face stiff competition. It is here that the need to develop human resource in the cooperatives assumes high significance along with professionalisation of management. The coop. movement should try to re-orient its training programme with a view to meeting the requirements of personal at various levels.

The Minister called upon the cooperatives to involve more and more persons from weaker sections, youth and women in the cooperative fold. He said that the cooperatives have done little to utilise the tremendous power of youth which constitutes 40 per cent of the total population. “We must acknowledge

the fact that this 40 per cent youth population are dominant social, political and cultural group who contain in themselves tremendous capabilities to bring in economic transformation”, he said. He advised the cooperatives to take full advantage of various schemes launched under IRDP programme and ther related programmes by the NABARD. He was of the opinion that the cooperatives have not capitalised the facilities provided under the non-farm financing scheme of the NABARD. He also lamented that participation of women in cooperatives was also limited to dairy sector and urban cooperative banking, and that too only in a few states like Gujarat and Maharashtra. He mentioned some of the legislative provisions for reservation of seats for women. He, however, emphasised that “legislation have their own limitations in bringing socio-cultural changes.” What is needed is extension and informal education.

Concluding, the Minister emphasised that whereas cooperatives have achieved a lot on social and economic front, they must remove some of their weaknesses like increasing dormancy, general apathy of the members in the management of the society, non-viable primary level cooperatives, mounting overdues of credit societies and over dependence of the cooperative institutions on government aid.

Minister of state for Civil supplies Shri Kamaluddin Ahmed speaking on the occasion said that more than 75 per cent of the public distribution system (PDS) outlets are now located in rural areas.

Shri Ahmed said this major shift in the “urban bias” of the PDS network was the result of a conscious effort on the part of the government and was meant to ensure uninterrupted supplies of essential commodities at controlled prices to the far-flung areas of the country and the poorer section of the people in particular.

Giving details, he said in urban areas, a fair price shop (FPS) on an average catered to 2,300 people while in rural areas only 2,000 people were dependent on one such outlet.

He said the state governments had been advised to further increase the access of rural consumers to the PDS net work by ensuring that at least one FPS was opened in every village having a population of 1,000 people.

The Minister also called upon the consumer co-operatives to involve themselves extensively in the



ICA Consumer Advisor with coop. leaders of a successful coop. store at Indore (India). The trophy received by the store is also visible.

distribution of essential commodities in rural areas through the PDS network.

Highlighting the role of cooperatives in safeguarding the interest of the weaker sections, he said they could provide an effective institutional set up to bring the weaker sections of the society in the mainstream of economic development.

He said the government had taken concrete steps for revitalisation of cooperatives by bringing out a comprehensive national cooperative policy, the adoption of which would have a long-term perspective for the growth of cooperative movement in the country.

Shri B.S. Vishwanathan, President, National Cooperative Union of India welcomed the perceptible changes in the environment and climate in which cooperatives work. "With the implementation of liberated economic policies a lot of opportunities have been thrown open to the cooperatives. They have to compete with other sectors and therefore they can prove their worth by exercising efficiency and commitment in true sense of the term," he said.

He appreciated the formulation of National Cooperative Policy on Cooperatives and Model Cooperative Law which are the testimony of the resolve of the Government to enable cooperatives to function freely and professionally without any external control and strings, "However, much will depend on the attitude of the state governments for implementing the policy directions given by the Government of India."

He, however, showed his unhappiness over slow pace of democratisation of cooperatives in many of the states. "While the Government at the central level has been emphasising more liberalisation and freedom of action, State Governments for some extra-cooperative considerations still want to maintain control over the cooperatives", he said.

He recalled that nearly one and half years back the National Cooperative Union of India had submitted a proposal to establish National Cooperative organisational structure. However, inspite of repeated persuasion at the level of Finance Ministry, clearance has not yet been granted. On the other hand the government of India want to set up a National Rural Bank of India to anyhow keep the sinking Regional Rural Banks alive without caring for pressure on state exchequer for resources to set up this National Rural Bank of India. "I have, therefore, requested Hon'ble

Minister of Finance not to set up National Rural Bank of India but to allow cooperative sector to have its own National Cooperative Bank of India for which we do not want any assistance from the government", he emphasised.

Shri Vishwanathan also criticised the populist policies of the Government like the Agricultural Rural Debt Relief Scheme. "Still more than Rs. 1200 crores of cooperative banking sector are locked up with the Government and they have not been released to the cooperatives". He also pleaded that cooperatives should be given special preference in the field of agro-processing as they are directly concerned with the agricultural producers. "Steps should be taken to ensure that the benefit of technological up gradation and export trade go directly to the producers and not into the pockets of middlemen," he concluded.

Earlier Shri V.P. Singh, Member Governing Council, NCUI and President Delhi State Cooperative Union said that though the cooperative movement has done a lot to improve the socio-economic condition of the people and has a working capital of Rs. 70,000 crores, the government still does not recognise it as a "sector". He also lamented the bureaucratisation of the movement and pleaded that democracy should be restored to cooperatives as early as possible.

## JAPAN

*Japan's Consumer Co-op Movement--Now Available on Video!*

To mark the hosting of the ICA Congress in Tokyo, the Japanese Consumers' Co-operative Union has prepared an English-language videotape on the consumer co-op movement in Japan. Entitled "Our Hopes and Goals," the 20-minute video takes the viewer to co-ops in all regions of Japan, showing their present state and setting forth the challenges they must meet in the future. Those wishing to purchase the video are requested to fill out the order form below and send it by Fax or mail to the International Dept. of the JCCU; payment may be made by check or by bank transfer.

- \* Title: "Our Hopes and Goals - Japan's Consumer Co-ops. Today and Tomorrow"
- \* Language: English
- \* Video system: NSTC, PAL, SECAM

\* Price: Y10,000 (postage included)

\* Send order form to:

Japanese Consumers' Co-operative Union, International Dept.

Sendagaya 4-1-13, Shibuya-ku, Tokyo 151 Japan

Phone: 3-3497-9103 Fax: 3-3497-0722

Attn.: Ms. Miyazawa

### Order Form

Please send me the English-language videotape "Our Hopes and Goals"

Name: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Number of copies: \_\_\_\_\_

Video system:  NSTC  PAL  SECAM

I wish to pay by the following method:

Check  Bank transfer

Account name: Nihon Seikyoren  
Sanwa Bank, Harajuku Branch  
Account No. 197429

Date \_\_\_\_\_ Signature \_\_\_\_\_

## **MALAYSIA**

### *Regional Seminar on University Cooperatives for ASEAN*

The ICA ROAP with the cooperation of the National Cooperative Organizations of Malaysia (ANGKASA) and the National Federation of University Cooperative Associations (NFUCA) of Japan is going to organize a seminar on University Cooperatives for ASEAN at Kuala Lumpur, Malaysia between 10 and 12 February, 1993. The main objectives of the seminar are to (1) introduce the techniques and experience of organizing and managing university cooperatives in Japan to ASEAN countries; (2) promote student/university cooperative management in ASEAN; (3) Exchange knowledge and experience of cooperative education and research on university cooperative organization and administration in ASEAN; and (4) promote coordination and exchange programme on cooperative education, extension and

business management of cooperatives among the ASEAN. It is expected that this seminar will be very useful for cooperative development, youth development and development of university cooperatives of ASEAN in the future.

## **PHILIPPINES**

### *National Cooperative Youth Congress*

The National Confederation of Cooperatives (NATCCO) and the Cooperatives Education Centre, Inc. (CECI) hosted the first National Cooperative Youth Congress (NCYC) held on October 22-26, 1992 in Novaliches, Quezon City, Philippines.

More than 200 youngsters, aged 13-21 years, attended the NCYC. These young people are involved in activities of school and community.

The NCYC was the first time for the youth sector of the Philippine cooperative movement to meet at the national level. This sector, being future leaders, is given due importance as a key factor for the continued success of coops in the coming years. Already, many cooperatives are either directly involving young people in coop. activities or are undertaking projects specifically targeted to their needs.

The NCYC youngsters also came up with action plans to help them apply their learning and insights when they go back to their respective coops, schools and communities. In attendance also at the NCYC were four youths from the Manitoba Cooperative Council of Winnipeg, Canada.

## **SINGAPORE**

### *ICA/SNCF Training Programme on Super Market Operations in Singapore.*

SNCF arranged a training on "Super Market Operations" in Singapore for three participants - one each from Malaysia, Thailand and Singapore - between 1 & 10 November '92. The cost of the training was met by the ICA ROAP.

### *Training of Store Managers of Singapore Consumer Cooperatives in Japan.*

A training is being organized in Japan for the two Store Managers of Singapore in January, 1993. The

programme is being sponsored jointly by ICA ROAP and SNCF and local cost will be met by the JCCU.

## SRI LANKA

### *COOPFED--Sri Lanka*

The Consumer Cooperative Federation of Sri Lanka, COOPFED, is now in its third year of operation. Under the dynamic chairmanship of Mr. Mahiepala Herath, the young consumer organisation shows clear signs of taking off. COOPFED is presently stocking some 20 big commodities in their own warehouse. They have plans to start import of some items in the near future. They have employed three graduates with appropriate business experience for the posts of General Manager, Accountant and Sales Manager. The COOPFED leadership is presently carrying out an information campaign directed to the members to rally support for COOPFED. We are confident that COOPFED is now entering a dynamic phase of rapid growth.

## THAILAND

### *New Chairman of Cooperative League of Thailand*

Pol. Lt. Gen. Chalerm Rojanapradit has been elected as Chairman of the Cooperative League of Thailand (CLT) at its Annual General Meeting held on 22 November, 1992. He will serve his term in the office of CLT for 2 years till 1994.

Presently, Gen. Chalerm Rojanapradit is an Assistant Director-General of the Royal Thai Police Department. He is also the Chairman of the Royal Thai Police Department Thrift and Credit Cooperative Federation Ltd.



Busy hour at university coop. store, Chulalongkorn University, Thailand



New extension of Phra Nakoru Coop. store, Bangkok, Thailand

On behalf of the ICA Committee on Consumer Cooperation for Asia and the Pacific, we heartily welcome him and wish him all the success in his mission.

The ICA Committee on Consumer Cooperation for Asia and the Pacific is also grateful to Mr. Anan Chamnankit, the outgoing Chairman of the CLT for his contribution, support and cooperation in the activities of the Committee during his tenure as Chairman of the CLT.

## VIETNAM

### *Study visit to Singapore*

A delegation of six persons from Saigon Coop. Vietnam, visited Singapore on a study visit for five days during 10 & 14 November '92. Saigon Coop. met the travel cost of the delegation while the Singapore Movement borne the cost of the training programme. ICA helped to meet the local cost.

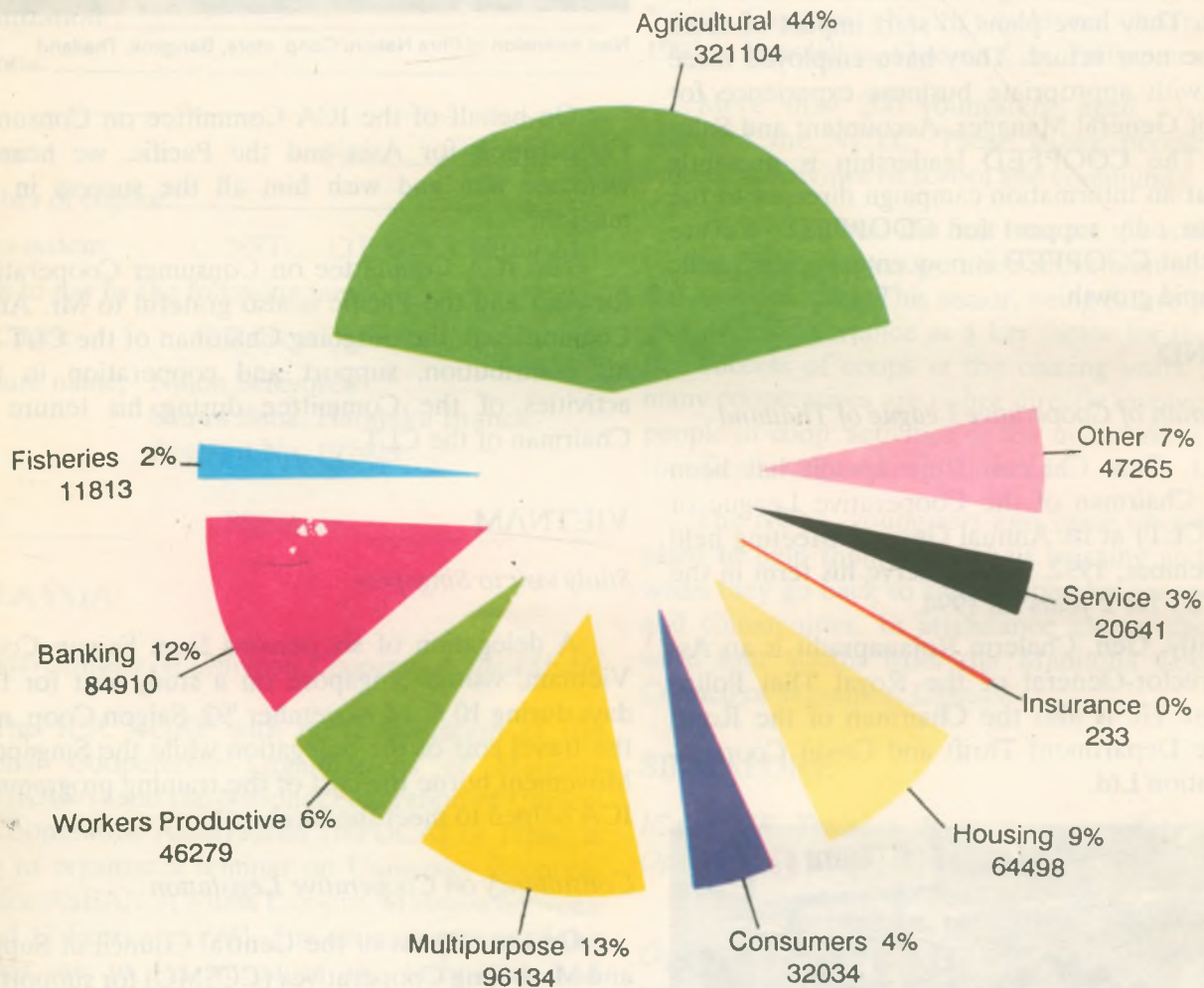
### *Consultancy on Cooperative Legislation*

On the request of the Central Council of Supply and Marketing Cooperatives (CCSMC) for support to assist Vietnam in drafting and completing the cooperative law, Mr. G.K. Sharma, Regional Director, ICA ROAP, who has a long experience, among other things, of cooperative legislation, was assigned this work to participate in the process of drafting the law. He visited Vietnam for the purpose between 28 November and 24 December 1992. The SCC sponsored the visit of Mr. G.K. Sharma.



# NUMBER OF PRIMARY COOPERATIVES BY SECTOR

Affiliated to ICA Member Organisations  
in Asia and the Pacific



## PRIMARY COOPERATIVES

Figures available upto 31.12.91



# ASIA - PACIFIC CONSUMER COOP NEWS

A Bulletin of the ICA Committee on Consumer Cooperation for Asia & the Pacific: Issued every 4 months

ISSUE 12

For Private Circulation only

March 1993



Regional Seminar on ASEAN University Cooperatives held at Agri. Univ. of Malaysia, February 1993

## Editorial

In this issue we bring you two interesting stories - Decline and Fall of the Berkeley Coop. and the Success story of the School Coop. in the Philippines. By reading these two stories you will find out why one failed and the other succeeded. So, we can learn from both their experiences. And at the same time we should try to educate and train people to understand cooperatives and to be able to manage cooperatives at a young age from school to college to university and then gradually upwards. This is why the ICA has tried its best to educate people from all walks of life and at all levels on coop matters.

## Contents

### ICA REGIONAL OFFICE ACTIVITIES

35th Regional Council Meeting to be held in Beijing	3
International Seminar on Gender Integration	3
ICA in the Americas	5
Profile of the Region	6
The Success Story of School Coop. in the Philippines	7
Decline and Fall of the Berkeley Co-op	8
Country Profile	12

### CONSUMER NEWS FROM ASIA & THE PACIFIC

Bangladesh	25
India	25
Japan	26
Malaysia	26
Philippines	27
Sri Lanka	28
Thailand	28

## ASIA - PACIFIC CONSUMER COOP NEWS

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#### To the Reader . . .

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives and related matters are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

---Editor

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# ICA REGIONAL OFFICE ACTIVITIES

## 35th Regional Council Meeting to be held in Beijing

ICA ROAP is going to organize two important meetings in Beijing, China on 19-21 April this year. One is on Regional Council Meeting and the other is on Regional Consultation.

The Regional Council Meeting will discuss about the new structure of ICA and Draft Rules of Regional Assembly, the future status of Regional Council, Report on IDACA activities and the Work Programme of ICA ROAP 1993-94.

The agenda of the Regional Consultation will cover:

1. Election of Chairman of Consultation.
2. New Structure and Regional Assembly Draft Rules.
3. Future Status of Regional Council in view of the restructuring of the ICA.
4. Consideration of nomination of Vice President from Asia-Pacific Region for ICA.
5. To consider Registration Fee to be charged from the members for attending Regional Assembly Meetings.
6. Basic Values
7. Economic Collaboration among Cooperatives - Chinese Efforts.

## International Seminar on Gender Integration in Co-operatives in Tokyo

Participants from Asia-Pacific countries met in Tokyo during 01-06 March, 1993, under the sponsorship of ICA ROAP/JCCU/SCC/ICA Women's Committee to deliberate gender integration in co-operative development and to find more effective methods and strategies which will enable women to have equal opportunities as man to participate actively at all levels in co-operatives.

The Conference concluded that "it is imperative that co-operatives at all levels formulate policies of gender integration for sound co-operative development, thus contributing to peace, social justice and a

sustainable Earth".

It is vital that co-operative in every country promote affirmative actions to achieve gender integration.

The Seminar has elaborated that main themes of action to be implemented by cooperatives are:

1. Set up an information system to collect and disseminate gender statistics and other related information.
2. Make women and men aware of practical and strategic needs.
3. Provide informal and formal vocational training which widens the choice of women and men.
4. Create the utilise networks among segregated and mixed co-operatives in primary, secondary, national and global levels.
5. Organise national and international co-operative markets for co-operatives' products and handi-crafts, especially among co-operatives.
6. Encourage entrepreneurship by providing access to other services through co-operatives.



Enjoying a party at Metropolitan Hotel, Tokyo, hosted by JCCU at the Gender Integration Seminar in Cooperatives held at Tokyo, March 1-6, 1993

7. Mobilise international support for technical and financial resources for achieving gender integration.
8. Each co-operative develops a co-operative Master Plan for gender integration within a certain time frame to reach a realistic and measurable

goal.

9. Introduce better-living programmes such as health awareness, child care, and nutrition, to help women become active participants in co-operative development.
10. Expose co-operative leaders to values such as concern for eradication of poverty, work for peace and sustainable environment.
11. Establish a regional human resource pool of volunteers and officials for providing experiences and training.
12. Set up committees committed to gender issues at all levels-vertical and horizontal.
13. Organise segregated women co-operatives in the instances of customs, traditions and religious constraints.
14. Undertake affirmative actions to ensure and support women's active and effective participation in the decision-making of their co-operatives.

### Women at the Top

According to a study published by the International Labour Organisation, women continue to be concentrated in low-paid jobs with very few reaching to the managerial posts. Women are comparatively very much less active in public life. In a world ruled by politicians in whose ranks there are only a few women, they do not get the chance to wield power. This becomes a cause of inequality of the sexes and an inferior status is given to women.

According to the ILO, the inequality of women is a clear case of human rights. Women make up half of the population and more than one-third of the work force. So their right to be recognised at all levels of activity.

The ILO identifies 2 obstacles to women reaching decision-making positions. One is the difference in levels of education, experience and income as compared to men. Another factor is the burden of family responsibilities and social attitudes.

The 2 obstacles are formidable. The middle class that dominates the political scene considers woman's role as a home-maker and does not groom her for "decision-making" positions. No doubt many women have the potential to reach the very top. But very few are able to discard the burden of family responsibili-

ties and social attitudes. Especially woman's family responsibilities are greater than man's and in the process of fulfilling those responsibilities, they are out-distanced by men. The few women who reached the top in politics like Margaret Thatcher, Indira Gandhi and Benazir Bhutto had men behind them who sacrificed for them or groomed them. Family responsibilities never bothered them. Family was an asset to them. But these instances are of a lucky few.

In fact, most of the women who have reached the pinnacles of their profession, be they politicians, administrators, scientists or writers, have opted to downplay their role as women and worked single-mindedly in pursuit of excellence in their field. Their life was no different from men, so it is wrong to claim their success as success of women.

### ICA/SCC Evaluation Seminar

The ICA/SCC Evaluation Seminar was held in Bangkok, Thailand from 28 September to 2 October 1992. The Seminar was a component of the Study of the SCC's International Co-operative Seminars, 1962-1983, being carried out by an SCC Consultant.

The SCC had conducted 24 International Seminars for 510 participants for co-operative leaders from the developing countries. 216 participants were from Asia.

The Bangkok Seminar dealt with the impact of the SCC Seminars, co-operative leadership training and development needs in the future and the possible role of the SCC therein. The Seminar was attended by 13 former participants drawn from various countries and various SCC Seminars.

The Bangkok Seminar was of the opinion that the SCC had conducted the Seminars very well and that many improvements were effected over the years. The Seminars satisfied the professional needs of the participants. Almost all the participants stated that the SCC Seminars played an important role in their personal and career development. 66 per cent of the participants had implemented the Action Plans drawn up by them during the Seminars. The SCC was requested to revive the International Seminars and to continue to play a leading role in leadership training and development in the region.

The Bangkok Seminar was jointly organised by the ICA ROAP and the SCC. It was conducted by

Messrs. Folke Albinson and J.M. Rana, SCC/ICA consultants respectively. The Co-operative League of Thailand played host and provided valuable support to the Seminar.

### Co-op move to end unfair VAT Levy

CWS Retail (England) have announced a VAT "price war" in a bid to end an estimated 30 million annual tax burden on women.

Its 500 plus stores are to reduce the price of Co-op Brand sanitary protection products (sanpro) next month, by paying the VAT (Value added tax) on their customers' behalf. The action is expected to cost the Co-op more than 59,000 in VAT.

The initiative is part of a campaign by the Co-op and a national magazine to persuade the Government to change the law relating to the payment of VAT on sanpro products.

Under the present laws, sanpro suffers the full 17.5 per cent VAT, earning the Government nearly 30 million each year. The Co-op wants to see an immediate reduction to 6 per cent, the level paid by women in The Netherlands, and in the long term, the abolition of VAT on sanpro.

"This is a totally unfair tax which over 15 million women have to pay each year," said CWS marketing manager, John Bowes. "We want the Government to recognise that this is exploitation and to incorporate measures for the ultimate removal of this tax in their

March budget statement."

### Protest

The campaign runs from the end of February to the end of March, and customers will be invited to register their support by signing pre-printed letters of protest to the Chancellor.

Leading women's writer and broadcaster Claire Rayner backing the campaign along with women's groups such as the Ladies' Circle, the Women's Environmental Network and the National Association of Women's Groups.

Maria Fyfe, Labour MP for Maryhill, Glasgow, will raise the issue in the House of Commons when she puts down an early day motion calling on the Government to consider the case for removing VAT on sanpro.

"Women have campaigned long and hard to persuade the Government that sanitary protection should not be VAT rated as it is an essential item. There is no logic or consistency in the Government stance and it makes the cost of these products unfairly high for women on low incomes," she said.

It is not the first time the Co-op has campaigned in this area. Last year it was the first retailer to include health warnings on its sanpro products, to alert women to the potential dangers of toxic shock syndrome. ■

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## ICA IN THE AMERICAS

### Regional Office for Central America, the Caribbean, Mexico, Colombia & Ecuador

This is the first regional office of the International Co-operative Alliance in Latin America, Its opening in January of 1990 follows the general Alliance policy to strengthen co-operative development in all latitudes, and, in that same sense, the explicit request on what all co-operative movements should bring about in the region.

In the framework of the Regional Conference on Co-operative Development, convened by ROCAC (Sep. '90), that same year, its Regional Council was formed. It also was adopted by the representatives appointed by the national cooperative movements,

the mission, programmes and implementation strategies to be followed through by ICA (ROCAC) in the region.

What also emerged was the important link that ICA has with other cooperative regional organizations: The Organization of the Co-operatives of America (OCA). The Latin American Confederation of Co-operatives and Worker Organizations (COLACOT), the Caribbean and Central American Co-operative Confederation (CCC-CA) and the Latin American Confederation of Savings and Loans (COLAC). Since the beginning of its operations in

the region ICA has experienced an accelerated consolidation process, that at the present time it stands among the most important non-governmental organisations coordinating and promoting cooperative development in the region. In just two years ROCAC has increased its programs and with these its field of action; it has been able to substantially increase the quantity and quality of resources and technical assistance that, day after day, channels towards a greater number of its members and through the support of the COLAC has established a financial network that takes advantage of the savings and loan capacity of the region.

In the same way it has effectively increased the link between the region and the rest of the world. All

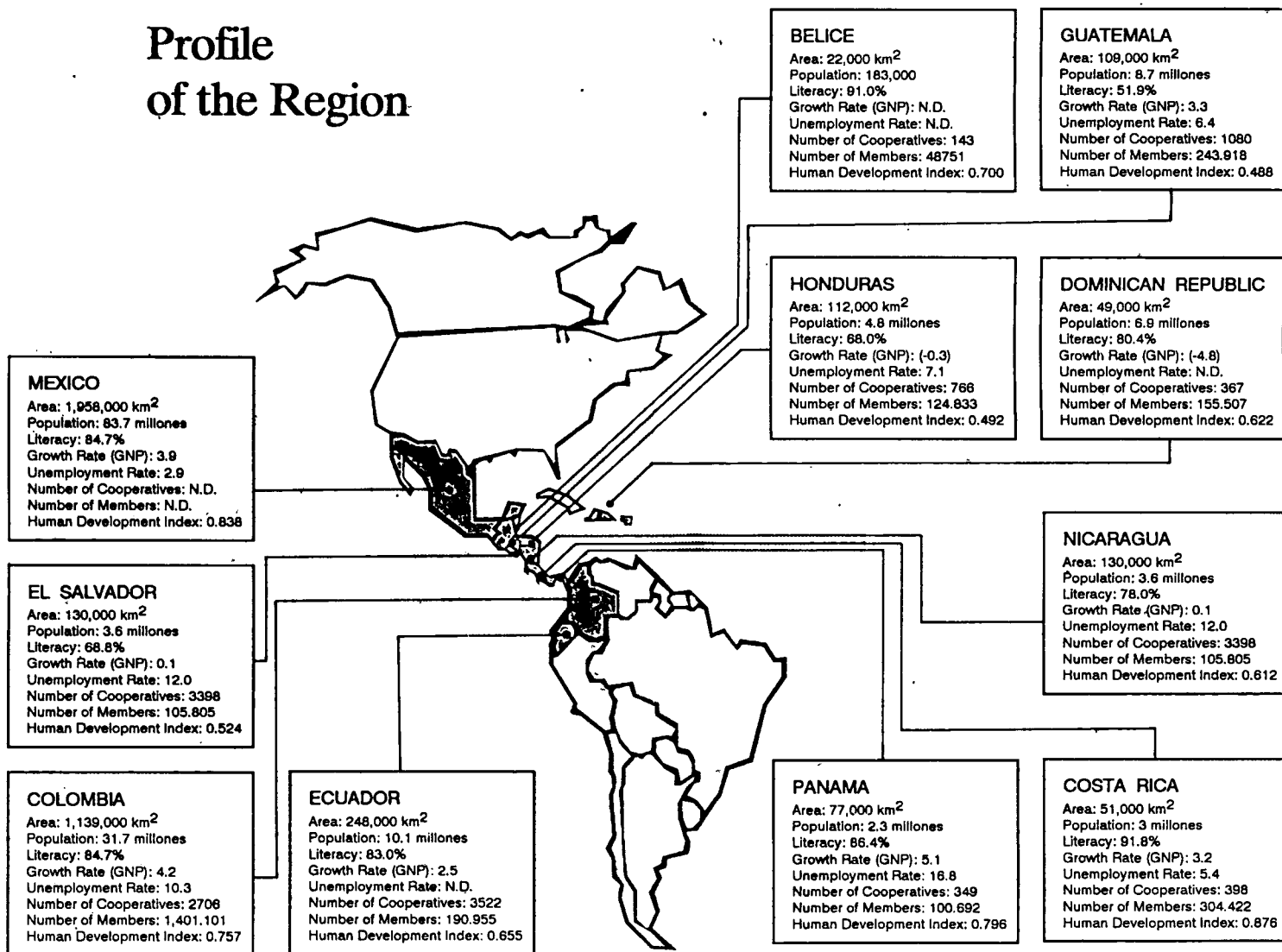
of this is without doubt done due to a steady and significant increase in its membership.

Through the temporary hiring of consultants and technicians ICA avoids operating under a bureaucratic structure that may hinder or limit its activity. In this way it is able to effectively follow through with its programs of Strategic Planning, Research Integration of Women in Development and Co-operatives and Human Rights.

Currently ICA concentrates its efforts in articulating a sectorial, national and regional co-operative response to the challenge imposed by the world's economic opening and the impact of the Structural Adjustment Programs that are being implemented in Latin America. □

**ROCAC has effectively increased the link between the region and the rest**

## Profile of the Region



# The Success Story of School Coop. in the Philippines

## “La Consolacion College-Students’ Cooperative for Savings”

### Brief History

Mother Leontina Castillo, O.S.A., the founders of the Laboratory Cooperative for Savings, while she was still the principal of La Consolacion College way back in 1960's, saw the plight of the poor students everytime there is an examination. She was given the opportunity to find solution to this problem when she was granted scholarship for cooperative studies by Coady International Institute in Nova Scotia, Canada in May, 1972.

The Augustinian Cooperative programme started through a series of cooperative education seminars in all 23 Augustinian Sister Schools, attended by all

sisters from the Mother General down to the school personnel. With the DECS approval, cooperatives became a part of the High School Curriculum in 1975.

The Laboratory Cooperative for Savings was born with the following objectives :

1. promote the habit of thriftiness on the part of the students.
2. provide a convenient place for students to save.
3. train the students to become responsible leaders.
4. develop the moral values of honesty, integrity of character.
5. become more socially consious, concern and sensitive to the needs of other people, thus building brotherhood among men.

Today La Consolacion College, the Laboratory Cooperative for Savings becomes a centre of savings of the LCCians!! a students' saving bank, a learning centre for student's business practices and a successful students coop of the Philippines.

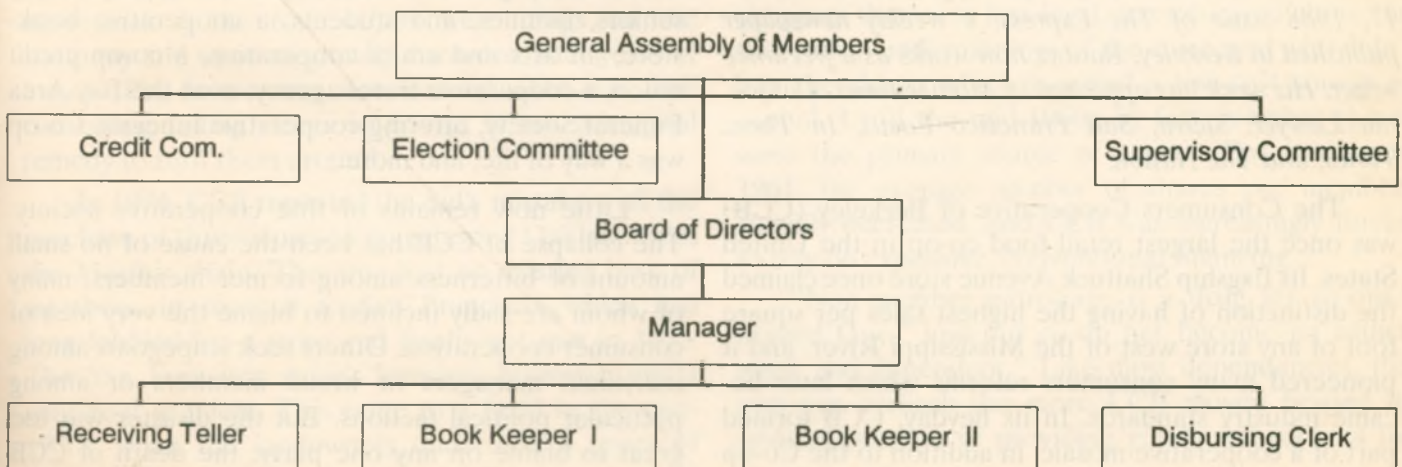
### Objectives :

1. to promote the habit of savings and thriftiness.
2. to train students wise use of resources.
3. to develop responsible leadership.
4. to imbibe the moral values of honesty and integrity of character.



Allyn Grace A Alcaraz, a young coop. leader (seated second from left) who won a scholarship to attend Coop. Youth Leadership in Canada, October 1992

### Organisational Structure





The LCC-Students' Cooperative for Savings has no working capital since it only deals on the savings of the members.

#### Operation (Standard Operating Procedure):

##### *For Membership :*

1. Members apply for membership
2. They pay their membership fee of P 5.00 and buy their own passbook for p 10.00.

##### *On Savings Procedure :*

1. The member writes down his/her name, account no. of passbook, and the amount he/she will save on the deposit slip, and gives it, together with the money and the pass book to the receiving teller.
2. The receiving teller writes down the deposit slip no. and the amount on the pass book, then sign it. The money is kept in the drawer.
3. The pass book is returned to the member while the deposit slip in being recorded in the individual ledger by the book keeper I.

#### COOPERATIVE YOUTH LEADERSHIP SEMINAR

Winnipeg, Canada.

Allyn Grace A Alcaraz, the Chairman of the Board of Directors and the chosen Model Cooperative Student Officer of the year, was sent as a delegate

to the Cooperative Youth Leadership Seminar in Winnipeg, Canada last September 29 - October 9, 1992. She went with three other delegates, who were from the different parts of the country. Before the trip, there was a search for the Model Cooperative Student Officer all throughout the country. Each cooperative of the Augustinian schools sent their respective delegates for interview. As a result, Allyn A. Alcaraz from the Students' Cooperative for Savings was chosen, then sent to be one of the delegates of the seminar.

The Seminar started on October 1-4 wherein 25 delegates from Canada were also present. The delegates had enough time to get to know each other and the share their own ideas and opinions on cooperatives. The seminar included topics touching on communication, leadership, decision-making in cooperatives. There were big group sharings and role plays. But the seminar was not all work. There were some interesting games prepared for the enjoyment and entertainment of the delegates.

Everyone had fun during the seminar. The delegates' commitment and dedication to their cooperatives had been deepened and strengthened. The Filipino delegates had still more time to have fun in Canada after the seminar. They stayed there for five more days. Then they went back to the Philippines on October 9, 1992. □

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## Decline and Fall of the Berkeley Co-op

By Paul Rauber

*Rauber was editor of the Co-op News from 1985 to 1988. A longer and more detailed article by Rauber entitled "Who Killed the Co-op?" appeared in the June 17, 1988 issue of The Express, a weekly newspaper published in Berkeley. Rauber now works as a freelance writer. His work has appeared in Mother Jones, California Lawyer, Sierra, San Francisco Focus, In These Times, and The Nation.*

The Consumers Cooperative of Berkeley (CCB) was once the largest retail food co-op in the United States. Its flagship Shattuck Avenue store once claimed the distinction of having the highest sales per square foot of any store west of the Mississippi River, and it pioneered many consumers reforms which later became industry standards. In its heyday, CCB formed part of a cooperative mosaic: in addition to the Co-op

grocery stores (which once held three-quarters of the market in Berkeley), there was a Co-op hardware store, Co-op gas stations, co-op housing projects for seniors, families, and students, a cooperative bookstore, an arts and crafts cooperative, a co-op credit union, a cooperative travel agency, even the Bay Area Funeral Society, offering cooperative funerals. Co-op was a way of life, and more.

Little now remains of that cooperative society. The collapse of CCB has been the cause of no small amount of bitterness among former members, many of whom are sadly inclined to blame the very idea of consumer cooperation. Others seek scapegoats among individual managers or broad members or among particular political factions. But the disaster was too great to blame on any one party: the death of CCB

was a cooperative affair. CCB was in some respects a victim of its own success. Founded in 1937, CCB experienced a spectacular boom in the years immediately following World War II. The baby boom was a boon for business: the membership of CCB was young, loyal, and fertile, buying lots of food for growing families. The stores prospered enough to provide new services for these young families, like in-store childcare, or "kiddie korrals," which were introduced in 1953. In subsequent years, many of the children of the original members moved out of town, and birth rates declined: the shopping carts once heaped high began to shrink to suit the area's declining household size.

None of this was anticipated in the boom years of the '50s and '60s. Instead, CCB had embarked on an aggressive expansion program--sometimes at the expense of member involvement. "How do we keep democratic control and participation while we continue to expand?" asked the Co-op News in 1955. The question turned out to be prescient: as CCB grew, individual members had less and less control, with momentous decisions increasingly made in executive session by the board.

The first such decision was in 1962, when the board voted in secret to purchase five stores from the failing Sid's chain: three in Berkeley, one in Walnut Creek, and one in Castro Valley. CCB membership swelled to 30,000 with the rapid expansion, which doubled the number of stores. Member participation, however, steadily decreased. With the purchase, CCB also took on many of the Sid's employees, who were totally unfamiliar with cooperativism. Some took an active interest in the organization, even becoming active members, but for most it was just a job like any other. Only one of the stores turned out to be a moneymaker; the four others were drags on the company and were eventually discarded after years of losses. The lesson was not learned until too late: converting failing stores to co-ops is not a magical remedy to turn them around.

In 1974, CCB repeated the Sid's mistake with the purchase of three stores in neighboring Oakland from the Mayfair chain. The area had no existing base of members, in contrast to San Francisco, which had long lobbied for a store and finally got one in 1975. The San Francisco store's location, however, was a continual problem. This came to a head in the mid-1980s, when the landowners undertook a series of

not-so-subtle actions aimed at forcing CCB out. CCB finally abandoned San Francisco in 1986; the site is currently occupied by CCB's traditional nemesis, Safeway.

CCB was seldom able to expand in a logical manner, instead relying on a mixture of messianism and opportunism. The board often made decisions on the basis of a good real estate opportunity rather than from a reasoned plan. In addition, CCB's traditional competition with big supermarket chains like Safeway or Lucky led it into an ironic emulation: from a few small stores, CCB grew into a mid-sized chain. This had its advantages, as the economics of the grocery business favor growth. Opening new stores allows the senior, more highly paid workers to be spread about, the brings more entry level clerks into the system. Chains should also--theoretically, at least--benefit from economies of scale in administration, although CCB's central office administration was habitually larger than what the stores could support. Furthermore, CCB was supplied until the mid-1980s by an allied cooperative warehouse, Associated Cooperatives, which also needed a growing movement in order to compete with the capitalist warehouses.

In practice, the cooperative ideal was not easily exportable, especially in a society with little experience in economic cooperation. "In Berkeley, this co-op is a community institution," wrote former CCB president Fred Guy in the Co-op News in 1986. "Elsewhere, it was a tentacle of a foreign organization. In Berkeley, many people join the Co-op because it's just something you do in Berkeley; elsewhere, recruitment was more difficult."

As CCB expanded outside Berkeley, member patronage continued to decline as a percent of total sales. That meant CCB was increasingly dependent on shoppers that were less loyal, less educated about the theoretical underpinnings of the store, and who didn't buy the shares which supplied a low-cost source of capital. Until the mid-1960s, in fact, member shares were the primary source of capital. But starting in 1961, the average number of shares per members steadily decreased, and CCB was increasingly forced to rely on expensive, conventional financing.

"Non-member patronage is a drug for co-ops," argued Guy, "and our co-op has become an addict, weak and dependent." Like most dependencies, this one was cyclical: the more CCB moved beyond its original purpose of providing goods and services for

its members, the more it depended on nonmembers, the more it resembled its competitors, the less incentive there was to become a member.

As Berkeley was shaken by the events of the 1960s, the politically active and socially aware CCB membership was in the thick of things. In 1966, the radical Students for a Democratic Society organized a "Housewives' Revolt" which won lower prices for hundreds of items. The stores closed when Martin Luther King, Jr. was assassinated in 1968, and again in 1969 to protest the Vietnam War. The free speech debate at the University of California was replicated at CCB; it resulted in the establishment of a marketplace of ideas just outside the doors of the grocery marketplace, although not without a struggle. In 1967, the Walnut Creek store refused to allow a table by a group trying to organize a peace vigil at a nearby nuclear weapons installation; a sit-in at the Berkeley stores soon reversed that opposition. In time, the Shattuck Avenue store acquired a reputation as the best place in the East Bay to collect voter signatures for ballot petitions.

As early as 1963, CCB members were engaged in a fierce debate about consumer boycotts. The question was whether to actually remove controversial products from the shelves, or simply to post informational notices alerting shoppers to the nature of the controversy. In 1968, grapes coming from non-union farms were removed from the shelves and did not return until the union lost its last contract in California in 1986. For years, many CCB members proudly boasted that their children had never tasted a grape.

In time, a rather ponderous but indisputably democratic method for dealing with controversial products was instituted, involving a lot of committees and warnings and leading finally to a vote of the membership on whether the item should be withdrawn. The only time this procedure was actually completely followed through was in 1985, when the membership voted to boycott nonunion Coors beer. When it came to Chilean and South African goods, a vote of the board was sufficient to keep them from sullyng the shelves. CCB policy on boycotts, free speech tables and even store purchases tended to fluctuate depending on which political faction happened to control the board of directors at the time. As early as 1964, two opposing slates of candidates were contesting CCB elections, the Moderates and the Progressives. These factions mirrored roughly the

factions of the Democratic Party that were contending for control of the City of Berkeley. While the Progressives fiercely opposed the Sid's purchase, they supported the Mayfair deal in the belief that the new stores would be beneficial to low-income neighborhoods.

Contention between the two slates kept management perpetually off balance. For e.g. in 1971 a Moderate board selected a new general manager, but by the time he started work, control of the board had changed and he was forced to resign. Given the close balance of the two parties, and the fact that the three alternate directors had the power to vote in the absence of regular directors, even temporary absences could result in substantial changes in policy. With one Moderate board member missing on December 28, 1971, for example, a temporary Progressive majority drafted a tough affirmative action policy and voted to boycott five products made by Dow Chemical. Both policies were reversed at the next board meeting.

It is hard to gauge the cost to the organization of the political squabbling. Whenever a controversial stand was taken, like boycotting Coors beer or Chilean grapes, a certain number of members would swear never to shop at CCB again. This would seem like suicide for a store dependent on the greatest possible volume--except that such stands also seemed to increase the solidarity of other shoppers. Once the door was opened to politics and social issues, it was very difficult to pick and choose which ones to deal with. The dangers of avoiding controversial stands proved to be as great as taking them.

(In later years, the two factions put aside their differences in the interest of survival. Even so, many members continued to associate the board with political infighting, long after it had ceased to exist.)

The CCB empire started unravelling in the late seventies, with mounting losses from the newer, peripheral stores. The response of the then Moderate-controlled board was to gut the Education Department, laying off all of the education assistants who explained CCB services in the stores, and six of nine home economists. The beloved kiddie korrals also disappeared at this time, to the everlasting sorrow of many parents. People started complaining that it was getting increasingly distinguish CCB from Safeway or Lucky.

Despite the increasing difficulties, however, sales at the big Berkeley stores were large enough to cover

the losses from weaker stores. This had the unfortunate effect, however, of postponing the closing of failing stores longer than was prudent. Closures were also delayed by piteous outcries from the loyal members of the affected areas. In some cases, community pressure organized by the stores' members succeeded in winning temporary stays of execution, which only led to further losses. Ironically, the committed, loyal members who should have been the organization's mainstay helped bleed it dry, and the board and management proved they could not compete with the big boys either in the management of stores or in the timely closure of losing operations.

The final disastrous real estate decision came in 1984, when a bare 5-4 majority of the board voted to invest in an upscale new store in fashionable Marin County, across the San Francisco Bay. The elegant "Savories" store barely acknowledged the fact that it was a cooperative: its sole purpose was to make large amounts of money in order to support the other stores. The strategy was a sickening failure: the store lost money from the start and by the time CCB withdrew had cost the organization more than \$2 million.

Meanwhile, another even more crushing disaster was brewing closer to home at Associated Cooperatives, the warehouse which supplied most Northern California cooperatives. As CCB divested itself of losing operations the number of customers for AC's CO-OP label goods steadily declined, throwing the wholesaler into financial turmoil. By 1985, AC had a debt of over a million dollars and a shrinking market. In the course of an audit it was discovered that AC's accountant had grossly underbilled customers for their groceries, an expense AC had to eat. Beset by its own difficulties, CCB fell more than a million dollars behind in payments to the warehouse.

The final conflict came when AC hired a new general manager from outside co-op circles. Free of the complex web of personal and institutional loyalties which had bound the two co-ops in the past, the new manager went for the jugular. On Christmas Eve, 1986, he started demanding cash on delivery from CCB.

This unexpected and decidedly uncooperative move quickly led to chaos. CO-OP label goods vanished from the shelves; and for several weeks in the middle of the crucial holiday season, the stores were half-empty. CCB quickly moved to get a new

wholesaler, but the damage could not be undone. Suddenly, after 50 years of hype about the superiority of CO-OP label goods, a new house label replaced the old familiar CO-OP label, and there was CCB's president in the Co-op News explaining how it wasn't really any different. Sales plummeted amid the confusion and never recovered.

The feud destroyed what little morale still remained. Negotiations between CCB and AC quickly degenerated into barely disguised hatred on both sides. One day workmen arrived at the building which housed both organizations, and actually built a wall to divide the two cooperatives. Under the threat of legal action from AC, which asserted ownership of the CO-OP label, the Co-op News removed the familiar logo from its front page. For longtime employees who had once dreamed of a viable, alternative cooperative economy, the whole affair was like a bad dream.

In September 1986, CCB hired new management with the clear understanding that drastic changes would have to be made. The change most talked about was doing something about the cost of labor. CCB had, as a result of all the store closures, an extremely senior labor force. Every store closing would result in the "bumping in" of employees with most seniority; the result was that the least senior journeyman clerk at CCB was a 12-year veteran. CCB's cost of labor as a percent of sales was a full five percent higher than its competition.

The new management attempted to institute an ESOP, or employee stock ownership plan, in which employees would use part of their wages to purchase shares in the company. The clerks' union insisted on an employee majority on the board, and a change in management. Reluctantly, the board agreed. The lenders, however, did not: CCB's new wholesaler called in a \$1 million loan, precipitating the final crisis. On May 10, 1988, the union pulled out of the agreement. The next week, CCB was put up for sale.

Even the sale was messy and contentious. There were two main proposals: management supported a \$9 million offer from a natural foods store chain, while many old-time members and employees favored a plan to retain the profitable Shattuck store as a joint worker/consumer co-op. At the unanimous urging of the board, the membership voted for the former.

More humiliation was to follow. The natural foods people couldn't come up with the money they had promised: despite the recommendation of the

board, their offer turned out to be incredibly flimsy. (Two years later, one of the two principals of the group was arrested on charges of grand theft and forgery). Finally, the board voted to sell the three remaining Berkeley stores to a real estate developer for \$7.8 million. As of April 1990, two have reopened as conventional supermarkets, and the third is eventually supposed to reopen as a natural foods store. Several court cases have prevented the final dispersal of CCB assets; after lawyers and creditors are paid, little if anything is expected to remain to redeem member shares.

What was it then that killed the Co-op? Too-rapid expansion into areas without a firm member base and increasing reliance on nonmembers; an attempt to emulate aspects of the major chains beyond the organization's ability to do so; political strife at the board level, which kept management of the stores in turmoil; changing demographics of the core area in Berkeley; inability to control labor costs

as a percent of sales; a spectacular failure of the Rochdale principle of cooperation between cooperatives; and plain bad luck.

The history of CCB vindicates the importance of democratic decision making: the most costly errors came as a result of major decisions made in secret, or those made by only a narrow majority. It also shows the importance of education: there is no school in America where managers can study how to run a cooperative. The result was that many CCB managers, and most of the employees, had only the vaguest notion of how working at a co-op was different from working at a Safeway. The opposite extreme was reached by the board, which in its zeal to adjudicate social issues sometimes seemed to forget its primary goal was to run a grocery store. Committed Berkeley members wanted CCB to be all things; indifferent, nonmembers only wanted a convenient supermarket. Although it existed for more than 50 years, CCB was never able to resolve this fundamental identity crisis.

## COUNTRY PROFILE

### Indian Cooperative Movement :

#### GENERAL INFORMATION

(Glimpses of Indian Economy)

#### Population\*

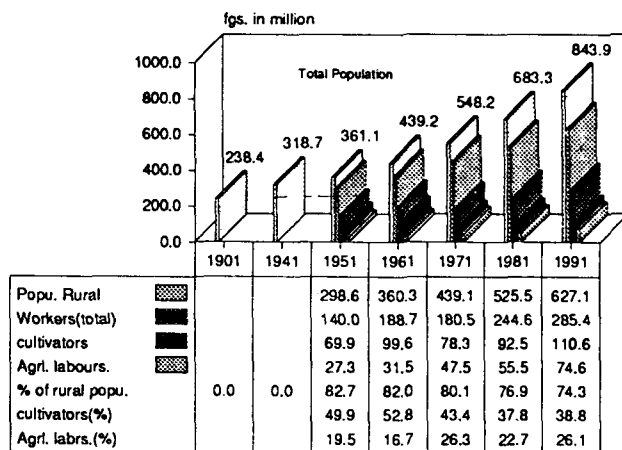
- Population of India : 843.93 million
- Male : 437.60 million
- Female : 406.33 million
- % of SC Population : 15.8%
- % of ST Population : 7.8%
- % of Rural Population : 89.2%
- % of Urban Population : 10.8%
- Total Area : 328.73 million hec.
- Cultivated Area : 185.0 million hec.
- Irrigated Area : 78.9 million hec.
  - (a) Major & medium irrigated area : 33.0 million hec.
  - (b) Minor irrigated area : 45.9 million hec.

#### Population by Age Group

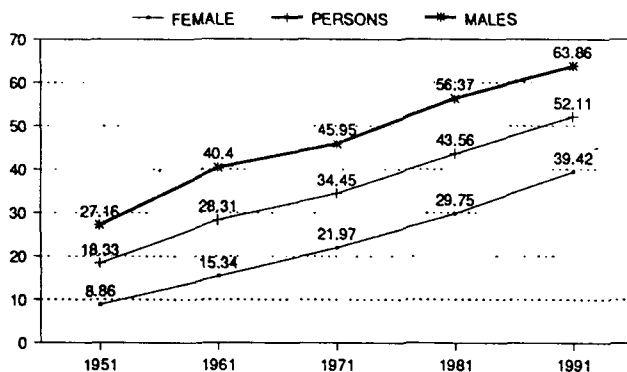
0 - 4	12.85%
5 - 14	23.15%
15 - 59	57.50%
60+	6.5%

\* Census 1991

#### POPULATION AND AGRICULTURAL WORKERS



#### LITERACY RATE



### Villages

- Total Villages : 5,57,149

### Distribution of Villages According to Population

- Less than 1000 : 4,06,724  
 - 1000 to 1999 : 4,464  
 - 2000 to 4,999 : 46,893  
 - 5,000 to 9999 : 7,202  
 - 10,000 above : 1834

### Literacy Rate

- Persons : 52.11%  
 - Male : 63.86%  
 - Female : 39.42%

### Gross Domestic Product at Factor cost

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

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

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

### Employment in Organised Sector

- Public Sector : 18.5 Million  
 - Private Sector : 7.48 Million  
 - Cooperative Sector  
   Credit Coops. : 0.36 Million  
   Non Credit Coops : 0.95 Million  
   Self-employed in Coops. : 11.5 Million

### Export (1990-91) (Value Rs. in Million)

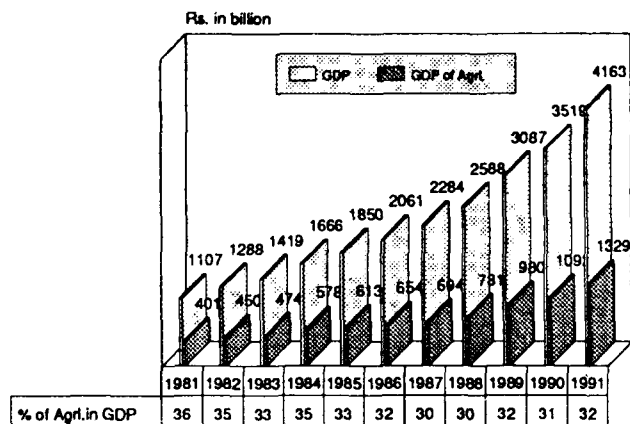
- Total Export : Rs. 325533.4  
 - Total Import : Rs. 431928.6

### Export of Textile

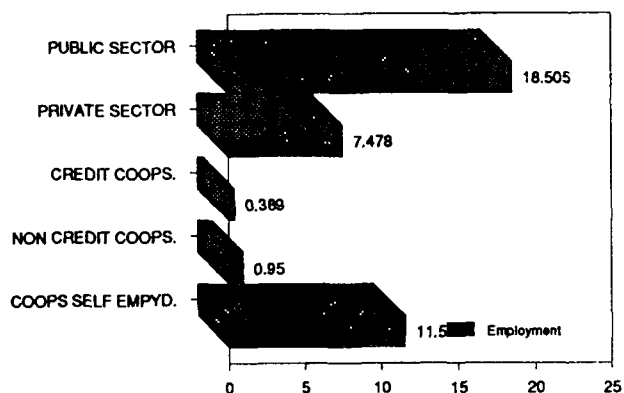
- Textile Export : Rs. 2460.7  
 - Ready Made Garments : Rs. 4639.6  
 - Woollen Textiles : Rs. 190.3  
 - Man-made Textiles : Rs. 631.6  
 - Silk Textiles : Rs. 440.3  
 - Coir : Rs. 47.2

\*1 Billion=100 Crores

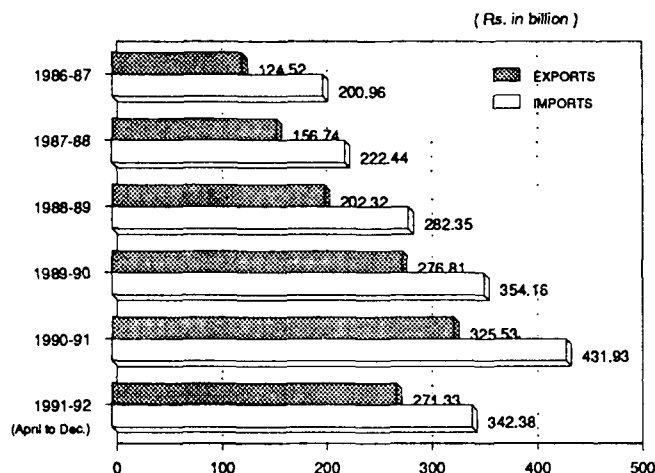
### Gross Domestic product at current price



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



### INDIA'S FOREIGN TRADE



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

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

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

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

**Export of Agricultural and Allied Products (Value Rs. in Million)**

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

**Export of other items**

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

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

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

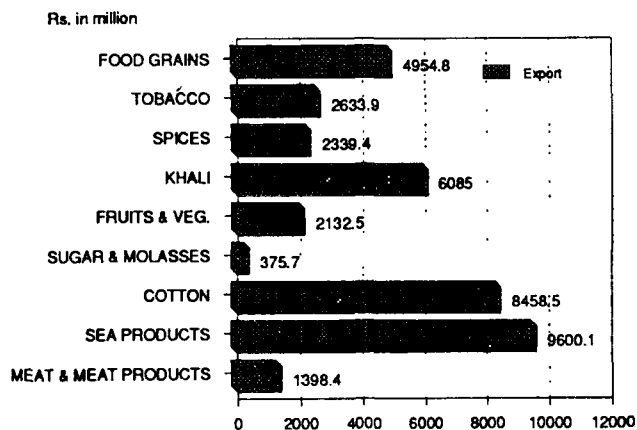
**Per Capita availability of important articles for consumption**

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

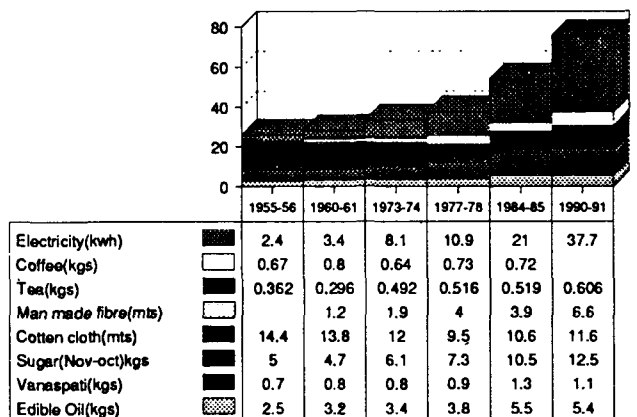
**Education Institutions**

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

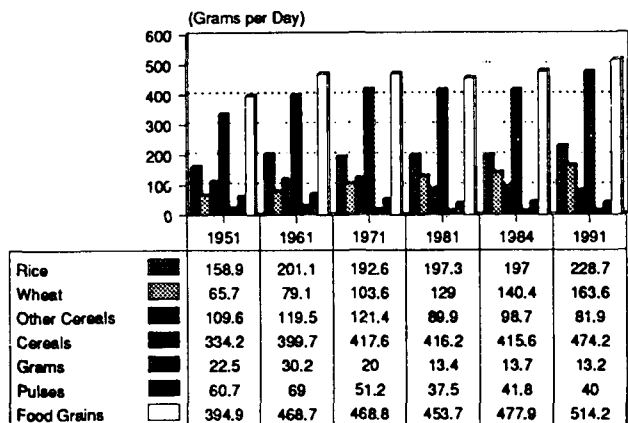
**EXPORTS OF AGRICULTURAL AND ALLIED PRODUCTS DURING THE YEAR 1990-91**



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



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



<b>Colleges</b>	
(a) General Education	: 4755
(b) Prof. Education	: 891
<b>Universities</b>	: 184
<b>Status of School infrastructure (Primary &amp; Upper Primary)</b>	
(a) Kachcha Building	: 84057
(b) Thatched huts	: 39061
(c) Tents	: 2860
(d) Open space	: 42274

**Post of Primary Teachers sanctioned**

<b>Primary School</b>	
(a) Male	: 1148952
(b) Female	: 452765
<b>Middle School</b>	
(a) Male	: 702958
(b) Female	: 344630
<b>SSC/Hr. Secondary</b>	
(a) Male	: 853537
(b) Female	: 410712

**Indian Cooperative Movement at a Glance (1990-91)**

**All Cooperatives** \* (Value Rs. in Million)

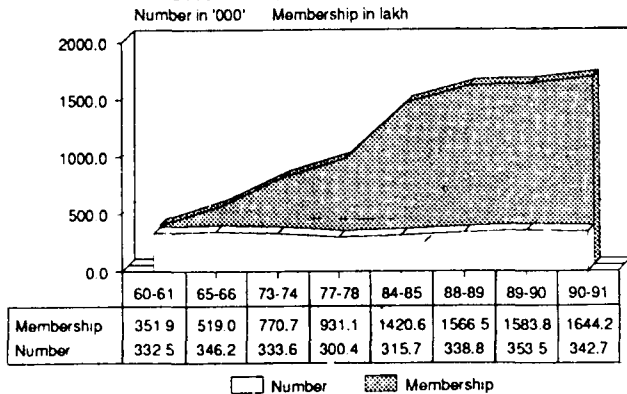
i) Number of Societies (Million)	: 0.342
ii) Membership (Million)	: 164
iii) Share Capital	: Rs. 53251.3
iv) Working Capital	: Rs. 716724.1
v) Households covered	: 65%
vi) Villages covered by Coops	: 100%
vii) No. of National Coop. Organisations/federations	: 20
viii) No. of State level Coop. Organisations/federations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

\*1 Million=10 lakh

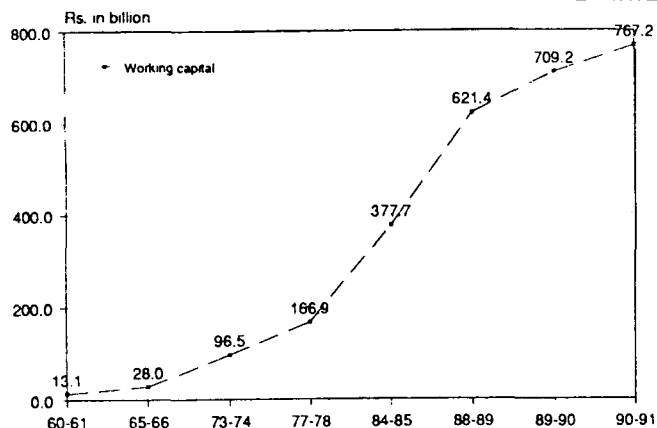
**Share of Cooperatives in National Economy**

- Agricultural Credit disbursed	: 43.3%
- Fertiliser distributed	: 34% (4.0 MT)
- Sugar Produced (1991-92)	: 62.4%
- Spindledge	: 11% (2.97 million)

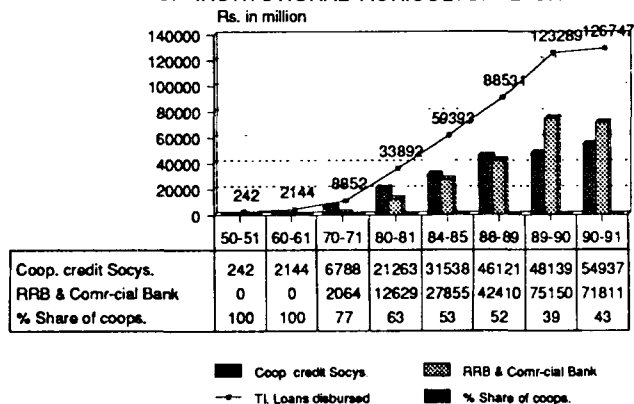
**GROWTH OF COOPERATIVE MOVEMENT**



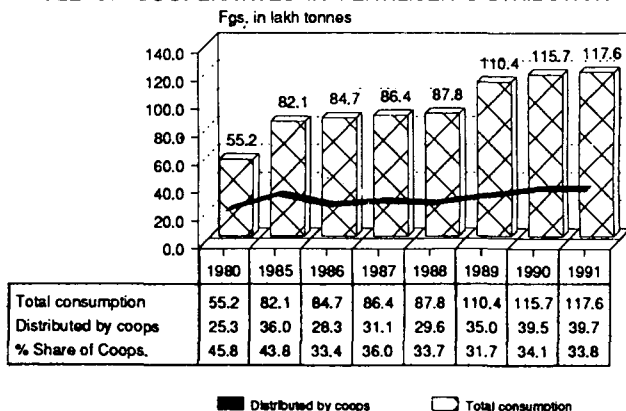
**OVER ALL GROWTH IN WORKING CAPITAL OF COOPERATIVES**



**FLOW OF INSTITUTIONAL AGRICULTURAL CREDIT**



**ROLE OF COOPERATIVES IN FERTILISER DISTRIBUTION**





- Yarn production : 16.4%  
(240 mil. kg.)
  - Cotton Ginning & Pressing units : 12% (431 units)
  - Cotton Yarn Exported (1991) : 11%  
(9.91 mil. kg.)
- (Value Rs. 614.1 Million)
- Handlooms in Coops. : 58%
  - Wheat procurement : 30%
  - Jute procurement : 21% (1662 bales)
  - Fishermen's in Coops. : 11%  
(0.8 Million Members)
  - Powerlooms in Coops. : 5%
  - Rural Fair Price Shops : 26%

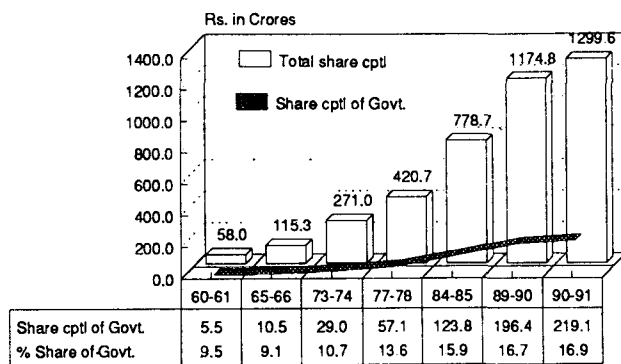
\*MT=Million Tonnes

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

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

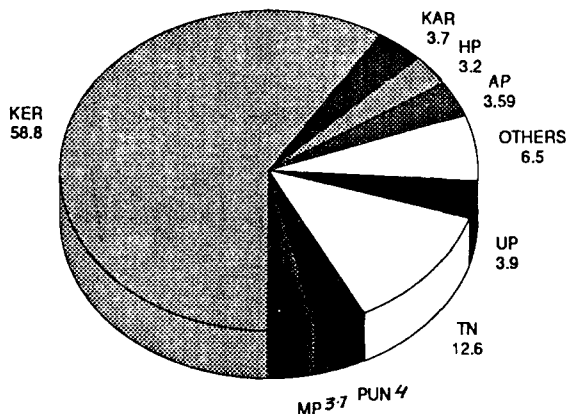
- Villages covered by PACS : 99.8%
  - Population covered per PACS : 6359
  - Total No. of PACS : 88,167
  - % of viable PACS : 51.8% (45658)
  - % of Potentially viable PACS : 23.4% (20647)
  - Total Membership (Million) : 84.77
  - Membership per PACS : 961
  - Total Share Capital : Rs. 12996.3
  - Share Capital per PACS (Rs. Actual) : Rs. 147.405
  - % of Govt. participation : 16.9%
  - Total Deposits : Rs. 13636.2
  - Deposit per PACS (Rs. Actual) : Rs. 1,54.663
  - Total Loans Advanced : Rs. 48340.7
  - ST Loans advanced : 40636.9
  - MT Loans advanced : Rs. 7702.8
  - % of ST loans advanced to :
    - (a) SC (Scheduled Castes) members : 7.2%
    - (b) ST (Scheduled Tribes) members : 3.2%
  - % of MT loans advanced to :
    - (a) SC (Scheduled Castes) members : 6.3%
    - (b) ST (Scheduled Tribes) members : 2.6%
  - Loans Advanced per PACS (Rs. Actual) : Rs. 5,48,285
  - % of Borrowers : 32.5% (27.5 Mil.)
  - Total Working Capital : Rs. 124653.1
  - Total Overdues : Rs. 32954.5
    - (a) Short-term (ST) : Rs. 24484.1 Mil.
    - (b) Medium-term (MT) : Rs. 8470.4 Mil.
- (Value Rs. in Million)
- % of overdues to demand : 45.5%
  - Agricultural produce marketed : Rs. 769.0
  - Agricultural requisites distributed : Rs. 12551.0
  - Consumer's goods distributed : Rs. 12225.0
  - PACS with own Godown : 54%
  - PACS with full time secretary : 78.7%

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

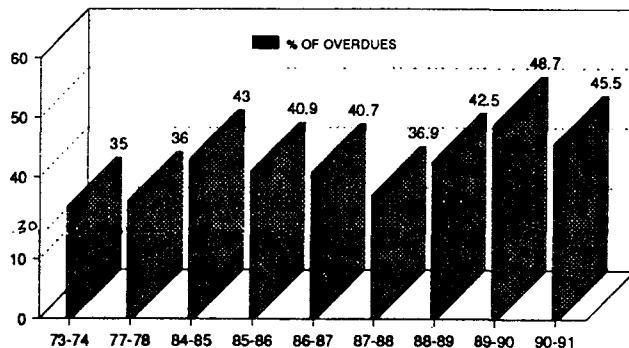


#### STATES SHARE IN DEPOSITS OF PACS DURING THE YEAR 1990-91

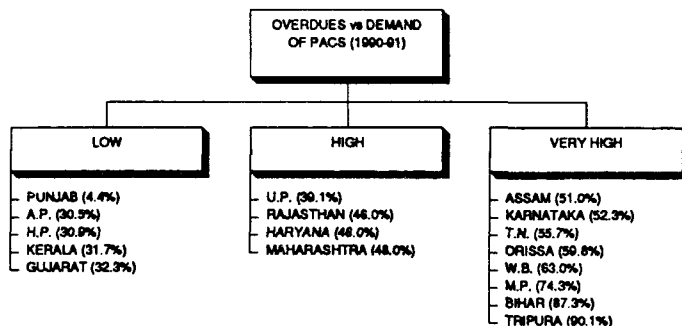
(TOTAL DEPOSITS OF PACS Rs. 1363.62 Crores)



#### OVERDUES TO DEMAND OF PACS



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



- PACS engaged in distribution of consumer goods : 57.4%
- PACS engage in inputs distribution : 60.7%
- PACS doing marketing business : 7.2%
- No. of PACS in profit : 33%
- No. of PACS in loss : 40%
- Employment in PACS : 2,17,347
- % of trained employees : 57.7%

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

(Value Rs. in Million)

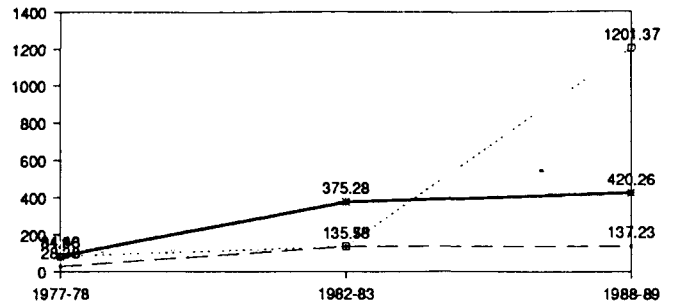
- Number : 2646
- No. of Viable LAMPS : 1201 (45.4%)
- Membership ('000) : 3931
- Paid up Capital : Rs. 743.5
- Govt. Share : Rs. 307.0
- Reserves : Rs. 259.0
- Deposits : Rs. 146.3
- Working Capital : Rs. 4535.5
- Borrowers (%) : 20.5%
- Loans Advanced :
  - (a) Total : Rs. 783.6
  - (b) Short-term (ST) : 608.0
  - (c) Medium-term (MT) : Rs. 175.6
- Loans Overdues : Rs. 1655.2
- % of Overdues to Demand : 66%
- Agrl. inputs distributed : Rs. 420.26
- Consumer goods distributed : Rs. 1201.4
- Societies in Profit (%) : 13.7%
- Societies in Loss (%) : 21.8%

### Farmers Service Societies (FSS)

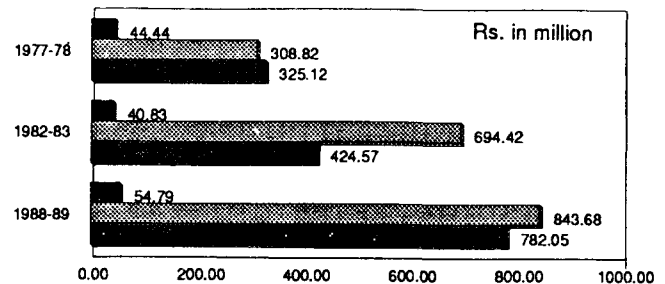
(Value Rs. in Million)

- Number : 2410
- No. of Viable FSS : 15%
- Membership (000) : 6774
- Paid up Capital : Rs. 974.9
- Govt. Share : Rs. 177.9
- Reserves : Rs. 218.6
- Deposits : Rs. 831.3
- Working Capital : Rs. 6138.7
- Borrowers (%) : 30%
- Loans Advanced :
  - (a) Total : Rs. 2526.8
  - (b) Short-term (ST) : Rs. 2150.6
  - (c) Medium-term (MT) : Rs. 376.2
- % of Overdues to Demand : 30.2%
- Agrl. produce marketed : Rs. 54.4
- Agrl. inputs distributed : Rs. 843.7
- Consumer goods distributed : Rs. 782.1
- Societies in Profit (%) : 7.5%

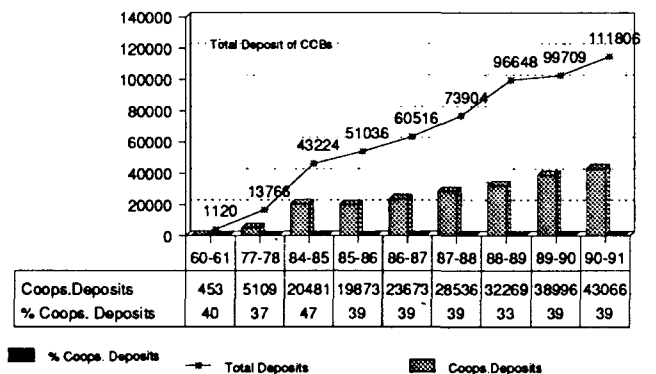
Produce marketed, inputs distributed and consumer goods distributed by LAMPS  
Value Rs. in million



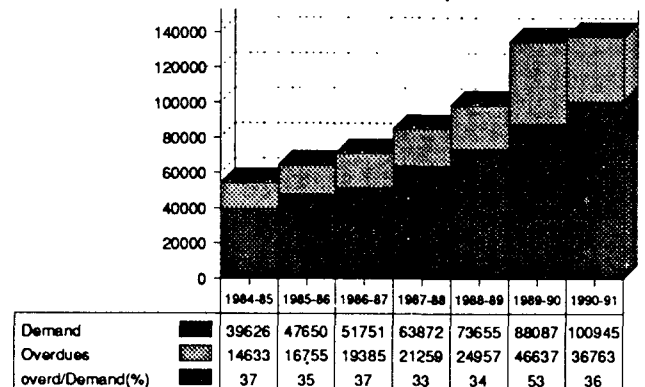
Agrl. Produce marketed, inputs and consumer goods distributed by FSS



DEPOSITS OF CENTRAL COOPERATIVE BANKS



Percentage of overdues to Demand of Central Coop. Banks

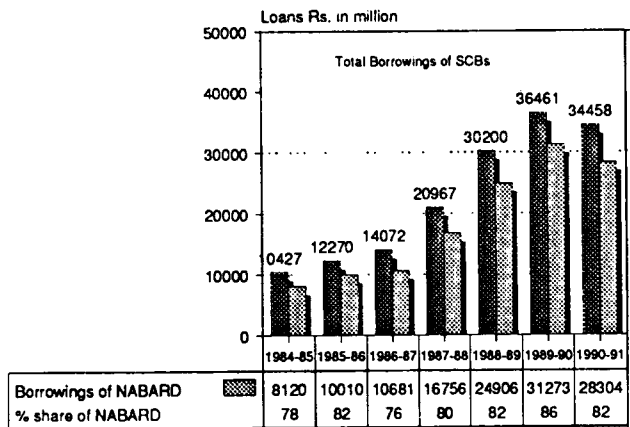


### Central Cooperative Banks (Production Credit)

(Value Rs. in Million)

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

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

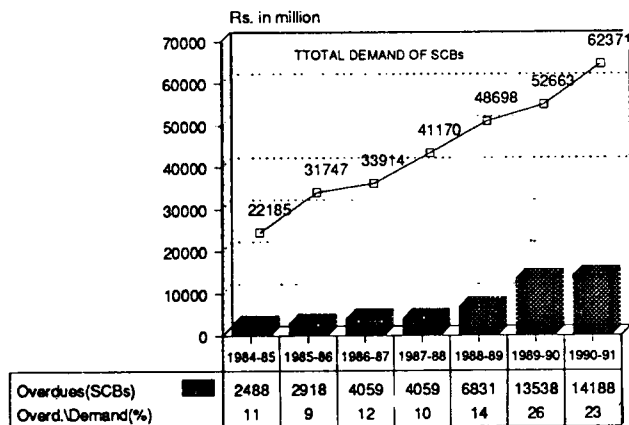


### State Cooperative Banks (Production Credit)

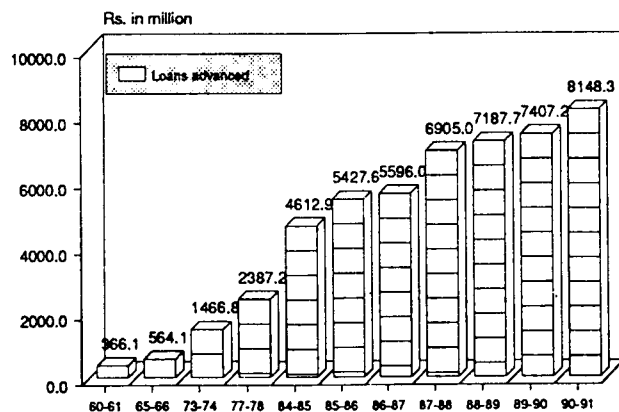
(Value Rs. in Million)

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

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



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



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

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

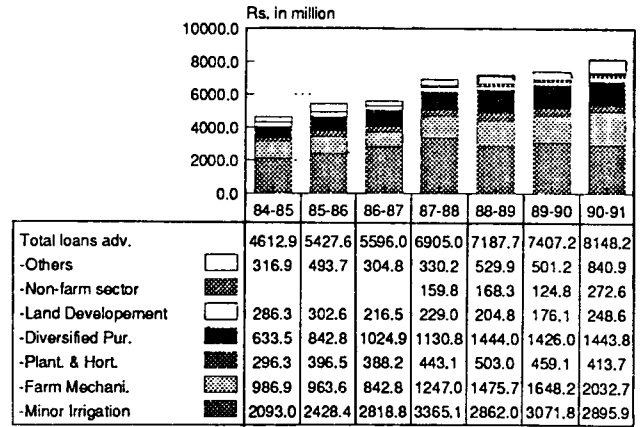
<b>Purpose-wise loans advanced</b>	(Value Rs. in Million)
- Minor irrigation	: 35.5% (Rs. 2895.9)
- Farm mechanisation	: 24.9% (Rs. 2032.7)
- Plantation and Horticulture	: 5.1% (Rs. 412.7)
- Diversified purpose (Animal Husbandry, Fishery, Sericulture and Rural Godown)	: 17.7% (Rs. 1443.8)
- Land Development	: 3% (Rs. 248.6)
- Non-farm sector	: 3.2% (Rs. 265.2)
- Rural Housing	: 5% (Rs. 397.7)
- Waste land & Dry land development	: Rs. 18.5
- Percentage of overdues to demand	: 52%
- No. of Banks in profit	: 6
- No. of employees	: 19677
- % of trained employees	: 71%

**Primary Land/Agricultural Cooperative Development Banks**  
 (Investment Credit)

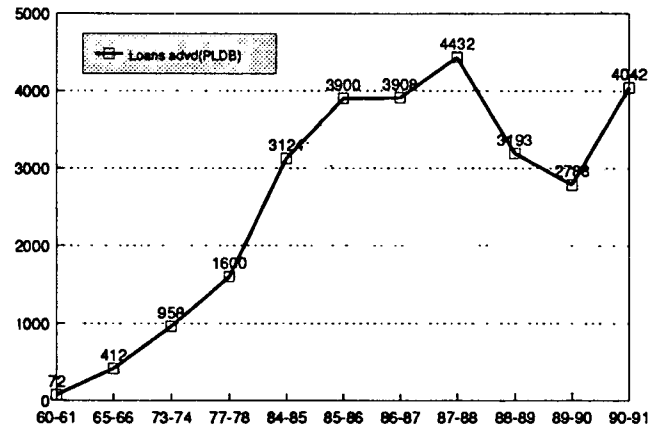
	(Value Rs. in Million)
- No. of Banks	: 709
- No. of viable banks	: 77.2%
- No. of branches/area offices	: 675
- Membership	: 5.62 Million
- % of borrowing members	: 56.8%
- % of Non-borrowing members	: 30.5%
- No. of borrowers	: 516000
(a) % of SC borrowers	: 24.4%
(b) % of ST borrowers	: 3.5%
- Share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

<b>Purpose-wise distribution of loans by PLDBs</b>	(Value Rs. in Million)
(a) Farm sector (%)	: 73.8%
(b) Non-farm sector (%)	: 2.0%
(c) Rural Housing (%)	: 2.4%

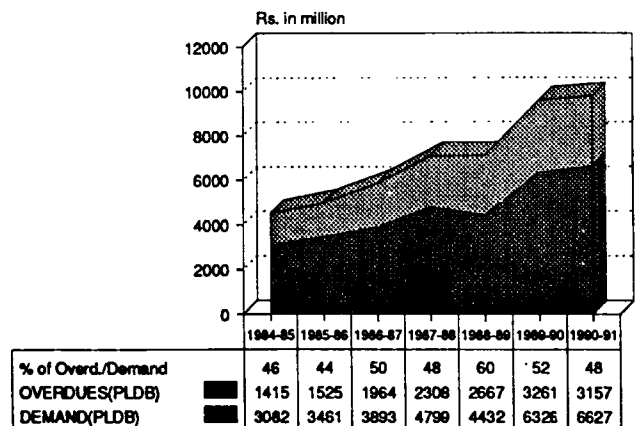
**Purposewise classification of Loans advanced by SLDBs in the Country**



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



**OVERDUES POSITION OF PLDBs OVER THE YEARS-**



- % of Overdues to demand : 47.6%
- No. of PLDBs in profit (%) : 25%
- No. of employees : 12598
- % of trained employees : 49%

**Primary Coop. Banks including Urban Banks**

(Value Rs. in Million)

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

**Non-Agricultural Credit Coops**

**Primary Non-Agricultural Credit Societies**

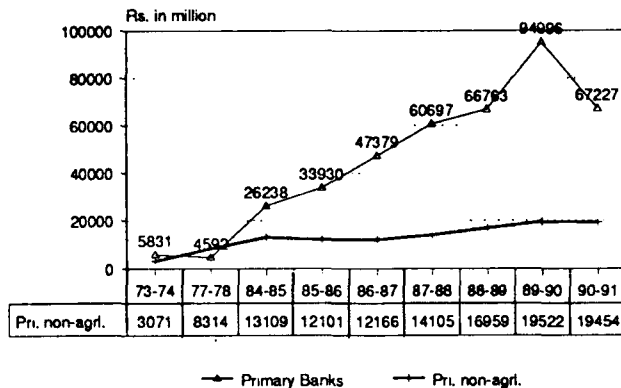
(including Employees Credit & Urban Banks) (Value Rs. in Million)

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

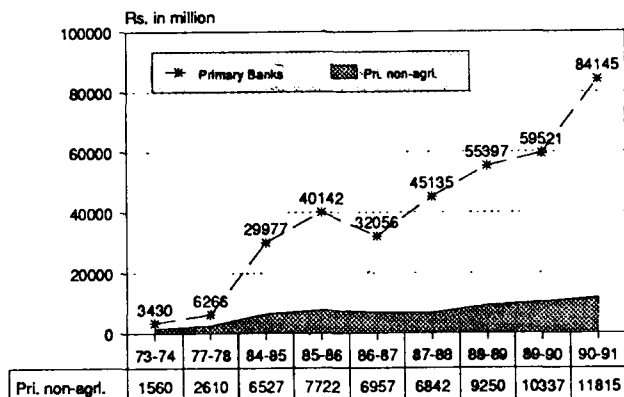
**Marketing Cooperatives (1990-91)**

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

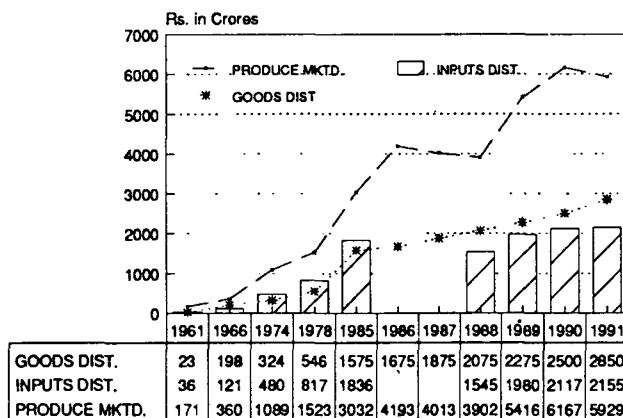
**LOANS ADVANCED BY PRIMARY COOP. BANKS INCLUDING URBAN BANKS (B.R Act) AND PRIMARY NON-AGRICULTURAL CREDIT SOCYS.**



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



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



**Primary**

(Value Rs. in Million)

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

**District + State**

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

**Consumer's Cooperatives  
Structure 3 Tier (Primary, District & State)**

**Primary Stores**

(Value Rs. in Million)

- Number of stores : 24190
- No. of defunct stores (%) : 16%
- Membership (Million) : 7.57
- Share Capital : Rs. 7662.5
- Govt. participation : 13.6%
- Working Capital : Rs. 22392.0
- Total Sales : Rs. 105685.3
  - (a) Sales of controlled commodities (%) : 62.7%
  - (b) Sales of non-controlled commodities (%) : 37.2%
- Stores in profit : 43.9%

**District Wholesale Stores**

(Value Rs. in Million)

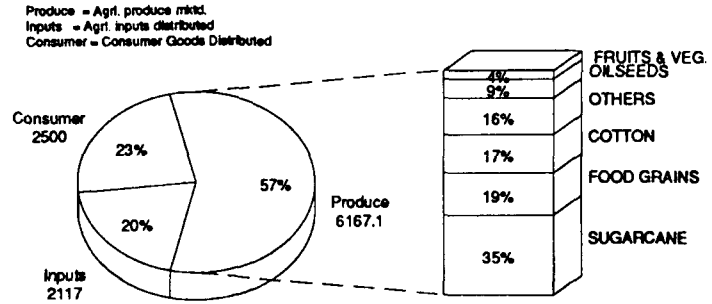
- Number of stores : 627
- Membership : 23.38
- Share Capital : Rs. 449.9
- Govt. participation : 77.4%
- Working Capital : Rs. 1526.1
- Total Sales : Rs. 11577.3
  - Sale of controlled commodities : 55.3%
  - Sales of non-controlled commodities : 44.7%
- Stores in profit : 46.7%

**State Cooperative Consumers Federations**

(Value Rs. in Million)

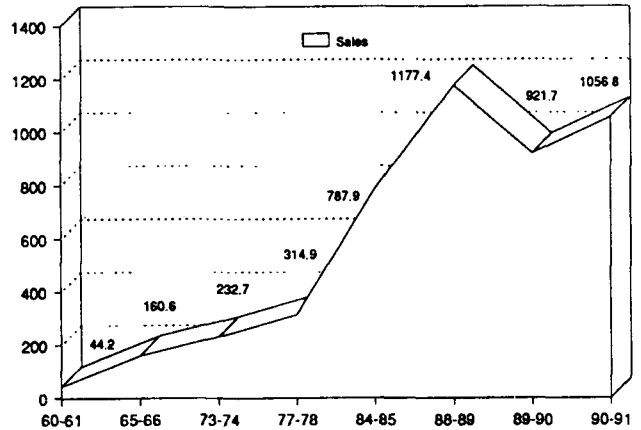
- Number of stores : 30
- No. of storedefunct (%) : -
- Membership (Million) : 1.89
- Share Capital : Rs. 498.25
- Govt. participation : 77.3%
- Working Capital : Rs. 1817.73

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



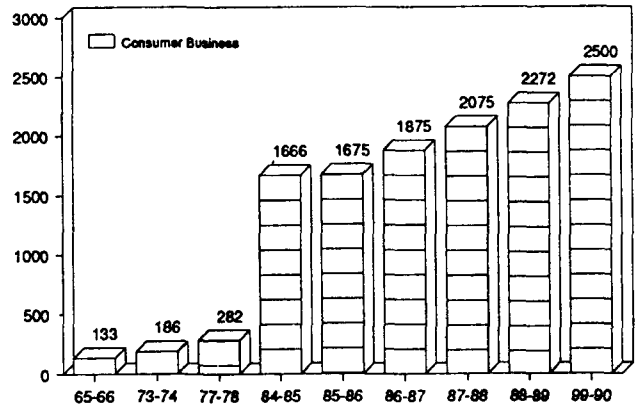
**SALES OF PRIMARY CONSUMERS COOP. STORES**

Sales Rs. in Crores



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

Value of Consumer Business Rs. in Crores



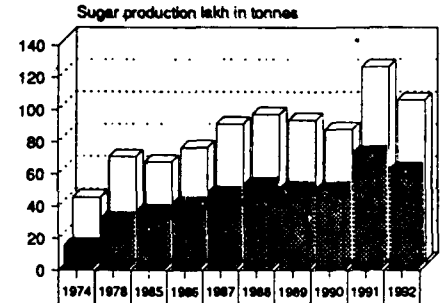
- Total Sales : Rs. 7585.9
- % of sale of controlled commodities : 52.8
- % of sales of non-controlled commodities : 47.2%
- Stores in profit : 37%

**Agro-Processing Cooperative (Primary)**

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

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

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

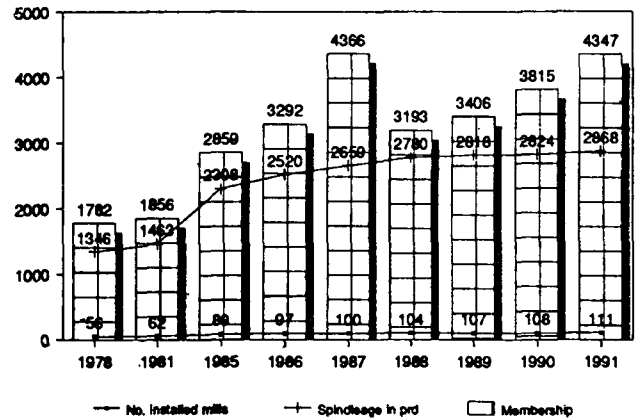


	1974	1978	1985	1986	1987	1988	1989	1990	1991	1992
% CPU of pub. & Pvt.			78	88	112	112	104	78	120	
% CPU of coops.	72	88	80	96	106	112	105	95	124	
Total sugar produced	39	65	61	70	85	91	88	82	120	100
% share coops. in Tp	39	49	59	59	56	58	58	62	60	62
Sugar prod. by coops	16	32	36	41	48	53	51	50	73	62

**B. Spinning Mills** (Value Rs. in Million)

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

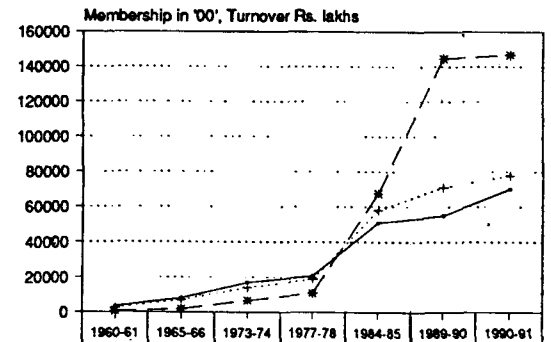
**GROWTH OF INSTALLED COOPERATIVE SPINNING MILLS, MEMBERSHIP & SPINDLEAGE**



**C. Dairy Cooperatives** (Value Rs. in Million)

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

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



**D. Other Agri-processing Coops.**

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

**Industrial Cooperatives (Primary)** (Value Rs. in Million)

**a) Weavers Cooperatives**

- No. of Weavers Coops : 17766

- Membership (Million) : 1.70
- Share Capital : Rs. 857.9
- Working Capital : Rs. 5012.7
- Turnover : Rs. 6651.8

**b) Non-weavers coops** (Value Rs. in Million)

- No. of non-weavers coops : 34266
- Membership (Million) : 2.74
- Share Capital : Rs. 1014.8
- Working Capital : Rs. 3276.1
- Turnover : Rs. 5709.5

**Cooperatives for Weaker Sections (Primary Level)**

**a) Fishery Cooperatives** (Value Rs. in Million)

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

**b) Poultry Cooperatives** (Value Rs. in Million)

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

**c) Labour Construction Coops** (Value Rs. in Million)

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

**d) Forest Labour Coops (Primary)** (Value Rs. in Million)

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

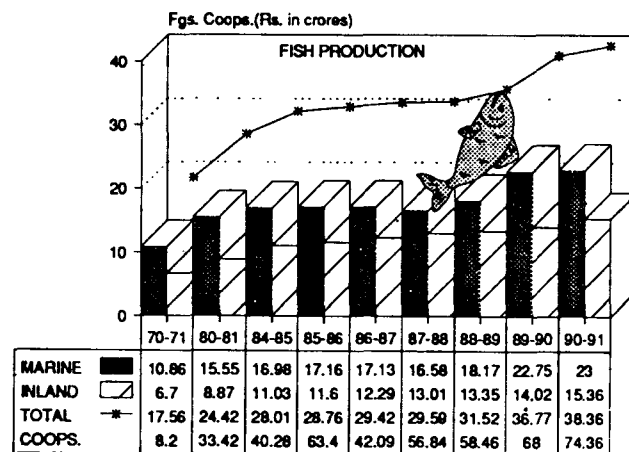
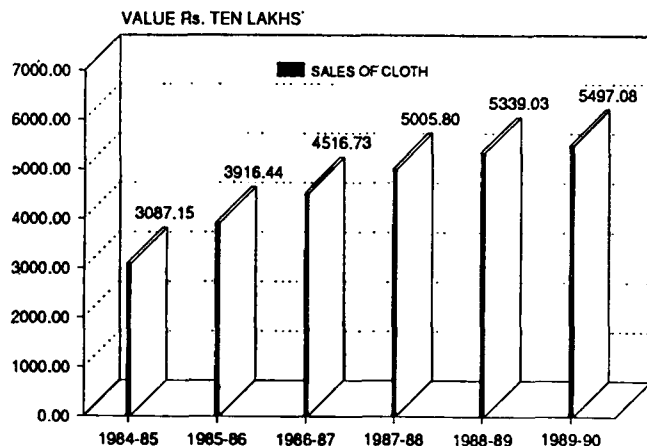
**Women Coops (Primary)** (Value Rs. in Million)

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

**Housing Coops (primary)** (Rs. in million)

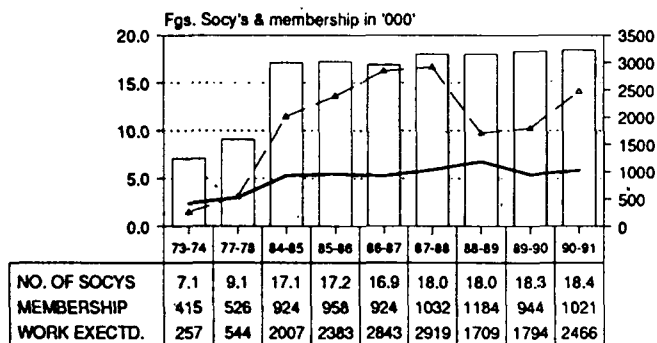
- No. of Housing Cooperatives : 70,000

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



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

**LABOUR CONTRACT & CONSTRUCTION SOCIETIES**  
(Value of work executed-Rs. in million)



□ NO. OF SOCYS  
— MEMBERSHIP  
→ WORK EXECTD.

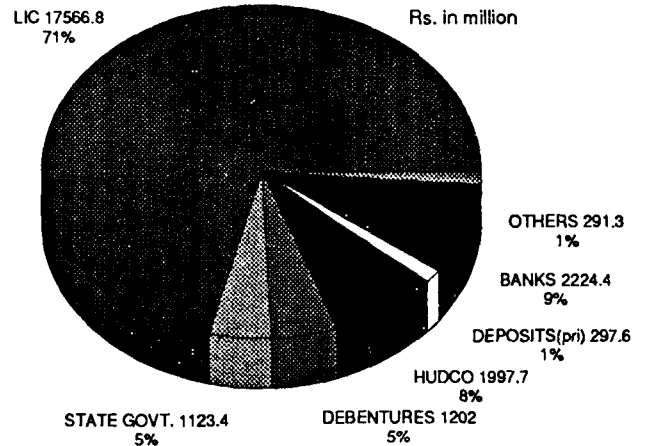


- Membership (Million) : 4.5
- Number of Rural Housing Coops. : 1514
- Working Capital : Rs. 20,000
- No. of houses constructed (by Rural Coop. Housing Societies) : 3,84,986

**Apex Housing Coops. (1991-92)**

- Number of Federations : 25
- Membership : 27,282
- No. of Primary Housing Coop. Affiliated : 26,000
- Share Capital (Total) : Rs. 2111.2
- Share Capital of Coops. : Rs. 1457.2 (69%)
- Share Capital of Govt. : Rs. 653.4 (30.9%)
- No. of Houses constructed : 9,20,288
- No. of Houses under construction : 3,53,388

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



**Coop. Education, Research and Training (1991-91)**

*Cooperative Education Programmes*

*By State Cooperative Unions*

- |                               | Personnel Educated/Trained |
|-------------------------------|----------------------------|
| - Total Members Trained       | : 21,72,207                |
| - General Education Programme | : 18,30,811                |
| - Women Education Programme   | : 1,04,643                 |
| - Youth Education Programme   | : 1,70,176                 |

*By National Cooperative Union of India*

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

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

- Leadership development Programme : 461

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

*By Vaikunth Mehta National Institute of Coop. Management*

- Sr. Level Cooperative Personnel : 1,012

*By Institute of Cooperative Management (19)*

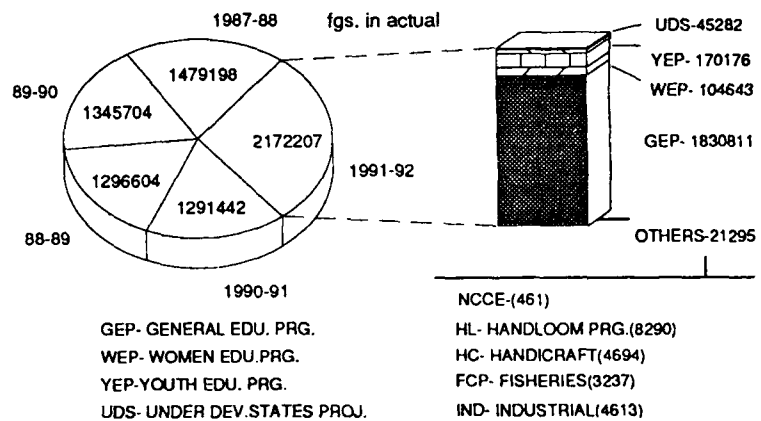
- Intermediary Level Coop. Personnel : 6,137

*By Junior Coop. Training Centres (95) (Administrative control of State Cooperative Unions)*

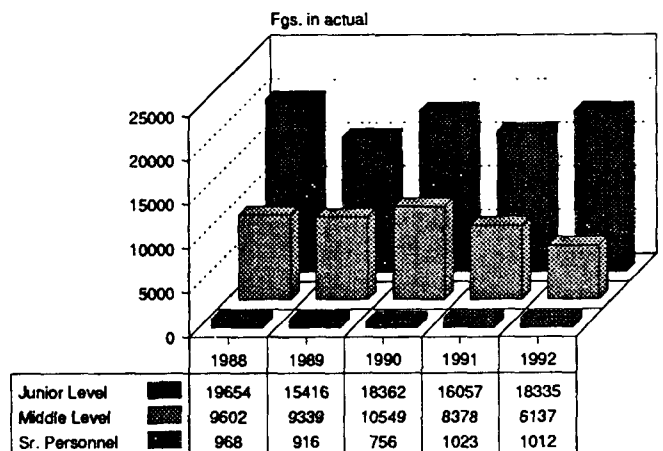
- Jr. Level Coop. Personnel : 18,335

Source: NATIONAL COOPERATIVE UNION OF INDIA

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



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



# CONSUMER NEWS FROM ASIA & THE PACIFIC

## BANGLADESH

### Income generation for Women's Coops

Next financial year (July 93 - June 94) ICA ROAP is going to assist 3 Women's Coops, in Mymensingh district Bangladesh to generate income activities among coop members through education, skill training, production and marketing and leadership development. Apart from education and training ICA consumer committee is going to provide seed funds for buying raw materials and equipments for training and production. The three societies are:

1. Mymensingh Central Women's Coop. Society Ltd;
2. Jagarani Women's Coop. Society Ltd;
3. Chalk Shehra Women's Coop. Society Ltd.

## INDIA

### High Power Committee on Cooperative Law

The recent High Power Committee appointed by the Government of Maharashtra under the chairmanship of Dr. P.R. Dubhashi on Cooperative Law and Finance has commended the Model Bill for adoption by the Maharashtra State. The Committee has recommended that the drastic simplification of the cooperative law as envisaged in the Model Bill can bring about major reduction in cooperative law as is presently framed is so complicated as to provide a breeding ground for all kinds of litigations entered into by

persons neither acquainted with the spirit of cooperation nor educated in cooperation nor acquainted with the principles of cooperation nor devoted to attaining genuine objective of cooperatives. It has also a bad effect on the cooperative officers who tend to take a legalistic view on cooperative matters because they have to work in a rigid legalistic frame-work. The simplified law is the best way of reducing cooperative litigation. The High Power Committee no doubt recognises that where government has financial stakes in a cooperative, it has to have necessary control on the manner in which the resources provided by the government are used. The committee, therefore, has made a distinction between aided and non-aided cooperatives and so far as the latter is concerned, the committee has recommended that the Model Bill may be applied straight away. It is only in the case of aided cooperative that some measure of control should be exercised to ensure financial discipline, but the freedom given to non-aided cooperatives should encourage even the aided cooperatives to stand on their own legs by reducing dependence on the financial resources of the Government.

The Cooperative development in the years to come, specially in the field of cooperative processing, dairy cooperatives, horticultural and fishery cooperatives, housing cooperatives and consumer cooperatives would require massive funds which cannot be raised by depending on government whose resources are already under strain. The High Power Committee has recommended that having regard to the vast resources needed by financial cooperative sector, the old approach of dependence on the Government for funds and financial guarantees is no longer valid. The Committee has, therefore, recommended that the time has come for the Cooperative Sector to get out of the straight jacket of the schemes of Government and semi-governmental agencies and boldly approach the open market for mobilisation of resources. But the cooperatives would be able to raise or mobilise financial resources independent of Government only if the present straight jacket of government schemes is relaxed by financial liberalisation. The High Power Committee has made a number of recommendations to enable cooperative society to raise funds from the money market. Firstly, the cooperatives should be



Consumer Coop. Leaders meeting in Aurangabad, India

allowed to raise share capital from the members of the public. The raising of share capital from the general public would not be inconsistent with the cooperative principles or the cooperative law.

The contribution of the public to share capital may be treated as preferential share capital. Persons who subscribe to preferential capital would be treated as non-members without any voting rights. The committee feels that it may be possible for cooperative sector to attract public financial support by way of share capital if the rate of return on the capital is sufficiently attractive.

Another way of mobilising public support is by way of raising term deposits from the public by the cooperatives. A cooperative society even under the existing law can accept deposits from persons who are not its members. There is no legal restriction on the Co-operative Law on acceptance of deposits from members of the public. The statutory directions presently issued by the Reserve Bank of India in the matter of acceptance of the public deposit by non-banking institutions whether financial or otherwise do not cover co-operative institutions. However, the Reserve Bank of India can regulate raising of funds from the public by co-operative institutions.

Thirdly, the co-operatives can float debentures. It may not be possible for all kinds of institutions to raise sizeable resources through the debentures they have to be accepted as trustee securities. The Committee has recommended that the Maharashtra State Co-operative Bank as an apex bank can undertake on behalf of cooperative processing units flotation of debentures from public with government guarantee.

### **Largest Cooperative Bank in Asia**

Finally, the Committee has examined the question of establishing Mutual Fund Scheme in the Co-operative Movement. The Maharashtra State Co-operative Bank which is the largest co-operative bank in the whole of Asia, through its own network of branches, District Co-operative Bank and its branches should be able to mobilise savings, both in the urban and rural areas of the states, by evolving a Mutual

Fund Scheme. Since the Bank has its headquarters at Bombay, it should be able to make success of its mutual and scheme.

The High Power Committee has hoped that its recommendations if accepted by the Government of Maharashtra and sincerely followed up, would go a long way in promoting vigorous self reliant co-operative development in Maharashtra in the years to come. The legal and financial liberalisation, the Committee hopes, would bring about a new era of co-operative development in Maharashtra and the rest of the country.

*(Excerpts from The Maharashtra Co-operative Quarterly Apr. 1992)*

## **JAPAN**

### **JCCU hosted Gender Integration Seminar in Tokyo**

The International Seminar on Gender Integration in Cooperatives was jointly organised by ICA/JCCU/SCC and ICA Women's Committee in Tokyo on 1-6, March 1993. Forty five participants from 12 countries in Asia and the Pacific region and International Organisations such as ILO and FAO attended the meeting. The meeting was inaugurated by Mr. I. Takamura, Chairman of the Japanese Consumer Cooperative Union (JCCU). The JCCU played host and provided necessary support to the seminar. The seminar was the first of its kind in the Asia and Pacific region.

## **MALAYSIA**

### **Regional Seminar on ASEAN Univ. Coops in Malaysia**

The Regional Seminar on ASEAN Univ. Coops was jointly organized by ICA, NFUCA and ANGKASA at Agricultural University of Malaysia, Kuala Lumpur, Malaysia on 10-12 February '93. Fifty-nine participants from 6 countries attended the seminar. They were 2 from the Philippines, 3 from Singapore, 5 from Brunei, 7 each from Indonesia and Thailand and 35 from Malaysia.

The seminar was inaugurated by Hon'ble Dato' Khalid bin Yunus, Dy. Minister for Land & Coop. Development, Govt. of Malaysia.

Main objectives of the seminar were:

1. To transfer technology, knowledge and experi-

**"The earth provides enough to satisfy everyman's needs; but not for anybody's greed"**

**— Gandhiji**



ence of Japanese University Cooperatives to ASEAN countries by NFUCA.

2. To exchange knowledge and experience of running University/Students Cooperatives among participants.
3. To encourage University or Coop. Colleges or Coop. Training Institutes to promote and play a bigger role in coop. education, training and extension in their own countries.
4. To improve performance of University or Students Cooperatives.

The seminar concluded that:

1. Students should be allowed to become full members of Univ. coops in all countries, especially Malaysia, Singapore and the Philippines, where students are discriminated.
2. Action Plans for follow-up activities of Univ. coops in each country should be made and implemented accordingly;



Mr. K. Okayasu, Managing Director of NFUCA, Japan addressed the meeting at Regional Seminar on ASEAN University Cooperatives in Malaysia

3. Teachers/trainers/students exchange programmes among member-countries should be encouraged and developed; and
4. Formation of Univ. coop. federation in each country should also be encouraged.

### Study on Consumer Coop. Movement in Malaysia

The study on Consumer Cooperative Movement in Malaysia, sponsored by ICA & ANGKASA was completed and the report was also submitted to ICA ROAP. The report has been examined by ICA and suggestions for improvement have been made.

### PHILIPPINES

#### Field visit to the Philippines

Mr. Pradit Machima, ICA Consumer Advisor and Secretary to the ICA Committee on Consumer Cooperation for Asia and the Pacific visited the Philippines between 14 and 19 February '93. The main objectives of the visit were to gather information on consumer coops operations at the grass-root level and to find ways & means of improving them. He visited many consumer and community credit coops in Metropolitan Manila, Bacolod and Cagayan De Oro and Cavite province.

He found out that most of coops visited by him in these areas were doing very well, although on small scale. Some of them were doing extremely well, such as Xavier Univ. Coop. and Del Monte Employees Consumer Coops in Cagayan De Oro, as can be seen below:

Items	1991	1992	% increase
<b>Xavier Univ. Coop.</b>			
Total assets	1,158,167	1,705,138	47.2%
Share capital	511,068	613,366	20.0%
Reserves	118,354	306,358	58.8%
Net Profits	327,826	474,498	49.7%
Return on Ave. assets	31.3%	34.1%	-
Dividend rates	25.0%	40.0%	-
<b>Del Monte Employees Consumer Coop.</b>			
Membership	2,355	2,414	16%
Share capital	2,280,000	3,490,000	53%
Assets	8,196,630	11,255,714	148%
Net profits	1,445,016	1,661,362	76%
Div. & Pat. Ref.	1,170,463	1,345,703	187%

He also found out that coop. leaders were eager and willing to improve and develop their coops but they were lacking ideas and knowhow. They needed more technical assistance from CUP, ICA JCCU & NFUCA. At this moment special attention should be given to strengthen consumer coop. development at the provincial and regional level by selecting a "model coop" as a learning centre in each area.

## SRI LANKA

### Consultancy-cum-training on Consumer Cooperative Development in Sri Lanka

The ICA ROAP is going to depute Mr. S.C. Misra, a short-term consultant of Consumer Coops from NCCF, Bombay, between 23 and 31 May, 1993,



Coop. store of La Consolacion college, Bacalod, Philippines

to provide follow-up consultancy services to four consumer coops in and around Colombo, Sri Lanka and later on train 20 Managers and key personnel of 4 coops and other consumer coops in Sri Lanka for 2 days between 31 May and 1st June '93.



Xavier Univ. Coop. canteen, Cagayan De Oro, Philippines

The four MPCSSs are: Homogama MPCS, Polonawa MPCS, Katana MPCS, Kegalle MPCS.

## THAILAND

### Training on Consumer and Univ. Coops in Thailand

Two special training activities on consumer and university cooperatives were held in Thailand between December 1992 and Feb. 1993. Both these programmes were on self-financing basis. They were:

#### 1. Sukhothai Thammathirat Univ. Coop. and Thrift and Credit Coop.

On 28 & 29 December, 1992, the ICA Committee on Consumer Cooperation for Asia and the Pacific had assisted Sukhothai Thammathirat University, Bangkok, Thailand in organizing a self-financed training programme on "Leadership Development and Modern Management Techniques" at Pak Chong Nakorn Rajsima. 29 members of Board of Directors, Managers and employees of univ. coop. and Thrift & Credit Coop. of Sukhothai Thammathirat attended the training. The main topics of the training were:

1. Techniques of modern management;
2. Relationship between members of Board of Directors and Managers/staff.
3. Member participation.

The result was very good. It is expected that relationship between directors and employees will improve and the performance of the cooperatives will also improve.

#### 1.2 Phra Nakorn Cooperative Store

On 24-25 February, 1993, ICA Committee on Consumer Cooperation for Asia and the Pacific also assisted the Phra Nakorn Consumer Coop. Store, which is one of the biggest coop. stores in Thailand (membership 100,000) in organizing a 2-day training programme on "Management of Coop. Store" at Pak Chong, Nakorn Rajsima. 30 branch managers, heads of departments and key personnel of the stores attended the training.

The training aimed at improvement of store management, financial management, personnel management and store management. The result was very good. This was a good example of self-help and self-development for consumer cooperatives in Thailand.



# ASIA - PACIFIC CONSUMER COOP NEWS

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22nd Meeting of the ICA Consumer Committee for Asia and the Pacific held at Suva, Fiji on 14th May, 1993

## Editorial

In this issue, we include four main areas of information - the resolution adopted by the XXXth ICA Congress in Tokyo in 1992, The Basic Values in Japan's Consumer Cooperatives by Mr. I. Takamura, the Honorary President and JCCU. Profile of Consumer Cooperative Movements of Fiji and South Korea and Consumer News from Asia and the Pacific region. We do hope that these facts and figures provided by us will be of some use to you and your cooperative movements. In future, we plan to provide you with a wide range of information on consumer cooperatives from the new world (Central and Western Asia) as well. This will help you to know more about the consumer cooperatives network in Asia and the Pacific and Central and Western Asia within a short period of time.

## Contents

### ICA REGIONAL OFFICE ACTIVITIES

35th Regional Council Meeting held in Beijing	3
Mongolia to become ICA member	3
ICA ROAP new appointment	3
Resolutions Adopted by the XXXth ICA Congress	3
Basic Values in Japan's Consumer Cooperatives	6
Increasing the ICA family	12
Country Profile : Fiji Co-operative Movement	13
Consumer Cooperative Movements in Korea	15

### CONSUMER NEWS FROM ASIA & THE PACIFIC

Bangladesh	17
Fiji	17
Indonesia	18
India	18
Japan	18
Malaysia	19
Mongolia	19
Philippines	20
Sri Lanka	21
Singapore	22

**ASIA - PACIFIC  
CONSUMER COOP NEWS**

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**To the Reader . . .**

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives and related matters are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

*—Editor*

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# ICA REGIONAL OFFICE ACTIVITIES

## 35th Meeting of ICA Regional Council for Asia & the Pacific

The above meeting was held at Kunlun Hotel, Beijing, China on 19th April 1993. The meeting was presided over by Mr. Yang Deshou from China. The meeting was participated by 95 members and observers from 15 countries including Israel, Mongolia, Turkey and Uzbekistan. The meeting discussed about (1) the new Structure and Regional Assembly draft rules, (2) the future Status of Regional Council in View of the restructuring of the ICA and (3) the Work Programme of ROAP 1993-94. It is decided that the next Regional Assembly meeting will be held in India around October 1994. The Council also proposed that the newly formed Executive Council may meet in March 1994 in New Delhi and in December 1994/January 1995 in Sri Lanka along with the Regional Cooperative Ministers Conference.

## Mongolia wants to become ICA Consumer Committee member

At the ICA Regional Council meeting held at Beijing in April 1993, Mr. Ch. Molom, head of Central Union of Mongolian Consumer Cooperatives and his colleague, Mr. S. Jargal had expressed their desire to become a member of ICA Committee on Consumer Cooperation for Asia & the Pacific. If admitted they are willing to give full support to the promotion of consumer cooperative movements within the re-

gion along with the regular activities of the ICA consumer committee. In the near future they also would like to organize a training programme on consumer cooperatives in Mongolia with the cooperation of ICA and JCCU and to host the meeting of the Consumer Committee there.

## ICA ROAP new appointment

Drs. Robby Tulus, formerly a Regional Director for Asia of the Canadian Co-operative Association (CCA) has been appointed as a Senior Policy Advisor of ICA ROAP since May 1, 1993.



Drs. Tulus was born in Bandung, Indonesia, and received his university degree in Mass Communication from the Padjadjaran State University in 1967. Then he founded the Credit Union movement in Indonesia and subsequently formed the Credit Union Counselling Office (CUCO) of Indonesia in 1970. He was also a founding member of the Asian Cooperation of Credit Unions (ACCU) in 1971, and joined ACCU as Training Advisor cum Promotor/Technician and joined the Canadian Cooperative Association in 1983.

## Resolutions Adopted by the XXXth ICA Congress in Tokyo 1992

### ICA Congress Resolution Implementing the New ICA Structure

1. Congress expresses its appreciation to the members of the Structure Committee (Raija Itkonen, Lars Marcus and Bruce Thordarson), and to the Executive Committee, for the proposals regarding the new ICA structure that were approved by the Central Committee in 1991.
2. The changes are timely and will improve the ability of ICA to carry out its role on behalf of, and in

collaboration with, its member organisations.

3. It is appropriate that ICA place its emphasis on the five priority areas identified by the Structure Committee:
  - promoting and defending co-operative values and principles;
  - stimulating interchange of ideas and collaboration;
  - spreading information about and to co-operatives;



- acting as a catalyst for co-operative development;
  - being a spokesman to UN organisations and governments,  
in consultation with member organisations.
4. A more formal regional structure will enable ICA to be closer to the interests and concerns of its members, while not losing the global focus that is of importance to all members.
  5. Accordingly, Congress approves the new ICA Rules, as well as the ICA Policies, Procedures, and Standing Orders, which are to take effect on 1 January, 1993.
  6. In order to ensure a smooth transition to this new structure, the present Central Committee should continue in existence until the end of 1992. By that time ICA member organisations should inform the ICA secretariat of their nominations to the new General Assembly.
  7. As decided by the Central Committee in 1991, the present Executive Committee members should continue to serve until the meeting of the General Assembly in 1993, at which time the members of the new ICA Board will be elected.
  8. In order to provide for nomination of the regional Vice-Presidents, and to plan for implementation of the new Regional Assemblies in 1994, the ICA secretariat should organise consultation meetings with member organisations in its four new regions before the end of June 1993.
  9. Although the 30th Congress will be the last Congress as part of the ICA governing structure, it is recommended that a special ICA Centennial Congress be convened, in conjunction with the meeting of the General Assembly, in 1995.

### **ICA Congress Motion Co-operative Values in a Changing World**

1. The 30th ICA Congress, having received and discussed the report on "Co-operative Values in a Changing World", expresses appreciation to its author, Mr. Sven Ake Book, for a thorough and comprehensive report.
2. Congress also expresses thanks to members of the Advisory Committee who assisted Mr. Book in the preparation of his report.
3. The process of reviewing co-operative values, which was initiated after the 1988 Stockholm Congress, has been appreciated by ICA member organisations. National studies, involving co-operative leaders and thousands of members, have contributed to clarification of the co-operative identity and have therefore been of considerable benefit in themselves.
4. Co-operative commitment is based on shared values. Although it is not necessary to try to achieve complete consensus on values, there is general understanding that three core values are behind the co-operative concept: equality and equity; voluntary and mutual self-help; and economic and social progress.
5. Above all, the basis of co-operation is the member, whose interests and needs must at all times be reflected in the objectives and work of co-operative organisations.
6. From this perspective, Congress agrees that co-operatives reflect their basic values through the following actions:
  - \* economic activities for meeting members' needs
  - \* participatory democracy
  - \* development of human resources
  - \* social responsibility and responsibility for the environment
  - \* national and international co-operation
7. Because of the importance of a clear articulation of co-operative identity, Congress recommends that the ICA Executive Committee initiate a process to review the current "ICA Co-operative Principles", as amended in 1966, and bring any recommendations for possible change to the 1995 General Assembly, after discussion with the Regional Assemblies in 1994.
8. In view of the sectoral structures within the ICA, the Specialised Bodies should participate in this review, and should furthermore be requested to develop operating guidelines which reflect the application of the Co-operative Principles in their specific areas of activity.
9. Congress accepts the invitation of the British co-

operative movement that ICA hold a special Centennial Congress in Manchester in 1995, and expresses the view that this should be the occasion for the adoption of a Co-operative Charter to guide the work of the international co-operative movement of the twenty-first century.

### Declaration on the Environment and Sustainable Development

1. The 30th ICA Congress, having received and discussed the report on "The Environment and Sustainable Development", expresses its appreciation to the contributors to this report for their assessment and analysis of several important aspects of this question.
2. Congress reaffirms the priority which co-operative organisations in all countries should attach to issues affecting the natural environment in which they operate and in which their members live.
3. Congress also expresses its view that it is impossible to separate environmental and developmental issues, since a more equitable sharing of the world's resources is a prerequisite to the introduction of effective environmental programmes.
4. Co-operatives' commitment to action in these areas is a reflection of the basic values which they share both in terms of their business activities and their social responsibilities.
5. Accordingly, movement-to-movement programmes of support between co-operatives should be increased in order to promote democratic, member-owned co-operative organisations.
6. As well, co-operative organisations should initiate and strengthen their own environmental action programmes in order to educate their members, promote sustainable development through their business activities, and influence the policy of governmental authorities.
7. Since food production is a key element of sustainable development, co-operatives should reinforce their commitment to strengthening agricultural and fisheries co-operatives which operate in a manner that preserves the natural environment.
8. The contribution of consumer co-operatives in setting high environmental standards should be recognised and encouraged in view of the leadership role they are playing in many countries.

9. Congress recommends that ICA member organisations, Specialised Organisations, as well as regional structures of the ICA, formulate their own action programmes, towards the compilation of a Co-operative Agenda 21, to be presented at the ICA General Assembly in Manchester in 1995.
10. The International Co-operative Alliance should strengthen its role as an information centre regarding environmental and development issues, and should promote the sharing of both information and technical knowledge among its members.
11. As a reflection of their commitment to sustainable development, national co-operative organisations and development agencies should establish their own special environment and development fund(s) and programmes for this purpose.
12. The ICA should be encouraged to establish its own Special Fund for Sustainable Development, which would replace its present Development Fund, in order to expand its own activities in collaboration with member organisations.

### ICA Congress Resolution 1994 - the 150th Anniversary of the Rochdale Pioneers

*The XXXth Congress of the International Co-operative Alliance:*

- Expresses** gratitude and admiration for the memory of the Rochdale Pioneers, who by their courage, inspiration and foresight founded the modern Co-operative Movement.
- Reminds** all members of the Alliance that December 21, 1994, marks the 150th anniversary of the opening of the Pioneers' little shop in Toad Lane, Rochdale.
- Informs** the Alliance that the British Movement will be celebrating this outstanding event in an appropriate manner, with the aim of obtaining maximum publicity for the Movement's trading operations and promoting greater public understanding of Co-operative ideals and social aims in the U.K. and indeed throughout the world.
- Invites** member organisations to join with the U.K. in celebrating the truly international anniversary.

## ICA Congress Resolution 1995 - the 100th Anniversary of the ICA

*The XXXth Congress of the International Co-operative Alliance:*

**Notes** with pleasure that 1995 will mark the centennial of the Alliance.

**Welcomes** the proposal that the next Congress be held in that year.

**Recommends** that this landmark event should review with pride the 100 years of achievement by the Alliance since its foundation in London in 1895 and plan for future progress.

**Accepts** the invitation from the British Movement that the event be held in Manchester, U.K.

## Basic Values in Japan's Consumer Co-operatives

by Isao Takamura\*

At the last Congress, ICA President, Lars Marcus, suggested exploring the issue of basic values. Both the national organisation and co-operatives throughout Japan have responded with enthusiasm. We have established a Committee on Basic Values at the JCCU and, simultaneously, in local co-operatives people have been actively discussing this very important issue. This has made it possible for some ten thousand people to make a contribution to this critical topic.

Sven Ake Book, coordinator of the ICA Basic Values project, has examined co-operative activities in various countries and the environment in which co-operatives currently operate. Based on his findings, he proposed five basic values as essential for the future. On behalf of Japanese co-operatives, I would like to express our admiration and appreciation for Mr. Book's efforts. We, in Japan, fully endorse the values proposed by him.

Founded on the desire for a humane lifestyle and a fair society, Japan's co-operative movement has carried out a wide range of activities under the common theme, 'For Peace and a Better Life'. When I review our practice thus far, it is obvious that the five basic values identified by Mr. Book have been very important to the co-operative movement in Japan.

Let's examine each of the five basic values and their relevance to the co-operative movement in Japan. The first value is 'Economic activities for



Mr. Isao Takamura, President of Japanese Consumers' Cooperative Union

meeting needs'. In Japan, industrial development has long been given priority over consumer interests. As a result, standards of living were threatened by excessive use of noxious food additives and high prices. Consumers have reacted by demanding 'better products at lower prices' and 'safe and reliable products'. Japanese co-operatives have taken these demands seriously. Focusing on food stuffs and other daily necessities, our business activities have had a huge impact on the Government's consumer policy and distributive trade. In addition, our joint-purchasing system, unique to Japanese co-operatives, is both democratic and highly efficient.

Another value is 'Participatory democracy'. Needless to say, co-op management is based on member participation. Throughout our history, Japanese co-operatives have endeavoured to extend the scope of participation to include investing as well as patronizing. Raising share capital has always been considered

\* Mr. Takamura is president of the Japanese Consumers' Co-operative Union

a major objective of member activities. Consequently, over the years, the amount of per capita share has increased. Japanese co-ops are in a special business situation, because non-members are prohibited by law from using co-operative services. As a result, co-ops have been obliged to seek increases in members' patronage. At the same time, efforts to expand member participation in management have been made through general assemblies and boards of directors. To encourage member participation in day-to-day management, we have established the "han group" and various special committees. In addition, members have organized a wide variety of activities, that address issues concerning the environment, peace and welfare. Of course, there has also been work on the development and revision of CO-OP products.

Another basic value is the 'development of human resources'. Japanese co-operatives have become what they are today because members and staff alike have dedicated their abilities to developing their co-operatives. Homemakers, who constitute the core of the co-operative membership, have contributed to this process by participating in co-operative activities intended to improve standards of living and ways of life. Thus, the range of co-operative activities has grown ever larger, and members learn from one another. For the staff, direct contact with members has been extremely instructive. They have learned to appreciate the importance of their work, and they can see the philosophy of the cooperative movement in action. Consumers, staff and management: the combined energies of these people are the driving force behind the Japanese co-operative movement.

The fourth basic value is 'Social responsibility'. Japanese co-operatives have played a very important social role, that of organizing 'consumer power'. At present, Japan's economic and political systems, which emphasize industrial demands at the expense of consumer needs, are being evaluated.

In addition, we in Japan are examining the corporate structure on which the system is built. Today, corporations are urged to return part of their profits to society. And, perhaps even more important, corporations are revising their business practices to incorporate civil values. As collective organisations of citizens who desire a fair society, co-operatives are asked to highlight those social issues which need to be addressed.

The fifth and final value identified is 'national and international co-operation'. Based on the independent and voluntary decisions of co-operatives within a region, Japanese co-operatives have co-operated, united and merged together. This decentralization has helped co-operatives function with full energy. We have sought to strengthen collaboration between different types of co-operatives through direct purchase of produce etc. and promoted exchanges between consumers and producers. We will continue these activities. In the future, it will be necessary to reinforce our solidarity with co-operatives in Asia and other parts of the world.

Based on the basic values discussions among co-operatives throughout Japan and at this Congress, we will draft a list of 'basic values' to be used as guidelines for future co-operative activities. Moreover, we will take an active part in the discussions on the revision of the Co-operative Principles as the main theme at the next ICA Congress.

### Origins of the Movement

The first Japanese consumer co-operatives were organized in the latter half of the nineteenth century under the influence of the Rochdale Pioneers. Since then, they have grown as a voluntary movement of citizens, especially the working class. After World War II, co-operatives adopted 'For Peace and Better Living' as their common slogan, and engaged themselves in various kinds of activities, especially after the 1960s when they worked towards uniting members' organisation and business operations. Priority was given to procuring fresh food and groceries that were safe and inexpensive. At the same time, their activities expanded to involve a movement calling for peace and democracy, the essential elements of a humane way of life. In recent years, in response to member demand; co-operative activities have come to include a wide range of fields such as environmental conservation and welfare. Recognizing the people's wishes for a fair society and better standard of living, Japanese co-operatives have consistently worked towards their realization. They have won popular support as independent organisations catering for the economic needs of their members, with values appropriate to the field in which each is involved.

Mr. Book has proposed five basic values for the future, to be discussed by the ICA Congress in Tokyo:

economic activities for meeting needs; participatory democracy; development of human resources; social responsibility; and national and international co-operation.

Keeping Mr. Book's propositions in mind, and reflecting on what Japanese co-operatives have done so far, it can be said that these basic values have had a special significance in our activities. For instance, providing safe and reliable foods is an economic activity that responds to member needs, and organizing co-operatives' operations through han groups and various committees is a democratic system based on member participation. Through these activities, members and staff alike have learnt and grown together, supporting the co-operative movement.

While Soviet-type socialism has now collapsed all over the world, problems of capitalism have emerged in Japan, as can be seen in the securities scandal and the burst of the bubble economy. Japan has always placed industries before people, but we are now forced to reconsider our traditional economic and social patterns. It is not enough for corporations to return part of their profits to society in the form of philanthropic acts. Rather, what is now required is for corporate activity itself to become more humane and to be carried out in a manner which gives more importance to quality of life. These values should be reflected throughout politics and life in general.

Co-operatives are expected to play a new role in the present economic and social framework which controls corporate activities in pursuit of profits through market functions and the legal system. As a movement of independent citizens, co-operatives must question the current economic and social norms through the organisation of various creative activities, the aim of which is to create a fair society that respects humanity. In that sense, it is very important to reflect on our past achievements and recognize anew the basic values which should serve as our future guidelines.

## Achievements

### *Consumer Rights :*

Co-operatives have lobbied corporations and authorities to uphold consumer rights, and have responded to members' demands for safe, good quality, inexpensive goods through various business activities.

For instance, co-operatives demonstrated against raising milk prices, while working directly with dairy farmers to provide inexpensive, high quality milk. Members were encouraged to buy the product, which influenced the quality and price of milk on sale elsewhere. Co-operative activities were also influential in enhancing food safety by restricting the use of food additives and agricultural chemicals, and have influenced other consumer-related Government policies, as well as the distribution system. Thus, the power of co-operatives to defend consumers' rights has gained wide recognition.

### *Opportunities for Women :*

In Japan it has been the traditional role of women to bring up children and do the housework. When they married, many quit their jobs to take care of the family. In this context, co-operatives provided women with opportunities to take part in society through their concerns over daily problems. Co-operatives allow women to participate in social movements, which helps deepen their understanding of politics, economics, and society. These experiences have helped them grow as people, and become responsive to the needs of society.

### *An Independent Movement :*

Co-operative activities have not been restricted to consumer movements. They cover a wide field, including demonstrations for peace and the UNICEF fund-raising activities. Co-operatives have also become involved with other organisations through these activities, and learnt a great deal while supporting the movement. presently, co-operatives are involved in environmental issues. Some of their voluntary activities include encouraging the use of environment-friendly products, recycling milk cartons and cans, checking household waste water, and conducting surveys on acid rain and air pollution.

### *Revitalizing the Community :*

The local economy has undergone major changes owing, among other factors, to rapid urbanization. Co-operatives have linked up with local industries and farms, and have begun to open stores jointly with some of the small to medium sized traders. Supplying products fresh from the farm is an attempt to provide safe and reliable food. Agricultural and marine prod-

ucts are purchased directly from the producers, and not through the wholesale market. This also provides an opportunity for communication between members (consumers) and producers. Although the traditional community organisations are falling apart, co-operative activities which promote a sense of community are giving people a new opportunity to get in touch with their neighbours.

#### *Improving Distribution :*

Japanese co-operatives have established a unique joint-purchase system operated by units known as han groups, and develop and distribute products which cater for member needs. A typical example of this is the CO-OP brand products. This has resulted in an innovative and unique distribution setup whereby consumers are able to procure what they want through their own initiative.

#### **Co-operative Growth**

#### *Member Participation :*

It should be stressed that we have strictly observed the principle of voluntary member participation in all co-operative business, management, and activities. We have seen an increase in the amount of members' share capital, and have succeeded in raising the average share per member. Interest rates are kept within the legal limit if ten percent, with the open market rates as a guideline. Co-operative products and stores are, in principle, used only by members, and we have tried to carry on a business that directly reflects members' opinions. The prerequisite for this was the members' willingness to learn, and joint purchase and han groups have made a significant contribution to this end.

#### *Autonomy and Co-operation :*

Japanese co-operatives have long encouraged their members to respect one another as independent human beings, and promoted mutual co-operation. Co-operatives have also remained an independent organisation, not connected with any political parties, corporations, or administrative bodies. We have carried out activities with the aim of satisfying member demands, and have worked in co-operation with the authorities and other groups. This principle has been vital in promoting co-op movements and businesses.

#### *Links with the Local Community :*

Co-operative organisation has its roots in the local community with the han groups as a typical example. Such a community orientation provides members with an opportunity to socialize and to exchange information, and has had a great significance as the foundation for co-operatives' business and organisation. Japan's Consumer Co-operative Law prohibits the use of co-operative facilities by non-members, which is a distinct feature, and has subsequently led to restrictive actions against co-operatives.

However, co-operatives have endeavoured to increase membership at grass-roots level, and to spread the co-operative movement throughout local communities.

#### *Women's Participation :*

Women, especially homemakers with small children, play an active part in the co-operative movement, motivated by problems they come across in daily living. Unlike men, who are chained to their corporations, housewives, who are not in paid employment, have more time to spare and are more creative and liberal in their thinking. Their energy is the driving force that has promoted co-operative activities.

#### *Active, Committed Staff :*

In Japanese co-operatives, the staff identify themselves with the ideals of the co-operative movement through their involvement in member activities, and enthusiastically support the movement.

After the 1960s, university co-operatives worked to organize citizens' co-operatives and supported these by providing staff and other assistance. This was instrumental in the creation of a group of dedicated staff.

Co-operatives have co-operated, united, and merged together following autonomous decisions by the primary co-operatives. The decentralized nature of co-operative movements, based on the autonomy of member co-operatives, can be witnessed in the creation of a core co-operative in every prefecture. This has helped to revitalize the movement as a whole.

### *Future Perspectives :*

Japanese co-operatives have developed and expanded through the participation of members in co-operative activities catering for members' everyday wants and needs. As a citizen's organisation boasting a membership of 15 million, co-operatives now have an even bigger role to play as the twenty first century approaches. While aiming to create a new economic and social framework by organizing the majority of the people, co-operatives must contribute to the creation of a fair and democratic society and economy. To this end, the following tasks must be addressed by co-operating with the authorities, political parties, and various groups and enterprises:

- \* Creative activities to make life more fulfilling;
- \* Activities aiming at democracy and social and economic equity;
- \* Activities promoting environment-friendly lifestyles and business practices;
- \* Welfare activities to provide a comfortable retirement for the elderly;
- \* Activities addressing issues such as worldwide food shortage and agricultural practices in Japan;
- \* Activities to revitalize communities; and
- \* International contribution, especially to the Asian countries.

In reality, however, although more than 20 percent of all households in Japan are co-operative members, the co-operative share of the retail market remains at a low 2.7 percent.

It is becoming more and more necessary to search for ways to enable more people to use co-operatives and take part in their activities. To do this, we need to establish more co-operative stores and work to cover a wide range of daily items, aiming to offer a more creative way of life. We must also, as a matter of urgency, introduce activities in which not only women at home, but also men, the elderly, and the young can participate.

We need to learn from past experience and review the present situation in order to set down guidelines for the 1990s and the twenty-first century. Some important subjects are given below.

### *Widening Member Participation :*

Co-operative activities must be both interesting and beneficial to the members, and provide a sense of fulfilment and social significance to those taking part. We need to provide various ways and levels of participation in subjects related to lifestyle, environment conservation, peace, and welfare.

It is also important to give members the opportunity to participate directly in product development and improvement as well as business aspects such as the operation of stores. Han groups should be boosted, and the participation of members who do not belong to han promoted. It is also necessary to provide members with more information on daily matters, society, and cooperative ideals.

### *Democratic Management :*

Since business has diversified and operations become more specialized, we need to make management systems more sophisticated. At the same time, we need to reconstruct the democratic management system based on member participation at all levels. We need to promote decentralization to encourage voluntary member participation. It will also be necessary to disclose relevant data, and promote staff participation in the management process.

### *Promoting Equality :*

At present part-time (women) members take part in the activities while full-time (men) officials control business. We now need to promote the equal participation of men and women in all levels of activities. A wide range of citizens, including men, are beginning to take part in member activities, while women's participation in management, both as members and staff, is being promoted. We must work toward creating an organisation in which men and women cooperate on an equal footing.

### *Promoting Democracy and Efficiency :*

Democratic management is the essence of co-operatives, and efficiency is a must if we want to exist as a business entity. So far, we have promoted both democracy and efficiency through joint purchase. From now on, more emphasis will be given to stores, so upholding democracy, and maintaining efficiency at the same time, will become even more important. Co-

operative staff, as those responsible for carrying out the assigned jobs, should seek active involvement in their co-operatives, because this is important for democracy as well as for business efficiency. Management must be further modernized to improve efficiency, since the lifestyles and values of the members have become increasingly diverse.

#### *Strengthening Capital Formation :*

Japanese co-operatives are not allowed to offer credit and the amount of public finance they receive is limited, so they obtain working capital from members' shares, co-operative bonds, retained profits, and outside loans. Large investments are expected to increase in the future, and although we must maintain our reliance on members' contribution, it would become necessary to use funds from co-operative financial institutions and low-interest public finance. The law prohibiting co-operatives from doing credit business needs to be reconsidered.

#### *Guarantee of Openness :*

To date, co-operatives have been considered a somewhat closed organisation, partly due to the fact that there were many districts where membership was still small. However, now that co-operatives' membership has grown, it has become necessary for them to act as an influential member of the community. We must establish an open relationship with other organisations in the community by providing information about co-operatives to those outside the movement.

#### *Strengthening Ties with Government :*

Although it is imperative to remain independent from the administration, we need to become more actively involved with it when dealing with environmental and welfare matters. It is also necessary for co-operatives, as a representative of the people, to take the initiative and pursue a more creative course of action when dealing with Governments so as to achieve policies which respect people's quality of life.

#### *Promoting Solidarity :*

We need to promote solidarity among co-operatives to expand and enhance our business. We must join together at the prefectural, regional, and national levels, accepting different values and respecting au-

tonomy and regional characteristics. There is also an increased need for international solidarity among co-operatives, and this should be pursued in both business and members' activities.

#### *Basic Values :*

We support the five basic values proposed by Mr. Book, since they represent the international co-operatives values for the twenty-first century. Based on Mr. Book's proposal, and in order to fulfil the social roles presented in Chapter 2, we have compiled the following five points as the basic values for Japanese consumer co-operatives to pursue from now on. These are almost identical to the five basic values outlined in the Book report.

Although we have not taken up 'human resource development', we think the active involvement of both members and staff in the past has been a major factor in our growth, and consider it very important.

#### **Participation**

Participation is the foundation of participatory democracy. Co-operatives are organisation which enable people to efficiently carry out economic activities in a democratic manner, and we must work towards building an economic democracy based on member participation. It is very important for Japanese co-operatives to ensure that democratic management is maintained despite their increased size. To do this, member participation must be promoted as a key factor. Members' shareholding and co-operative bonds should become the major source of funds, a managerial system in which members can participate as users, and patronage by members should be maintained. Furthermore, opportunities for a wider range of members to participate in decision-making and various other creative activities must be increased. We also need to improve the opportunities for women to take part in management and establish a system for staff participation in the management process.

#### **Autonomy**

Autonomy is a prerequisite for economic activities for meeting needs. The primary purpose of co-operatives is to meet members' needs, and autonomy is the fundamental condition for democratic management. Co-operatives must be independent in all



respects and maintain a unique stance as an organisation representing citizens, while co-operating with other groups and organisations. We must remain independent of political parties, the civil service, and other bodies, whilst obtaining as much assistance from them as possible. We need to boost our capital formation and strengthen business management so as to maintain our independence as a business entity.

### Openness

Openness is a practical value that must be emphasized in view of the objective and subjective conditions in which the Japanese co-operative movement is placed. In order to fulfil the social role mentioned before, co-operatives must earn the understanding and sympathy of a wider range of people, and strive to be more open. We should disclose more information and try to co-operate with the other organisations in the community both in business and member activities. These efforts should lead to a more open system.

### Co-operation

Japanese co-operatives promote national and international co-operation by organizing the majority of consumers, thus establishing a framework that

works as a democratic control on large manufacturers. Co-operation among co-operatives should be promoted in an effort to link producers and consumers within the co-operative sector. Since food and agricultural issues are becoming a serious international concern, and Japanese agriculture is itself facing a crisis, these efforts become even more important. With the development of a global economy and multinational corporations it becomes necessary to build up an international consumer power based on solidarity among people. We must boost the solidarity of co-operatives worldwide, paying special attention to the Asian region.

### Contribution to Society

Co-operatives aim to create a better society. Since the market economy predominates worldwide, co-operatives, as organisations of independent citizens, are expected to play a significant role in social welfare. We need to place more emphasis on environmental conservation and welfare, not to mention procuring products for the benefit of consumers.

Japanese co-operatives are working for the 'creation of a rich and humane life', and contribute, together with other co-operatives worldwide, to the progress of mankind and world peace. □

## Increasing the ICA Family

By Masao Ohya\*

First of all, I would like to say that I support the proposal for the amendment of the ICA rules specifically related to the structural changes.

Unlike many other organisations worldwide, the ICA has been playing its role continuously for nearly 100 years, remaining united despite several difficult periods throughout its history. We are very proud of this and thankful to the endeavours made by the world co-operative leaders in the past. The ICA has been a flexible and adaptable organisation, but very loyal to the spirit of the co-operation.

The changing needs of member organisations should be carefully analyzed and, of course, reflected in the activities of the ICA, always considering its sustainabil-

ity and development as a symbol of the world co-operative movement.

In this connection, I should like to raise some points relevant to the organisation of the ICA for your consideration.

1. The ICA has increasingly welcomed new member organisations in recent years. However, its membership does not cover all the nations existing in this world. Presently (May 1992), 82 countries' national co-operative organisations are affiliated to the ICA,

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\* Mr. Ohya is the Executive Director of the Japanese Consumers' Co-operative Union (JCCU)

whereas 179 of the world's 183 countries are members of the United Nations. This means the ICA has a lot of room for expansion.

The Regional Offices and member organisations should try to persuade non-members to come to the ICA family. If there are no co-operative organisations in certain countries, the ICA Regional Offices should initiate measures to encourage the organisation of a co-operative movement by their people.

2. In those countries where an ICA member exists, it still occurs that some national organisations are not affiliated to the ICA. Therefore, it is a national organisation's task to contact them and welcome them as ICA members.
3. In this connection, eligibility should be considered carefully and its concept widened, with more practical criteria to cover all the existing forms of co-operative organisation and acting in the various fields which operate according to co-operative basic values.

4. At this stage the procedures of the worldwide and regional General Assemblies are not yet clear. However, I hope the total cost doesn't increase, as this would increase the burden on member organisations. Furthermore, I hope the meetings will continue to attach importance to examining co-operative activities throughout the world and to the role of the ICA.
5. With regard to those areas where the ICA has no representation as yet, we should encourage the establishment of pioneer organisations, allow them to gain as much experience as possible and finally aim at forming some permanent organisations.
6. As the 21st century approaches, the co-operative movement is facing a variety of new problems, both practical and theoretical, in this drastically changing world. In order to rise to the challenges of such a situation, I hope that the ICA will be able to mobilize the muscles and brains of its member organisations.

## COUNTRY PROFILE

# Fiji Co-operative Movement and its Development

By A.P. Sharma

Chief Executive Officer, FCUL  
Director & Registrar of Co-operatives, Fiji

### Historical Perspective

The co-operative development in Fiji began in 1947 when the first Co-operative Act was passed in the then Legislative Council. It is the product of Co-operative Act of British India in 1903. The Co-operative Legislation of Fiji is now being reviewed through technical assistance from International Labour Organization in Geneva. It is hoped that the revised legislation will be in place before the end of the year.

During the pre-independence era the British Administrators introduced the co-operative concept and the Co-operative Movement in Fiji began to grow with greater emphasis with the consumer co-operatives since this type of co-operative was the backbone of the British Co-operative Movement. Thus many village-based co-operative stores were established to supply the rural people with basic consumer items.

After the independence in 1970 the Fiji Government considered the role of co-operatives in the development of the economy of Fiji. It was determined that co-operatives definitely had a developmental role and function to play in the domestic economy of the nation, not only in harnessing an effective use of the collective resources of the rural population, but also as a vehicle for the redistribution of wealth to the poorer sector of the economy. Thus the emphasis was gradually changed towards the establishment of income generating co-operative projects in the rural sector. Subsequently, marketing and consumer co-operatives evolved as dual functional units to serve the rural population.

### Government Role

The government through the Department of Co-

operatives is responsible for the formulation of policies pertaining to co-operative development, laying down of strategies for the promotion and establishment of co-operatives and the monitoring of their implementation. In this regard the leaders in the Co-operative Movement are also consulted through workshops and consultations. The Department also provides management advice and consultancy services to the Co-operative Movement, in the establishment and development of co-operatives, and ensures that the co-operatives operate in compliance with the Co-operative Law currently in force. While the Co-operative Movement is actively supported by the Government in terms of annual budgetary allocations, human resources, mobility in the field and office accommodation, the day to day operations of the Movement are in the hands of the societies.

The Department's basic function is to facilitate the development of co-operative societies into free-standing, self-sustaining economic units. This basic aim has been incorporated in the National Co-operative Development Policies 1991 2000. Specifically the aim is "to encourage and facilitate the development of a National Co-operative Apex Organization that will eventually take over the present role of government in terms of the promotion, establishment and development of co-operatives throughout the nation."

### **The Fiji Co-operative Union Limited**

The Fiji Co-operative Union Limited (FCUL) is the apex organization of all registered co-operatives and represents the Co-operative Movement in Fiji. It is planned that the FCUL will be the nucleus of the National Co-operative Apex Organization which will eventually takeover the present role of the Department of Co-operatives. As a major step towards the takeover the FCUL has acquired a freehold property in Central Suva to set up its Secretariat. The FCUL is the official voice for the Co-operative Movement in Fiji. Its primary objective is to utilize its funds to render services to member societies, particularly in the production and propagation of educational materials on the philosophy and practice of co-operatives. Generally the FCUL will do all other things which in the opinion of the Council are considered to be conducive to the expansion and consolidation of the Co-operative Movement in Fiji, the South Pacific

Region and beyond.

The FCUL is affiliated to the International Co-operative Alliance (ICA), its Committee on Consumer Co-operation; the ICA Fisheries Committee and the committee on Network for Agricultural Co-operatives (NEDAC). The FCUL has already sought membership in the ICA Co-op Trade and is hopeful in gaining the membership.

Funding sources for FCUL are from membership fees and annual audit and supervision fees charged to co-operative societies.

### **The Co-operative Movement in Fiji**

The activities of the Department of Co-operatives and the Fiji Co-operative Union Limited jointly constitute the Co-operative Movement in Fiji. This partnership will continue until the FCUL is able to takeover the present role of the Department in a satisfactory transitional period.

About 29,391 families, who are mostly rural dwellers, are presently involved in the Movement representing 946 co-operative societies of various types.

There are five co-operative sectors in Fiji, namely, Agricultural Produce and Marketing, Consumer, Thrift and Credit, Land Settlement and Other Types of Co-operatives.

Women's participation in co-operatives is valued as one of the most potential strengths of the Co-operative Movement in Fiji. Today there are 18 fully operational co-operatives managed by women with a total membership of 1,837. In recognition of women's achievement in the Co-operative Movement the government has recruited its first three women co-operative extension officers.

More employment and economic incentives are created in the Movement to encourage the rural people to develop their own resources rather than migrating to urban centres. The Co-operative Movement has about 656 direct employees who are paid salaries and wages totalling F\$942,164.

The Education and Training Services continue to be an essential role in the Movement. The training division of the Co-operative Department conducts residential courses at the Co-operative Training Institute in Suva and through its mobile training unit in

various rural locations throughout the country and in villages and settlements.

### **The Consumer Co-operative Movement in Fiji**

This sector of the Co-operative Movement is playing a significant role in providing basic essential consumer goods and services to the rural Fijian population in isolated islands and remote rural locations. In these areas up to 85% of all consumer goods are handled by consumer co-operatives.

There are 341 fully operational consumer co-operatives throughout the country. The total annual sales in 1992 of all consumer co-operatives was F\$11,370,763 and the total net profit achieved was F\$448,243.

Whilst this sector is reasonably well developed, diversification of activities into other income generating ventures are encouraged. This strategy will strengthen the economic and financial base of co-operatives thus enabling them to play a more vigorous role in the rural economy.

### **Some Major Constraints**

In the field of co-operative development the consumer sector presents the most difficult problem areas within the Co-operative Movement. There are two major continuing problems, namely, insufficient capital formation and associated management problems. These are being addressed by more frequent visits to these co-operatives and continuing education and training programmes throughout the Movement. Other related problems are uncontrolled credit sales; irregular and costly shipping services to outer islands; economically depressed geographical zones; price control on basic consumer goods; and high turnover of trained co-operators who secure jobs in other fields.

### **Technical Assistance Sought**

A study to be carried out in the Fijian Consumer Co-operative Movement with view to improving the operational performance, management capability, broadening the economic base and introducing elements of savings concept into this sector.

## **Consumer Cooperative Movements in Korea**

**By Ho-kyum Lee,**

**Director of International Cooperation Division,  
National Agricultural Co-operative Federation, KOREA**

There are various types of cooperatives in Korea : agricultural cooperatives, fisheries cooperatives, livestock cooperatives, credit unions and consumer cooperatives. Agricultural cooperatives and livestock cooperatives have been established in the rural sector and fisheries cooperatives in the fishing areas.

Agricultural, fisheries and livestock cooperatives which belong to multi-purpose type have been organized vertically at two levels : primary societies at township or county level and the national federation at the apex level. As of the end of 1992, there were 1,441 primary agricultural cooperatives at township level, 159 primary livestock societies at county level and 72 fisheries cooperatives at county or regional level. The credit unions have been established at village or regional level which numbered 1,545 in

1992 and these primary credit unions are affiliated with the National Credit Union Federation of Korea.

Despite the development of multi-purpose type agricultural cooperatives started from early sixties, the consumer cooperatives in Korea has not been developed as much.

Therefore the consumer cooperative movement in rural areas was begun by the agricultural cooperatives when they started to operate cooperative chain stores for the benefit of member farmers. On the other hand, the consumer cooperative movement in urban areas was initiated from early seventies by different type of organizations such as credit unions and trade unions of large companies and institutions. However, consumer cooperatives have been established mainly in urban areas from early 1980s.

## A. The Consumer Cooperatives

Even though the movements to establish the national apex organization of consumer cooperatives started in early 1980s by voluntary leaders, it was in March 1987, when the establishment of the National Federation of Consumer Cooperatives approved by the government after the enactment of Consumer Protection Law in the end of 1986. The federation was established in an effort to promote consumer cooperative movements and to secure fair trade of consumer goods, thus realizing the healthy consumer environment. To this purpose, the federation conducts various activities including research, public relations, education and guidance for member consumer cooperatives.

As of the end of 1992, 78 consumer cooperatives were established in urban areas with 55 thousand member consumers and were affiliated with the National Federation of Consumer Cooperatives.

### Growth trend of consumer cooperatives

	1987	1992
No. of consumer coops.	67	78
No. of members	29,748	54,727
Business turnover (in million won)	13,238	31,100

(1U\$ = 810 Korean won)

As shown on the above table, the number of members of the consumer cooperatives increased from 30 thousand persons in 1987 to 55 thousand persons in 1992. On the other hand, business turnover increased to 31,100 million won (about 38 million U\$) in 1992, compared to 13,238 million won in 1987.

## B. Consumer Cooperative Movement by Agricultural Cooperatives

Consumer cooperative movement in rural areas was started by agricultural cooperatives in early 1960s when the multi-purpose agricultural cooperatives had been established in accordance with the enactment of Agricultural Cooperative Law. As cooperative members, farmers are both producers of farm products and consumers of their daily necessities.

The cooperative chain store business has been conducted by agricultural cooperatives from their establishment designed to protect farmer consumers. The major objectives of the cooperative chain store business are to supply member farmers with quality consumer goods at reasonable prices : and to reduce marketing costs by excluding the unnecessary intermediaries.

At the end of 1992, 2,012 cooperative chain stores were operated by 1,441 primary agricultural cooperatives over the country. Major items of consumer goods handled by agricultural cooperatives include foods, home electronics, clothes, furniture, kitchenware, sanitary goods, housing materials, etc.

The total sales turnover in 1992 by cooperative chain stores recorded 948 billion won or 1,170 million U.S. dollars, showing 23.1% increase over the previous year. The average annual sales of consumer goods per agricultural cooperative reached 658 million won or 812 thousand U.S. dollars in 1992.

### Sales by cooperative chain stores (in million won)

	1970	1980	1990	1991	1992
	1,954	80,420	613,061	770,111	947,737

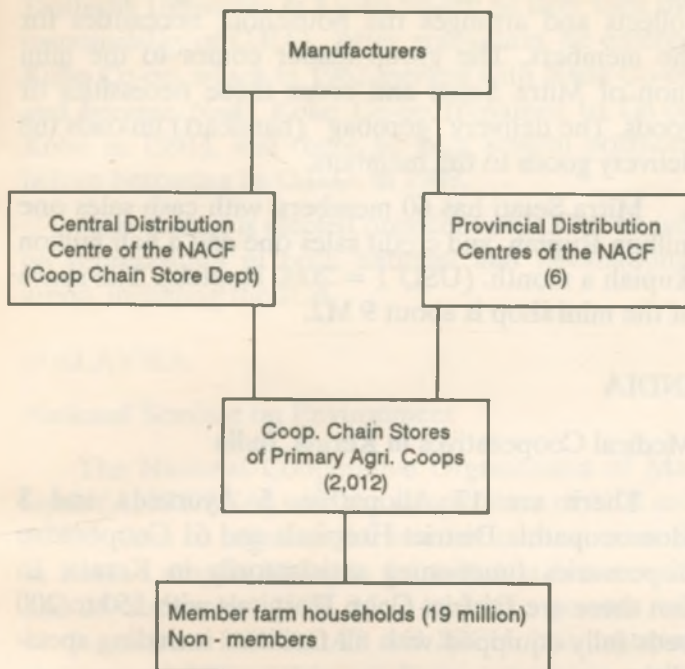
In 1992, of the total sales by cooperative chain stores, foods accounted 30.3% clothes ranked 37.3%, and sanitary goods and housing materials occupied 25.7% and 27.2% respectively.

Agri. coop. chain stores secure commodities for sale through two channels. Agricultural cooperatives can obtain goods for sale from the National Agricultural Cooperative Federation (NACF), the national apex federation of agricultural cooperatives and from private companies directly. Among the total goods supplied to coop. chain stores, around 3 quarters are delivered by the NACF indirectly.

The National Agricultural Cooperative Federation operates the Coop. Chain Store Department in order to support management of chain stores of its member cooperatives. And the Coop. Chain store Department runs the Central Distribution Center of Consumer Goods and 6 provincial distribution centers over the country.

On behalf of its member cooperatives, the Coop. Chain store Department makes contracts with manu-

### Flow Chart of Coop. Chain Store Business



facturers on the prices of consumer goods to be supplied to coop. chain stores. The Department has 407 contract manufactures and the number of items supplied by them reached 3,376. The number of items by brands exceeded 26,000 altogether.

The contract manufacturers open their show rooms and secure storages for their products in the distribution centers. Consumer goods needed by coop. chain stores are shipped from contract manufacturers to cooperative chain stores according to the purchasing order of the agricultural cooperatives.

The operation of coop. chain stores have produced great effects. Farmers have bought their necessities at coop. chainstores much cheaper than at other private shops. According to the results of a survey, member farmers' purchase prices from coop. chain stores were lower by 14% on average than those of private merchants in 1989.

## Consumer News from Asia & the Pacific

### BANGLADESH

#### 208 killed as floods cause havoc in Bangladesh

*Dhaka* : Floods wrought havoc across Bangladesh, with the death toll on 20 June 93 reported to be 208. Around a million people were stranded without relief supplies in the worst hit areas. An official in the north eastern district of Sylhet said tens of thousands of villagers there were marooned without food or drinking water, many of them perched on the roofs of their submerged homes.

Along the coast, fisheries projects were battered by gales, and Agriculture officials said more than 300,000 acres of rice and jute crops had been damaged. "We don't have exact figures of casualties or property damage but I can tell you they will be high," the official said.

21 June 1993.

### FIJI

#### 22nd Consumer Committee Meeting held in Fiji

The 22nd Meeting of the Committee on Consumer Cooperation for Asia and the Pacific was held



Reception held at one of Consumer Cooperatives in Suva, Fiji, May 15, 1993

at Suva, Fiji on 14-15, May 1993. The Meeting was hosted by the Fiji Cooperative Union Ltd. with the cooperation of Department of Cooperatives and office of the Registrar of Cooperative Societies, Fiji.

The meeting was attended by member organizations from four countries - Fiji, Japan, Singapore and South Korea. Mr. Isao Takamura, Chairman of JCCU also attended the meeting. Besides, there were 7 observers from Pacific Islands - 4 from Vanuatu, one

each from Kiribati, Tonga and Solomon Islands and 23 from Department of Cooperatives and Cooperative Movement of Fiji and one from ILO.

The meeting was a very good one - very lively and very successful. It was the first International Cooperative meeting ever held in Fiji and at the same time, it has given a great benefit to cooperative leaders and Govt. officials in the Pacific.

The meeting proposed that the next ICA Consumer Committee meeting be held in Sri Lanka provided Srilanka agrees to it. In case Sri Lanka is not ready the next meeting shall be organized in Phuket, Thailand.

In addition to agenda, Mr. Lim Ho Seng, Chairman of SNCF and Vice Chairman of ICA Consumer Committee suggested that in future meetings, a profile of consumer cooperative in the host country be prepared by the Secretariat and made available for discussion at the meeting. ICA supported the idea which also had the unanimous blessings of the forum.

## INDONESIA

### A new born Women Coop. and a Han group in Indonesia

Inspired by the successful operations of consumer coops in Japan through Han's group during her participation at the 30th ICA Congress in Tokyo, Japan last October Mrs. Dien Sumaryo, coop. leader from Jakarta, Indonesia tried to organize a womens' coop in Indonesia on her return. So, a womens' cooperative named "Mitra Sejati" was born. Mitra means partner, Sejati means real or true. So, Mitra Sejati is good and meaningful for a cooperative.

The practice is based on "Han" every 10 families



On delivery by Mitra Sejati at the Community Centre, Indonesia

has one leader (group leader). The group leader collects and arranges the household necessities for the members. The group leader comes to the mini shop of Mitra Sejati and order those necessities or goods. The delivery "gerobag" (handcart) unloads the delivery goods to the members.

Mitra Sejati has 60 members, with cash sales one million Rupiah, and credit sales one and a half million Rupiah a month. (USD 1 = 2000 Rupiah). The space of the mini shop is about 9 M<sup>2</sup>.

## INDIA

### Medical Cooperatives in Kerala, India

There are 17 Allopathic, 5 Ayurveda and 3 Homoeopathic District Hospitals and 61 Cooperative dispensaries functioning satisfactorily in Kerala. In fact there are District Coop Hospitals with 150 to 200 beds fully equipped with all facilities including specialities.

Recognising the strength and potential of medical cooperatives, a new society, namely : Kerala State Coop Hospital Complex and Centre for advanced medical services Ltd. has been established at Kannur with the object of developing an advanced centre for treatment, research and learning in modern medicine so that the most scientific and expert treatment are made available to the general public at reasonable cost.

A project report with an estimated cost of Rs. 150 crores has been prepared. The implementation of the project is to commence soon.

## JAPAN

### New President of JCCU

Mr. Shigenori Takemoto, C.E.O. of Co-op Kobe has been elected the new President of Japanese Consumer Cooperative Union (JCCU) at the 43rd Annual Congress held at Tokyo on 16-17 June 1993. He replaces Mr. Isao Takamura, former President who retired at the age of 70. Now Mr. Isao Takamura has become the honorary president of both Co-op Kobe and the JCCU while Mr. Takemoto becomes the full time president.

Mr. Takemoto has had a long career in the Consumer Co-op Movement. He firstly committed himself in the movement when he was the student of

Doshisha University in Kyoto, where he later took the responsibility of C.E.O.. After graduation, he entered Kobe Co-op, which in 1962 merged with Nada Co-op and became Nada Kobe Co-op (renamed to Co-op Kobe in 1991), and there he held several positions before becoming its C.E.O. in 1989.

Now that he is elected president of JCCU, he will be representing in both national and international arena, including the ICA.

## MALAYSIA

### National Seminar on Environment

The National Cooperative Organization of Malaysia (ANGKASA) with the cooperation of ICA and JCCU plans to organize the seminar on environment in Kuala Lumpur, Malaysia for two days between 25 and 26 September 1993. Main resource persons will be drawn from ICA ROAP and JCCU. It is expected that around 250 participants from cooperative societies and Coop. institutions will attend the seminar.

Main objectives of the seminar are:

- To create awareness among the cooperatives and its members on environmental issues;
- To give exposure to the cooperative members on their responsibilities towards protecting the environment;
- To educate cooperative members, government officials and academics who work with/for cooperative organizations on the importance of environment protection for the benefit of future mankind;
- To identify problems, needs and recommendations for protection of environment; and



Meeting with Consmer Coop. leaders at Sugai Koyan, Pahang State, Malaysia

- To prepare strategic plans for cooperatives/cooperative institutions towards protection of the environment.

## MONGOLIA

### The Mongolian Consumer Cooperatives

The first Mongolian national cooperative was founded on the 16th of December, 1921 as a shareholder's cooperative. The original shareholders included the general populous, monks, monastery workers, land owners and gentry.

Many famous people in Mongolia at the time were also shareholders and members of the cooperative. These people included Bogd Khan VIII Zhavsandamba Khutagt; Princess Dondogdolam; writer Bujanimneck; generals Khatanbaatar Maxarjav, Dogsam and Chagdarjav.

When the Cooperative was first established the Cooperative members collectively worked in supplying consumer goods to the people, procuring from them domestic and wild animal raw materials and processing these raw materials. The cooperative protected the interest of the people and were a very successful and developed part of the economy at that time.

In 1958, by the policy and decision of the Communist Party and government, the Consumer's Cooperative's capital and assets were seized by the State's trading system. This action crushed al market economic development.

In the spring of 1990, after 32 years of state control, the Consumer's Cooperatives were reborn. The Central Union of Mongolian Consumer Cooperatives, abiding by the Mongolian government's legislation and structured by the rules adopted by the Mongolian Consumer Cooperative Union's (MCCU) congress, MCCU was founded as a public organization joined on a voluntary basis.

The MCCU is guided by the following principles: secure democracy, self-governance, active participation by the members and interaction between the member organizations.

At the present time we have 60,000 members, 80,000 supporters, 264 enterprises and cooperatives, 86 companies and 20 brokerage companies. The MCCU's system serves 53% of Mongolia's population; mainly including the herdsmen and countryside



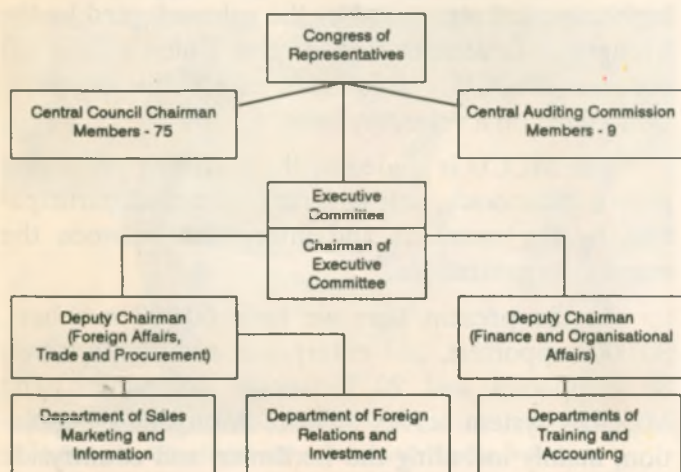
inhabitants. Our activities represent 25% of all retail trade in Mongolia, procuring from 50 to 80 percent of the main raw materials produced in the countryside. Nearly 340 of MCCU's members are also shareholder's in the MCCU's affiliated business corporation - the ANKHNY Khorshoo Corporation.

The MCCU and ANKHNY Khorshoo Corp have contact with similar organizations in Russia, China, Tuve, Byelorussia, Japan, South Korea, Germany, Austria and Holland. The MCCU is conducting trade for providing necessary goods for herdsmen and countryside inhabitants. For example, the MCCU is instrumental in supplying flour, tea, rice, cotton and petroleum to a large percentage of the countryside population.

Currently the MCCU and the ANKHNY Khorshoo Corp are working to establish small and medium enterprises for producing consumer goods and processing animal raw materials. Recently the Central Union of the MCCU submitted an application to the International Cooperative Alliance in an attempt to better develop international relationships with the international cooperative movement.

The 7th Congress of the MCCU was held in Ulaanbaatar in April of 1992. At this meeting the congress restructured the charter rules so as to better develop an effective strategy for the future activities of the MCCU. Most attention was directed towards increasing production, introducing new technologies and addressing the challenges of in-country installation of machinery for the processing of raw materials and the production of consumer goods. Through the development of foreign relations the MCCU better hopes to meet these goals.

#### Organizational Chart of Mongolian Consumer Cooperatives



## PHILIPPINES

### Education and Training

Recently the Cooperative Union of the Philippines (CUP) and its affiliates has tried very hard to educate and train cooperative leaders, managers and staff of consumer coops and university coops in different parts of the country. In May 1993 alone 4 seminar, meeting, training and workshop were held in Los Banos, Cavite, Bacolod and Iloilo. The education and training programmes were partly assisted by ICA, NFUCA (National Federation of University Cooperative Association of Japan) and CUP. But most of them were initiated and financed by local cooperative organizations. This is a good sign of self help and self-development. It is expected that this kind of idea and activity will spread throughout the country very soon.

The activities mentioned above were:

1. Seminar on University Cooperatives. The seminar was organized at Agricultural Credit and Cooperative Institute (ACCI) at the University of Philippines at Los Banos by CUP, MMAFECO and NFUCA on 1-3 May 1993. These were 39 participants from Region I, II, III, IV, V and NCR. The seminar was coordinated by Dr. Oscar Tayko, Mrs. Climaco and Mr. Cortes.
2. Seminar on Cooperative Book Keeping and Accounting for non-accountants. The seminar was organized at the Agricultural Training Institute. Trece Matires City, Cavite on 20-22 May 1993. Forty (40) participants attended the seminar/training.
3. Joint Technical Conference on Provincial Cooperative Development Programme. The confer-



Seminar on Consumer Cooperatives held at Iloilo, Philippines



Western Visaya University Coop. Store in Iloilo, Philippines

ence was jointly organized by ICA, Provincial Govt. of Negros Occidental, Western Visayas Union of Coops, Coop. Union of Negros Occidental and La Consolation College on 25-26 May 1993 in Bacolod. Thirty three (33) participants attended the conference. The main objective of the conference was to promote and upgrade cooperative operations through mutual-help and self-help and action plans. The out come was good. The seminar was partly financed by ICA. The programme was coordinated by Mr. Modesto Sa-onoy, Chairman of Coop. Union of Negros Occidental.

4. Workshop on Consumer Cooperative Development. The workshop was organized by Western Visayas Union of Cooperatives on 27-28 May 1993. The main objective of the workshop was to upgrade the knowledge and experience of coop. leaders, managers and staff of consumer cooperatives within the region. The workshop was attended by 35 participants and Mr. Pradit Machima, ICA Consumer Advisor. Mrs. Pura Librodo, Executive Officer of the Union was the Coordinator. It was a big success.

#### ICA Consumer Advisor visited the Philippines

Mr. Pradit Machima ICA Consumer Advisor made two visits to the Philippines earlier this year. The first time was between 15 and 19 February and the second time was between 24 and 28 May 1993. Main objectives of the first visit was to identify consumer cooperative problems and to find ways and means of improving it. The second visit was to help organize seminar and workshop on consumer cooperative development in Bacolod and Iloilo. He con-

vinced that there is a big potential for consumer cooperative expansion and development in the Philippines provided that coop. leader, managers & staff are professionally trained and guided, small coop. societies are amalgamated into bigger units, and run by professional staff and framed by action plans. In order to do so cooperatives at all levels have to contribute their education funds to provincial, regional and national cooperative union fully and sincerely. And at the same time coop. Unions at all levels have to provide education, extension activities and services and guidance to their members effectively and appreciably as well.

#### SRI LANKA

##### Work-Shop At Colombo

With the assistance of the COOPFED, NCC and the Cooperative department of Sri Lanka, ICA organised a work-shop on 'Modern Management of Consumer Cooperatives' at the conference hall of the NCC. Al-together 16 managers and accounts officers representing 12 MPCs participated in the work-shop. The two days work-shop was inaugurated by the Commissioner of Cooperatives Mr. S.B. Divaratne. In his inauguration address he appreciated the experience of the participants and advised them to take full advantage of the deliberations in the work-shop. He also added that the work-shop should end up with an action commitment for the further development of the consumer movement. Before his key-note address Mr. Mahiepala Herath, Chairman of the COOPFED welcomed the participants and invitees, Mr. Misra explained the objective and the methodology of the work-shop and Mr. L. Samarasinghe, Chairman of the



Training of Consumer Coops in Colombo, Sri Lanka

NCC, praised the services of the ICA in the field of Cooperative Education and Training.

Before the work-shop, Cooperaters both officials and non-officials were of the opinion that Self-Service system had failed and it might not have relevance in Sri Lanka. At the concluding session, however, in the presence of the Commissioner, all the participants said that Self-Service system with rangeimage and sales promotion techniques would help them in increasing their sales. All of them also agreed to implement Self-Service system. Mrs. H. Fernando, G.M. of Arachchikattuwa MPCs said that after introduction of Self-Service in one of their retail outlet, the monthly sale increased from Rs. 0.75 lakhs to Rs. 6.5 lakh (one lakh = 100,000). This was so inspiring that the Commissioner Mr. Divaratne advised all the participants to submit their individual action plan within 15 days.

## SINGAPORE

FairPrice, Singapore is actively persuing overseas opportunities

During 1992/93 the singapore economy slowed down and GNP growth was around 5%.

For the financial year ended 31 March 1993, sales of FairPrice grew by 5% to S\$484,000,000. Net profit for the same period increased by 14% to S\$40,000,000. Although profit improved, it is likely that dividends and rebates to members will be reduced to 6%. This is because there is a need to conserve funds, for purchase of premises and overseas expansion. Nevertheless distribution of dividends and rebates will still amount to \$18,000,000.



NTUC Fairprice at Bishan Branch, Singapore

As Singapore is a small country its future growth is quite limited. To have continued growth, the Government is encouraging Singapore businesses to venture overseas. For this reason FairPrice is actively persuing overseas opportunities. FairPrice is in an advanced stage of discussion with a private sector company in Malaysia and it is very likely that FairPrice will take equity in a joint-venture company to operate supermarkets in Kuala Lumpur before the end of 1993. Additionally retailing opportunities in China are being explored. A joint-venture with Chinese parting to likely to materialise shortly.

In the area of new business, FairPrice is also looking into the setting up of large distribution centre. Physical distribution of goods in Singapore is not well developed and highly insufficient. There is a situation of many suppliers providing goods to too many retailers. As a result many trucks are each delivering small quantities of goods to a multitude of individual retailers giving rise to congestion at the shops, many deliveries a day and lots of paper-work.

FairPrice is starting a Distribution Centre which will buy directly from suppliers to supply FairPrice stores and other retailers. Effectively this means daily a few trucks from the Distribution Centre will deliver most of the needs of the retail shop. There will be no congestion at the retail shops and invoices will be drastically reduced. Another gain is increased business volume because the Distribution Centre will supply to other retailers as well. With higher volume, FairPrice will be able to buy at a lower cost. FairPrice will partner an Australian Company for the distribution business. Operations will commence in July 1993.

*Submitted by : Lim Ho Seng*

Singapore  
17 May 1993

## THAILAND

Fact finding mission to Southern Thailand

Mr. Pradit Machima, ICA Consumer Advisor made a short visit to four provinces in Southern Thailand (Phuket, Trang, Songkla and Pattani) during 7 and 11 July 1993. Main objections were:

1. To collect facts and information on consumer cooperatives operations in four provinces;
2. To discuss problems concerning consumer coop-

eratives operations in the areas and ways and means of improving them with local authorities. Both government and the movement;

3. To attend a seminar on "Cooperative Education, Promotion and Coop. Development" organized by CLT at Pattani; and
4. To prepare a ground work for organizing the 23rd meeting of ICA Committee on Consumer Cooperation for Asia & the Pacific in Phuket, Thailand in November this year.

He found that most of consumer cooperatives visited are rather weak and small although potential for successful operations is big. This is because of lack of member participation, lack of qualified staff, lack of motivation and low pay for employees and above all lack of technical support from the government and the movement. Therefore, he had suggested to local authorities that (1) fact and relevant matters concerning consumer cooperatives in Southern Provinces be collected and analysed, (2) education and training programmes on consumer cooperatives for government officials, coop. leaders and coop. employees in



A Coop. Store at Songkla, Thailand

the areas be organized and (3) short and long term plans for consumer coop. development in the south be prepared and implemented. Otherwise consumer coop. conditions in the areas will be untackled and weakened for ever.

However, he found that some consumer coop. societies in the same areas are doing quite well such as the Phuket Hospital Coop. Store Ltd., the Teachers' Training Coop. Store Ltd. of Songkla and the Hat Yai Air Base Coop. Store Ltd. of Songkla:

### Performance of Phuket Hospital Coop. Store

Items	1991	1992	% increase over the year
Membership	155	203	31%
Share Capital (Baht)*	99,500	109,600	10%
Reserves	20,236	30,420	50%
Total Sales	1,437,683	2,347,667	63%
Gross Margin	120,226	167,725	40%
Other income	40,632	111,549	174%
Total income	160,858	279,274	74%
Expenditure	69,451	106,478	53%
Net Profit	91,407	172,496	89%

\* 25 Baht = DS\$1.



Mr. Pradir Machima gave a talk on "Cooperation and Consumer Coop. Development" to 400 students at Trang Agril. College, Trang, Thailand, July 8, 1993

### Next Consumer Committee Meeting

The 23rd Meeting of ICA Committee on Consumer Cooperation for Asia & the Pacific will be held in Phuket, Thailand on 17-19 November 1993 along with the Cooptrade and Industry (CTI) Committee meeting. The meeting will be hosted by the Cooperative League of Thailand (CLT) with the cooperation of Cooperative Promotion Department (CPD), Thailand and the Governor's Office of Phuket.

It is expected that 20 participants from 10 - 12 countries in Asia & the Pacific and 35 - 40 Govt. coop. officials and consumer coop. leaders in Southern Thailand will attend the meeting.

## Book Review

**RAINBOW OVER ROCHDALE** : (*The story of the birth of the Co-operative*) by Keiko Miyake and published by the *Ie-nohikari Association Publishing Service, Tokyo 1991, p. 101 + illustrations B/W 13 (English)*.

It is rare occasion that one comes across good literature and an effective educational material on Cooperation. A dearth of readable and useful study material may be because of only a few talented writers and experienced workers getting interested in the cooperative movement, in most of the Asian countries. In absence of suitable examples, they find it hard to have genuine and positive cooperative experience, and still harder to get dedicated to the idea of cooperation, as a socio-economic movement. So there is a famine like situation in cooperative literature. Somehow RAINBOW OVER ROCHDALE written by Ms. Keiko Miyake of Japan makes an exception. It is both reasonable and highly inspiring book.

Ms. Miyake is an experienced cooperator and a talented writer. She wrote this historical novel first in Japanese. The facts given in the book have been based on information found in the C.J.H. Holyoakes' book, SELF HELP BY THE PEOPLE. THE HISTORY OF ROCHDALE PIONEERS and from other sources. Ms. Miyake's imagination, writing ability and dedication to the international cooperative movement is well reflected in her creation. Some of the chapters added by her have fictitious names and characters.

The theme of the story depicts the heroic efforts made by some textile factory workers of mid-England in the mid nineteenth century i.e. about 150 years ago. Impressed by the reformist ideas, they saved some money and decided to organise a consumer cooperative store at the factory town of Rochdale (near Manchester). These Rochdale pioneers were 28 with an initial capital of 28 British Pounds saved by the families over a period of time. The Rochdale Society of Equitable Pioneers, started functioning from 21st December, 1844 with the first consumer cooperative shop opened in Toad Lane, Rochdale. The Society followed the following rules which later gave birth to the Cooperative Principles adhered to by the ICA and

other cooperatives the world over:

- Open membership
- Democratic control (one man, one vote)
- Distribution of surplus in proportion to trade
- Payment of limited interest on capital
- Political and religious neutrality
- Cash Trading
- Promotion of Education

The development of the theme and description of the main events leading to the establishment of the Toad Lane Store is so vivid that it crosses the limited of time and space, and puts the readers growing along with those working as cooperative pioneers. The readers will certainly identify the cooperative spirit and imbibe it by reading this book. The book could be used as a base for the preparation of film or video-serial and use as an effective material for the would also augur well with the celebration of 150th anniversary of the cooperative movement the world over, focussing attention on Rochdale Pioneers in 1994.

The book is the English version. The translation from Japanese has been ably done by Hanae Okomoto and Beverly Lee. It has been well illustrated by 13 B/W drawings by Tan-an Ito. So the author rightly label it as a cooperative product - a fine creative product.

Dr. D. Vir  
H.R.D. Consultant, New Delhi.

## New ICA ROAP Publications

The ICA ROAP has recently published two very important Reports on Consumer Cooperatives. One is the Regional Seminar on University Coops. in Asia jointly organised by the ICA/NFUCA and Brawwijaya University at Malang, Indonesia on January 28-30, 1992 (Price: US\$ 12/-) and the other book is on the Problems Faced by the Consumer Cooperative Movement in Malaysia. The book contains the consumer cooperative situation : Problems faced and recommendations and solutions (Price : US\$ 8/-). These two will prove to be very useful for education, training, teaching and planning purposes. For your copies please contact the : ICA DOMUS TRUST 43 Friends Colony (E), New Delhi-110065. India



# ASIA - PACIFIC CONSUMER COOP NEWS

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The heart and the centre of attraction in Thailand

## Editorial

This issue contains some articles on Coop. Basic Values, Protecting World Environment, management of Consumer Cooperatives and Role of Cooperatives and UNICEF for Assisting Self-reliance of Mothers and Children in Asia. All these articles are co-related and suggest in one way or the other in strengthening the cooperative movement as well as building up of a better world.

We need more cooperation and support in making this world a better place to live in and in strengthening the cooperative movement from all cooperative organisations from all parts of the world.

## Contents

### ICA REGIONAL OFFICE ACTIVITIES

Japan : 6th National Mid-term Plan	4
Role of Co-operatives and UNICEF for Assisting Self-Reliance of mothers and children in Asia	5
Protecting Environment through Cooperative Action	8
Management of Consumer Cooperatives	12
Basic Cooperative Values	17
Country Profile : Thailand	21

### CONSUMER NEWS FROM ASIA & THE PACIFIC

Bangladesh	26
India	26
Japan	26
Philippines	27
South Korea	28
Singapore	28
Thailand	28

## ASIA - PACIFIC CONSUMER COOP NEWS

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### A Bulletin by the ICA Committee on Consumer Cooperation for Asia and the Pacific

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#### To the Reader . . .

We would like to receive contributions from you. Your opinions, ideas and even information on new innovations in consumer cooperatives and related matters are welcome. Your contribution will undoubtedly bring more information inputs and strength to the Bulletin. We also invite you to comment on the information and layout of the Bulletin so that we may improve upon future issues.

--Editor

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# ICA REGIONAL OFFICE ACTIVITIES

## President Marcus will lead ICA till 1995

Lars Marcus of Sweden was reelected as President of the International Co-operative Alliance at the ICA General Assembly session held in Geneva. The results were close, with 186 votes for Mr. Marcus, 158 votes for Raija Itkonen of Finland and six abstentions.

Lars Marcus has been ICA President for the past ten years and will continue until the 1995 Congress. He was responsible for establishing the new, more decentralised ICA structure which was approved at the 1992 ICA Congress in Tokyo; and he initiated the current review of co-operative values and principles which is based on the report which he presented to the Stockholm Congress in 1988.



Marcus : many achievements

in Eastern and Central Europe since 1989. These movements were aided by his high-level political discussions and interventions.

## The Way Ahead for Consumers

The Way Ahead is the name of a publication containing operating guidelines for consumer co-operatives worldwide which is planned for publication to mark the ICA Centennial in 1995. All ICA consumer co-operative member organisations are urged to join in the process of producing this report, which will be published before ICA Centenary Congress in Manchester.

This was the main decision on future activities agreed by the ICA Consumer Committee, now renamed

the International Co-operative Consumer Organisation of ICA, which held its annual meeting on Tuesday.

"The Way Ahead" project is the consumer co-operatives' answer to the challenge of the ICA Tokyo Congress decision, which asked all ICA sectoral organisations to draft operating guidelines in the spirit of basic co-operative values and so give sectoral depth to the review of principles and the charter drafting project headed by professor Ian MacPherson.

Mr. Kalevi Suomela from the Finnish Consumer Co-operative Association, who presented the operating guidelines project at the Consumer Committee Plenary Meeting, stressed the importance of approaching the sectoral work by first mapping out the most pressing problems and challenges facing world consumer co-operatives, and, only after that, proceeding to recommendations of strategies and policies.

Mr. Ivano Barberini, the CEO of ANCC, Italy, and President of EUROCOOP, said that the most successful businesses are those which are able to create a clear identity, shared by both management and member-customers, and based on bright strategies at a high efficiency level. The purpose of the consumer co-operative guidelines project must be to assist in the search for excellence on the basis of proven co-operative values.

It was decided that the guidelines project will work regionally up to the time of ICA Regional Assemblies next autumn. After that the results will be drawn together in a summary report.

Another important issue the Consumer Organisation is going to tackle is Co-operative Agenda 21, the environment programme for co-operatives. The importance of the environment question for consumer co-operatives was stressed by the new Consumer Organisation President, Mr. Giuseppe Fabretti of ANCC, Italy.

The plenary meeting was the last one for Ms Turid Strom, who has served for nine years as the president of the Consumer Committee and been on its executive committee for almost thirty years. Ms Strom was especially praised for her enthusiasm and being so active in consumer policy and environment questions.

Mr. Masao Ohya representing JCCU, Japan, and the Asian Consumer Co-operative Regional Committee, continues his work on the executive in the capacity of vice president.



# JAPAN

## The Sixth National Midterm Plan : Preparing for the Latter Half of the 1990s

The concept of the '90s, based on the idea of "Creation of Better Life Full of Humanity," was introduced, with the aim of promoting "creative-style" co-op movements, rather than "resistance-type" movements.

The first step in realizing this concept was the formulation of the Fifth National Midterm Plan (1990-1992). The plan focused on reinforcing the business capabilities of co-ops in accordance with their organizational strengths, promoting solidarity among co-ops at the regional level, and reforming the JCCU itself.

The JCCU's 43rd Annual Congress adopted the Sixth National Midterm Plan (1993-1995) in a bid to complete the construction of a foundation for realizing major developments in the latter half of the 1990s, and prepare for further growth in the 21st Century.

The main tasks for the Japanese co-op movement outlined in the plan are given below.

### 1. Prepare for the 21st Century amid a sluggish business environment

As will be stated later, co-ops, like other Japanese corporations, are being seriously affected by the current economic recession and the restructuring of the distribution sector. In the hope of boosting corporate strengths during this stagnant growth period, the Sixth National Midterm Plan focused on solidifying the foundation for qualitative reform, rather than aiming for quantitative expansion.

### 2. Change the organizational climate

Co-op stores have been set up throughout Japan in quick succession, and a large number of local residents have become co-op members. Under these circumstances, the co-op movement is expected to become more open so that it can better hear the demands of a wide range of co-op members.

For this reason, co-ops are to expand the scope of their activities to embrace environmental preservation, welfare, the preservation of people's health, peace and the protection of consumer rights. At the same time, international contributions on a grass-roots level will be encouraged.

### 3. Strengthen management skills to facilitate integrated business structures

A supermarket chain carrying comprehensive product lineups is necessary to meet the various needs of all citizens. To run these stores, there is an urgent need to train qualified management staff and competent employees.

### 4. Boost solidarity for promotion of structural reform

To effectively promote these reforms, solidarity at all levels is to be strengthened. Some important steps include creating regional business organizations, strengthening prefectural unions to reinforce their public relations functions, promoting collaboration among citizens' co-ops, school-teachers' co-ops, medical co-ops, and institutional co-ops, and boosting solidarity on a nationwide level.

### 5. Reform the JCCU

Co-op products which are superior in terms of their environmental friendliness, safety, quality and price should be re-established in order to reinforce the JCCU's wholesale functions. Proposals and services capable of winning the understanding and support of member co-ops will be required.

### 6. Values, principles, and vision

By taking into consideration the discussion on basic values which took place during the ICA Tokyo Congress, co-ops are to further investigate such theoretical issues as the general principles of co-operatives, the relationship between business operations and the overall co-op movement, and the positioning of staff labor. Such study is expected to promote the reform of co-op management as well.



Japanese Coop. College (Consumer) Kobe, Japan

# Role of Co-operatives and UNICEF for Assisting Self-Reliance of Mothers and Children in Asia\*

PRADIT MACHIMA, ICA Consumer Advisor

## 1. Introduction

It is generally felt that the living conditions of certain groups (not all) of women and children in the Indian sub-continent (India, Bangladesh, Pakistan and Sri Lanka) are not favourable compared to other countries in the Asia and the Pacific region. The income level is low, calorie intake per capita is inadequate, infant mortality rate is high, life expectancy is low due to poor socio-economic background of these countries and their cultural heritage. These conditions will continue as long as there are no proper measures to stop them and improve them. They need more help. Therefore, rich countries and rich societies should join hands together to help improve their living conditions. Otherwise, the world will be plagued by population explosion, pollution, diseases, hatred and war.

## 2. Background

There are many reasons for their poverty, backwardness, illiteracy, ill-health and aversion to changes. Main among them are:

- long colonial rule;
- strong traditional and religious belief;
- densely populated;
- poor infrastructure;

- poor education;
- poor health facilities;
- unemployment; and
- economic and political exploitation by powerful and ruling classes.

For example, in Bangladesh, the living conditions of women and children are extremely poor. They are poor because they are born poor. Their main problems are:

- Landless;
- Low education or no education at all. Only 4-6% of women in the community can read and write;
- Lack of employment because of lack of land, education, skills & funds;
- Income level is very low ranging from Tk. 150 to 300 per month (\$4-8);
- Lack of food, milk, clothing and decent living;
- Lack of clean drinking water and sanitation;
- Marriage at a very young age - from 12-17 years;
- Large families.

The comparative socio-economic background of Asian countries can be seen in Table-1 below.

**Table 1: Figures on population, income, literacy rates etc. in Asian countries in 1991**

Country	Population (million)	% urban population	Literacy Rate	Income per Head (US\$)	Birth Rate Per 1000	Death Rate Per 1000	Infant Mortality Per 1000
Bangladesh	117	14	29	200	37	13	120
Burma	42	24	79	195	32	13	95
India	860	27	52	350	31	10	91
Pakistan	118	28	26	376	43	13	112
Sri Lanka	17	22	87	418	21	6	19
Thailand	58	24	90	1400	24	7	29
Japan	124	77	99	25000	10	7	4.5

Source : Asia Year Book 1992

\* The paper was presented at the Symposium organized by JCCU and Consumer Coop. Organizations of Japan at Fukuoka and Hiroshima, Japan in October 1992.

### 3. Status and Role of women in their societies

Women play a very important role (both positive and negative) in a family, community and country. If they are well educated, well trained and well equipped, they can bring progress, success and happiness to the family, the community and the country and vice versa. They are the main partners in working and earning, cooking and cleaning the house, caring and maintaining the family and the household and raising and training of children and youth for their future life. They are the ones who shape up the mind and build up the strength and weakness of children for their future. If they are good and strong, it is ensured that the children's future will be good and bright.

But, unfortunately, most of women in developing countries, especially in Bangladesh, India, Pakistan and Sri Lanka are facing many difficulties and hardship resulting from low income, poor education, ill-health, low life expectancy, exploitation and traditional bindings - a socio-economic vicious circle. That is why, it affects the health, the mind, the quality (education and training) and the progress, success and the happiness of children severely.

### 4. Women's organizations in the region

Realizing the above problems, the governments, NGOs, international organizations, etc. in the region, especially UNICEF have tried by all possible means to help improve the living standards of the mothers and children in the region through organizing group works, community organizations and women's co-operatives. The most important and effective one is the cooperative.

At present, there are 4,100 women coop. societies in Bangladesh, 5,641 in India, but none in Pakistan and Sri Lanka. Fortunately, Sri Lanka has women's units working under the wings of the so-called multi-purpose coop. societies throughout the country.

### 5. Main activities of women's co-operatives

Main activities of women's co-operatives - both agriculture and non-agriculture - are:

1. Agricultural production through providing credit, farm supply, processing and marketing outlets to farmers and members.
2. Non-agricultural cooperatives, such as consumers, employees co-operatives and others through

provision of credit, raw-material for production, education and skill training, machines and equipments and places to work and marketing outlets.

3. Income generating activities through sewing, embroidery, handicrafts, cloth making, flower and carpet making, etc.
4. Educate and train members in family planning, health improvement, mother and child development and community development.

### 6. Role of Co-operatives and UNICEF in assisting Self-Reliance of Mothers and Children in Asia

#### 6.1 Co-operatives

Through co-operative activities and network, women in Bangladesh, India and Sri Lanka have an access to education and training, employment and are earning a living which, in turn, improves their knowledge and skills, production and family life-better production, better business and better living. Besides, they can build up their status and strength within the community and society. Young girls, who are employed and work in co-operatives, have better chance to get married easier than others.

In Maharashtra and Gujarat (India) where dairy co-operatives are strong and effective, women work side by side among men and are being recognized as equals. In Bangladesh, members of women's coops are the main sources of family income and the pride of the family. Some of them are elected as community leaders.

#### 6.2 UNICEF

UNICEF (United Nations Children's Fund) has played a very significant role in assisting governments, co-operatives, community organizations and specific programmes/projects in improving standard of living of mothers and children throughout the world, especially the third world. In Bangladesh, India, Indonesia, Laos, Vietnam, Cambodia, the Philippines, etc., UNICEF has provided financial and technical aids of tremendous amount to the governments, hospitals, schools and educational institutions, and cooperatives, etc. to provide clean drinking water, basic food, milk, health and medical equipments, education and training, books and teaching equipments, income generating activities to mothers and children in the region. This helps eliminate poverty, ignorance and health treatment to the mothers and children in Asia to a great extent. Calorie intake for

children has increased, infant mortality rates have declined, life expectancy rate has increased, ignorance and resistance to change have declined.

As a whole, UNICEF has been doing a marvellous job to bring progress, success and happiness within the region. Unfortunately, UNICEF cannot do everything to cope with the mounting problems within the region. Governments, co-operatives and other institutions should do more to co-operate with UNICEF to solve economic and social problems to help improve living standards of mothers and children within the region, such as to raise more funds, to train women & youth for better work and better living and to build up a self-help organizations like cooperatives, especially women's co-operatives to tackle problems similar to that of Japan Committee for UNICEF that raises funds to help mothers and children in developing countries.

## 7. Problems and Solutions

I do realize that women's co-operatives can help improve standard of living of mothers and children in developing countries, such as Bangladesh, India and Sri Lanka; but to a limited extent because these cooperative societies are not strong enough. Main problems among organized women's cooperative societies are:

- 7.1 Shortage of funds and equipments;
- 7.2 Ignorance and shyness among members;
- 7.3 Low education standard or no education at all;
- 7.4 Lack of skilled trainers, designers and cooperative leaders;
- 7.5 Lack of supply to members for their production needs;
- 7.6 Lack of marketing outlets;

7.7 High interest rates; and

7.8 Lack of support from Central Women's Cooperatives because of shortage of funds, manpower and knowledge.

Therefore, they need more help and assistance from the strong coop. movements, especially from Japan. This can be easily done by setting-up a committee to arrange direct assistance from a strong societies in Japan to a weaker society in a developing country. For example, a coop. society in FUKUOKA or HIROSHIMA can give direct assistance to a women's coop. in Mymensingh or Rajshahi or Chittagong in Bangladesh. It does not require large amount of money, for example, US\$500-1500. This should be a one-time grant. The utilisation and end result could be reviewed for further developmental grants by the donor societies. Based on this experience, this could be applied to other developing countries in Asia.

Recently, (September 1993), disaster of a very serious nature occurred in Western Maharashtra, India, where a severe earthquake, which destroyed 45 villages and claimed the lives of more than 30,000 people. Apart from the human angle, co-operators will be pained to know that a major part of the casualty were the co-operators. I believe that developed co-operative movements in the Region can try to mitigate the sufferings of those survived in the calamity by offering generous donations in cash or kind. As a second phase, these hapless people would need technical and other assistance in rehabilitating themselves, their co-operatives and their area of work.

If agreed, ICA Consumer Committee is willing to act as a co-ordinator and particularly myself is willing to act on your behalf.



Better life and a better living through cooperatives, Hiroshima, Japan



Women's roles in dairy coop. Anand, Gujarat, India

# Protecting Environment Through Cooperative Action

**DAMAN PRAKASH, Project Director,**  
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*Daman Prakash*

The very first item on the Declaration of Earth Summit 1991 says "Human beings are the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature." Some of the basic aspects of life highlighted by this Declaration are : human beings as centre of concern; sustainable development; entitlement to a healthy and productive life; and living in harmony with nature. It has been amply recognised that harmony with nature is the foundation on which human life rests and grows. Development, whether of an individual or of an institution, or of a community, has to be balanced. The development, if to be true, has to last for some time and should be able to sustain itself. The community should create conditions which are helpful in growth and which do not cause the development process to collapse when external supportive elements are withdrawn or cease to exist. The harmonious relationship between human life and nature has to be sustained to achieve satisfaction and happiness, the net product of any development process. The Rio Declaration also says "Peace, development and environmental protection are interdependent and indivisible."

The increasing application and modernization of technologies in developed as well as developing societies have affected the quality of life of the people in terms of environmental ecological changes. The adverse effects of technologies upon the environment/ecology commanded little attention until recent times when it begun to have deleterious effects upon the health and foods of the people. Unless positive steps are taken to control or eliminate these effects, the people's health and welfare will continue to suffer. It should be stressed that both the rich and the poor (people and nations) are equally affected in terms of quality of the air they breath; the water they drink; the food they eat; and the consequent effect to their health and productivity.

Cooperatives are in a unique position to play a leading role in addressing environmental issues. For decades they have emerged where economic change has threatened to destroy communities; where local people wanted to have a say in how resources were being used; and in order to preserve what they (the community)

valued. With the need to find a balance between economic development and environment, the challenge for cooperatives becomes more complex. But it is precisely this type of challenge that cooperatives thrive on. Awareness of the issue is only the first step. A comprehensive education programme needs to be followed up by addressing necessary changes at both the macro and micro levels. The key to the success of these activities is people's participation and this is where cooperatives excel.

## What is Sustainable Development?

While addressing an ICA workshop in Jakarta in April 1992, Hon. Dr. Emil Salim, Indonesia's Minister for Environment and Population Affairs, had made the following points:

"Imbalance of present-day eco-system is attributed to lopsided economic and industrial development pattern. The developing nations also tend to follow the same methods and means of development as was done by the developed countries during the period 1900-1990. The development had resulted in the following : Earth Warming; Rise in Sea Level; Depletion of Ozone layer; Acid Rains; and Climatic Changes. In case the new nations also keep on following the traditional methods of development, the situation will aggravate further. This, however, does not mean that development should not take place. The development should take place since job opportunities for many have to be created and the economic system has to be strengthened to produce services for the people and industry. The development process should take into consideration two principal factors e.g., people and the environment. The development should be with environmental considerations. The development should be:

- (a) In a sustained manner;
- (b) On the principle of equity;
- (c) Representing the aspirations of the people;
- (d) Enlisting international cooperation; and
- (e) Development with environmental considerations.

Deterioration of climate hits the poor most. Any increase in population brings pressure on all aspects of

life and services. Services are provided depending on the capacity and resources available. The key to a sustained development is the family welfare and size of the family. The following are the factors of sustainable development: Self-reliance; Bottom-up approach; Multi-facet approach; and Decentralization.

The Principles of Cooperation need to integrate the concept of sustainability. In the entire process of development-economic or industrial--it is the man that matters and the freedom with which he operates. His initiative has to be made use of. Looking around the global environmental situation we hear often that pollution levels have already crossed the threshold levels and all should work to keep that level within a reasonable limit so that humanity could breath and live in health surroundings. We have already reached the threshold level and it should not go above that level. This level has to be stabilized and gradually brought down by the application of remedial means, methods and techniques. Local innovations have to be made. Use of known technologies has to be made. International cooperation and collaboration has to be enlisted."

Conservation of energy is an important item. Alternative means of energy have to be developed and applied. Gas emissions (greenhouse effect) have to be controlled. Cooperative institutions, as self-help groups of people can contribute significantly to reduce the environmental pollution by making necessary adjustments in their means of production, distribution and processing. Cooperatives can educate their members and the people at large on the ill-effects of pollution by developing and suitably improving their member education training and extension programmes. They can contribute significantly on the re-greening of earth.

The health of an individual or a community depends on the maintenance of the delicate balance between people and environment. Its disturbance results in disease. Any disruption and disturbance in this balance results in the dislocation of ecological balance. We, all human beings, are a part of this system--all human beings, animals, birds, forests, plants, oceans, sea animals, water, air and the soil etc. It is a well-known fact that if any of these elements is missing or is not in the right proportion the human body reacts to these imbalances. If the air is not pure, people fall sick and the plants wither away or eventually die. If the soil is bad or over-exploited or polluted, the fertility goes down. We will not reap a good harvest. It will not hold water and eventually convert into a desert where nothing grows

except the dunes of sand. If the water is polluted, we know the serious consequences. Many people on this earth have been dying due to water-borne diseases. Polluted water will not rear fish and it will not have the potential of contributing to a good harvest. It might eventually damage the land quality.

### Consequences of Pollution

Let us have a look at the consequences of pollution of the following essential elements:

- Water
- Air
- Noise
- Wastes

**Water :** It is an essential element for the existence and survival of all life including human beings. There is no substitute for water. It is required for drinking, cooking, washing, bathing, sanitation, agriculture and industry. For human consumption water should be safe, free from harmful ingredients as well as agreeable to use. Polluted or contaminated water causes many diseases. These diseases are common causes of deaths in developing countries because adequate safe drinking water is simply not available. It is a social crime to pollute water which others may need and use. Stagnant water is disease producing and an ideal breeding ground for mosquitoes.

**Air :** No less important than water is the air in our immediate environment. It provides the life-giving and life sustaining oxygen, and also regulates the atmospheric temperatures and humidity. Air is the medium for effective transmission of hearing and smell stimuli. Pollution of air by disease agents, dust, smoke, poisonous gases, and vapors leads to sickness and even death. Crowded and ill-ventilated places are conducive of air-pollution and resultant spread of air-borne diseases like infections of TB, flu, common colds and coughs as well as a host of other respiratory problems. Air is polluted by fumes coming from automobiles, factories, smoking chulahs, and handling of gas-related factories. Our atmosphere is also polluted through excessive use of farm chemicals and stagnating water bodies and waste disposal yards.

**Noise :** Noise pollution of the environment by excessively loud and unwanted/kinds of high frequency sounds is injurious to physical and mental health. Such noises cause stress, irritation, headaches, physical and mental discomfort, gradual deafness, increase in pulse

rate and blood pressure, which may lead to lowered resistance to disease, and hinder efficiency. The control of this serious environmental health hazard, which is assuming alarming proportions in the urban and rural habitats alike, lies principally with the civil authorities and enforcement of relevant legislation. Use of pressure horns by trucks and buses, damaged silencers of automobiles, loud speakers, worn out engines, sound producing electric motors, electric generators etc. are the main culprits, which can be controlled with the slightest cooperation from the users.

**Disposal of Wastes :** Proper disposal of human and animal wastes, faeces and dung, discarded wastes from houses, shops, streets, bazaars, warehouses, factories and agricultural operations is closely linked with the achievement of an essentially healthy environment. Improper disposal of such wastes results into foul smell, rodents, flies, pests and stinks besides unpleasant sights and creation of unaesthetic surroundings.

These are some of the general elements which contribute to our environmental degradation. These are basically the 'civic' matters which should naturally come around us through our normal education and community behaviour. Due to lack of education, lack of appreciation of community life, arrogance and indifference, we continue performing these acts without realising their damaging results.

### **Erosion of Faith**

Another aspect of environment protection relates to the ecological balance and our participation in maintaining that balance so that everyone on this planet enjoy its fruits. Every human being aspires for green environment flushed with a plenty of water and pleasant breeze. This is getting scarce anyhow. We find all-around us a large scale plunder of forests, indiscriminate mining, opening up of forests for golf courses and recreation areas. We also find large tracts of jungles being set on fire just to make room for farming. Erosion of land in uplands brings devastation in the form of flash floods thereby killing people and cattle besides destroying properties. Rivers continue changing their courses simply because there is a greater amount of sand in their beds now than ever before and the embankments are poorly maintained. The assault on forests turns the rivers brown from topsoil runoff. The fish disappear from these rivers and the weather becomes dry. Due to these factors the jungle animals disappear. Due to the destruction of jungles the life style of area people changes.

They tend to leave their traditions and become slaves of modern habits - junk food, smoking, alcohols and western-style clothing. Of course, it is not a crime that people wear western-style clothes, but due to foreign influence people tend to lose faith in their own traditions, cultures and values. This is another type of pollution that is killing the cultures, faiths and old sacred traditions.

### **Awareness is the First Step**

It is a question of awareness. Of course people have been talking about pollution and environment-friendly topics day in and day out. But this is not enough. Within the cooperative community it has been observed that environment-consciousness is not there. By environment we generally assume that there is a need for growing more trees and protecting the ones that are already there. Besides trees there are several other topics on which the thesis of awareness can be built. There is therefore the need of setting up programmes for a variety of targets groups within the cooperative sector who should be informed and educated about environment-related issues. The subject of environment should be included in the general curricula for member education staff training and leadership development. Some of the main topics which could be included are :

- What do we mean by pollution? how is it generated and how to control it? what are the ill-effects of pollution?
- What kind of pollution?
- What roles cooperatives/cooperative leaders/cooperative employees can play in controlling pollution?
- Relationship between population and pollution. How the cooperative institutions help control population?
- Better living activities through cooperatives to look after mothers and young children and even the aged people.
- Social responsibilities of a cooperative institution vis-a-vis environment protection.

### **Reaching the People**

Communicating with people. Keeping the subject high and dry will not be useful and cooperative members will not feel attracted. Forceful introductions supported

with bold and powerful visuals and verbals would be most effective. Instances can be quoted from various countries on growth of population-what was the situation 10 years ago and what is the situation today. That difference would be easily understood. World population is growing by 92 million annually, roughly equal to adding another Mexico or Bihar each year; of this total, 88 million are being added in the developing countries. Another instance: The earth's surface was warmer in 1990 than in any year since record keeping began in the mid-19th century: six of the seven warmest years on record have occurred since 1980. Other examples could be: one in three children is malnourished; some 1.2 billion people lack water safe to drink; about 1 billion adults cannot read or write; over 100 million children of primary school age are not in school.

Cooperative institutions are people's organisations and these are the best and most useful agencies available at the village level where people can discuss their own personal and cooperative problems. Cooperatives, during their general meetings and other fora can discuss issues like: management of waste water in the village streets; management of solid wastes from the village; providing safe drinking water to the people in the village; maintaining surroundings of the village school, panchayat house, community hall, water for cattles, use of farm chemicals, periodical health checks for members etc. Cooperatives could also have a look at their godowns to ensure the safety of chemical fertilisers and farm chemicals. A whole variety of better living activities as has been done in the agricultural cooperatives of Japan - can be introduced in local conditions. (It might be of interest that women associations in Japan operate their own organisations within the agricultural cooperatives without being any registered or formal organisations. They compliment and supplement the work of agricultural cooperatives and undertake a large variety of programmes for the upliftment and security of farmer-members. Environmental issues are on the top of their programmes.)

### **Sustainability in Agriculture**

A large number of cooperatives are of agricultural orientation. These are the ventures of farmers, cultivators and farm workers. In order to contribute to food supplies they try to increase farm production through various means e.g., high doses of fertiliser, excessive application of farm chemicals etc. In that process the soils are damaged and several other negative results

come up. Agriculture has, therefore, to be sustainable. The following are the principles of Sustainable Agriculture (SA):

- a) SA must be ecologically sound. Nature has to be respected and the farming system should not be destructive to nature/environment;
- b) SA should be economically viable. It has to help/improve the socio-economic situation of the farmers.
- c) SA must be socially just and equitable. It requires agrarian reforms, looking at the institutional arrangements for the farmers to have better control of their farm areas;
- d) SA is culturally sensitive. One has to be open to learn traditional techniques of farming methods that have been there from generation to generation.
- e) SA is integrative and uses holistic science.
- f) SA uses appropriate technology, not only fertilisers and pesticides, and
- g) SA is supportive to the awakening of human potential. Man is the master of his own technology imposed on him.

The subject of Environment and Sustainable Development was discussed and deliberated upon vigorously at the 30th Congress of the International Cooperative Alliance held in Tokyo in 1992. The Declaration adopted by the ICA Congress is positive and of great significance. Some of the key points from the Declaration are given below:

“(4) Cooperatives' commitment to action in these areas is a reflection of t basic values which they share both in terms of their business activities and their social responsibilities;

“(5) Accordingly, movement-to-movement programmes of support between cooperatives should be increased in order to promote democratic, member-owned cooperative organisations;

“(6) As well, cooperative organisations should initiate and strengthen their own environmental action programmes in order to educate their members, promote sustainable development through their business activities, and influence the policy of governmental authorities;

“(7) Since food production is a key element of sustainable development, cooperatives should rein-



force their commitment to strengthening agricultural and fisheries cooperatives which operate in a manner that preserves the natural environment;

“(8) The contribution of consumer cooperatives in setting high environmental standards should be recognised and encouraged in view of the leadership role they are playing in many countries;

“(11) As a reflection of their commitment to sustainable development, national cooperative organisations and development agencies should establish their own special environment and development fund (s) and programmes for their purpose;

“(12) The ICA should be encouraged to establish its own Special Fund for Sustainable Develop-

ment, which would replace its present Development Fund, in order to expand its own activities in collaboration with member-organisations.”

The issue of environment protection is not the responsibility of the state alone. It is the concern of everyone-individuals and self-help groups. Cooperatives and cooperative members can participate in this programme more effectively simply because of the coverage and influence of these institutions. The world community is now concerned about environment protection. It is now the time that the cooperative community also shows its foresight in tackling the subject of environment protection through a cooperative action. □

## Management of Consumer Cooperatives with Special Reference to Finance

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Retailing is as old as human civilization. It started with Barter System followed by Small Retail Shops, Mandies and Sandies. But the Industrial Revolution, Corporate and Large Scale Production had for reaching repercussions during the last one and half century including the field of retailing. In the retail scenario we now find Small Retail Shops, Super Markets, Department Stores, Hyper Markets, Mega Markets, Chain Stores and Mail Order Houses.

People working in the field of retailing should have the right perception to all these methods of retailing. Books do define them. But barring the specialised books, often one can find academic definition like, Department Stores means a large shop where one can find everything beginning from pin to piano or pin to plane. Such definition though gives an idea may not be helpful to professionals who have to understand the concept of retailing correctly.

### Modern Methods of Retailing

Super Market means a large food shop of at least 2,000 sq.ft. (now revised to 4,000 sq.ft.) where bulk of the sale is under Self-Service System.

Department Store is a large shop of at least 2,000 sq.ft., selling at least five commodities groups or product line like Clothings, Home Furnishing, Household Goods,

Footwear and Consumer Durables etc. employing at least 35 people with a minimum sale of a Million a month.

Super Stores are larger Super Markets of atleast 25,000 sq.ft. with 25 check-outs catering to the total needs of the routine food and non-food purchase of the Consumer. Apart from the full range of food items, they usually offer services such as Laundry, Dry Cleaning, Shoe Repair Services and competitive Canteen.

Combination Stores are still bigger Stores of 50,000 or more square feet Super Markets. This is something like a Super Store plus a Drug Store.

Hyper Markets or Mega Markets are much larger ranging between 80,000 sq.ft. to 200,000 sq.ft. with still wider product ranges such as Furnitures, Clothings and many more things.

Chain Stores means a Network of Small or Big Retail Outlets selling the same products and assortments with the same ownership. Multi-national Shoemaker BATA is a simple example of this type. Super Markets and Hyper Markets may be individually owned, but in practice in most countries there is Super Market chain.

Speciality Shops sell only one product-line like Garments or Footwear etc. and are found in the Shopping Centres throughout the world.

Discount Houses sell one product line at a cheaper rate throughout the year in contrast to casual discount sale by an ordinary shop.

Mail Order Retailing involves getting order by phone. Here also the thrust is on Price.

Convenience Stores are small shops (food stores) mostly located in residential areas.

Retailing can also be classified by Product Line, Price Emphasis, Business Premises, Ownership and Location.

If such wide varieties of retailing are available for the consumers, why Consumer Cooperatives?

### Consumer Cooperatives

A Consumer Cooperative is differentiated from other retailers in the form of Ownership. It is owned by the Customers, the Consumers, the Common Man.

Normally when Common People find some difficulty in getting Consumer Goods, they organise steady supply of select range of quality goods at a cooperative price. Here the thrust is service and not profit. It is a Common Man's Umbrella of Consumer Production against unfair trade practices like Adulteration, Cheating, Hoarding, Black Marketing and Profiteering.

In some developed countries like Sweden, Denmark, England, Finland and Japan, Consumer Co-operative started in a small scale but in course of time they gained experience and expertise and built up Super Market Chains. They have been able to provide an alternative to the Consumer.

In a developing country like India where Consumer Cooperatives began as Speciality Stores and Convenience Stores have proved to be trend setters and market leaders. They are the pioneers in modern methods of retailing like pre-packing Price Marking, Self-Service etc. It is strange and true that though in India Consumer Cooperatives have captured only 4% of the Retail Trade, all the top retailers of the country are the Consumer Cooperatives. It has more Super-Markets and Department Stores than the Private Sector, with reference to the definitions discussed in the proceeding points it is worth mentioning that in India while most Cooperative Department Stores have less profit or loss, almost all the Co-operative Super Markets are in good profit. Their thrust has been on range image and price emphasis. The successful Cooperative-Super Markets of India offer a model for the developing countries specially where the

Consumer Cooperatives have not taken roots.

### Structure and Function

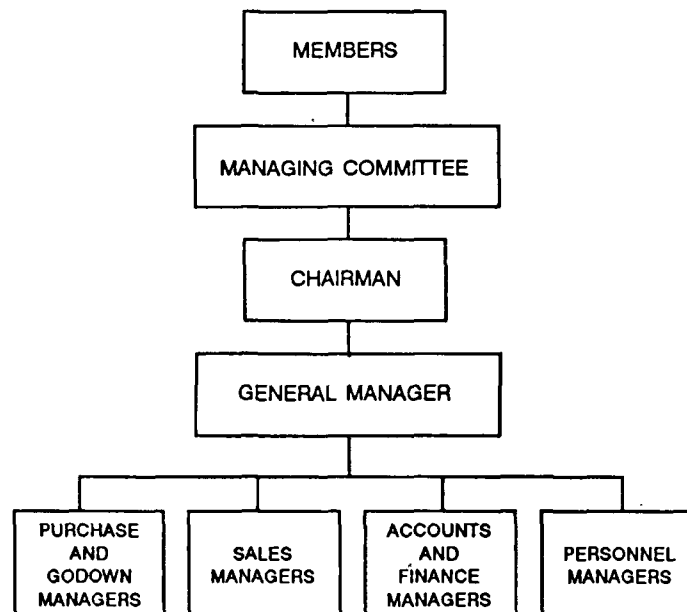
In a Consumer Cooperative the General Body of Members which is the supreme authority elect their representatives as per the registered bye-laws once in every three or five years. The elected representatives constitute the Managing Committee or the Board of Directors. They in turn elect from among themselves a Chairman and Vice-Chairman. They may also elect a Secretary and a Treasurer.

In small single shop Consumer Cooperatives which cannot afford to appoint profession Managers, the selected Committee members often do the work of the Manager. But if properly managed within a few years even small Cooperative can be bigger.

Experience of the Cooperative movement shows that for the Consumers, it is advisable to set up a Super Market of atleast 2,000 sq.ft. with a team of Professional Personnels instead of setting up a small Cooperative Shop which more often than not lacks viability. In such a case the Committee Members should lay down Objectives, Policies, Goals and Review the performance at regular intervals. Actual operation of the Store should be left to the Professionals the Paid Executives.

Usual organizational structure of a Cooperative Super Market may be as shown below:

The main function of a Cooperative Super Market is obviously Sales and Purchase and all the activities like Ordering, Packing, Billing, Delivery etc. But inexperi-



enced Cooperatives make simple but very costly mistakes. Selecting the right product range is of utmost importance, Micro analysis of the Sales-mix of the Consumer Co-operatives operating all around the world shows that 70% to 80% of their sales comprises of Grocery, Provisions, Toiletries, Cosmetics and Cleaning Materials. Management of new Consumer Cooperative have a lot to learn from them and they should not venture a misadventure to concentrate in Non-food items. Purchase should be on the basis of Stock-days. Some Disciplined Stock Holding Policy and not on the basis of the hunch, intuition and guess work. There may be some mistakes, some damages, slow movers and some self budge. These things are a part of the game. They have to be identified and rectified in a continuous process. Management of a Cooperative Super Market has to ensure the following four points in discharging its functions:

- (a) There should be full range of Grocery, Provisions, Toiletries, Cosmetics and Cleaning Materials, subject to local demand.
- (b) Price of no item should be higher than the local market price. It should preferably be a little cheaper.
- (c) The behaviors of the Floor Staff to the Customers should be polite and courteous.
- (d) The shop should be neat and clean according to the local standard and the shop atmosphere should be pleasant and possibly be a little attractive.

### Estimation of Sales and Finance

Sales estimation is the starting point of the planning process of a Consumer Cooperative. There are easy processes of knowing the total Retail Trade of a Town or a Village or Market Segment of the same. In some countries readymade statistics are available with the local authorities or the Statistical Department of the Government. If it is not readily available the total sale of a catchment area of a Cooperative Shop can be estimated by one of the following formula:

- (a)  $\text{Population} \times \text{per Capita Income} \times \% \text{ of Consumption Expenditure.}$
- (b) Sample survey of the consumption expenditure from the Cross Section of the Population of the catchment area.
- (c) By counting the Customer Traffic in front of the Shop and Working out their ratios to the sales of the neighbouring shop.

After estimating the Total Sales, one has to estimate his own market share from survey based experience. In India application of the first formula has been found to be very reliable and the estimation of the market share on the basis of 1% for every 100 sq.ft. in small shops and 0.5% in bigger shops, subject to a maximum of 20% has been very rewarding.

By the foresaid process after working out the Sales Plan, one has to work out the Cost Structure. It is very easy to estimate the Annual Cost of (a) Staff, (b) Rent and Depreciation, (c) Interest, Insurance and Bank Charges and (d) Other Expenses which comprise of the Cost Structure. One more reference is Margin (not Mark up) which can be got from similar shops in the neighbour-hood. For example in India, the average Margin of a Super Market is 6% to 6.5% and in case of a Department Store it is around 8%. This can be a reliable reference for a new Unit.

After knowing the Margin and the Cost Structure it is easy to know the Break-Even-Point (B.E.P.) or the Feasibility of the Project. For Example if the Total estimated Annual Cost of Cooperative Super Market is 500,000 and the Margin is 5% the Break-Even-Point is  $500,000 \times 100/5$  i.e. 10,000,000. If the expected Sales Turnover in less, then the Project is not feasible. If the Sales will be more than this, there will be profit.

It may also so happen that in the first year the Project by the above calculation may have loss, but in the subsequent years these may be in profit. In such a case the Management should undertake the Project and should not mind the gestation loss.

### Capital Estimation

Without Capital one should not think of business. Capital is required for acquiring land and Building (even in case of hired premises, there may be advance payment), Furnitures & Fixtures, Lights, Fans, Equipments. Money spent in such items are blocked once and for all and hence money such spent are called Block Capital.

Money is also required for Electricity Deposit, Telephone Deposit and various kinds of Licences. Again some people have to be recruited and trained a couple of months before the commencement of the business. There may also be some Advertisement and Publicity and Inauguration Function. These expenditures are called pre-Floatation Expenses. Here money is blocked but there is non tangible assets in lieu of it. Immature Managers forget the aspect of the Capital Cost and land

the business in loss.

Capital is also required to purchase Stocks, pay the Transport Charges, Taxes and to meet routine expenses like Rent, Electricity Bills, Telephone Bills, Stationaries, Wages and other things. Capital required for these things is called Working Capital. Here the Capital is not blocked, it rotates. You Purchase, Sell and again out of the same money make your Purchases. Banks normally provide loan with 40% margin but for Hypothecation Loan or for Cash Credit, they take into consideration only the Stock Holding and if there is any Credit Purchase, they deduct the same. Suppose a Store has a Stock Holding of 800,000 out of which Credit Purchase in worth 300,000 then the Bank may sanction Cash Credit of only 300,000 i.e. 800,000 minus 300,000 equals 500,000 and 60% (after deducting margin of 40% of 500,000 is 300,000.

Suppose a newly organised Co-operative Society gets a piece of land for Rs. 20,000 and they propose to construct a 3,000 sq.ft. Super Market and expect an annual sale of Rs. 10,000,000 the Capital requirement may be as follows :

**A. Block Capital**

i) Cost of Land	Rs. 20,000
ii) Cost of the building of 3,000 sq.ft. @ 300 per sq.ft.	Rs. 900,000
iii) Cost of Furniture & Fixtures @ 150 per sq.ft.	Rs. 450,000
iv) Preflotation Expenses	Rs. 30,000
<b>Total</b>	<b>Rs. 1,400,000</b>

**B. Working Capital**

(i) 40% of Stock Holding of 800,000 minus Credit Purchase of 300,000	Rs. 200,000
(ii) Bank Loan	Rs. 300,000
	Rs. 1,900,000
Add 10% towards Cost Escalation & Provisions	Rs. 100,000
<b>Total</b>	<b>Rs. 2,000,000</b>

**How to Raise the Capital**

A Consumer Cooperative may raise its capital :

- (a) As Share Capital from individual members institutional members.

- (b) Loan from Government and Financial Institutions.

- (c) Loan from Banks.

- (d) Deposits from Members.

According to Financial Discipline, Consumer Cooperatives should have sufficient Share Capital of its own to meet its Block Capital requirement. In case of some shortfall it may try to get some Term Loans. But under no circumstances Working Capital should be diverted for Fixed Assets (Block Capital). By committing this kind of mistake several Consumer Cooperative have died in many developing countries.

As per the example in the proceeding point a Consumer Co-operative should raise its Share Capital and Deposits of atleast 1,400,000 to 1,600,000. This can be done by raising 1,000 from 1,600 people or 100 from 16,000 people. By not doing this kind of home work some social workers in the developing countries organise Consumer Cooperatives of about 100 people and cry over all kinds of problems, including shortage of Finance. The main reason of defunct and moribund Cooperatives and Consumer Coops. in heavy losses is non-planning. Contrary to this all the Coop. Super Markets developed with proper planning and required Capital are not only successful but also the Market Leaders.

Internal generation of Funds retained in the form of Statutory Reserves, various kinds of Funds and also by way of depreciation is an ideal source of Capital formation. This is why successful Units find it comparatively easy to expand their business. But a new Consumer Cooperative cannot have such an advantage.

Capital has a cost, Members Share Holders expect Dividend and benefits for the Share Capital contributed by them, though it is not guaranteed. Banks and Financial Institutions expect interest for the Loan provided by them. Normally Owned Funds are cheaper than Borrowed Funds. But Owned Funds may not be adequate and Borrowing may be necessary. Notwithstanding the provisions of the Cooperative Law, Borrowing should not be more than 200% of the Share Capital. In business parlance the Debt Equity Ratio should be 2:1.

**Important Ratios**

In modern days Management, Ratios and Quotients have a lot importance for proper perception of facts and also for review and control. It is a helpful tool for in-firm inter-firm comparison. It helps to set up a standard of efficiency.

Some Norms and Ratios are common to all types of

business, violation of which creates problems. There are other Norms and Ratios for particular types of Organizations on the basis of which individual Organization may formulate its own Norms and Ratios.

In Consumer Cooperatives the common Norms with the International application are as follows :

- (a) Debt Equity Ratio should be 2:1.
- (b) Current Ratio should be at least 1:1, preferably 2:1.
- (c) Fixed Assets should not be more than Owned Funds plus Term Loans if any.
- (d) Annual growth rate in Sales should be at least 25%.

In Consumer Cooperatives some Ratios have a modified application than which is recommended in Books. They are as follows :

- (a) Quick Ratios or Acid Test Ratios should be calculated by comparing the Trade Creditors and Bank Borrowings (Working Capital Loan) to Cash Balance and Bank Balance and Stock Balance. Bank Borrowings should not be more than 60% of Cash Balance plus Bank Balance minus Trade Creditors.
- (b) Gross Profit should be at least 80% and preferably 100 to 120% of the Closing Stock.
- (c) Stock Turn should be at least 12 times and preferably 18 to 24 times a year.
- (d) Staff Cost should not be more than 50% of the Gross Profit or 3% of the Sales whichever is less.
- (e) Rent and Depreciation Cost should not be more than 15% of the Gross Profit or 1% of the Sales whichever is less.
- (f) Interest, Insurance and Bank Charges put together should not be more than 15% of the Gross Profit or 1% of Sales whichever is less.
- (g) All other Expenses should not be more than 15% of the Gross Profit or 1% of the Sales whichever is less.
- (h) The Total Expenses should not be more than 95% of the Gross Profit. The increase in one Cost component may be compensated by the savings in other Cost component. But the Cost of Interest, Insurance and Bank Charges should never be more than 1% of the Sales and 15% of the Gross Profit.

The above set up Norms have direct relevance in the Consumer Cooperatives of India. Similar Norms have to be formulated for the Consumer Cooperative of every country on the basis of which individual Consumer Cooperatives have to formulate their own Norms.

## Personnel Management

It is the people who make or mere an Organization. Maximum mistakes are committed in Personnel Management. Before recruiting people for a new Consumer Cooperative, all the jobs to be done should be identified, measured and grouped and the authority relationship should be established on the basis of which only recruitment should be made. Many jobs can be done on a Contract basis (Pre-packing is an example) or on a Part time basis a much cheaper cost for which full time employees should not be recruited at a higher cost. The strategy of personnel management in Consumer Cooperatives should be to keep less staff, get more work and to pay more.

Most people coming out from schools and colleges are not suitable for various jobs. They have to be trained and groomed for the job. There should be Incentive Scheme and Promotion Policy to sustain their morals and to avoid labour turnover.

There are various Labour Laws which have to be understood and implemented to avoid problems. Trade Union is an important phenomenon in modern day management. It has to be tackled carefully, reasonably and sensibly. Communication skill is very important in this regard.

## Members/Consumers

Sometimes the Members/Consumers for whom the Consumer Cooperatives are organised are completely forgotten. There should be a continuous process of two way communication with them through Suggestion Box Hand Bills, Banners-Board and Meetings. Constitution of various Committees has been very useful in getting involvement and loyalty of Members/Consumers.

## Conclusions

We are living in an age of Management Explosion, Information Explosion and Communication Explosion. The top Management of Consumer Cooperatives have to keep their eyes and ears open to various developments taking place around them and formulate their Objectives, Policies and Goals accordingly. We should always remember that there are horizons beyond horizon. Implementation of various techniques of Management in Consumer Cooperatives have been very rewarding. It is the people, especially the top management who have to do it. They should be fit enough for the jobs, so goes the saying, Man should be as big as the chair.

# Basic Cooperative Values

K. K. TAIMNI

The modern cooperative movement had started as a prescription to remedy an exploitive situation that was created in the wake of Industrial Revolution. The essence of the prescription was the replacement of the then prevailing set of dominant values among the people, especially those, who were in the vanguard of the exploitive process of industrialization, by a new set of values, whose essence was the elimination of exploitation of all sorts. This shift in values was to be achieved, by advocating democratisation of the decision making processes, limiting the return on capital, upholding the dignity of individual, and ensuring his full participation in institutional devices designed to meet social and economic needs. It was also envisaged that the process of replacement of old values with the new, was to be achieved through continuous education, persuasion and creation of awareness of the cruel character of a society, based on the values of supremacy of capital, and perhaps technology.

## Values and their acceptance

Gradually however, as dominant values in the wider social systems tended to converge with those which hitherto only characterized the cooperative activity, the utility of the cooperative as a form of organization, rather than as a set of values, came to be increasingly recognized and encouraged. People who were not particularly sold to the ideals of non-exploitation, also began to see a great deal of merit in cooperation as a form of business organization.

The encouragement given by colonial regimes, in what are now called developing countries, in the face of major upheavals in the countryside, resulted in the organization of officially sponsored cooperative societies. These were however not characterized by the values which had inspired the pioneers. The subsequent period witnessed a massive proliferation of cooperative activity, but under the benign tutelage of Registrars of Cooperative Societies.

The end of colonial era hardly made any difference. The cooperatives did receive particular attention, aid and advice but nobody ever attempted to put the soul in the body. Consequently, the success stories of cooperatives, as in India, are of successful enterprises which employ sophisticated technology, provide extensive

services and give higher return to members; These hardly however promote and practice the values of non-exploitation. Are these then, real cooperatives?

Values, as fundamental beliefs and basic postulates shape human and institutional behaviour, delineate the range and focus of their activities, provide basis for setting operational objectives and policies and are useful as standards to measure the success and effectiveness of results achieved, on the application of efforts and resources.

In the case of cooperatives, values provide the basis for the enunciation of principles; since principles, as guidelines for operationalisation of activities, can and do change with times. These can change due to community's expectation, but also due to the cardinal imperative of keeping cooperatives socially relevant and economically efficient. W.P. Watkins lists the following as the basic values of cooperation:

- association and unity
- economy
- democracy
- equity
- liberty
- responsibility, and
- education

Sven Ake Book gives the following values, "which now and in the future should be included in the cooperative process to make a contribution to cooperation in practice". His "view of the matter has been formed chiefly through the interpretation of cooperative visionaries, ideologists, my conversation with cooperators and readings of reports and biographies, documentation underlying essential decisions and policies, research analysis etc".

- self-help values (activity, creativity, responsibility, independence, "do-it-yourself").
- mutual help values (cooperation, unity collective action, solidarity, peace).
- non-profit interest values (resource conservation, elimination of profit as a driving force, social responsibility, utilitarian goal, "not profiting from others' work").

- democratic values (equality, participation, “equity”).
- educational and training values (humanism, independence, constructiveness).
- voluntary-efforts values (commitment, creative power, independence, pluralism).
- universal values and values of cooperation (global perspectives, openness).
- purposeful values (economic benefit to members).

Lars Marcus, President, International Cooperative Alliance, identified the following as the basic values in his Report to the ICA Congress, Stockholm, 1988;

- member participation
- democracy
- honesty, trust and openness
- caring for others.

He elaborates these values in the words: “The ultimate aim for a cooperative membership might be a richer life, safer life, worthier life, peace and human rights, defense of democracy and solidarity with the unfortunate”. And again “confidence has no better foundation than the degree of a cooperative caring for its membership”. Elsewhere, he writes, “caring for the others is a basic value that stems from our nature as self-help organization and is not something calculated to bring in customers. That is what makes the difference between us and purely profit oriented activities”.

In a Seminar on Cooperatives Leadership and Development, organized by the Vaikunth Mehta National Institute of Cooperative Management, in Srinagar, in June, 1988, the following were identified as the basic values of cooperation :

- equity and equality
- active member involvement and participation
- supremacy of the individual over capital
- self-help and mutual support
- subordination of individual interest to the wider social interest
- ensuring distributive justice through removal of disparities and elimination of exploitation
- broad-based and diffused leadership
- education as built-in process of development
- self-reliance for development of cooperative autonomy

The Seminar had also identified the following steps for instilling basic values in cooperatives :

- 1) cooperative education should be made an integral part of the general education system, right from the primary level,
- 2) appropriate culture, which rewards action consistent with the basic values, should be created within the cooperatives;
- 3) existing Cooperative Societies Acts, Rules and Bye-laws should be reviewed, and if necessary, reformulated, so as to underscore these basic values; and,
- 4) decentralized decision making processes should be developed at all levels of cooperatives.

Let us conclude this section by a quote from the paper : Cooperation and Basic Values by Lars Marcus, presented to the ICA Congress, Stockholm 1988 : “where basic values are not found, the ICA principles will slowly turn to ashes and our future as cooperatives will be at stake”.

The above enunciation of basic values of cooperation, obviously, reflects the Western value system, and appears heavily influenced by the experiences and perceptions of those, who have primarily worked in the affluent societies. This can have only a limited validity to a social system, which may be characterized by widespread poverty, exploitation, unemployment, disparities and deprivation. To this system, the message of cooperation and the values that underpin this message, has to be somewhat different. The essence of this message has, in particular, to be, on the elimination of exploitation of any sort, and of any section of the society, and in general on combating poverty. The cooperatives must represent a set of values, which ensure cessation of exploitation at all levels and of all people, and the social and economic uplift, especially of the poor.

A cooperative society is merely a manifestation, an organ to promote and uphold some basic values. It is as much a form of organization created to meet the needs of the community, in a given situation, without exploitation, as a value-based institution, committed to build a social order characterized by equality and distributive justice. The measure of its success, therefore, will be as much its efficiency and the return that it may ensure to its members, as the extent to which it eliminates or reduces exploitation within the community. The economic success or viability of a cooperative society, is no guarantee that it upholds and applies the basic values which ought to underpin its working and its concerns.

### **Essence**

What are the basic values that ought to inform a

cooperative society? Let us go to the roots of modern cooperative movement. It began with Owenism in the early 19th century. Out of Owenism came the ideals, doctrine, myths and much of the inspiration which one associates with today's cooperative movement.

The roots of the modern cooperative movement thus can be traced to the philosophy of Robert Owen, (1771-1858), who had put forth the view that the major concern of the society should be with the happiness of the individual, but the happiness of the individual was determined by his character, which, in turn, was determined by work conditions to which human beings, were subject. If the work conditions were marked by exploitation, deprivation, abuse, discrimination or denial, then the individual could never be happy. Robert Owen wrote : "Profit-making was the exploitation of some people by others, and the aim of profit-making injured character". He declared that a profit upon price for individual gain and the accumulation of useless and unnecessary individual wealth brought into action the lower passions of human nature; and a false estimate of all things ensued and everything became valued by its costs instead of its intrinsic worth. Cunning and deception usurped the place of wisdom and sincerity".

It is in the face of such circumstances that Robert Owen had mooted the idea of setting up "villages of cooperation" and sought to create through such villages a "New Morale World", which would provide "universal happiness".

Later, Rochdale Pioneers inspired by Owenism made their rules of business. These rules then formed the basis for the formulation of Principles of Cooperation by the International Cooperative Alliance, in 1937. These Principles were reformulated in 1966, but the essence of the Pioneers' rules of business, and the two sets of ICA formulated cooperative principles, was :

- 1) right of the individual to determine and shape, as a member of a group, his own destiny;
- 2) right to participate in institutional structures, processes and decision making in areas of concern to him;
- 3) universality of opportunity for development and growth to all individuals irrespective of age, sex, caste or religion;
- 4) continuous consolidation of these values through education and training; and
- 5) widening the scope and coverage of cooperative activity so that exploitation is eliminated everywhere.

The President, International Cooperative Alliance, in his paper on Cooperatives and Basic Values which he presented to the ICA Congress, in Stockholm, in 1988 had succinctly put the same thought, in the following words:

"Cooperatives are formed by people who have found it necessary to work together to solve economic problems and who have chosen to do it in the same spirit as that which formed many other popular movements. Their opinion was that a few working together can achieve more than many who strive alone. They also accepted that man and women were equally suppressed and should have the same value and the same rights. Cooperatives should, therefore, be open to everyone, and nobody should be allowed to dominate others".

### Two essential aspects

In our quest to delineate the values of cooperation in the future, two essential aspects of cooperatives will have to be kept in mind. These are:

- a) that these survive as value-based institutions; and
- b) that these continue to remain relevant to the contemporary society.

These two aspects are, in a way, closely inter-related. These determine the ideals, missions, concomitant objectives, tasks, activities, organizational designs and thrust of cooperatives.

It is necessary to note that survival here does not refer to the survival of a cooperative society. Rather, it implies the survival of ideals and goals, like elimination of exploitation from the society. In an affluent society, where alienation is the growing malady, or where capital determines the human relationships or the institutional structures tend to make human participation remote, eliminating exploitation would have different undertones and different underpinning values, than in a society characterized by acute poverty, under-development, denial of opportunities and excessive dependence on the state. The questions that need to be asked, therefore, are; what will ensure survival of cooperatives and their social relevance in, say 2000 A.D.? Will the sacred principles of cooperation, as enshrined in the Report of the ICA Commission of 1966, be of any great help?

### Peeping into future

The answers to these two questions would seem to depend on survival of what and on what scale. The isolated cases of successful cooperative societies can be easily envisioned, even in the year 2001 A.D. But then



how far will these be relevant to the wider society? What we are really discussing here is ensuring the survival, and preserving the essence of cooperation, -its very fundamentals, pervading as it must, an entire social system, and not in a few isolated pockets in some communities.

It is expected that by 2001 A.D., India will have a population of 960-1000 million people, with a sizable chunk living below the poverty line. Cooperatives have to survive in and relate themselves to this huge social system of gigantic dimensions. Can elimination of exploitation, which is the essence of cooperation, have any other meaning than "social justice" -ensuring dignity of the human being - by directly attacking the stark poverty of people through all possible means? Nothing else, not even the pet desire of some to search a universal meaning, or evolve a universal list of principles of cooperation, can ever lend enough weight to the meaning of cooperations to help it preserve itself, or to relate itself adequately to the wider social system.

### **Poverty and cooperation**

Alleviating poverty in India now and in the future has to be the predominant concern of all. The cooperatives can have a meaning and a relevance only when these identify themselves with this basic concern of the society. Alleviation of poverty therefore has to be a principal objective of cooperatives.

It is almost certain that alleviation of poverty will need extensive application of sophisticated and advanced technology but in an environment characterized by depleting resources. The set of values that cooperation must promote and apply will have to reckon with these two essential features. Extensive application of technology may require large institutional structures, rapid capital formation and skilled specialist and technical personnel. Application of modern technology and large institutional structures however also tend to result in increased alienation, environmental pollution and cultural decay and social disintegration.

It may, therefore, be necessary that the following value perspective are kept in view while organizing cooperatives, designing their structures, setting their objectives, deciding their investment patterns, determining the role and status of membership, and prescribing norms for evaluating their performance:

#### **- Non-Exploitation Values**

(Combating exploitation, ensuring that none benefits at the cost of another - member or non-member;

seeking to create an egalitarian social order; responsiveness and sensitivity)

#### **- Poverty Alleviation Values**

(Skilling economically weak and socially deprived sections of communities, purposively introducing labour intensive technologies, creating employment opportunities, improving small farmers' productivity and incomes, safeguarding interest of workers and consumers).

#### **- Self-Reliance Values**

(Rapid capital accumulation, reduced dependence on state, resort to commercial borrowings, self-help and mutual support).

#### **- Decentralization and Public Participation Values**

(Primary-centred cooperative structures, diffused decision making peoples' involvement, democracy and open membership, membership driven management.

#### **- Ethical Values**

(Honesty, integrity, commitment to morale and social norms).

#### **- Resource Efficiency Values**

(Professionalized management, optimum use of resources, cost effectiveness in operations, high concern for quality of products and services).

#### **- Universal Values**

(Environment protection, and preservation of ecology, world peace and conflict free society, disarmament).

These are the values, it would seem, that, must govern the choice of technology, investment decisions, human resource development strategies, and the role and functions of primary and federal organizations and inter-cooperative relationship in the future in India.

To conclude, it is suggested that the existing set of values which underpin "cooperation" need to be examined, keeping in view the demands which the large human system in the future is likely to make on institutions including cooperatives. To preserve and relate itself to a huge society, characterized by poverty and under-development, elimination of exploitation, which is the essence of cooperation, can have only one meaning, namely eliminating poverty and securing social justice for all. This may be attempted, in the initial stages, with particular occupational or other types for larger groups; but ultimately cooperative must aim at universal development - a society without poverty and exploitation.

# COUNTRY PROFILE

## THAILAND

Area	: 513,115 sq. km.
Population	: 57.6 m. (1992)
Urban Pop.	: 24%
Rural Pop.	: 76%
Literacy Rate	: 90%
GDP	: \$ 80.4 billion
GDP from Agriculture	: 12%
Per Capita Income	: \$ 1,570 (1992)
Exports	: \$ 33,300 million (1992)
Imports	: \$ 38,600 million (1992)

### Land & Size

Thailand is situated in the centre of Southeast Asia, bordered by Burma in the west and north, Laos in the north and northeast, Cambodia in the east and Malaysia in the south. Traditionally, the country's shape is said to resemble an axe with the handle pointing south.

Thailand covers a land area of 513,115 square kilometres. Approximately 41% of this land is under cultivation, with the rest remaining forest and savanna. The coastline extends over 2,614 kilometres opening to the Gulf of Thailand on the east and the Andaman Sea on the west. Thailand's total population in 1992 is estimated at 57.6 million, growing at the rate of 1.3%.

Bangkok is the capital and also the centre of commerce and industry. It is a large sprawling metropolis of eight and a half million people in 1992, by far the largest city in Thailand. Other major cities are Chiang Mai in the north, Nakhon Ratchasima in the northeast and Songkhla down south.

### Climate

Thailand's climate is generally tropical with a high degree of humidity. There are three seasons : hot (March to May), rainy (June to October) and cool (November to February). The mean temperature is around 30° C.

### Government

Thailand is governed by a constitutional monarchy with the parliamentary form of Government and the King as Head of State. The word 'Thai' means 'free', a conviction Thai people have maintained throughout their long and proud history. Thailand has never been occupied by a foreign race.



*Entrance of the famous temple:  
Benchama Bopitra Temple, Bangkok*

### People

Throughout her long history, Thailand has gently absorbed immigrants. Many were skilled as writers, painters, sculptors, dancers, musicians and architects, and helped enrich indigenous culture.

People inhabiting Thailand today share rich ethnic diversity --mainly Thai, Mon, Khmer, Loatian, Chinese, Malay, Persian and Indian stock--with the result there is no typically Thai physiognomy or physique. There are petite Thais, statuesque Thais, round-faced Thais, dark-skinned Thais and light-skinned Thais.

Some 80% of all Thais are connected in some way with agriculture which, in varying degrees, influences and is influenced by the religious ceremonies and festivals that help make Thailand such a distinctive country.

### Religion

Buddhism is the state religion. It was first introduced some time during the Dvaravati period : 6th to 13th century. Other religions such as Islam, Hinduism, Sikhism and Christianity were later brought to Thailand by merchants and missionaries. Today, 95.24% of Thai people are Buddhist, 4.02% Islam, 0.6% Christian and 0.13% adhere to other faiths.

There is complete freedom of worship and religious toleration in Thailand. H.M. the King is patron of all religions.

### Language

The language, both written and spoken, is Thai and is used by the majority of the population. Hill-tribes and minority groups still maintain their regional dialects.

English is a compulsory language for high school students, while Chinese is taught in Chinese high schools and is spoken by about 3 million of the population.



*Pineapple plantations in Thailand*

### Economy

Traditionally an agrarian nation, today Thailand boasts a complex, multi-faceted economy embracing industries employing the latest and most sophisticated technology.

Several important factors have contributed to the country's enviable growth. Its principal comparative advantage has been the abundance and diversity of its natural resources. Blessed with large expanses of fertile land and ideal growing conditions, Thailand not only enjoys agricultural self-sufficiency but is also the only net food exporter in Asia and one of the largest food exporters in the world.

Growth and diversification into new industrial areas have to a large extent been initiated by the dynamic private sector. Innovative private enterprise broadened the nation's agrarian base by exploiting the value-added potential of basic staple crops, and at the same time expanded into new product areas in response to world demand. With its agrarian base as the bedrock, the economy has experienced steady growth. The introduction of improved technology and marketing expertise

has made Thailand a world leader in the sales of staple commodities. It has also transformed the country into a fast-rising manufacturer of sophisticated products built to international standards which find ready acceptance in world markets. Thailand's primary money earners in the late 1970s were the crops grown on its rich land. Today agricultural products are produced in such quantities that in many commodities the country ranks as the world's foremost exporter of tapioca and rice.

It is a leader in the production of maize, frozen shrimp, canned pineapple, natural rubber and sugar. Moreover, Thailand's industrial sector produces a wide number of goods ranging from textiles including the famous Thai silk and readymade garments to integrated circuits, plastics, jewelry, footwear, knocked-down furniture and fibre-glass yachts.

In recent years in fact, manufacturing has surpassed agricultural products in Thailand's GNP, while tourism has replaced agricultural products as Thailand's largest source of foreign exchange. The country's rich reserves of minerals are eagerly sought by the world's industries. In recent years, local factories have been established to manufacture industrial goods from the ores and thereby enhance their value.

### History of Cooperative Movement in Thailand

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

The primary intention of the then government was to relieve farmers from severe indebtedness and maintain their land ownership. At the initial stages, the government directly provided the cooperatives with funds to be loaned to their members against land mortgages and guarantors. The success of the first group of village credit cooperatives led to a moderate expansion of the cooperatives of this type later on. But all these cooperatives were registered under the special legislation called "The Civil Associations (Amendment) act, B.E. 2459. (1916)"

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

ment, cottage industry, fisheries and thrift and credit cooperatives.

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

At present, there are six main types of cooperatives in Thailand. Number of each type of cooperative and respective number of members are shown in Table 1.

**Table 1 : Number of Cooperatives and their Members**  
(as of March 1992)

Types	No. of Coops.	Total members (households)
1. Agricultural Cooperatives	1,669	1,576,880
2. Fishery Cooperatives	32	6,598
3. Settlement Cooperatives	94	99,004
4. Thrift & Credit Coops.	892	1,502,059
5. Consumers' Cooperatives	407	719,484
6. Service Cooperatives	309	89,270
<b>Total</b>	<b>3,403</b>	<b>3,991,295</b>

## Consumers Cooperative Movement in Thailand

### 1. Background Information

The first consumers' cooperative was organized in 1937 in Ayuthaya Province with the initial members of 115 persons, and with the objective to help the rural people to get their daily necessities at fair and reason-



Fishing remains an important means of livelihood for the people

able prices. Then it was gradually felt that the existence of cooperative store has kept the prices of consumer goods at the appropriate level and consumers' cooperative has gained more popularity from the public.

In the year 1938, five more consumers' cooperative were organized in different provinces. By 1947 there were 70 consumers' cooperatives in the country with an average membership of 300-400 and working capital of 50,000-85,000 baht. At the early stages these consumers' cooperatives were operated in a small scale and most of them suffered losses. Some of the weaknesses, and problems could be summarised as the following :

- (1) The formation of the consumers' cooperative did not really come from the need of the people in the rural areas.
- (2) They were organized among members of small credit cooperatives.
- (3) Insufficient working capital.
- (4) The store were not located in business centre.
- (5) Sales on credit.
- (6) Lacking cooperative spirit and understanding among most of the members and directors.

After World War II, many consumer goods were in short supply and people suffered from high cost of living. In order to alleviate misery of the people the then government set a policy to encourage the formation of consumers' cooperative in every province throughout the country to rally against the rising cost of living and non-availability of essential consumer goods. The government had initiated the Consumers' Cooperative Promotion Fund and offered soft loans at a low interest rate of 2-6%. All government of officials were also directed to give advice and assist in the operation of consumers' cooperatives.

In addition, special preferences were granted to cooperatives in supplying certain consumer goods, e.g. rice, sugar, cigarette, and liquor. As a result of government promotion, in 1955, the number of consumer cooperatives rose to 214 and gained a reasonable success.

### 2. Number of consumers' cooperatives and their business operation.

As at the end of March 1992, there were 388 consumer cooperatives registered. However, the audit report as at the end of March 1992 marked as follows:

- 307 were audited

- 32 were under audited
- 5 were newly setup
- 44 were under dissolved

Out of the total 307 consumer cooperatives, 294 were engaged in business and 13 were not engaged in business. The situation of consumer cooperatives could be summarized as follows:

*No. of Consumer cooperatives and Membership by Categories*

	No. of Society	Membership
- Vocational colleges	68	55016
- Schools	23	10836
- Universities	15	104054
- Teachers' college	16	10713
- Hospital	9	3616
- Military Head Quarter	38	80518
- Government office & enterprise	22	41003
- General public	103	321962
<b>Total</b>	<b>294</b>	<b>627718</b>

### 3. Business Volume

As at the end of March 1992, the business volume of consumer cooperatives in Thailand was 3521.41 million Baht according to the breakdown as follows:

3.1 The total sales was 3499.50 million Baht, out of which 2000.03 million Baht or 57.15% was sales to the members.

3.2 The total deposit collected was 14.98 million Baht.

3.3 The total loan to the members was 6.93 million Baht.

### 4. Business Operation

4.1 The total income 3576.49 million Baht

4.2 The total expenditures 3417.72 million Baht

4.3 The total net profit 149.77 million Baht

### 5. Financial Status

Current Assets 865.19 million Baht

Land/Buildings/ 203.52 million Baht  
 Other Assets 35.05 million Baht  
 Total Assets 1103.76 million Baht

### 5.2 Liabilities & Own funds

- Current Liabilities 397.72 million Baht  
 - Long term Liabilities 36.65 million Baht  
 - Other Liabilities 34.68 million Baht  
 - Total Own Funds 634.71 million Baht

Total liabilities & own funds 1103.76 million Baht

6. Working Capital 467.47 million Baht

### 7. Problems and Obstacles

Most consumers cooperatives operate small or medium-sized stores. A few cooperatives in Bangkok and other big cities are operating supermarkets and department stores. Phranakorn Cooperative Store and Krungtep Cooperative Store are the two biggest consumers' cooperatives with an annual sales of 420 million Baht each. For the supermarket operation there are about 10 supermarkets set up by consumer cooperative in the provinces all over the country. Some prevailing weaknesses and problems of the consumers' cooperative may be stated in the following :

- (1) Inadequate working capital.
- (2) Lack of understanding of cooperative principles and practices by most of the members.
- (3) Difficulty in getting devoted, active and responsible board of directors or managing committee.
- (4) Unable to recruit competent managers, owing to the small volume of business.
- (5) Consequently, the small scale operations can not compete with private traders.
- (6) Inadequate financial control systems, create leakage and corruptions.
- (7) Inactive participation of the members.

### 8. Recent Development

8.1 Guidelines for Further Development of Cooperatives. In order to strengthen further and to develop the Consumers' Cooperative Movement, the Registrar had issued a circular of regulations on the formation of consumers' cooperative setting guidelines for organizing a viable cooperative. The substances of the circular

before registration were :

- (1) There should be an adequate training on cooperative principles to initiators and leader members.
- (2) To increase the value of share capital to 100 Baht per share, and require an appropriate amount of working capital.
- (3) To emphasize on the suitable locality of the store, qualification of the manager and assortment of merchandise.
- (4) To sell in cash.
- (5) To have sufficient number of members to provide reasonable volume of business.

In this connection some government development activities and assistance are worth mentioned :

- Short course training programs have been organized annually for employees and directors of consumers' cooperative.
- Annually seminar for managers and board of directors. Organizing exhibition and publishing cooperative journals as well as other mass media.
- To create public awareness of the virtue of cooperative practices.
- To promote "medium size cooperative" in every province, and encourage big cooperatives to set up more branches.
- The formation of Cooperative Promotion Fund of The Cooperative Promotion Department to provide soft loan especially for the expansion of consumers' cooperative branches.
- The government's proposal of a revolving capital plan by retaining part or all of the net savings or patronage refund for a certain period of 5 - 10 years.
- Drafting a proposed plan to organize a national warehouse to be operated by CCFT.

## 9. Future Development

1. Despite the recent development, consumers' cooperatives movement in Thailand have already possessed certain infrastructure and potentials for growth and development. The movement is well spread all over in 73 provinces of the country. More than three fourths are operating with profit even though they are getting low trade margins. However it is observed that the consumers' habits and needs are changing rapidly and that the managements of retail trade are facing high



*Phra Nakorn Coop. Store, Bangkok*

competition and challenge. Consequently, consumers' cooperatives are in need substantial improvement for proper size, for management efficiency. At present all the consumers' cooperatives have so far been working in isolation of each other. It is time to call for the practice of "one for all, and all for one", once again to consolidate their activities into a strong national movement.

2. As the major number of consumer cooperatives are in educational institutes, they have their own specific need of merchandises in order to cater for the needs of their members. Thus, they are planning to setup their own national federation to serve as a center for supplying common merchandises of their own. It is expected that the federation would be established by the end of 1993.

## 10. Request for Assistance

As mentioned earlier, one of the weaknesses of the cooperative in Thailand or in other country as well, is the inadequate understanding of cooperative principles and ideology by most of the members and board of directors of consumers' cooperative. At present, the Cooperative League of Thailand is responsible for all the education and training activities of consumers' cooperatives. With financial weakness, CLT could organized only a few training programs annually for the consumers' cooperative and could not keep pace with the needs for training. Accordingly, the government should take a more initiation and active roles in training as well as technical advice and consultancy services and close coordination with CLT and CCFT in this regards. It should be a clear and concrete policy in encouraging CLT to take up more training activities, by giving financial, technical and moral supports.

# CONSUMER COOP. NEWS FROM ASIA & THE PACIFIC

## BANGLADESH

### Income generating activities for women coops in Bangladesh

ICAROAP tried to initiate women coop. development activities by organizing income generating activities for 3 women coops in Mymensingh. The original idea was to lend seed money (credit) of approximately \$600 to each women coop. In order to do so, ICA had sent Ms. Uma Mukherjee, ICA Gender Advisor to visit these 3 societies and BJSU between 14-18 August, 1993 to discuss about the activities and procedure of lending (term of reference). It was found out that it was very risky to lend them money because they might not be able to utilize the funds effectively. So we asked the BJSU (National Coop. Organization) to find the ways and means as to how to help them. At this moment, we are waiting for the information in connection with this activity from BJSU.

## INDIA

### The Earthquake

The disastrous earthquake in the Latur and Osmanabad districts of Maharashtra (India) have left thousands of people dead-injured-homeless. Many of the people's assets, organizations and co-operatives in the areas have been affected and ruined. It is a loss to the co-operative movement, the nation and the world.

We are sad and concerned over this natural calamity of the largest magnitude of our time. We feel one with the thousands of our brothers and sisters hard hit by the event.

We pray for peace and faith in our own selves. Meanwhile, they have been provided basic needs - food, clothes, medicines etc. but not enough. They need more help from brothers and sisters and coop. organizations from abroad as well.

### Self-financed workshop in India

A self-financed workshop on cooperative and consumer cooperative development for Maharashtra State (population 85 million) was held in Bombay on 28 August, 1993. Sixty two coop. leaders and key managers (mostly consumer coops) attended the workshop. The

workshop discussed about the new strategy of consumer coops (modern techniques) development, member participation, fund mobilization and education and training.

Meanwhile, ICA and NCUI will be organizing similar programmes in Gujarat, Rajasthan, Madhya Pradesh and Tamilnadu in the next few months. All programmes will be organized on self-financing basis.

## JAPAN

### Female Leaders of Philippine Co-ops Arrive in Japan

As part of the ICA consumers' co-op development project for the Asia-Pacific region, five female leaders from co-operatives in the Philippines (headed by Tereshita Coloma, president of Don Mariano Marcos University Co-op), arrived in Japan to visit co-ops in the Osaka, Kyoto, Matsuyama and Kobe regions from June 27 to July 5.

The five women were deeply impressed by the active participation of students in the co-op movement upon visiting the Ritsumeikan University Co-op and the Ehime University Co-op.

At Co-op Ehime where Ms. Momoe Tatsukawa (chairperson of the JCCU Women's Council) serves as president, they observed the flow of products firsthand as they visited stores, joint purchase groups, and other related facilities. In addition, the five delegates were able to see that the success of Japanese co-ops and their products is based on the trust of co-op members, as they stayed in the homes of co-op members and shared a variety of dishes prepared with co-op foods.

They later visited Co-op Kobe, and attended the Hyogo Prefectural Convention in commemoration of International Co-op Day, where they spoke of the necessity for solidarity.

Without question, this program contributed to stimulating interest in the co-op movement in both Japan and the Philippines.

### Training of Store Managers from S. Korea and Thailand in Japan

A training workshop of Store Managers from South Korea and Thailand was held in Japan between 18 & 27

August, 1993. It was sponsored by the ICA and JCCU. Four trainees - two each from S. Korea and Thailand joined the training. They visited JCCU and various consumer coop. societies/institutions in Tokyo and nearby cities. They also visited NFUCA and university coops in Tokyo. The result was very fruitful and successful.

### **Training for Managers of Consumer Coop. from Singapore on Supermarket Operations in Japan**

Two store managers from Singapore underwent a training programme on supermarket operations in Japan, from 12th and 21st of September this year. They visited consumer coop. network in Tokyo and Sapporo (Northern part of Japan). The programme was jointly organized by ICA and JCCU. All local cost was borne by JCCU. The programme was a great success.

## **PHILIPPINES**

### **I. Coop hospitals get boost from NATCCO**

NATCCO and the Medical Mission Group Hospitals and Health Services Cooperative (MMGGHSC) have signed a memorandum of understanding to jointly undertake the nationwide promotion of coop hospitals and the health care system as conceived by MMGGHSC. The contract signing was done on May 28 at La Trinidad, Benguet coinciding with NATCCO's sixteenth general assembly.

In the joint project, NATCCO will serve as broker while MMGGHSC will act as consultant. As part of its responsibilities, NATCCO will provide trainings and orientation seminars on the organization and formation of coop hospitals. Target audience will be selected staff of NATCCO's secondary member-organizations, local government officials and other concerned agencies. Coop hospitals will be established in provinces identified by the NATCCO members.

The MMGGHSC is a primary cooperative based in Davao. It has been organizing coop hospitals and providing health insurance services for coop hospital members for the past three years. Initially confining its operations in Mindanao, the coop is now promoting its health care concept in Bukidnon, Cebu, Tacloban, and Bulacan, among other areas.

A coop hospital delivers health care services directly to the members who sustain the coop through their shares. The cooperative health fund, on the other hand, manages the funds accumulated from the shares

and the annual contribution of members, and is responsible for providing health insurance services. Membership in the coop health fund entitles the beneficiary to certain privileges such as free consultations; free outpatient medications; free dental, optometric, geriatric care; free hospitalization with food and accommodation during confinement; free surgical, medical, obstetrical and gynecological services; referrals to institutions or specialists, as may be necessary; and family planning consultations.

## **II. MMAFECCO Activities**

### **1. Cooperative Centralized Distribution Center (CCDC) Project:**

The actual use of donated 2 units of Tsuzu-Elf action vans by JCCU/Coop Tokyo has increased the sales by 63% as of July, 1993 compared with that of July, 1992. Cost of delivery expense was reduced by 30%.

Presently, MMAFECCO is establishing its linkage with Cavite Farmers Feed Milling & Marketing Cooperative (CAFFMACO) & Phil. Poultry Coop for its member-affiliates poultry products' needs. On-going is the negotiation with Benguet Coop for vegetables products. As for as noodles or pasta are concerned, MMAFECCO Have tie-ups with women's coop in Bulacan. This women coop makes the pasta by themselves through the use of Pasta Maker Machine from Italy.

One of the project that MMAFECCO are taking into serious consideration is the bottled mineral water. This is in collaboration with Region 4 where there is abundant supply of natural spring water.

### **2. Ladies Dormitory**

Just very recently, MMAFECCO is operating a Ladies Dormitory at 890 Quezon Blvd., adjacent Gate I of Far Eastern University. It is right in the heart of University Belt area.

This undertaking is MMAFECCO's modest attempt to correct the existing situation of Boarding Houses & dormitories in Metro Manila. Six (6) primary affiliated of MMAFECCO are schools & universities within this area. After the "Echo Seminar on University Co-ops in Japan" last May, 1993, these universities are now involving their students in the operation of their coops. One way of increasing the students' awareness on coops is to provide them a place where they can call it a



“HOME AWAY FROM HOME”. It is not only a place where they can rest their bodies but also a home where their moral & social values will be developed, instilling a feeling of being one of a big family and to make them aware that one of the objective of coop is to make their daily campus life more pleasant and comfortable.

### 3. Student Exchange Program

The NFUCA sends five (5) Japanese University students to the Phil. on Study Tour. This is the result of their international solidarity activity in the University Coop Society. The objectives of this Study Tour were :

- 1) To get to know the living, culture, history and issues today in Asian countries,
- 2) To get to know ideas to develop each country's own movement through exchanging university coop activities and encourage students participation in coop activities.
- 3) To develop mutual exchanges from both countries.

Although this visit came from Japan, our student representatives from various universities in Metro Manila & Region 4 were able to grasp a better understanding on the role played by Coops in enriching their life and thus forged a solidarity among the student community.

The University Coops in Japan have proved to be a very useful source of leadership and guidance for the promotion and development of urban consumers coop movement. It has undoubtedly achieved a high level of success and has not covered only the economic aspects of campus life but also its social, cultural, and technological aspects.

This activity generally gave a positive result to the student leaders who attended the symposium. It has increased their awareness on the impact of coop in the universities and has provided a venue for formal and informal exchanges/interaction on coop education and operations. And most of all, it gave them the chance to know more about their neighbouring brothers and sisters.

### SOUTH KOREA

#### NACF Provides Health Check-up Service for Farmers

The NACF is providing health check-up service for

over 69,000 member farmers and cooperative insurance policy-holders from March to November this year. It helps prevent adult diseases such as diabetes, hypertension, etc. and gives timely treatment.

Such medical examination is provided to farmers as part of patronage refund from the insurance business of agricultural cooperatives.

The service is divided into general and special examinations. The former is applied to men over 35 years old and to women over 30 years old. The latter is applied to the parents of cooperative insurance policy holders.

The general examination covers 21 items, including liver cancer and diabetes. The special medical examination checks for 9 items, including arthritis and leukemia.

### SINGAPORE

#### Training of managers of consumer coops in Singapore

Between 31 October and 10 November this year, 4 managers of consumer coops from India (2), S. Korea (1) and Thailand (1) were trained under the sponsorship of NTUC Fairprice, Singapore. Originally, the programme was planned to select 4 managers - one each from India, Indonesia, Malaysia and S. Korea for this training. But since there was no response from Indonesia and Malaysia despite several reminders, we decided to add one more from India (a big country) and one from Thailand, for the training. The programme was very good and effective.

### THAILAND

#### Consultancy services to primary consumer coops in Thailand by FairPrice, Singapore

Between 16 and 19 October this year, Mr. Lim Ho Seng, General Manager of NTUC FairPrice, Singapore had visited Thailand in order to provide technical advice to Phra Nakorn Coop. Store Ltd. in Bangkok, Thailand. The coop. store is one of the biggest consumer coop. society in Thailand. It has 7 branches with 100,000 members and the total business turnover of around Baht 320 million and a net profit of Baht 13 million. If all advices and recommendations can be implemented, the society will become a 'show case' for Thailand and at the same time become a training and learning centre for neighbouring countries as well.