

Mr. Robby Talus

**M I N U T E S**

of the

**SECOND MEETING OF ICA ROAP  
EXECUTIVE COUNCIL**

**BANGALORE, INDIA  
NOVEMBER 23, 1995**

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MINUTES OF THE SECOND ICA ROAP EXECUTIVE COUNCIL MEETING  
HELD IN BANGALORE (INDIA) ON 23RD NOVEMBER 1995

Inauguration Ceremony

The second meeting of the ICA ROAP Executive Council was held at Holiday Inn, Bangalore (India) on 23rd November, 1995. The meeting was inaugurated by Dr. Bal Ram Jhakar, Hon. Union Minister for Agriculture & Cooperatives, Government of India and presided by Mr. H.D. Devegowda, Hon'ble Chief Minister of Karnataka. Besides the members of the Executive Council, the Director-General and HRD Director, ICA, there was a large and representative gathering of cooperators from the Indian Cooperative Movement who also attended the ceremony. The inaugural session was also addressed by Mr. Bruce Thordarson, Director-General, ICA, and Mr. S.S. Patil, Minister of Cooperation, Government of Karnataka. Mr. B.S. Vishwanathan, President, NCUI, delivered the welcome address.

Presiding over the inauguration of the Executive Council meeting of the ICA ROAP, Mr. Deve Gowda, Chief Minister of Karnataka, stressed that while there were a number of committee reports on strengthening the cooperative movement, there are elements who are interested in their non-implementation. He said that the cooperative lending system is the only way to improve the lot of landless labourers, rural artisans, farmers, fishermen and the like and there is a need for the creation of single window agency to lend money to these people.

The Chief Minister further said while he is not against encouraging the industrial sector, this was resulting in a widening gap between the agriculture and non-agriculture sectors. To reduce this, the lending system needs to be radically changed. The concessions given to the industrial sector should also be given to agriculture sector.

Inaugurating the meeting, Union Agriculture Minister Dr. Bal Ram Jhakar agreed that there was too much interference by the government in the affairs of cooperatives. The people in charge of cooperatives should be able to conduct their affairs without interference and the Union Government is now working towards achieving this, he said. He emphasised that leaders in the cooperative movement should feel that they "serve rather than self-serve". He further said there is a need to educate people who manage cooperatives so that they can compete with the private sector.



Cooperation Minister S.S.Patil expressed that there was an immediate need for amending the legalisation in the state to give total freedom to cooperative societies as envisioned in the Brahma-Prakash Committee Report which had been accepted by the Planning Commission. Similar legislation is already in place in Andhra Pradesh and Rajasthan.

Mr. Bruce Thordarson, Director-General, ICA, said that freedom of the cooperatives was essential for their growth.

Mr. B.S.Vishwanathan, President, NCUI in his welcome address welcomed the delegates and said: "the model cooperative law at national level and a national policy on cooperatives which are in the advanced stages of finalisation needs to be expedited".

Mr. G.K. Sharma, Regional Director, ICA ROAP, proposed a vote of thanks.

Written speeches as circulated at the meeting are enclosed as Annex.

#### Minutes of the Meeting of the Executive Council

The second meeting of the ICA ROAP Executive Council was held on 23rd November 1995 under the Chairmanship of Mr. Yang Deshou, Executive Councillor from China and Chairman of the Executive Council.

The following were present:-

#### Members

1. Mr. Yang Deshou, Chairman & Member for China.
2. Mr. Lionel Samarsinghe, Vice Chairman & Member for Sri Lanka
3. Mr. B. S. Vishwanathan, Member for India
4. Mr. Yehuda Paz, Member for Israel
5. Prof. Ungku A. Aziz, Member for Malaysia
6. Mr. U.Win Seng, Member for Myanmar
7. Mr. Riazuddin Ahmed, Member for Pakistan
8. Mr. Lim Ho Seng, Member for Singapore
9. Mr. Amanaki Paea, Member for Tonga
10. Mr. F.D. Burhavnov, Member for Uzbekistan
11. Mr. Hoang Minh Thang, Member for Vietnam
12. Mr. Ranjit Hettiarachchi, Member for ACCU
13. Mr. H. Nishido, alternate Member for Japan
14. Mr. Teresita M de Leon, alternate Member for Philippines
15. Mr. M.Ohya, Chairman, Consumer Committee
16. Mr. Y. Nakaoka, Managing Director, IDACA

## Observers

1. Mr. B.D.Sharma, Chief Executive, NCUI
2. Mr. Min Sun Park, Korea
3. Mr. Maung Maung Than, Myanmar
4. Mr. A.M. Maddumna Banda, Sri Lanka
5. Mr. Udaya Seneviratne, Sri Lanka
6. Mr. Saliev Abduerahaman, Uzbekistan
7. Ms. Nguyen Thi Minh Chau, Vietnam
8. Mr. K.K.Tamini, ILO-COPNET

## ICA Geneva

1. Mr. Bruce Thordarson, Director-General
2. Mr. Jan Eirik Imbsen, HRD Director

Secretary : Mr. G.K.Sharma, Regional Director, ICA ROAP

## ICA ROAP

1. Mr. Malte Jonsson, Senior Development Advisor
2. Mr. Robby Tulus, Senior Policy Advisor
3. Mr. W.U.Herath, HRD Advisor
4. Mr. Pradit Machima, Consumer Advisor
5. Mr. Guo Yong Kang, Agriculture Advisor
6. Ms. Akiko Yamauchi, Gender Advisor
7. Mr. Prem Kumar, Manager (Admn)
8. Mr. P. Nair, Personal Secretary/Desk Top Publisher

## Agenda Item No. 1: Opening

Mr. Yang Deshou, Chairman, Executive Council, welcomed the distinguished delegates and thanked the host for making all the arrangements for the meeting. --

## Agenda Item No.2 : Confirmation of the Minutes of the First Meeting of the Executive Council held in Colombo, Sri Lanka on 24th July, 1994

The minutes of the First Meeting of the Executive Council held in Colombo, Sri Lanka on 24th July, 1994, which had been circulated earlier, were confirmed.

## Agenda Item No. 3: Review of the action taken on the minutes of the Executive Council Meeting held in July, 1994.

The Secretary briefly reported on the action taken on the minutes of the first meeting held in Colombo in July, 1994.

Agenda Item No. 4: Report on the membership and subscription from the ROAP region to ICA

The information given in the Agenda was noted.

Mr. B.D.Sharma, India, said that there is constant increase of subscription from the Asia-Pacific Region and for this the credit definitely goes to ICA ROAP for its efforts in this regard. He hoped that the membership subscription would further extend. He suggested that the Council should place on record its appreciation for the efforts made by the ICA ROAP.

Agenda Item No.5: Reports by Specialised Committees

The Secretaries of the Specialised Committees on Consumer, HRD, Agriculture, and Fisheries briefly reported on the activities of their Specialised Committees held since the holding of the last meeting.

Mr. Robby Tulus informed the meeting that efforts are being made to revive the Cooperative Finance and Banking Committee. There is proposal to convene a symposium/ conference on the subject in India sometime in February, 1996 in conjunction with the NCUI's National Cooperative Congress. It is expected that the Chairman of the main Banking Committee would also attend this meeting.

Mr. M. Ohya, Japan, sought clarification on the relevance of various committees. The Secretary explained that the specialised committees are extremely important for the work programme of the ROAP. They are the forums which go in details about the formulation of programmes and activities of the concerned sector. The Council is more a policy level body while a specialised committee is a body of specialists involved in the implementation where we really get a feedback on the needs of the movement in a particular sector which is an important source of input for any planning to be done or any work programme to be framed by ROAP.

Mr. Bruce Thordarson said that Mr. Ohya has asked this question because of the fact that there are different kinds of relationship and different kinds of structure which exist for the various committees. He said that the present relationship between the ICA and specialised organisations though satisfactory, it requires a great deal of attention first at the global level to clarify their structure and relationship and subsequently at the regional level. The time has come to pay more attention to the specialised organisations in the hope that they can be straightened and work more consistently.

Prof. Ungku A. Aziz, Malaysia, shared the common concern of both Mr. Ohya and Mr. Thordarson and suggested that all the Regional Committees should have uniformity in their constitutions which should be approved by the Regional Assembly.

Agenda Item No.6: Report on IDACA Activities

The information given in the Agenda Notes was noted by the Council. Mr. Y. Nakaoka, the Managing Director of IDACA, presented the report on the training programmes completed in 1994-95 and planned for 1995-96.

He thanked the leaders of the various member organisations in the region who had attended the recently concluded Asian Agricultural Cooperative Top Leaders' Conference held in Tokyo.

He informed the meeting that Mr. Shiro Futagami, the former MD of IDACA, has recovered fully after his major operation.

He informed that the budget for the next year's IDACA programmes will be finalised and approved by the Diet at the end of this year.

He appreciated the full cooperation being extended by various member organisations to IDACA activities by sending participants to attend various courses.

Agenda Item No.7: To prescribe the subscription fee for Associate Members and Observers in the Regional Assembly under Rule 4

The Secretary informed the meeting that the Regional Assembly meeting in January 1995 have approved the proposal as recommended by the Colombo Meeting for associate members and observers but no subscription fee was prescribed. In the agenda notes, subscription fee for Associate Members/Observers has been suggested. He said that this will be applicable to only those national level cooperative institutions which are financially weak and cannot afford to pay full subscription for global membership. It will not be open to existing members to change their status.

Mr. Yehuda Paz, Israel, said that there is great distinction between observers, special invitees on the one hand and associate members on the other hand. Observers of course we welcome to the meeting of the Regional Assembly. This issue is being discussed as part of the Advisory Committee report and felt that cooperative organisations in countries which have reached certain level of development but still weak, we should try to draw them into the ICA as a whole, with associate membership for a limited period of time.

It was agreed that this provision be open only for a period of three years and in some cases another two years, but not more than five years. Within this five years, they should become fulfilled members of the ICA.

It was clarified that this subscription fee will go to the funds of the ROAP.

The Council formally approved the subscription fee suggested in the agenda notes for recommendation to the Regional Assembly.

Agenda Item No.8 To consider the Report of the Advisory Committee on the Policy and Direction of ICA ROAP appointed by the Regional Assembly in January 1995

Mr. Yehuda Paz, Israel, presented the report to the Council under three headings : (i) brief report on the history, (ii) programmes and activities, and (iii) identity of structure and organisation.

Mr. Paz also informed the Councillors that the Advisory Committee in its meeting held a day earlier had agreed that members should contribute additional 10% of their subscription to the ICA as a contribution to the Regional Office. He further informed that the Committee has also recommended in its report formation of a small advisory group which may consist of the ICA Board members from the region and Chairman of the Regional Assembly.

Some members expressed that instead of making two separate invoices of the HO subscription and regional contribution, it will be desirable that HO raises a single invoice showing the subscription as per formula and 10% contribution for the ROAP which could later on be accounted and transferred to the ROAP account. This will facilitate in remitting money as two remittances would create difficulties at the country level.

Mr. Nishido, Japan, stated that under the "Historical background of ROAP", the contribution made by JA-ZENCHU and the Japanese Movement to Bonow House may be mentioned. He further stated that for 10% extra contribution to the ROAP, as the suggestion has come now and was not a part of the earlier report, he would need consultation back home.

The Council, after considering the report of the Advisory Committee, formally adopted the findings and recommendations to be recommended to the Regional Assembly for consideration in its next meeting to be held in Malaysia in June 1996.

Agenda Item No. 9      Consideration of the Statement on Identity of Cooperatives as approved by Manchester ICA Congress

The statement on the Cooperative Identity which was adopted at the 1995 General Assembly of the ICA held in Manchester on the occasion of the Alliance's Centenary is reproduced below:-

THE INTERNATIONAL COOPERATIVE ALLIANCE  
STATEMENT ON THE  
COOPERATIVE IDENTITY

DEFINITION

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

VALUES

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

PRINCIPLES

The cooperative principles are guidelines by which cooperatives put their values into practice.

1st PRINCIPLE : VOLUNTARY AN OPEN MEMBERSHIP

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd PRINCIPLE : DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are organised in a democratic manner.



### 3rd PRINCIPLE MEMBER ECONOMIC PARTICIPATION

Members contribute equitable to, and democratically control, the capital of their cooperative. At least part of that capital is usually common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefitting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership

### 4th PRINCIPLE : AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self help organisations controlled by their members. if they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

### 5th PRINCIPLE : EDUCATION, TRAINING AND INFORMATION

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives

They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

### 6th PRINCIPLE : COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### 7th PRINCIPLE : CONCERN FOR COMMUNITY

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

It was decided to translate this in various languages and make it available to every cooperative member organisation.

Agenda Item No. 10 Selection of Cooperatives with highest turnover and highest membership in the Asia-Pacific region

The Secretary explained the statements and stated that there were many discrepancies in these statements as also from many members and countries information has not been received. He requested the Councillors to help in getting more information as also corrections in case of any discrepancies.

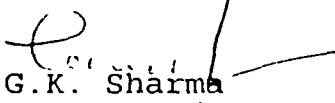
The Chairman mentioned that in case of China in turnover they include sales as well as purchases and therefore needs clarification whether only one operation has to be accounted for or both. Other members also pointed out some other discrepancies in case of membership, as indirect membership in case of secondary societies have been included. Similarly in case of banking institutions whether deposits and advances both have to be taken into account or only one operation and, if so, which one should be taken into account. It was agreed that in case of supply and marketing operations, only sales may be taken and not purchases. Similarly in case of banking operations, only total lending in the year may be taken. These and other points need further scrutiny by the secretariat before writing further to the members so that more uniformity could be reflected in this regard. It was also suggested that the information be divided under three categories, namely, banking, marketing and service.

Agenda Item No. 11 Venue and Date of next meeting

It was decided that the next meeting of the Council be held in 1997 along with the Ministers Conference. However, if the secretariat needs, it could be held prior to the Regional Assembly also. The exact dates and venue may be notified later in consultation with the Chairman.

Prof Aziz confirmed that the week starting from 10th June, 1996 is suitable to ANGKASA for Regional Assembly and other Specialised Committee Meetings. Details about the arrangement will be worked out by ICA ROAP secretariat and ANGKASA officials.

The meeting terminated with a vote of thanks to the chair.

  
G.K. Sharma  
Secretary/  
Regional Director, ROAP

A Welcome address of Mr. B.S. Vishwanathan, Chairman  
ICA Regional Assembly and President, National Cooperative  
Union of India at the Inaugural Function of ICA ROAP  
Executive Council Meeting

Respected Dr. Bal Ram Jakharji, Hon'ble Union Minister of Agriculture, Respected Mr. H.D. Deve Gowdaji, Hon'ble Chief Minister of Karnataka; Mr. S.S.Patil, Hon'ble Minister for Cooperation; Government of Karnataka, Mr. Yang Deshou' Prof Yehuda Paz, Mr. Bruce Thordarson, Director-General, ICA; Mr.G.K.Sharma, Regional Director, ICA ROAP; Members of ICA, Asia & Pacific Executive Council; Distinguished invitees; Ladies and Gentlemen.

As the Chairman of the Asia and the Pacific Regional Assembly of ICA as also of NCUI I extend a very warm welcome to you all to make it convenient to participate in the inaugural function of ICA Executive Council. I am particularly grateful to Dr. Bal Ram Jakhar and Mr. H.D. Deve Gowda who have graced this occasion in spite of their busy schedule. It is very happy coincidence that on this important occasion in spite of their busy schedule. It is a very coincidence that on this important occasion we are having these two great stalwarts of cooperative movement and renowned farmer leaders of the country to give us a piece of advice on cooperative development to which all cooperators are committed. I also extend my very warm and cooperative greetings to the Hon'ble Members of the ICA Executive Council who have come to Bangalore on this occasion.

This meeting of ICA ROAP Executive Council, is very significant particularly in the context of formulation of strategies for ICA Regional Office for Asia and the Pacific for the promotion of cooperative movement in the region. I need not recall that in the beginning of this year Indian cooperative movement had the privilege of hosting meeting of ICA Regional Assembly and at the close of the year we are hosting this Executive Council meeting. We appreciate ICA to choose India as the venue of this meeting.

Since ICA Regional Assembly, the world cooperative movement has come a long way. A number of encouraging happenings in the cooperative world have taken place. ICA has celebrated its Centenary and have revised the principles of cooperation. As far as my memory goes, for the first time the world cooperative movement have brought out an unanimous statement on cooperative identity by defining cooperative values specifically such as the value of self help democracy, equality, equity and solidarity, and ethical values of honesty, openness, social responsibility and caring for others. To materialise these values within the cooperative system, the ICA has re-enunciated the principles of cooperation. Innovative additions to the principles are caring for community, member economic participation, autonomy and independence, education, training and information etc. The

Executive Council is going to deliberate on the issue of cooperative identity and I am confident that the Council will bring concrete guide points for the cooperatives in Asia and the Pacific Region in this regard.

On this occasion in the presence of our esteemed national and international cooperative leaders, I would like to take this opportunity to say a few words about the response of Indian Cooperative movement with the motivational support of Dr. Bal Ram Jakhar, have initiated the Implementation of Multi-pronged Strategy comprised with the Structural reformation based on the member needs at the primary level; enhancement of members participation in the operations and governance of cooperatives; implementation of the strategy of professionalisation of management and mobilisation of resources from the members as well as from those agencies which are pro-cooperatives. In these steps the human side of economic content is very important. Therefore, we are revamping our HRD programmes through the implementation of well chalked out management training and leadership development programmes, besides, focusing our attention on the strengthening grass root level cooperatives and improving technology inflow down the line of cooperative organisational set up.

I am happy to inform this august gathering that Government on their part have been very positive towards these visualisations of the cooperative sector. With the blessings of Hon'ble Dr Bal Ram Jakharji the implementation of model cooperative law at national level and formulation of statement on national policy on cooperatives is in the advanced stage of finalisation. And I am quite sure that in the near future independent and autonomous cooperative enterprise owned, used and controlled by the members would replace state controlled cooperatives.

With a priority to agriculture by the Government as a part of its national economic policy through the creation responsive mechanism for value addition and infrastructural facilities, cooperatives are going to play a very significant role in materialising self sustained growth oriented agro-economy. Agro processing would, therefore, would be very important area for future cooperatives. Further, the cooperatives would also have to enter into hi-tech areas of power and energy distribution; manufacture of machinery and export trade. In this sphere the cooperative sector of India would also open up opportunities for the developed cooperative movements of the region. My feeling is that in coming times there would be a perceptible need for establishing transitional cooperative through effective development of inter-cooperative relationships. The fora like ICA Executive Council are the most important fora to deliberate and give thought to these issues, besides, deliberating on a structured agenda given by ICA-ROAP Secretariat. The guide points given by the Chief Guests Dr. Bal Ram Jakhar and Mr. Deve Gowda

would facilitate this Council in its task to prepare an implementable action programme for the cooperative development of the region.

With these few words I once again welcome the Chief Guest and all the delegates and volunteers.

Speech of Dr. Bal Ram Jakhar, Union Agriculture  
Minister on the occasion of ICA ROAP Executive Council  
Meeting on 23rd November, 1995 at Bangalore

Shri H.D. Devegowda, Hon'ble Chief Minister, Karnataka, Shri S.S. Patil. Hon'ble Minister for Cooperatives, Karnataka, Mr. Bruce Thordarson, Director-General, ICA Shri G.K. Sharma, Regional Director, ICA ROAP, Shri B.S. Vishwanathan, delegates to the Second Meeting of the ICA ROAP Executive Council, Officers of the Regional Office of ICA ROAP, New Delhi distinguished guests, ladies and gentlemen.

At the outset I welcome you all to the second meeting of the ICA ROAP Executive Council. I also thanks the leaders of the Cooperative Movements of the countries for sponsoring their representatives to deliberate upon the different issues being faced by them especially in the changing economic scenario.

2. The existing Regional Office of the ICA ROAP at New Delhi has completed 35 years since it was opened on November, 14, 1960 by the late Shri Jawahar Lal Nehru , the then Prime Minister of India. It was started as ICA Regional Office and an education centre for South-East Asia and it functioned like that for more than 25 years. But now it has a much wider scope and a more vital role to play, following the enlargement of its scope as a result of the restructuring of the ICA as approved by the ICA Congress in Tokyo in 1992. The membership of the ICA New Delhi Regional Office in India has increased from 14 to 24 countries with a representation of more than 62 delegates/representatives.

3. The restructured management pattern of the ICA has placed the Executive Council next to the Regional Assemblies for advising on the overall policies and programmes of ROAP, reviewing of the results of its activities, and making recommendations to the Regional Assembly, on the matters concerning the National Cooperative Movements in general and those in Asia in particular.

4. This meeting of the Executive Council assumes great importance as all of you present here would be deliberating upon the very crucial issue of cooperative identity and the cooperative principles as revised in the ICA Congress and adopted by the ICA Regional Assembly recently held in Manchester. As I see, the revised principles of cooperation appear to be more practical, effective, purposeful and conducive to the sturdy growth and development of the cooperative movement all over the world. The basic issue is of working integration of cooperative movement among countries. This will promote international peace and ensure economic development, particularly in the developing countries. Cooperatives have serious challenges as well as vast

opportunities in the emerging market oriented, globalised economic order. To succeed, cooperatives will have to take immediate measures to ensure cooperative strength so as to ensure meeting their socio-economic objectives.

5. I would like to take this opportunity to place a renewed emphasis on making the grass root level cooperative organisations, particularly in developing countries, like India, self-reliant with strong local leadership. We should ensure this, while expanding and diversifying the activities of these organisations through activating all individual members with a view to empowering those who are the real targets of the Cooperative Movement.

6. I feel confident that your active and sincere participation in the deliberations on different issues in this meeting, will go a long way in promoting a bright future for the Cooperative Movements in the region. So far as my Government is concerned it is committed to continue promoting and strengthening cooperatives in various fields.

7. I once again thank you for inviting me to this august international gathering and have great pleasure in wishing the deliberations all success.

Jai Hind.

Speech of Shri S.S. Patil, Minister of Cooperation  
Government of Karnataka

Hon'ble Chief Minister of Karnataka, Shri H.D. Devegowda, respected Dr. Bal Ram Jakharji, Esteemed Mr. Bruce Thordarson, distinguished delegates and dear cooperators:

It gives me immense pleasure to convey the warm greetings of the cooperators of Karnataka to the distinguished delegates assembled here from various countries for the ICA Regional Executive Council Meeting. You are in a State endowed with rich natural resources, and incomparable scenic beauty. You are in a State with a large population of cooperators, over 13 million.

It would be apt, for me, at this juncture to give a quick over view of the Cooperative Movement in the State, its present status and the new identity that the cooperatives are trying to find in the face of intense competition that is emerging in India due to the unleashing of forces markets in the economy.

The cooperatives in Karnataka, over 26,000 of them spread over various sectors of the state economy viz. Agriculture, Horticulture, Agricultural Credit, Housing, Dairy, Irrigation and the like are spread over the entire length and breadth of Karnataka. The Movement has reached 90 years of age. The state has the distinction of establishing a Primary Agriculture Credit Society in Dharwada District for delivery of Agricultural Credit for the first time in India in 1905. Later efforts resulted in the starting of other societies in Marketing, Consumer and Processing etc. Today the State has got societies spread over Agricultural Credit in Marketing in Processing in Dairy, in Urban Banks in Industrial Cooperatives and the like. The cooperatives are spread primarily in the Primary and service sector of the State's economy. The cooperatives employing over Rs. 6400 crores working capital, has been, over the years rendering enormous service by way of providing goods and services to the cooperators and, basically in the villages. The State has, over the years, seen the cooperatives as promoters of social justice and employed the cooperatives as delivery vehicles of schemes meant for economic assistance to the poor like public distribution, subsidised consumer marketing and dairying. Presently the cooperatives employ more than a lakh persons in its work force; more than 50% of the societies have been making profits, about 20% of them making losses and the remaining have been doing business without any profit or loss. The cooperatives have today become an integral part of the State's economy.

The cooperators in Karnataka have recently celebrated the 42nd Cooperative Week from 14th November to 20th November. The basic objective of these week long celebrations was to project the achievements of cooperatives for creating favourable public opinion, to provide an opportunity to various sectors of



cooperatives, cooperators, workers and members to introspect the year's achievements, to review the progress and chalk out plan for coming year for strengthening the cooperatives in the country.

The cooperatives in Karnataka as elsewhere are based on the values of self-help, democracy, equality, equity and solidarity. The cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others. The cooperatives, guided by these values have been realising their objectives through the application of the following internationally accepted cooperative principles:-

- Voluntary and Open Membership
- Democratic member control on cooperatives
- Member Economic Participation
- Autonomy and Independence of Cooperatives
- Education, Training and Information
- Cooperation among cooperators
- Concept of community

The cooperatives all over the world as well in India, with the emergence of market oriented economy, have to face a number of challenges; they also have to cope up with a number of opportunities that are open to them in view of the present day situation. The cooperatives have to face these challenges very successfully and also use the new potential and opportunities available. This has to be achieved through a rational blending of professionalism in the management of cooperatives, with the Cooperative Principles acting as the motivating force.

The National Cooperative Union of India and the State Federations seek to achieve this through a theme for the year namely Cooperatives and Social Integration. The cooperatives would seek to achieve this through economic development of the cooperatives that would result in reducing the economic gaps in the society. The cooperatives believe that this would reduce the social tensions and improve social cohesion.

Over the last few decades the cooperatives have been nurtured and shaped to deliver programmes to meet certain socialistic objectives of the state to a certain extent while the societies also performed to meet their own declared objective of rendering mutual help in a democratic atmosphere. To mould the societies to the former task government have brought in a series of amendments to the guiding legislation viz., the Karnataka Cooperative Societies Act 1959 by making provisions; some of the provisions have put restrictions on the cooperatives and some of us have been, for quite some time, clamouring for removal of such restrictions. In 1991, the Government of India announced the New Economic Policy through which the sectors like Agriculture, Banking/Finance and Industry are being opened up to the private sector. In such a situation, the cooperative societies are now

faced with new challenges. For decades they have served the society in delivery of subsidised credit (given through NABARD/Reserve Bank of India), distributed subsidised inputs like fertilizers, seeds, undertook marketing, consumer, processing activities with substantial governmental backing and support. The decades-old-leaning on government support have definitely resulted in a situation where the cooperatives find it extremely difficult to find their feet firmly on the ground in quick time in the new situation. The dependence of the societies on government by way of share capital, subsidies guarantee, subsidised working capital have, I should agree, relegated management approaches regarding profitability/viability to the background to an extent. With the new economic policy and consequent competitive environment, high technology would be the watch word in agriculture, horticulture, and agro-processing. The credit societies which have so far been happy sharing a portion of the credit requirements using subsidised funds are now suddenly faced with demands for placing additional funds with borrowers for meeting high technology requirements in the above sectors. The societies are trying hard to find their bearings in such a situation. Faced with a situation of tremendous competition and in a situation where the cooperatives are not able to meet the full demands of the cooperators and society in general, the only answer now available to them is adopting well nigh the concept of economic enterprises in full measure vatted by a professional touch. This requires personnel of societies getting through a series of skill developing programmes, the Board of Management put through HRD which would enable them to read critically the balance sheets, analyse strength and weaknesses of the various operations that they undertake time and again and the like. This also requires creation of a very conducive environment that is required for running a free enterprise. All this also require withdrawal of controls and support (from government) substantially from cooperatives :

a) Almost totally in respect of societies which are not assisted by government,

b) Marginally from the present situation in respect of societies which are assisted by government.

The Planning Commission of India having accepted Brahm Perkash Committee report have formulated a model legislation with no governmental control. It desires the various governments to adopt similar legislations. Legislations on similar lines have been adopted in Andhra Pradesh and Rajasthan. There is an immediate need for a similar kind of legislation in Karnataka. The legislation shall seek to give total freedom to the societies. Substantial functions of the Registrar and government would get shifted to the federal bodies established on a voluntary/democratic basis. The Hon'ble Chief Minister, has the other day, while inaugurating the 42nd Cooperative Week celebrations announced that the State would bring in a legislation to allow the societies to function as totally democratic institutions.

As mentioned earlier, the present legislation incorporates within itself a number of restrictive clauses. Many of the cooperatives, (nearly 75%) have been assisted directly or indirectly by way of share capital or subsidy by the government and keeping in line with the principle that there cannot be financial assistance divorced of accountability controls have come in. However the present provisions to this end are seen highly restrictive. A few restrictions have to be removed by bringing in suitable amendments to the existing legislation. We would soon be bringing in such amendments.

In addition to the above, our government is to announce a policy on cooperation shortly. The government has announced its intention to institute Awards for Excellent cooperators and a Welfare Fund for Cooperators in Distress.

The re-shaping of the cooperatives by finding recourse to principles based on free and economic enterprise with no restrictions than self-imposed and no governmental support would definitely call for a delivery mechanism that is as skilful professional as in the private sector. The emphasis on HRD for the cooperative office-bearers, members of the Committee of Management and the officers of the Department need no further stress. All these requires a re-orientation of attitudes and an urge to acquire the skills at the earliest and develop a new identity. The cooperators and government are trying their best to usher in a new cooperative culture, a new Cooperativism developed on sound economic enterprise - principles vatted by professionalism so that the cooperatives can develop as an ideal alternative to private enterprise in the newly emerging liberalised economic scene.

We are quite fortunate that at such point of time in our cooperative history, this ICA Regional Executive Council meeting is held here in Bangalore. I am sure this distinguished cooperative delegation would deliberate on the kind of issues that we face here and that would result in an enlightened debate. We are sure to benefit the most from these deliberations. I look forward to that result. I sincerely thank all the distinguished guests here, for having listened to my long address. The Hon'ble Chief Minister has expressed well his concern for the cooperative sector by spending his valuable time with us here. I thank the organisers specially Shri Vishwanathan, President of NCUI, for giving me this opportunity to address this highly knowledgeable body.

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