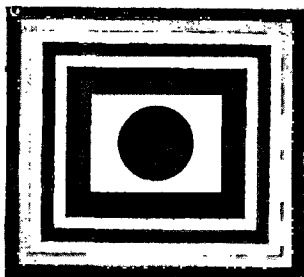


ICA TRAINING PROJECT FOR AGRICULTURAL
COOPERATIVES IN ASIA

REPORT
ON THE SECOND YEAR OF PROJECT ACTIVITIES
SUBMITTED TO THE GOVERNMENT OF JAPAN
Volume-I



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1. INTRODUCTION

- 1.1 Almost two years have passed since the launching of the ICA Training Project for Management of Agricultural Cooperatives in Asia in July 1986. The project has ushered in an era of international collaboration between a donor government and a non-governmental international organisation (NGO). The activities during the first year of this collaboration not only aimed at translating the main objectives of the project into meaningful and result-oriented management development programmes, but also succeeded in establishing certain norms for future activities on similar lines. The project activities during the second year were formulated taking into consideration experiences during the first year. So far the ICA has organised two training courses including field study visits in India, Thailand, Japan and the Republic of Korea and facilitated the preparation and production of 30 cooperative development projects in nine countries of the Asian Region.
- 1.2 In the process of implementing this project, I have received excellent cooperation from the International Division of the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan; Central Union of Agricultural Cooperatives (ZENCHU), especially its International Department; The Institute for the Development of Agricultural Cooperation in Asia (IDACA) in Japan; The Indian Institute of Management, Ahmedabad (IIMA) in India; The Vaikunth Mehta National Institute of Cooperative Management (VMNICM), Pune in India; The National Agricultural Cooperative Marketing Federation of India (NAFED); The Cooperative League of Thailand (CLT); The National Agricultural Cooperative Federation (NACF) in the Republic of Korea, ICA member organisations and numerous other cooperative institutions in the Region and my colleagues both in the ICA Head Office in Geneva and the Regional Office for Asia in New Delhi.

- 1.3 The willing cooperation of the course participants in taking keen interest in the training programme especially in preparing the projects during home ~~country assignments and the support~~ given to the project by the organisations which had sponsored the candidates for training have been commendable.
- 1.4 My sincere thanks to all the above individuals and agencies for their valued cooperation in leading the second year's training programme to a successful conclusion.
- 1.5 I have great pleasure in presenting, on behalf of the ICA, this report to the Government of Japan.

M.V. Madane
Project Director
ICA Training Project for
Management of Agricultural
Cooperatives in Asia.

2. SUMMARY

2.1 Regional Cooperative Background

2.1.1 The agricultural cooperatives in most of the Asian countries have yet to reach the majority of the small and marginal farmers. The coverage of farm households is low and the member participation is weak.

2.1.2 Credit and input supply dominate cooperative business. Capital formation is neglected. Marketing is the weakest link. Most of the marketing is through agency business on behalf of the government.

2.1.3 In certain sectors such as dairy, sugar and manufacture of inputs, considerable success has been achieved due to proper linkages. Some countries have relatively strong multipurpose cooperatives. However, by and large the development is top-sided.

2.1.4 Too little emphasis on professional management. Leadership is not responsive to cooperative members' needs.

2.1.5 Too much dependence on government for grants, subsidies, managerial personnel and policy support.

2.1.6 Committed leadership, trained managerial personnel and enlightened membership which can strengthen cooperative business and functioning are the most urgent needs of the cooperative movements in the Region.

2.2 Integrated Cooperative Development

2.2.1 Case studies of some of the successful cooperatives in the Region have demonstrated the effectivity of vertical, horizontal and forward and backward linkages. Also, single commodity as well as multipurpose cooperatives have achieved good results in some countries of the Region.

2.2.2 An integrated approach through a combination of appropriate technology, effective marketing and professional management has brought added value to farm produce.

2.3 Planning and Management

A planned approach to cooperative development can produce positive results as demonstrated through several case studies. Planning of cooperative enterprises through location and capacity utilisation studies, financial analysis, material management, inventory control and through a system of monitoring and evaluation are needed to achieve these results.

2.4 Cooperative Development Projects

Cooperative development projects need to be prepared on the basis of clearly defined objectives and through establishment of project viability based on appropriate financial, operational and managerial systems.

2.5 Computer Technology

Application of computer technology, on a selective basis, would be needed to increase efficiency in cooperative enterprises. Suitable software needs to be produced to make optimum use of this technology.

2.6 Field Visits in India

Field visits in India revealed successful examples of cooperative enterprises in dairy, sugarcane, cotton processing and in banking and marketing sectors. However, with few exemption the member participation is low.

2.7 Field Visits in Thailand

Field visits in Thailand enabled the participants to study some successful multipurpose cooperatives and land development cooperatives. Most of these cooperatives are, however, financially weak.

2.8 Home Country Assignments

All the 15 participants from nine countries prepared workable projects for different commodities. These projects were appraised by a team of resource persons in Tokyo and were later revised by the participants on the basis of comments given by resource persons and other participants.

2.9 Lectures in IDACA

Lectures on wide ranging subjects covering all aspects of agricultural cooperative activities in Japan & related activities of concerned government agencies were arranged in IDACA. These lectures enabled the participants to study in detail the working of agricultural cooperatives and their problems through group discussions and question and answer method.

2.10 Field Visits in Japan

The field study visits in Japan gave the participants the opportunity to observe the actual working of primary cooperatives, the working of different groups, farming complexes and the facilities created for joint use by members. The participants got a better understanding of the problems caused by urbanisation and the present position of rising costs and oversupply of agricultural commodities.

2.11 Field Visits in the Rep.of Korea

The field visits in the Republic of Korea demonstrated to the participants the effectivity of an integrated cooperative movement serviced and supervised by a strong apex organisation at the centre. The multipurpose cooperatives are financially strong and except for the weakness in marketing are able to help the farmer members in many ways.

2.12 Panel Discussion on Project Follow-up

Towards the end of the training programme in Japan a panel consisting representatives of various national and international organisations discussed ways and means of achieving a coordinated strategy for implementing the projects prepared by training course participants.

2.13 Project Follow-up

During the past two years of the Project, the participants in the training courses have prepared 30 cooperative development projects in nine countries. The ICA, the MAFF in Japan and the ICA member organisations should extend their full support for implementing these projects through technical, financial and material support.

3. BACKGROUND AND JUSTIFICATION

3.1 Background

Under an agreement signed between the International Cooperative Alliance (ICA) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan, the ICA launched in 1986 a Management Training Project for Agricultural Cooperatives in Asia. The creation of this Project was the result of successful dialogue between the Central Union of Agricultural Cooperatives (CUAC) in Japan with MAFF on the need for strengthening agricultural cooperative activities in the region through new approaches in training and management practices. ICA was chosen as the most suitable international organisation for bringing about these changes in cooperative functioning.

3.2 Justification

3.2.1 Agriculture is by far the most important economic activity in almost all countries of Asia contributing to the highest percentage of their GNP. Agriculture is also the source of livelihood for majority of the population in this region. However, agricultural productivity is vulnerable to violent changes due to its heavy dependence on monsoon and other weather conditions. Prevention of damages to agricultural crops is minimal and systems for disaster compensation are ad-hoc and generally not effective.

3.2.2 Agricultural cooperatives are functioning, in one form or another, in almost all countries of the Asian region. Starting mostly with government initiative or as a result of projects supported through bilateral or multilateral agencies, each country has evolved her own pattern for organisational

structures and functioning of the cooperatives. One thing common to all, however, is the existence of small and marginal farmers depending entirely for their livelihood on the meagre income from the small holding. The role of the cooperatives in providing a suitable infrastructure to these farmers, which can help add value to their primary produce, is far from satisfactory.

3.2.3 Despite all the drawbacks in their present day functioning, cooperatives are the best suited agencies for agricultural development in the Asian region. To some extent they are indispensable for accelerating the development of agricultural and rural areas in developing countries. The remedy lies in streamlining their activities in the manner in which they could safeguard the interests of the farmers to a maximum possible extent. Such streamlining would be possible only if the leadership responsible for cooperative promotion and development and for managing their day-to-day operations is responsive to the needs and aspirations of the farmers. Of special importance to cooperative functioning is the leadership provided by managerial and technical personnel competent to ensure economic returns to the producers. The ICA Management Training Project for Agricultural Cooperatives in Asia is geared to help in creating such leadership in the regional countries.

4. PROJECT OBJECTIVES

4.1 Development Objective

To improve capability of cooperative leadership at organisational and managerial levels in order to strengthen cooperative management and thereby ensure increased economic benefits to farmer members.

4.2 Immediate Objectives

- 4.2.1 To examine the present cooperative organisational structures in Asian countries and discuss the advantages and disadvantages of an integrated cooperative system for a more effective cooperative development process;
- 4.2.2 To introduce improved managerial practices in cooperative functioning supported by linkages at appropriate levels;
- 4.2.3 To introduce perspective planning in cooperative management with special reference to budgeting, investment analysis, costing and in evolving pricing policies;
- 4.2.4 To evolve a project approach in cooperative development and introduce methods for project preparation, appraisal, implementation, monitoring and evaluation;
- 4.2.5 To introduce the multipurpose, single-purpose and commodity based cooperative models and examine their applicability in the participating countries;
- 4.2.6 To study various ways of resource mobilisation for cooperative development; and
- 4.2.7 To introduce farm guidance methods to cooperative member farmers to increase farm productivity.

5. PROJECT FINANCING

5.1 Budget for the second year of the Project.

5.1.1 The decision of the Ministry of Agriculture, Forestry and Fisheries of the Government of Japan, to contribute funds to the ICA for the second year of the Project was followed by a grant of Japanese Yen 72,889,000 for implementing the Project in the second year.

5.1.2 The grant is divided into two sections, one part amounting to US\$232,846 is credited to a separate account in the ICA Head Office in Geneva and remaining amount of the grant amounting to Yen 34,935,000 is kept in a separate Yen account by the ICA in Tokyo for expenditure to be incurred for programmes conducted in Japan and for the other related activities. The itemwise breakup of the budget is as follows :-

	Total Budget ¥'000	Yen Account ¥'000	US\$ Account
1. Remuneration of resource persons.	22,404	6,300	98,800
2. Travel & board for participants.	25,875	15,276	65,025
3. Operational costs	16,119	9,261	42,073
4. Report writing & printing	681	355	2,000
5. Administrative expenses	7,810	3,743	24,948
TOTAL	72,889	34,935	232,846

6. FIRST YEAR OF THE PROJECT

- 6.1 The first year's project for 1986-87 was implemented through the ICA Regional Office. After completion of the six-month long training course, the Project Director prepared his Report to the Government of Japan on the implementation of the Project during the first year. Financial statements incorporating the expenditures incurred from out of the funds kept both in US\$ Account in Geneva and the Yen Account in Tokyo were prepared with the help of the ICA Regional Office staff in New Delhi. The ICA Director later submitted the Report as well as the financial statements to the Ministry of Agriculture, Forestry and Fisheries, Government of Japan.
- 6.2 As a part of the training programme, participants were required to undertake a home country assignment which was aimed at providing them with opportunities for project identification and formulation of viable project in order to strengthen agricultural cooperative management and performance.
- 6.3 Before terminating the Project for the first year, the Project Director discussed with the senior officials of the Ministry of Agriculture, Forestry & Fisheries in Japan, the Central Union of Agricultural Cooperatives in Japan, the Institute for the Development of Agricultural Cooperation in Asia and the ICA authorities both in Geneva and in New Delhi the activities during the first year and the strategy for the second year of the Project.
- 6.4 The Project for the first year was terminated on 30th June 1987.

7. FOLLOW-UP ON PROJECTS PREPARED BY PARTICIPANTS
OF THE FIRST TRAINING COURSE

7.1 Participants of the First Training Course for Strengthening Management of Agricultural Cooperatives in Asia had each prepared a project for agricultural cooperative development in their respective areas. These projects were examined by a team of experts during part two of the programme in IDACA and commented upon by other participants. On the basis of these observations and comments, all the fifteen participants later revised the project documents by providing additional data and by modifying the presentation of various project components where necessary. These projects were submitted to the Ministry of Agriculture, Forestry and Fisheries of the Government of Japan along with the report submitted by the Project Director on project implementation.

7.2 On the basis of reports received from the participants of the First Course, the present position with regard to the fifteen projects is as follows :-

<u>Author/Country</u>	<u>Name of Project</u>	<u>Present position</u>
Mr.Md.Abdus Samee, Bangladesh.	Manikgonj Integrated Rural Development Project.	- Delay due to extensive floods. - Collection of pulses expected to start this year for marketing.
Mrs.Liu Xinzhong, China.	A Fruit Processing Factory in Guan County.	- Construction work of building completed. - Delay due to lack of funds for processing machinery.
Mr. Guan Ai-guo, China.	To spread the new Technique & support farmers to raise ducks.	- Project already operational with local resources. - Assistance needed for processing of duck down and for making garments.

Author/Country	Name of Project	Present position
Mr. N.N. Joshi, India.	Orange Development in Jhalawar Dist., Rajasthan State.	- Additional studies completed. - Collection of additional share capital from members continued. - Financing agencies contacted and finance has been assured. - Collection of oranges for marketing to start soon.
Mr.C.D. Singhal, India.	Integrated Paddy Cooperative.	- Delay due to severe drought. - Project expected to be implemented soon after normalcy is restored.
Dr.N.P. Sharma, India	Potato Marketing	- Project not yet completed to improve its viability.
Mr.Samsul Arief, Indonesia.	Integrated Paddy Processing & Marketing	- Project being processed by concerned organisations.
Mr.C.H. Baik, Rep.of Korea.	A Study on Chinese Cabbage Marketing.	- Project studies in progress.
Mr.J.W.Kim, Rep.of Korea.	Integrated Area Development Project.	- Project studies in progress.
Mr.Mohd.Redza, Malaysia.	Establishing a Mini Oil Palm Mill.	- Project not supported by concerned organisations due to severe competition from private traders.
Ms.Cesar Alcantara, Philippines.	Project Study of Marketing (Palay Trading).	- Project studies continued.
Mr. Jean N. - - Abdurasad, Philippines.	Fishermen's Coop, (A Samahang Nayon)	- Project cannot be implemented for want of financial assistance from external sources.
Mr.P.L.Gunasekara, Sri Lanka.	Study of existing situation of Rubber	- Project expected to be operational on modest scale with limited resources.
Mr. Kreingsak Sirihutakit, Thailand.	Management of Paddy and Rice Business.	- Project work already started. - Finance approved by Bank for construction of warehouse. - Printing of actual drawings in progress.
Mr. Apichat Treejaturun, Thailnad.	Establishment of Feed- Mill in Thachang Agricultural Coop.	- Project not taken up for want of financial resources.

8. SECOND YEAR OF THE PROJECT

8.1 Project Director

8.1.1 On the basis of the agreement reached between the ICA Head Office in Geneva and the MAFF in Japan, Mr. M.V. Madanè, who worked as the Programme Coordinator of the Project for the first year, was appointed by ICA Head Office as Project Director for the second year of the Project with effect from First of July 1987. Supporting staff to assist the Project Director in administrative and financial matters was provided by the ICA Regional Office in New Delhi.

8.2 Work plan and preparation for the training course.

8.2.1 While preparing the work plan for the second year, the following aspects were taken into consideration:-

- (a) Experience gained during the first year.
- (b) Suggestions based on meetings held with MAFF, CUAC, IDACA, ICA Hqs, Geneva & ICA RO New Delhi.
- (c) Suggestions made during evaluation sessions,
- (d) Time constraints experienced during home country assignments.

8.3 It was generally agreed among all concerned that the second year work plan of the Project should, with some variations, be the same as the first year.

9... PROJECT IMPLEMENTATION SCHEDULE

The one year project period was divided as follows :-

- 9.1 1st July to 25th October 1987 : Planning stage
 - 9.1.1 Planning the technical session modules and field visits in consultation with Indian Institute of Management, VMNICM and NAFED and preparation of the Course Programme.
 - 9.1.2 Sending invitations to member organisations of the ICA to nominate candidates for the second course.
 - 9.1.3 Selection of resource persons.
 - 9.1.4 Preparation of case studies and documentation.
 - 9.1.5 Selection of participants and finalising arrangements of their travel and accommodation.
 - 9.1.6 Consultations on project implementation with the CUAC, IDACA in Japan and member organisations in Thailand and the Republic of Korea.
 - 9.1.7 Practical arrangements for organising the first part of the course in Delhi.
 - 9.1.8 Financial arrangements for the Training Course.
- 9.2 Part-I of the Course in New Delhi, India, 26th October to 25th December 1987.
- 9.3 Departure for Bangkok : 26th December 1987.
- 9.4 Field visits in Thailand : 28 Dec. to 10th January.
- 9.5 Home Country Assignments : 11th January to 20th February 1988.
- 9.6 Part-II of the Training Course at IDACA, 22nd February to 22nd April 1988.
- 9.7 Departure for Seoul : 24th April 1988.
- 9.8 Field visits in the Rep.of Korea, 26th April to 8th May 1988.
 - 9.8.1 Final Evaluation & Closing Ceremony : 9th May 1988.
 - 9.8.2 10th May 1988 : Departure of participants to their home countries.

9.9 Reporting & Evaluation : 11th May to 30th June 1988.

The period from the end of the training course to the end of the Project period was used to prepare the ~~report and financial~~ statements for submission by ICA Head Office to the MAFF, Government of Japan and to evaluate project implementation with ICA authorities and other concerned organisations.

Note : The detailed programmes in New Delhi and Tokyo are enclosed in Appendix 7 and 8.

10. SELECTION OF PARTICIPANTS

10.1 The first intimation regarding the Second ICA Training Course for Strengthening Management of Agricultural Cooperatives in Asia was sent on 1st of May 1987 to ICA member organisations in Bangladesh, China, India, Indonesia, Rep. of Korea, Malaysia, Pakistan, the Philippines, Sri Lanka and Thailand. This was followed by detailed letters concerning the training programme. Most of the nominations were received before the closing date, viz. 1st September 1987. Nominations from India and Pakistan were delayed due to late clearances and other formalities in these ~~countries.~~ Later on, National Cooperative Union of Pakistan informed the ICA RO its inability to send the candidate for want of Government clearance. Consequently, the additional seat was offered first to the Philippines which also regretted its inability to send the second candidate and finally to India.

10.2 Location of training activities.

As in the case of the last year, the Part-I of the training course was held in the Conference Room of the ICA Regional Office in New Delhi. The second part was conducted at IDACA in Japan under an

agreement signed earlier between ICA RO and IDACA. The residential accommodation during Part-I was arranged in Sofitel Surya Hotel in New Delhi while IDACA's Hostel was used for Part-II of the course. During field study visits suitable hotel accommodation was provided. Extensive use was made of the ICA Regional Office facilities and administrative services during the entire project period.

10.3 Pedagogy

- 10.3.1 ~~The entire course programme in New Delhi was based on~~ Modules prepared for each week. The pedagogy used for this and subsequent Modules was as follows: Class schedule giving details of topic and reading/discussion material for each session along with the reading/discussion material for the week was distributed to participants in advance.
- 10.3.2 Generally, one topic and related case materials were exhaustively covered in a day. Participants read the material in advance and or during the first session after initial presentation by the faculty. During second and third sessions, the participants discussed in group the material on the basis of questions and guidelines provided by the faculty. Many of the case studies were prepared by the ICA with the help of specially recruited resource persons for the purpose.
- 10.3.3 During the group discussion, faculty members were also present to clarify the issues raised by the participants. Group discussion was followed by presentations of group reports, followed by further discussion and summarisation by the faculty. Thus, case method, group discussion and audio-visual presentation methods were followed.

10.3.4 During Part-II in IDACA, the lecture method was combined with group discussion method. Some lectures were based on case studies prepared by the lecturers. Occasionally slides, documentary films were used. Group discussions were arranged on a group of subjects and assignments were given to the groups for preparing regional agricultural promotion plan for multipurpose cooperatives.

10.3.5 The OHP was constantly used in most of the presentations.

11. INAUGURATION OF THE COURSE

11.1 The Second Training Course for Strengthening Management of Agricultural Cooperatives in Asia was inaugurated at the ICA Regional Office, New Delhi, on 26th October 1987 by Dr. Bojadzievski, FAO Representative in India and Bhutan. During his inaugural address Dr. Bojadzievski emphasised the need to strengthen services to small farmers through agricultural cooperatives. He added that the farmers' income can be increased only if marketing of agricultural products is supported by processing of the primary produce for value adding. Dr. Bojadzievski referred to the role played by FAO in development of a special programme of assistance to small farmers on the basis of recommendations made by the first FAO World Conference for Agrarian Reforms and Rural Development (WCARRD).

11.2 The inaugural function was addressed by His Excellency Mr. Eijiro Noda, Ambassador of Japan in India. While expressing satisfaction over the results of the first year's course, the Ambassador was confident that the rich experience of the participants will help in the

development of the common goal of improving cooperative capability. He also expressed the hope that the participants will be able to learn some useful lessons from their study of the agricultural cooperatives in Japan.

- 11.3 Mr. Rai Singh, Chief Executive of the National Cooperative Union of India (NCUI), who presided over the function, said that the ICA Training Course 'in Management will help in development of agricultural cooperatives in the Asian region. He added that despite serious problems the Indian cooperatives have made considerable progress in the fields of sugar cane processing, dairy and fertilisers.
- 11.4 Mr. G.K. Sharma, Regional Director at the ICA Regional Office for Asia, welcomed the Chief Guest and other distinguished visitors and the participants. Reviewing the role played by Japan in ICA activities, Mr. Sharma specially emphasised the positive results of the Project implemented by ICA with generous financial assistance from the Government of Japan. Japan has now emerged as the largest donor to ICA, he added.
- 11.5 Mr. M.V. Madane, the Project Director, proposed a vote of thanks. He mentioned that the results of the first Course were well received by the Japanese Government. The Project approach followed in the Training Course has helped in developing result-oriented management programmes, he added.

12. BRIEF REVIEW OF CHARACTERISTICS & PROBLEMS OF AGRICULTURAL COOPERATIVES IN THE PARTICIPATING COUNTRIES OF THE ASIAN REGION.

Soon after the inaugural function, the working sessions of the Second ICA Training Course for Strengthening Management of Agricultural Cooperatives in Asia were started with introductions and discussion on working methods of the course.

The first week of the course was devoted to the review of agricultural cooperatives with special reference to their problems and managerial practices. These reviews were based on the papers presented by participants from the nine Asian countries. Resource persons from ICA Regional Office and the National Agricultural Cooperative Marketing Federation (NAFED) of India participated in the Review Sessions.

12.1 Bangladesh

12.1.1 The agricultural cooperatives in Bangladesh are divided into two parallel structures serving almost the same target groups and thus creating on the one hand the problem of overdues and on the other the inadequacy of loans. The traditional cooperatives are serviced by the Bangladesh Samabaya Bank Limited (BSBL) through the Central Cooperative Banks (CCB) and the Krishi Samabaya Samiti (KSS). The cooperatives under the Bangladesh Rural Development Board (BRDB) are linked to the Upazila Central Cooperative Association (UCCA) and the KSS. In addition to this, the commercial banks, the Agricultural Bank and the Grameen Bank, operating in the rural areas have aggravated the already hopeless overdues situation.

12.1.2 The credit system is not supported by marketing services nor is there any professionally trained managerial cadre to protect the business interests of cooperative members. Many of the secondary and apex organisations have administrators from government working as managers. The most urgent need of the present time is to merge the two structures and ensure adequate credit to look after the production and consumption needs of the farmer members supported by marketing cooperatives and managed by trained personnel. Member participation needs to be encouraged.

12.2 China

12.2.1 The process of liberalisation is continued in China allowing the cooperatives to branch off into many economic activities. The All China Federation of Supply and Marketing Cooperatives is planning and coordinating the activities of the 28 provincial unions, 2100 county level cooperative unions and the 35,000 primary cooperatives, together reaching about 130 million farm households. During recent years, considerable amount of decentralisation has taken place and the cooperatively advanced provinces like the Zhejiang province have taken initiatives to organise and manage cooperative enterprises to meet the varying demands of their members.

12.2.2 The supply and marketing cooperatives do not advance credit but provide all kinds of agricultural inputs supported by farm guidance for improved agricultural production. Grants from the Supporting Fund are provided to help development of agricultural lands. Most of the processing and manufacturing is done by the county level cooperatives. Also, daily necessities and consumer durables are purchased from manufacturers and distributed through the cooperative

chain stores across the country. Starting a decade ago, the process of promoting cooperative enterprises has gained considerable ground in the country.

12.2.3 Cooperative coverage still remains inadequate for the vast agricultural population. Government authorities have put on the cooperative responsibilities often beyond their capability. In some cases, cooperatives seem to compete with each other. Although efforts are being made to train managerial cadres, most of the cooperatives are managed by the traditionally trained personnel.

12.3 India

12.3.1 Starting with credit in 1904, the cooperatives have now covered almost all sectors of economy and have branched off to specialised sectors such as marketing, international trade, agro-processing, fertiliser production, production of heavy machinery, housing and consumer services. Cooperatives are the strongest in the agricultural sector. The total number of cooperatives in the country is about 350,000 with a membership of 120 million. Most of the cooperatives are vertically integrated through their respective specialised federations or unions at the district, state and national levels. The sixteen national level specialised federations are members of the National Cooperative Union of India (NCUI) which represents the cooperative movement as a whole. The National Cooperative Development Corporation (NCDC) which is a government agency, provides assistance for planning and development of marketing infrastructure and agro-processing industries.

12.3.2 Despite the size of the Cooperative Movement as a whole, the growth in various regions has been lopsided. While on the one hand, spectacular success has been achieved in certain sectors such as dairy, sugar, oil seeds, fertilisers, the traditional sectors of credit and marketing have yet to come up to the level of minimum expected standards.

12.3.3 Some of the very serious problems faced by the Indian Cooperative Movement are : the overdues in credit and banking sectors, the heavy emphasis on input supply and agency business in marketing, the delay in elections of managing committees, the heavy dependence on government for cooperative management by civil servants and for grants and subsidies. This results in continuous experimentation in policies affecting cooperative structures and operations. Political and other considerations outweigh the well established cooperative practices in the decision making process affecting cooperative functioning.

12.4 Indonesia

12.4.1 The agricultural cooperatives in Indonesia are organised in a three-tier structure. The multipurpose cooperatives (KUD) at the primary level are federated into the PUSKUD at the provincial level and these are affiliated to INKUD at the national level. Combination cooperatives can also be formed by three central (provincial) level cooperatives. Three such combination cooperatives can form a national level organisation.

12.4.2 Although KUDs function as multipurpose cooperatives, their organisational base is weak both in financial and business terms. The marketing of rice is mostly through delivery to BULOG which is the rice procurement agency of the government. KUDs also function as distribution agencies on behalf of the government. The village level cooperative service places (TPK), cooperative service centres (PPK) and the Cooperative Administration Centres do not seem to contribute much to strengthening KUD activity.

12.4.3 Due to the weak structural and financial link-up between the KUD, the PUSKUD and INKUD, the cooperatives are not able to compete with private traders. There is very little active participation by members. The KUDs lack suitable infra-structure for marketing, storage and processing and other value adding activities. Member education, farm planning and staff training activities are inadequate although the ILO Swiss Project is trying to fill this gap.

12.5 Republic of Korea

12.5.1 Agricultural cooperatives in the Republic of Korea are organised and integrated under the leadership of the National Agricultural Cooperative Federation (NACF). The Livestock Federation and the Fisheries Federation look after the interests of the producers in their respective sectors. 1464 primary multipurpose agricultural cooperatives are affiliated directly to the NACF in the two-tier system. The primary cooperatives have about two million farmer members representing over 90% of farm households. The NACF operates through its 13 provincial and city offices, 139 county offices and through primary cooperatives. There are 41 other cooperatives dealing with horticultural and specialised products. Informal groups of members are formed at the village level.

12.5.2 The NACF has a very large volume of business in banking, marketing, supply and insurance sectors. Its main income is through banking activity. Marketing is the ~~weakest link, although~~ efforts are being made to strengthen marketing business through marketing centres and supermarkets. It is encouraging and assisting the practice of joint utilisation of warehouses and other facilities such as farm mechanisation centres. Still, a large volume of NACF activities are conducted for implementation of government policies. However, the overall performance is satisfactory.

12.5.3 As government entrusted business dominates NACF activities, the members have not yet fully integrated themselves with cooperative activity. Their participation is still low. The management has not yet reached the professional level for the amalgamated cooperatives. Agricultural cooperatives lack a price policy. The cooperatives are under pressure from the government for more efficient production and management performance and from the public for cheap supply of agricultural products. The NACF board is not a fully elected body.

12.5.4 Due to rapid industrialisation of the country, many farmers migrate to the urban areas for better prospects. The NACF is conducting extension and training activities to create more interest among young and prospective farmers to remain on the farm lands.

12.6 Malaysia

- 12.6.1 Agricultural cooperatives in Malaysia started with credit activities as early as 1922, but failed to create impact on producers' economy for lack of any value adding activities. Later, the government initiated a programme for the establishment of Farmers' Organisations (FOs) on the Taiwan model. The existence of the two types of organisations created an unhealthy situation. In 1973, the two organisations were merged and farmers cooperatives were created under the Farmers Organisation Authority (FOA). In 1983, there were 176 farmers organisations with 707 agro-based cooperatives with a membership of 98,562.
- 12.6.2 The agro-based cooperatives under FOA are rather weak from both organisation and business points of view. Loan recoveries are poor and overdues are mounting. The need exists to improve member participation in order to do away with the impression that these are government agencies. A single agency approach with suitable infrastructure is needed.
- 12.6.3 The management of cooperatives under FOs is handled by officers appointed by the FOA. The business needs to be increased through value adding activities and through greater participation of members. For this, facilities such as warehousing, processing and transportation are lacking although the National Cooperative Organisation of Malaysia (ANGKASA) is making serious efforts to gear-up the development process. Malaysia needs a long-term cooperative policy with a time bound programme for development and for creating better consciousness among rural people about the true role of a cooperative organisation.

12.7 Philippines

- 12.7.1 As the marketing cooperatives (FACOMAS) functioning since 1952 failed to create noticeable impact on the farmers' economic life, a Presidential Decree in 1973 paved the way for the pre-cooperatives and cooperatives functioning today. Under the new policy directives, pre-cooperatives are formed and named as Samahang Nayon (SN). The Samahang Nayons create the necessary framework for full-fledged cooperatives either as Area Marketing Cooperatives (AMC) or Cooperative Rural Banks (CRB). The national level organisation is the Cooperative Union of the Philippines (CUP) with 21,000 Samahang Nayons, 84 Area Marketing Cooperatives, 31 Cooperative Rural Banks, 295 Marketing Cooperatives and 221 Producers Cooperatives as members. Only a few FACOMAS are at present engaged in the marketing activity.
- 12.7.2 Very few Samahang Nayons actually handle credit and marketing business. The process of transferring the SNs into AMCs and CRBs is rather slow, and those already in operation are structurally weak. Non-members are often serviced by these organisations. The services rendered are credit, supply of inputs and marketing and in a few cases processing of agricultural produce such as paddy, corn, copra, vegetables, tobacco and livestock. The credit provided is generally inadequate.
- 12.7.3 Samahang Nayons are successful only in rice growing areas. The capital formation process is rather sluggish due to low key member participation and meagre flow of savings towards the cooperatives. The members still rely heavily on traders and moneylenders. To facilitate further growth, the minimum membership of Samahang Nayons has been reduced from 25 to 15.

12.8 Sri Lanka

- 12.8.1 The traditional cooperative structure, based on voluntary principles was drastically changed when the government-acting under special powers, cancelled registration of more than 1000 cooperatives and established 372 multipurpose cooperatives (MPCS). The earlier credit and other small societies in villages became branches of the multipurpose cooperatives. At present, 288 multipurpose cooperatives are functioning but a majority of them are incurring losses. The Marketing Federation (MARKFED), the Coconut and Rubber Unions in the plantation sector provide marketing services to the multipurpose cooperative societies. The National Cooperative Council of Sri Lanka is the apex organisation at the top.
- 12.8.2 The MPCS are expected to provide to farmers production credit, agricultural inputs, market their produce and promote savings. But they have been engaged mainly in distribution of consumer articles and that too mostly as government agents. The recent change in government distribution policy has exposed these cooperatives to competition with private traders. Their link with the People's Bank for credit is rather weak, so also the link with marketing and commodity unions. Infra-structural facilities are scarce.
- 12.8.3 The major drawback of the MPCS is their emphasis on non-agricultural activities. Boards of most of these cooperatives are nominated by government. The business practices are unsatisfactory taking most cooperatives to losses. Capital formation is weak so also member participation. Except in the case of coconut, value adding is not effective. ICA/SCC/ILO supported projects have tried with some success to promote member education for women and training for managerial personnel.

12.9 Thailand

- 12.9.1 The agricultural cooperatives are vertically linked by a three-tier structure. After the amalgamation of earlier credit cooperatives, Thailand has now 1,089 agricultural cooperatives spread all over the country with a membership of 851,224 households. 19 fisheries cooperatives represent 4,127 households. The business activities of these cooperatives are supported by the Agricultural Cooperative Federation of Thailand (ACFT) at the national level and the Agricultural Cooperative Federations (ACFP) at the provincial level. The Bank for Agriculture and Agricultural Cooperatives (BAAC) lends to farmers associations, to cooperatives and to farmers direct. The representative national level organisation is the Cooperative League of Thailand (CLT). The Cooperative Promotion Department (CPD) financially supports cooperative development programme for storage construction, transport facilities and for the purchase of agricultural produce through a price support scheme. Thailand has also a cooperative dairy.
- 12.9.2 The business linkage between the primary cooperatives and the federations is very weak and often the primary society members market their produce through private traders who enter into pre-harvest contracts with producers. The ACFT procures rice and other produce on behalf of the government. The credit and input supply ratio is very low compared to member's needs. Except in case of the Japan/Thai Agricultural Cooperative Promotion Project in Nakorn Ratchasima Province, the farm guidance and member education activities are rather weak. The member education aimed at providing income generating activities to women is being carried out through ICA Project in Sukhotai Province.

12.9.3 The participation of farmers in cooperative activity is very unsatisfactory and majority of the cooperatives suffer for want of sufficiency of funds. Cooperatives and the national level organisations rely heavily on government grants and except in case of some consumer cooperatives, management aspects are given little attention. Thailand needs a long-term cooperative development policy supported by a well-coordinated action programme among the various units.

12.10 Overall Agricultural Cooperative Situation in the Region

12.10.1 Agricultural cooperatives are functioning in all countries of the Asian Region in one form or another. The most commonly prevalent form of organisation is the agricultural credit cooperative at the village level undertaking the minimum task of disbursing production credit once a year without much follow-up work concerning its utilisation or repayment.

12.10.2 During recent years, experiments in conducting business under other types of cooperatives, structurally different from the primary credit cooperatives, are underway with considerable success. Some of the successful ones are the multipurpose agricultural cooperatives in the Rep. of Korea and the single commodity cooperatives like milk and sugar in India. Multipurpose cooperatives and service cooperatives exist in quite a few other countries, but still without much activity beyond agricultural credit disbursement.

12.10.3 Credit and input supply dominate cooperative business. Loans without follow-up have resulted in mounting overdues. The agricultural input supply, mostly as agency business, is keeping many a cooperatives out of the red.

- 12.10.4 Marketing too is mostly a commission agency business either as agency of the government or a corporation. Risk marketing is more an exception rather than the rule. - However, -agency marketing has brought in considerable increase in income both to the cooperatives as well as its members.
- 12.10.5 Infrastructure such as storage, transportation, grading, processing and packaging for adding value to the agricultural product is inadequate except in case of certain commodity and a few multipurpose cooperatives.
- 12.10.6 Dearth of adequate capital for cooperative business is a common phenomenon. Capital formation process is sluggish while mobilisation of savings as a deliberate policy is uncommon. This trend has forced the cooperatives to look to external agencies for operational and developmental capital.
- 12.10.7 Continued heavy dependence on government for agency business, subsidies, grants and infrastructural development has resulted in widespread infringement on cooperative autonomy.
- 12.10.8 Cooperative business is influenced more by government policy directives or by dominant leadership rather than by the collective will of the cooperative members. In a few countries governments have participated in the share capital of cooperatives at different levels.

- 12.10.9 Member participation in cooperative activity is weak and the leadership is generally not interested in encouraging member participation. Member education programme geared to encourage such participation are not effective. Majority of the members are unaware of their rights and responsibilities. The communication between the cooperative and the member is far from satisfactory.
- 12.10.10 With a few exceptions, professional management is non-existent. Most of the managers in large size cooperatives are either civil servants on deputation or staff members who by their seniority have risen to managerial positions.
- 12.10.11 Despite several decades of functioning, agricultural cooperatives in Asia are, by and large, dependent for their survival on government assistance or on the support of agencies outside the cooperative movement. Enlightened leadership, which could effectively continue cooperative enterprise with a well organised and managed institutional structure, is lacking.

13. MODULES CONDUCTED BY THE INDIAN INSTITUTE OF MANAGEMENT

At the request of the Project Director, several faculty members of the Indian Institute of Management in Ahmedabad (IIMA) conducted four Modules in New Delhi to introduce the basic aspects of cooperative organisational structures in management on the basis of case studies prepared for the purpose. The faculty members also trained the participants in the methodology of project preparation and in the application of computer technology for project designing. In addition, one session was conducted at IIMA campus in Ahmedabad for orientation of the methodology to be followed during the field visit in India. The modules were as follows :-

- Module-I : Integrated Cooperative Development and Organisation (2-10 November 1987).
- Module-II : Planning and Management (11-21 November).
- Module-III : Projects for Agricultural Cooperative Development (14-20 December 1987).
- Module-IV : Computer Application in Project Design (21-24 December 1987).

The modules were designed keeping in mind the main theme of the training programme in India, viz. to bring about a qualitative and quantitative improvement in cooperative entrepreneurship and services in order to substantially increase cooperative member farmers income. The names of the faculty members who designed and conducted the above modules are given in the list of resource persons associated with the training programme in India.

13.1 Module-I : Integrated Coop Development & Organisation

13.1.1 The module was conducted with the help of audio-visual material prepared for introducing Appropriate Management System for Agricultural Cooperatives (AMSAC) through backward, forward and horizontal integration of cooperative services. The case studies used for the module were :

- (a) Saranga Coop Sugar Factory (India).
- (b) Royal Multipurpose Coop Society (A&B)(Sri Lanka).
- (c) Dudhsagar Dairy Revisited (India).
- (d) Rajmani Agricultural Cooperative (B)(Thailand).

13.1.2 The points discussed in the classroom and in the groups were as follows :-

- (a) What is integrated cooperative system? What are its implications? How can it be made viable in the present circumstances?
- (b) What organisational structure is best suited to achieve the goal?
- (c) Can a single commodity society with multi-functional approach and with proper linkages provide the base for increasing farmer members income?

13.1.3 In order to create a better understanding among participants of the meaning and scope of agriculture and the potential of its byproducts system, nature and characteristics of two commodities - sugar and milk - were explained to illustrate how organisation and management structures, activities, management control systems and other related aspects are affected. The following factors affecting organisation and management structures of agro-processing cooperatives were also introduced.

(a) Nature of commodity/product

- Degree of perishability
- Seasonality of production
- Command area
- Degree of freedom for quality control
- Opportunities for speculation
- Contribution to income
- Investments, services and inputs required
- Market segment served.

(b) Nature of technology involved

- Simple/complex
- Mechanical/chemical
- Range viability
- Skills required
- Range of products
- Managerial skills required
- Difficulties in marketing.

(c) Proposed degree of integration.

(d) Potential for members participation.

(e) Cost and other factors.

13.1.4 The structure and leadership aspects of integrated cooperative system were introduced through the following case studies :-

- (a) Unfrozen shrimp (Bangladesh)
- (b) Satan's Eucalyptus (India).

13.1.5 The main points arising out of these case studies were :-

- (a) Problems faced by the freezing plant,
- (b) Strategy for capacity utilisation,
- (c) Respective responsibilities of the primary and secondary organisations in tackling these problems,
- (d) The approach to protect the member farmers' interest and to ensure their participation,
- (e) How to adjust to the environment to achieve the goal,
- (f) What policy support is needed to encourage the development of such a cooperative.

13.1.6 The discussions on the various aspects of the module on Integrated Cooperative System highlighted the following points :-

- (a) There should be a single and a simple message in relation to the objectives of a cooperative passed on to existing members, potential members, employees, managing committees and managers. When the message is simple and uniform among these different sections of a cooperative, it not only develops a strong sense of direction but also people begin to monitor and control their activities with reference to the message.
- (b) Cooperative activities must be oriented to members' needs and aspirations. When a cooperative fulfils a significant economic need of members (the significance being judged by the impact made on the members' income) it has a greater chance of member participation and success in its activities.
- (c) The organisation of a cooperative should be designed in a manner that it is action oriented in terms of quick, decisive and persuasive decisions. This is achieved by clear cut division of work between the board and the managers and with a proper monitoring and evaluation system. Particular emphasis was built on the question of autonomy of the organisation as a whole.
- (d) Continuous search for new opportunities is the key for growth. However, such new activities and new directions must only start after exhausting opportunities in the on-going activities/areas. It is the role of the management to continuously search for new opportunities, and also ensure timely and adequate services for the 'current activities' of members.

- (e) Output marketing/processing should be the anchor activity of an agricultural cooperative. This would work as an anchor around which activities for backward, forward and horizontal integration can be effectively developed. Agro-processing and by-product processing industrial activity under cooperative fold provides a dynamic, self-generating, self-sustaining economic force which helps in economic and social development of primary producer.
- (f) There is no one standard form of organisational design which would be most appropriate for all types of cooperatives and commodities. Cooperative sugar factories and milk processing cooperatives followed different types of organisational designs and both have been successful. While designing organisations, nature of commodity, nature of technological interventions, proposed degree of integration, need and potential for members' participation and relative importance of various cost and other factors, have to be taken into account since these factors individually and interactively determine the nature of factors and tasks for a given commodity/product.
- (g) A socially oriented entrepreneur (leader) is needed to devote his time and energy in mobilising farmers for a socially relevant common cause.
- (h) Efforts have to be made in organising farmers and assuring their participation right from the preparatory stage.
- (i) Backward and forward linkages have to be planned from the very beginning.
- (j) Technical and financial feasibilities must be compatible with the basic objective, namely, increasing the net income of members.

- (k) It is important to have patience and perseverance while dealing with environment, especially with bureaucracy, and to provide margin for lead time before actual operations of a cooperative could start.

13.2 Module-II : Planning and Management

13.2.1 The module was conducted on the basis of conceptual papers and the following case studies :-

- (a) Groundnut Oil from India.
- (b) Indian Electricals Limited from India.
- (c) Premier Engineering Company Limited from India.
- (d) Mahapalika Milk Products Cooperative from India.
- (e) The Capacity of Fatenagar Oil Complex from India.

13.2.2 The discussions during the module sessions were held on the following aspects of planning and management :-

- (a) Strategic, programme and operational planning.
- (b) Financial planning (such as demand forecasting, costing, investment decision, capital budgeting, working capital, break-even analysis and cost-benefit analysis.
- (c) Planning of production.

13.2.3 Based on case study situation, the participants were given exercises relating to various aspects of planning and management, such as, financial and investment analysis, break-even analysis, present value analysis, and discounting analysis.

13.2.4 Managerial issues in production operations.

During the second training course, more topics were added on managerial issues in production operations. These were : facilities planning, location and capacity, product mix and inventory management.

13.2.5 Location

As regards location, the following aspects were emphasised :-

- Management preference
- Competition (locate where competitors are located or in new areas for carving out new markets).
- Location of existing facilities.
- Location of markets.
- Location of major raw materials.
- Location of suppliers of other requirements (other than raw materials).
- Proximity of related industries.
- Labour/staff availability and skills.
- Pay levels (labour costs).
- Unemployment/turnover levels.
- Industrial relations climate.
- Tax incentives/other incentives.
- Climate
- Availability of sub-contractors.
- Availability of suitable sites.
- Availability of adjacent space.
- Site characteristics.
- Facilities for waste disposal.
- Transport access.
- Energy costs and availability.
- Law and order climate.

These factors were grouped in three categories, namely, critical, objective and subjective, and their meaning was explained to participants with the help of illustrations. This was followed by discussion on cost implications of location decisions. For example, how procurement cost and distribution cost are affected by the location decision.

13.2.6 Capacity utilisation

In respect of capacity utilisation, the following aspects were considered critical to determine the norms.

For agro-processing cooperatives the capacity decisions depend upon what we process and how we process. In other words, how much to procure, how much to process and how efficiently it is processed, will determine the performance of the society. The only way a society can give better price to farmers is by processing more efficiently. Thus, we need complementary efforts to get greater suppliers. These complementary efforts are backward linkages such as extension and inputs, and better price.

13.2.7 Product mix

The discussion on product mix, based on case studies related to the methodology of maximising profits in the context of market requirements and capacity restrictions on inputs and plants. The exercises related to the calculation of contribution to different combination of products.

13.2.8 Inventory

On inventory management, the basic aspects were explained through illustrations from daily life and some industrial enterprises. The objectives and functions in inventory management emerging out of the discussions were as follows :-

(a) Objectives

- To support operations with required flow of materials and services.
- To buy competitively and wisely.
- To keep inventory losses to a minimum.
- To develop reliable alternative sources of supply.

- To develop good, continuing vendor relationships.
- To achieve maximum integration with other departments providing support action for standardisation programme, forecasts, economic make-buy decisions and others.

(b) Functions

- Stores/purchasing systems and procedures.
- Codification, standardisation and variety reduction.
- Value analysis and cost reduction.
- Consumption and movement control.
- Systems of stock control - selective control.
- Inspection - incoming materials control.
- Movement analysis and control over obsolescence.
- Obsolete, surplus and scrap management.
- Waste reduction, control and utilisation.
- Stock verification and stock valuation.
- Source development, import substitution, vendor selection.
- Buyer-seller relationship, ethics, legal aspects.
- To make or to buy decisions.
- Control over lead times.
- Choice of purchasing systems, negotiation with suppliers.
- Training of personnel and evaluation.
- Planning and budgeting.
- Organisation and control.

This was followed by an example in which technique of ABC analysis and concept of Economic Order Quantity (EOQ) were explained.

13.2.9 Capacity Planning

The exercises and discussions on capacity planning brought out the following important aspects :-

- (a) There should be clear understanding about the objective of the cooperative. If the objective is to increase the net income of all paddy/farmer members in all years (i.e. high production year as well as low production year), then it has to plan its paddy milling and rice marketing activities accordingly.
- (b) Capacity planning on a long-term basis is a strategic decision. If capacity is too small, the society may lose the participation of some members. This may enable competitors to enter the market. Private millers will strengthen their position. This means the cooperative is unable to provide timely and efficient services to farmers and it may lose the opportunities for byproduct processing. If capacity is too large, society may have difficulties in controlling the operations. It may not be able to pay-off a loan obtained to build capacity under abnormal paddy production and market conditions, and it may find it difficult to achieve its objective.
- (c) On the other hand, there are certain advantages of large capacity. It will enable the society to respond very quickly to members requirements even during high paddy production years, to take advantage of byproduct processing potential and to provide better or competitive services to farmer members.

(d) In the light of above, capacity and facilities planning could be based on following considerations :-

- Assessment of situation and environment.
- Determination of available (existing) capacity.
- Estimation of required capacity.
- Development of alternative plans for matching required and available capacity.
- Quantitative evaluation of the alternatives.
- Qualitative evaluation of alternatives.
- Determination of a course of action.
- Implementation of the course of action.

Besides the above considerations, it was agreed that different commodities will have varying inventory requirements and the basis of their break-even points will differ. It will, therefore, be necessary to have detailed analysis of the existing data relating to the following :-

- Fixed cost
- Variable cost
- Raw material cost in different months for different capacities.
- Recovery of rice and quality obtained.
- Inventory costs.
- Contribution (profit).
- Break-even point.

After analysing the above aspects, the managerial decisions should aim at (a) Absorbing all the raw material produced by members during maximum production years, (b) Breaking-even when operating even during minimum paddy production years, and (c) Minimising the difference between maximum and minimum paddy production levels in order to lead to a constant paddy production level.

13.2.10 Action Plan

The action plan resulting from analysis should interpret objectives in quantitative terms. As increasing the income of cooperative farmer members is the ultimate objective, the plan should include the income arising out of present sales of processing and the returns from main product and byproducts; for example, in the case of paddy, the return on rice and unprocessed byproducts.

It will then be necessary to include value addition by husk briquetting plant, and a bran processing plant.

Towards the end of planning exercise, it was agreed that, as farmers cooperatives dealt with agricultural commodities, the following points should be taken into consideration while preparing the action plan :-

- (a) Generally in all agro-processing, break-even point is very low, because fixed costs are very low (discounting may be about 10%) as compared to variable cost.
- (b) The cost curve in agro-processing is generally wide U shape, because the variable cost is often 90% of the total cost, and because many agro-processing industries are operating seasonally may be for 3-4 months. So they have to stock agricultural produce which results in high inventory costs. Hence, total cost gradually increases.
- (c) Generally, agricultural produce markets are localised markets. In such markets, availability of raw material is fixed (or has certain quantity limitations). If a number of mills compete for the same raw material, each one has to pay more.

- (d) Hence, in agro-processing, emphasis should not be on "maximum capacity utilisation" but on using "optimum capacity" (i.e. in terms of revenue).

13.2.11 Monitoring and Evaluation

Lastly, the dynamics of monitoring and evaluation were discussed and debated upon by all the participants on the basis of an introduction given by a faculty member. The consensus at the end was that the following aspects form an important part of the monitoring and evaluation exercise :-

- (a) Clear understanding of functioning and tasks at each level of organisation.
- (b) Selection of appropriate indicators to measure performance.
- (c) Relative weightage (importance) to be given to each indicator.
- (d) Minimum cut-off point for each indicator.

13.2.12 Briefing on Field Visits.

On 22nd November 1987 the participants left New Delhi for a three week field visits programme and arrived in Ahmedabad the same day. The orientation session for introducing the approach and the methods to be followed for field study was organised at the Indian Institute of Management in Ahmedabad (IIMA) for full day on 23rd November. Three faculty members of the IIMA, who were associated with the modules conducted earlier took part in the orientation session.

On 23rd November there was discussion on the approach and method to be followed during the field visits in India.

A list of areas and topics to be covered while on study visits to about 20 cooperatives were introduced to the participants.

These topics covered the main issues dealt with under the two modules conducted so far, namely, Concept of Integrated Cooperative Management System and Planning and Management. Participants then discussed these topics in groups and prepared a list of questions to be asked on each topic.

The second exercise was on division of work among participants to be followed during field visits. It was agreed that participants would form three groups. Each group will concentrate on specific topics, prepare questions related to these topics, collect data on topics from each of the organisation visited and prepare reports.

13.3 Module-III : Projects for Agricultural Cooperative Development

- 13.3.1 This module was divided into three sections :
- (i) Marketing aspects in project designing, (ii) Identification of projects and basic components of feasibility studies, and (iii) Guidelines for project preparation and appraisal.
- 13.3.2 Marketing aspects in project designing were discussed with the help of two cases, namely, Asparagus case and Tanayamma cold storage. The first case emphasised the importance of searching for alternative markets and formulation of marketing strategies under difficult market conditions. The second case emphasised the importance of understanding contractual integration and its marketing implications.
- 13.3.3 The basic components of feasibility study presented by the faculty related to identification of project, investment decision, financial viability, technological viability and organisational viability. Salient features of each component were presented with the help of above case studies.
- 13.3.4 In addition to the case material, two projects prepared by one Indonesian and one Indian of the first year's training course were also introduced for discussion. These projects were appraised by the groups and their comments were later discussed in a plenary session.

13.3.5 On 17th December, after group presentation on paddy report, Faculty again drew attention of the participants to "Things to remember when designing and appraising project reports". This was done with the help of OHP. The OHP material was then given to participants for ready reference.

13.3.6 On 18th December during first two sessions participants appraised and presented their findings on the project report "Orange Development in Jhalawar District". (This report was prepared by a participant of last year course). This exercise of appraising earlier project report was found very useful by the participants. It drew their attention to mistakes they themselves are likely to make in their project reports. They also became aware of the importance of collecting relevant information before preparing the report.

13.3.7 Guidelines for project preparation

Guidelines for preparation of projects on Integrated Agricultural Cooperatives during home country assignments were discussed in great detail by the Faculty with the help of OHP. The guidelines covered the following topics :-

- (a) Basic framework
 - i. Integrated approach
 - Objectives
 - Functions
 - ii. Country's development strategy

- (b) Identification of project idea
 - i. Basic data on the region
 - ii. Possible projects

(c) Formulation

- i. Justification
- ii. Coverage
- iii. Identification of functions/tasks.

(d) Preparation

- i. Technical and institutional alternatives
- ii. Technical analysis
- iii. Financial analysis
- iv. Economic analysis
- v. Organisational analysis.

(e) Project summary and recommendations

(f) Structure of the report

A detailed note on the above, given to participants for ready reference is included in Appendix No.12.

13.4 Module-IV : Computer Application in Project Designing

13.4.1 This was a new module introduced during the second training course. Application of computer is fast spreading in all developing countries and it was considered important for participants to have brief exposure to computers and computer application in project designing and implementation. It was suggested to participants that in their country project reports they should incorporate, wherever possible, the use of computer for data processing, and cost for this should be included in the budget for the project.

- 13.4.2 Four sessions were devoted to this module. Primary objective of this module was to familiarise the participants to the use of personal computers with the help of certain commonly available software packages such as Lotus, DBase-III and Word Processing and their application in project designing.
- 13.4.3 A total of 14 sessions spread over 4 days were offered to cover this module. This gave the participants an indepth exposure to (a) changing trends in information technology, (b) potential of computer-aided project management techniques, and (c) utility of various softwares in preparation of project documents, decision support systems, feasibility analysis and monitoring.
- 13.4.4 Six sets of personal computers with adequate memory to accommodate learning were deployed in the class room on an open access basis to encourage participants to be friendly and comfortable with new technology. The participants exercised on the basis of exposure various packages like electronic spreadsheet, data processing systems, word processing and project management. Small, in-the-classroom, group and decision-based exercises were especially designed and each participant was guided with personal attention to develop needed skills.

13-A. PANEL DISCUSSION

Towards the end of Part-one of the training course, a panel discussion on cooperative development aimed at increasing member farmers' income was held in the ICA Regional Office. The following persons served as members of the panel :

1. Dr. E. Bojadzievski,
FAO Representative in India and Bhutan.
2. Dr. Tarlok Singh
Former Member of Planning Commission in India.
3. Mr. M.S. Pradhan
Executive Director (Marketing and Inputs)
National Coop Development Corporation in India.
4. Dr. R.C. Dwivedi
Former Chief Executive
National Cooperative Union of India.
5. Mr. M.V. Madane
Project Director

The panel members discussed at length the various approaches to cooperative development for improving members' income. The consensus was on building up of facilities which could add value to the primary produce. Equally important was effective marketing of agricultural produce to bring maximum return to the farmer. It was unanimously agreed that member participation in cooperative activities was vital for improving cooperative activities aimed at improving member farmers' income and increasing their living standard.

The panel members also answered questions from the participants in the training course.

14. FIELD STUDY VISITS IN INDIA

The study visits for the second training course participants were arranged in three States of India, viz. Gujarat, Maharashtra and Karnataka. Most of the institutions selected for the visit were of the types studied by the participants during the first few weeks in New Delhi. Following is a brief resume of the institutions visited.

- 14.1 Participants in the course travelled to Ahmedabad in Gujarat and stayed in the hostel of the Indian Institute of Management (IIM). The first day of the programme in IIM was devoted to the briefing of the participants on the methodology to be followed for seeking information during the field visits.
- 14.2 The AMUL dairy of the Kaira District Cooperative Milk Producers' Union is a successful example of integrated cooperative development through backward, horizontal and forward linkages incorporating almost all services and facilities which the producers needed to maintain high levels of productivity and comfortable living standards. The main aspect of the AMUL dairy cooperative is its impact on the small farmers' lives who owned just a few heads of milch cattle to sustain themselves and who have, through their organisation, become joint owners of the vast cooperative complex created around the Anchor activity, viz. the dairy plant.
- 14.3 Another example of integrated cooperative structure with various linkages was the Purshottam Farmers Cooperative Cotton Spinning and Pressing Society. This society too has based its value adding operations on the basis of the active participation of member

farmers of the primary cooperatives affiliated to it. The leadership responsible for effective backward linkages with able managerial personnel for processing and marketing operations have developed a balanced relationship both with the member farmers and the employees.

14.4 In Maharashtra the first cooperative visited was the Jalgaon Fruits and Vegetable Sale Society whose main activity is the collection and marketing of bananas. The cooperative has succeeded in effectively marketing the members' produce by its balanced role in the market in which the traders play an equally important role. Through good management it has been able to secure higher prices for the bananas and attract considerable amount of savings from the members. The society is financially independent so far as the operational funds are concerned. However, a part of its share capital is owned by government.

14.5 An important aspect of the marketing structure in many States of India is the system of regulated markets under which marketing operations of designated commodities are conducted by open auction at market yards under the supervision of a Committee consisting of representatives of farmers' cooperatives, traders and local authorities. The Committee is constituted by the local government.

14.6 In another district, the participants visited two primary cooperatives, one of which is the Farmers' Service Society and the other Walaki Village Multipurpose Cooperative Society. Both the cooperatives had reasonably good management performance although their administration costs were very high. Also, the coverage was inadequate and the rate of recovery of loan was not very satisfactory.

- 14.7 Aurangabad District Central Cooperative Bank is the type of institution found in many parts of India. These banks function as central financing institutions for all types of agricultural cooperatives including sugarcane processing cooperatives. These banks play a pivotal role in cooperative development in each district. Representatives of affiliated societies constitute the Board while a few government representatives also are nominated. These banks get concessional finance from the Reserve Bank of India for their loaning operations.
- 14.8 Another example of an Anchor activity which has generated development of rural communities in all directions is the Pravara Nagar Sugar Cooperative Factory. Apart from milk and cotton, the cooperative system in India has brought about revolutionary changes in sugarcane cultivation and processing. This factory has generated many subsidiary activities for value adding to primary produce and for improving the health and living standards of the farmer members.
- 14.9 The participants also visited the Central Consumers Wholesale Cooperative Society in Ahmednagar district which operates a chain of stores for meeting consumer needs of the local population.
- 14.10 The last visit in Maharashtra State was to the Katraj Dairy Plant of the Pune District Cooperative Milk Federation. The federation collects milk through its primary cooperatives and markets it in the city of Pune through its distribution network. The federation has very effective extension activities for the milk producer members of its affiliates. The dairy plant was established in early seventies with technical and financial assistance through the International Cooperative Alliance.

- 14.11 In Karnataka, the emphasis was on the study of marketing operations. The first visit was to the Karnataka State Cooperative Marketing Federation engaged in the marketing of primary produce of its member cooperatives and distribution of input supply. However, it has not undertaken any significant activities for value adding to the produce of farmer members in the area of its operation.
- 14.12 The visit to the Oilseed Growers Cooperative Federation revealed that the Federation has almost no democratic representation from its affiliates. It has a nominated Board and bulk of its share capital is from government. The Federation collects oilseeds and markets the finished products under its brand. Its intervention has helped secure better prices to the oilseed producers.
- 14.13 The visit to the State Cooperative Bank was arranged with a view to study the agricultural financing system in the State. The bank coordinates the channelling of production and marketing loans through the district central cooperative banks and the affiliated cooperatives. The bank acts as a catalyst agent for promoting agro-industries in the cooperative sector.
- 14.14 At the grassroot level the participants visited two cooperatives in this State. The first was a multipurpose cooperative, viz. Bairmangala Multipurpose Cooperative and the second Taluka Agricultural Produce Cooperative Marketing Society. The multipurpose cooperative is financing production loans for agriculture and village industries such as sericulture. It also arranges input supplies to its members.

The marketing cooperative is very active in the marketing of fruits and vegetables. It has a warehouse for storing produce, before marketing it, when the prices are unfavourable. It has a consumer shop for essential supplies to its members. It is affiliated to the State Cooperative Marketing Federation.

14.15 The Indian Cooperative Movement has covered about all important aspects of economic activities. While commendable success has been achieved in single commodity cooperatives for value adding, the marketing activities are yet to develop fully. The credit and processing sector is well developed in some of the States. However, the recovery of production loans is very unsatisfactory; quite often over 50% of the loans granted. Optimum utilisation of available resources and processing capacities is yet to be achieved.

15. FIELD STUDY VISITS IN THAILAND

- 15.1 The visits in Thailand started with the briefing at the office of the Cooperative League of Thailand (CLT). The Director of the CLT explained to the participants the cooperative structure in Thailand which has at present 2,348 cooperatives with a membership of 2,684,774. The agricultural cooperatives numbering 1,107 and the land settlement cooperatives numbering 93 look after the credit, input supply and marketing needs of the farmer members. The CLT, which represents the entire cooperative movement of Thailand, conducts training, education and publicity programmes for various sectors of the cooperative movement. The CLT uses mass media for publicity on matters related to cooperative development activities.
- 15.2 The Cooperative Promotion Department (CPD) is the central authority for promotion and organisation of cooperatives. It also conducts educational activities for cooperative leaders and members, provides managerial subsidy to agricultural cooperatives and soft-term loans for approved development projects. In addition, it provides advances to the Agricultural Cooperative Federation of Thailand (ACFT) for procurement of agricultural commodities through the primary cooperatives.

- 15.3 The Agricultural Cooperative Federation of Thailand (ACFT) is the apex organisation of agricultural cooperatives. It is engaged in supply of agricultural inputs procured from manufacturers under contract and from the Thai-Japan Chemical Company. ACFT procures rice/paddy on the basis of support price decided by a government committee and with the financial support provided by CPD. ACFT has 10 per cent of share in supply and marketing operations. It also collects maize for export.
- 15.4 Affiliated to ACFT is the Chachoengsao Agricultural Cooperative Federation operating for three provinces in the area. Apart from procurement (8%) of paddy, the Federation has rice milling activities which has resulted in value adding to the primary produce. The input supply is done on the basis of direct purchases from manufacturers. The Federation pays to the farmers price according to the grade of milled rice. Also it provides transport for bringing the paddy to the rice mill and returns part of the profits in the form of patronage dividend. The Federation's activities also provide a margin to primary cooperatives for sending paddy to the rice mill.
- 15.5 The Bank for Agriculture and Agricultural Cooperatives (BAAC) is a government supported Bank for financing agricultural operations through cooperatives and through groups of farmers against collateral securities. As the BAAC is engaged in direct loaning operations to farmers, the cooperatives face problems regarding overlapping of loans and recovery from the members. The bank has a network of branches which provide technical guidance to their borrowers.

- 15.6 The participants visited three cooperatives in different districts around Bangkok.
- 15.6.1 The Muang Padriu District Agricultural Cooperative is a large sized multipurpose cooperative established after amalgamation of two cooperatives in 1975. The cooperative with 1,272 members has extensive services which include giving short-term and medium-term credit, receiving deposits from members, supplying agricultural inputs to members and marketing their produce. It also provides extension services to its members for breeding fresh water prawns in paddy fields and for encouraging savings among members. Loan recovery is good.
- 15.6.2 The Klong Luang District Agricultural Cooperative covering 842 households (out of a total of 4,515 families) is also engaged in credit, marketing, and input supply activities. The savings and recovery rates are low compared to the Muang Padriu Cooperative. So, it has to borrow from other agencies. It has no transport facilities. However, the cooperative has planned to establish members' groups for rice growers, for irrigation and a water users association with a view to encourage their participation in cooperative sponsored activities. It supplies daily necessities to its member households.
- 15.6.3 The Sena Agricultural Cooperative, with a membership of 1,170 members, has its organisational structure based on members' groups. This has helped in encouraging savings and better recovery. However, marketing activity is weak. Under the reorganisation plan, the cooperative receives subsidy from CPD. It has a trained manager. Membership training is well organised. The cooperative has a funeral service association for its members.

15.7 The second part of the visits in Thailand were arranged in Chiangmai province. The visits started with a briefing on the cooperative situation at the provincial office of the CPD. Later, the participants visited three primary agricultural cooperatives and two land settlement cooperatives. They also visited a dairy cooperative in Chiangmai city. Chiangmai province has 27 primary multipurpose agricultural cooperatives, 13 specialised cooperatives for pig raising, bee keeping, dairy, mushroom cultivation, tobacco growing and vegetable cultivation, 6 land settlement cooperatives, 25 thrift and credit cooperatives, 10 consumer cooperatives, 28 service cooperatives for handicrafts, transport, electricity generation, etc. and the Provincial Agricultural Cooperative Federation.

15.7.1 The Chiangmai Dairy Cooperative has a membership of 447 persons engaged in milk production. It operates a dairy plant collecting and processing about 6,500 litres daily. It collects milk for processing and delivers the bottles to selling points. It supplies animal feed and artificial insemination services as well as extension services to milch cattle raising farmers. The society accepts deposits from its members. It has three specialised committees for different activities.

15.7.2 The Sanpathong Agricultural Cooperative is one of the most active and successful cooperative in Thailand. It was selected in 1975 as an outstanding cooperative and received citation from His Majesty the King of Thailand. The cooperative provides production credit, arranges input supply, processing and marketing of members' produce. It has been paying yearly patronage dividend to members. The society collects large amounts of deposits through a saving campaign and

provides extension services for increasing agricultural productivity. Besides, it has a funeral service for the members and their families. Its educational activities for better living are greatly appreciated by the members. The cooperative has effective group activities at the village level.

- 15.7.3 The Hangdong Agricultural Cooperative has 1,609 members and a very active leadership. Apart from the routine business of credit and input supply, the cooperative arranges marketing of soyabeans for its members. It has collected over seven million Baht in deposits from members. The cooperative has built up a fund to assist schools in the area of its operation. It also has a funeral association. Its group leaders are active.
- 15.7.4 The Maetaeng Agricultural Cooperative also is engaged in credit, input supply and marketing business. Besides these, the society has social welfare projects to help school going children and also to provide them with lunches during school hours. Paddy and soyabeans are the main crops. Its coverage is ten per cent.
- 15.7.5 The Sansai Land Settlement Cooperative was organised to help settlers on the land irrigated by the Muang Mae Faak Irrigation Project. The cooperative was established as a result of the Royal Decree of 1937 which regulated the settlement of families on irrigated lands. The cooperative helps selection of members for settlement and assists them in planning, land development, in production credit and in training in the efficient use of water, agricultural machinery, fertilisers and chemicals. When the members have fulfilled their obligations, such as continued membership for five years, full land utilisation, full repayment of land cost and development expenses

and payment of outstanding debts, the land title is transferred to members on the condition that the title will not be transferred to another person for the following five years. After all the members have secured the land title, the society will function as a primary agricultural cooperative. It has helped 825 member families to settle on the irrigated land.

15.7.6 The Prao Land Settlement Cooperative also functions in the same way as the Sansai Cooperative. It has helped 3,730 members in settling on the new land. This cooperative is much larger in size than the Sansai Cooperative.

15.8 The trend towards strengthening activities of multipurpose cooperatives in Thailand is continuing. Many of the cooperatives visited are economically viable and are able to provide effective services to members. Their overall financial position, however, is not very strong. The managerial subsidy from CPD has helped some cooperatives in appointing qualified and trained managers. The land settlement cooperatives have helped in making the optimum use of the irrigated lands and helped increase productivity. The federal organisations at the apex level, however, are yet to gain enough strength to provide qualitative support to their affiliates.

16. OPENING CEREMONY

- 16.1 The participants arrived in Tokyo on 21st February 1988 and stayed in central part of the city in order to participate in the opening ceremony and the orientation sessions held at the Nokyo Building in Otemachi.
- 16.2 The opening ceremony of part-two of the training course was held in the morning of Monday, the 22nd February 1988 and was addressed by Mr. Makoto Sakurai, Managing Director of the Central Union of Agricultural Cooperatives (ZENCHU), Mr. Masao Kikuchi, Division Chief of Overseas Technical Cooperation, International Cooperation Division of the Department of Economic Affairs in the Ministry of Agriculture, Forestry and Fisheries (MAFF), and Mr. M.V. Madane, Project Director of ICA.
- 16.3 In his welcome address, Mr. Sakurai emphasised the importance of farm management for improving the living standards of farm households and hoped that the study of agricultural cooperatives in Japan will help strengthen the agricultural cooperative movements of the participating countries. Mr. Kikuchi, while welcoming the participants, stressed the need of giving greater priority to the development of agriculture and rural communities in order to maintain socio-economic development in a sustained manner. Mr. Kikuchi added that the Government of Japan attaches great importance to agricultural development in Asian countries and as a part of this policy, it has contributed US\$400,000/- yearly to ICA for implementing the training programme. He wished the participants every success in their

training programme in Japan. Welcoming the guests and the participants Mr. Madane stated that considerable improvement has been made in the approach and methodology of the second training course on the basis of experience gained during the first course. He added that the selection of participants too has undergone a change for the better and this fact is amply demonstrated in the projects prepared by the participants in their home country assignments. He thanked the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan, the Central Union of Agricultural Cooperatives and the Institute for the Development of Agricultural Cooperation in Asia (IDACA) for their continued support to the ICA training programme. He thanked Mr. Sakurai and Mr. Kikuchi for their presence at the opening ceremony.

16.4 On 23rd February, the representatives of the Central Union of Agricultural Cooperatives (ZENCHU), the National Federation of Agricultural Coop Associations (ZEN-NOH), the Norin-Chukin Bank and the IE-NO-HIKARI Association offered fraternal greetings to the training course participants and explained the organisation and functioning of their respective institutions.

16.5 In the afternoon of 23rd February, the participants moved to IDACA. The Managing Director of IDACA, Mr. Shiro Futagami, and his colleagues briefed the participants on the various activities conducted by IDACA and the facilities available on IDACA premises.

17. PROJECT APPRAISAL SESSIONS (24 FEB to 1 MARCH 1988)

17.1 The first eight days of the training course were devoted to appraisal of projects-prepared by the participants during their home country assignments. The following three persons worked on the panel of experts for project appraisal.

1. Mr. Sung Hee Han
General Manager, Saemaul Guidance Department,
National Agricultural Coop Federation
Rep.of Korea.
2. Mr. Shiro Futagami
Managing Director
IDACA
Tokyo.
3. Mr. M.V. Madane
Project Director
ICA New Delhi.

17.2 The participants introduced their projects with the help of transparencies on the overhead projector. The main comments were given by the panel members followed by comments by the participants. The participants were then divided into three groups to discuss the projects in detail and give their comments. On the basis of group reports presented at the plenary session, a general discussion followed. Based on comments made during the appraisal sessions, the participants later revised the projects by incorporating additional information and analytical tables.

17.3 The agricultural cooperative development projects prepared by the participants are as follows :

S.No.	Title of the Project	Author
1.	Gazipur Upazila Coop Rice Mill (Bangladesh).	Mr. Abdul Mannaf Mir
2.	Integrated Chicken Breeding Farm (China).	Ms. He Lanchai

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| 3. | Xianggu Development
Project (China). | Mr. Shi Yue-Jin |
| 4. | Production & Marketing of
Fresh Oranges in Sikkim
State (India). | Mr. Thondup P. Bhutia |
| 5. | Sheep & Wool Marketing
in Dungarpur, Rajasthan
(India). | Mr. R.I. Mehta |
| 6. | Potato Marketing and
Processing (India). | Mr. G.P. Nema |
| 7. | Feedlot Fattening of F.H
Calf in Kud Cepogo
(Indonesia). | Mr. Yoyok Sunaryo
Soekarno. |
| 8. | Feed Mill Plant (Indonesia) | Mr. Maharsi Adi Sucipto |
| 9. | Feed Mill Project in Jeonla
Province (Rep. of Korea). | Mr. Yun Hee Lee |
| 10. | Cold Storage Project in
Chunchon Horticultural
Coop. (Rep. of Korea). | Mr. Chung-Shik Shim |
| 11. | Cocoa Processing and
Marketing (Malaysia). | Mr. Wan Abdul Rahman bin
Wan Mohd Zain. |
| 12. | Integrated Paddy Processing
and Marketing Project
(Philippines). | Ms. Bernardita Barranco |
| 13. | Initiation of a modern
Rice Mill (Sri Lanka). | Mr. U.G. Dayananda |
| 14. | Sericulture and Raw Silk
Production Project
(Thailand). | Mr. Taworn Supanawan |
| 15. | Vermicelli Processing
Project (Thailand). | Mr. Panuwat Nanakornpanom |
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18. TRAINING PROGRAMME IN IDACA (22 FEB. - 22 APRIL 1988)

Part-two of the Training Course was organised at the Institute for the Development of Agricultural Cooperation in Asia (IDACA). The two months' programme was divided into following activities :-

- Lectures : 5 weeks
- Field study visits : 2 weeks
- Project appraisals : 1 week
- Inauguration/Closing : 3 days
functions/Introductions.

The lecture series were organised in IDACA while the field study visits were arranged to cooperatives in Ehime and Nagano prefectures. Towards the end of IDACA programme, a panel discussion was arranged on the subject of project follow-up by concerned national and international organisations in the Region.

Based on the lecture series and the field visits, following major trends, problems and activities were observed during part-two of the training course.

18.1 Agriculture and Rural Communities

18.1.1 The process of urbanisation has continued unabated although the period of rapid economic growth has ended over a decade ago. The inroads into rural areas by industries and the housing development have further reduced the areas earlier exclusively used for agriculture. The government has, therefore, demarcated the areas which can be used for agriculture and non-agricultural purposes.

- 18.1.2 The migration to urban and semi-urban centres for employment has reduced the number of people solely dependent on land for their livelihood. About 82% of income is now derived from non-agricultural sources. These trends have greatly influenced the living habits of rural society and brought in major changes in social structure. The percentage of elderly people has increased due to migration to urban centres of young people and the average increase in the life expectancy. Even the traditional way of living is giving way to more pragmatic ways of modern life.
- 18.1.3 The above factors have greatly affected agriculture and the number of farm households has been reduced from 5,576,000 in 1965 to 4,331,000 in 1986. Out of this only 643,000 (14.2%) farm households are engaged in full-time farming, leaving the rest of the farm households to part-time farming (660,000 part-time I and 3,028,000 part-time II). In other words part-time farming pattern dominates the agricultural scene in Japan. A small portion of land remains uncultivated due to availability of other sources of income to marginal farmers.
- 18.1.4 The government efforts in land consolidation and in land improvement have facilitated introduction of better irrigation systems, better roads and introduction of heavy machinery. The projected farm land increase through reclamation, etc. by 1995 is 0.1% (from 14.7% at present to 14.8%). However, the investment in heavy machinery by individual farmers have increased production costs due to lack of full capacity utilisation of these facilities. Full synchronisation of capacity and

its utilisation is yet to be achieved although serious efforts are being made to reorganise facilities for joint utilisation to the optimum level.

18.1.5 The agriculture is now in the hands of a small percentage of full-time farmers and the aged people. More than men, the women devote more time to agriculture. Although opportunities for employment in urban centres have decreased, the people returning to agriculture (U TURN) are few. The main labour force on agriculture now consists of grandfather, grandmother and the housewife popularly called Three-Chan farming.

18.1.6 In addition to all these factors, there is over production of several commodities but demand is stagnant. Rice production is being discouraged by government by diverting about 30% of the total paddy land, viz. 2,783,000 HA to other crops. Over supply of fruits and vegetables is evident due to import of these commodities. The imports have increased due to higher demand for more varieties of food and also due to the appreciation of Japanese Yen. And lastly, the pressure from other countries has increased to import into Japan agricultural products such as beef and citrus fruits. So the pressure on Japanese agriculture is mounting from all sides including the gradual withdrawal of subsidies in the marketing of rice. Livestock farmers are the worst affected group in this situation.

18.2 Agricultural Cooperatives (Organisation & Structure)

18.2.1 The process of amalgamation of multipurpose agricultural cooperatives is continuing. The present number of about 4,050 cooperatives is expected to be reduced to 4,000 within a year. The ultimate goal is to have 3,000 cooperatives before the expiry of the Amalgamation Law. In the process of amalgamation, some of the single purpose cooperatives (now numbering about 4,314) are being merged with the multipurpose cooperatives.

18.2.2 The membership ratio of full-time farmers is decreasing. In one of the cooperatives visited by the participants, it was only 8% of the total. But in some cases, the total number of members is increasing due to the admission of associate members who want to do some business with the cooperative in the area although they are not engaged in agriculture. These are the people who live in the area of operation of the cooperative but work in non-agricultural occupations. Also, the cooperatives are now encouraging the membership of women from the farm household.

18.2.3 Structural reforms are being undertaken by some cooperatives through integration of branches, reduction in the number of directors and employees and introduction of more labour saving devices such as cash dispensing machines in the branches.

18.2.4 Due to factors mentioned above, individual households are now unable to handle farm management at the present level of farming. The need for increasing management scale of farming is being recognised day by day and efforts are being made to group the members on the basis of common interests. This is

being done through the organisation of commodity-wise groups, hamlet level production unions, farming complexes and joint use of facilities in order to achieve economics of scale to reduce production costs and rationalise the use of available resources and capacities.

18.3 Economic Activities

The present economic position of agricultural cooperatives is far from satisfactory. They are now entering an era in which their strength will be judged not by the size of their operations but by their ability to do business in the highly competitive market and to adjust their policies and programmes to the ever-changing situation.

18.3.1 Credit and Insurance

Credit and insurance still dominate the business activities of most of the multipurpose cooperatives. Despite the competition from other banks and postal savings schemes, cooperatives continue to attract savings from the rural community. They have lost business from some of the salary earners who prefer to go to the nearest bank. The demand for loans from members has dropped by 20% in the last ten years. So, the Prefectural Credit Federations and the Central Cooperative Bank are faced with the problems of accumulated savings. Efforts are now being made to create more demand for credit within the cooperative sector for non-agricultural purposes such as housing and through establishment of value adding facilities for joint use by members. For attracting people to insurance business, incentives are provided to staff members. Credit and insurance business are important parts of cooperative activities as they help in subsidising the less profitable cooperative activities and finance guidance, better living and other welfare activities.

18.3.2 Marketing

The period of marketing of rice and other agricultural products under the price guarantee scheme is coming to an end as the government gradually withdraws its subsidy scheme for rice. The 20% share of marketing is being enlarged through increasing volume of joint marketing efforts. Earlier, only transport was jointly handled. But now emphasis is on joint grading, processing, packaging and transportation. The formation of commodity-wise groups and farming complexes have greatly helped in this direction. However, the over supply of several commodities has forced the cooperatives to be more competitive. Also, regional level marketing is being encouraged as per consumer demand. And also dealings with consumer cooperatives is on the increase through direct negotiations although some consumer cooperatives have their integrated facilities to provide consumer products on the basis of consumer member preferences.

18.3.3 Purchasing

The purchasing activities have become less costly due to the appreciation of the Japanese Yen. The imports of raw material are cheaper. The purchasing activities are being strengthened through advance orders and increase in the volume of business so that the bargaining power of Prefectural Economic Federations and ZEN-NOH can increase. ZEN-NOH has very strong bargaining power with the manufacturers of chemical fertilisers. Consumer preference is being assessed through purchase committees and women's associations. Proper understanding of consumer preference can greatly improve the purchasing business. Brand names and advertising is being encouraged along with improvement in the quality of service.

18.4 Planning and Management Scale

While on the one hand the farmers are being encouraged to diversify crops in order to reduce rice production, on the other the commodities produced through such diversification are facing stiff competition due to over supply and imports. The tight rope walking situation faced by the cooperatives can only be eased if planned production is undertaken with emphasis on rationalisation of costs and improvement in quality of service. The emphasis on high technology production with fewer farmers results in high investments which again make the products less competitive. So the scale of management of farmlands, in order to make optimum use of available resources and facilities, has assumed great importance. The cooperatives are now prepared to face the reality of gradual reduction in the number of full-time farmers. The alternative is to encourage the non-interested farmers to lease out the lands to full-time farmers. The target set is 10 HA of land per farmer to achieve the proper management scale. For example if a hamlet has 30 HA of land, three farmers would look after them. So, a balance is being worked out between the tasks to be undertaken by the cooperatives and the farmers through a Compound Farm Management with the help of commodity-wise groups, farming complexes, production unions, joint facilities and the integrated activities among all the units. For such a planned development effort, farm guidance assumes greater importance.

18.5 Trend Towards a Happier Life

- 18.5.1 Another important aspect of recent cooperative activity is the realisation that economic activities alone would not ensure the happiness of farming communities. A total approach to the welfare of the whole family of farm household is needed to stop erosion of basic values of rural life and the desersion of farmlands.
- 18.5.2 The result of high technology has generated a reaction towards more natural way of life. Cooperative members are being encouraged to use manure rather than chemical fertilisers to preserve land quality and protect environment. There is more demand for products with less input of chemical fertilisers and insecticides. Consumers are demanding cheaper products even if they are not graded or packed in the most sophisticated way. People are encouraged to eat more rice and other foods which provided proteins during the earlier days. Housewives are being educated in choosing the less harmful foods. All these factors are bound to have an impact on agricultural production.
- 18.5.3 The process of changing people's attitude and in ensuring greater number of farm successors is difficult and complex. Hence the role of better living activities have assumed greater importance. Participation of the entire family in cooperative activities is being encouraged through various better living and purchasing activities. In one cooperative even the weekly food requirements of families were being supplied on the basis of planned menus for the entire week. Women's associations, youth associations, better living groups and Han groups will be required to play greater role in achieving this objective. The home life improvement

activities of the government is also expected to play a role in this direction. Equally important are the training and education activities undertaken by the Central Union of Agricultural Cooperatives to train leadership with a proper understanding of the challenges and the solutions needed to tackle them and the managerial cadres capable of meeting the growing demand for sophisticated management of the enlarged cooperative enterprises.

18.6 Government Support to Agricultural Cooperatives

With varying emphasis, the government continues to provide substantial financial assistance to agricultural coops and their members through price support schemes, grants, subsidies and extension services. The assistance for amalgamations continues with reduced quantum. Diversification of crops by reducing 30% of paddy for other crops is currently ~~in~~ progress to overcome the problem of oversupply of rice.

18.6.1 The price support schemes are formulated to ensure fair returns to agricultural producer and to ensure the continuation of production cycle of individual crops. The government controlled purchase and distribution of rice is being reduced and semi-controlled rice percentage is increasing. Price support schemes for wheat, soyabeans, milk, meat, sugar and vegetables are based on standard price formulas established for each commodity. The imbalance caused by imports is expected to be adjusted through some of the following measures :

- i. *Heavy surcharge on imports.*
- ii. *Imports with nominal taxes but compensation to domestic producers if prices come down due to oversupply.*
- iii. *Increased assistance to reduce production costs of beef.*

- iv. Quantity restrictions through tariff quotas for imports to meet domestic shortage and excess imports to be taxed.
- v. Low interest loans to producers and subsidy to compensate losses caused by imports.

18.6.2 Agricultural extension services by government are geared to increasing agriculture productivity and improvement of home life of farm households. The experimental stations and extension staff serve larger areas than the agricultural cooperative. Current extension services are complimentary to farm advisory services by agricultural cooperatives. The difference is that extension emphasises improvement of agricultural production techniques while farm guidance covers wider areas relating to the total economics of agriculture of farm households. The extension services try to help in ensuring farm successors through its Agriculture Clubs for young farmers.

18.7 External Assistance for Project Follow-up.

Last two days of the training programme in IDACA were devoted to the discussion on assistance by Japan for international cooperation in the field of agriculture and forestry through the Japan International Cooperation Agency (JICA) and multilateral organisations like the Asian Productivity Organisation (APO).

18.7.1 Bulk of assistance from Japan is channelled through JICA. Bilateral cooperation is divided into two channels, viz. technical cooperation and economic cooperation. While technical assistance is channelled through JICA, aid grants and loans are given from

the Overseas Economic Cooperation Fund. Multilateral aid is channelled through contributions to international agencies.

18.7.2 A panel consisting of representatives of MAFF, APO, CUAC and ICA discussed various avenues and channels of assistance available for securing assistance to cooperative projects. The panel also discussed the inter-agency cooperation for project assistance. The consensus was that funds for projects would not present such a serious problem if the projects are viable and they are included in the priority list of development projects from the respective countries. Inter-agency cooperation for exchange of information covering availability of experts, training opportunities and assistance for feasibility studies should be strengthened in order to facilitate project funding and implementation in the Region.

18.8 Exercise on the Preparation of a Regional Agricultural Promotion Plan (RAPP).

During the latter part of their stay in IDACA, the participants prepared, through group work, a modest Regional Agricultural Promotion Plan (RAPP) for one cooperative. This was done on the basis of basic data provided to them for preparing farm management pattern to be followed by a given number of farmers. The Plan prepared by the participants is given in Appendix No.14 in volume-II of the Report.

19. FIELD STUDY VISITS IN JAPAN

- 19.1 Tsukuigun Primary Agricultural Cooperative Society. The Tsukuigun cooperative located in Kanagawa Prefecture is a average size cooperative with facilities for dairy, tea processing, sericulture and food marketing activities, besides the normal credit, insurance and purchasing activities. This society had pioneered the trend in amalgamation in order to solve the problem of small and uneconomic cooperatives.
- 19.2 Tokyo Fruits and Vegetables Market of ZEN-NOH.
- 19.2.1 ZEN-NOH is the biggest and the only wholesale company directly managed by organisations of agricultural producers. Among the 114 wholesale companies in central wholesale markets, ZEN-NOH ranks 29th on the basis of its turnover. The Kanda Wholesale Market will soon be shifted to Ohi near Haneda airport.
- 19.2.2 The total commission charged for produce marketed on consignment basis is 5% in addition to the actual charges for grading, packaging and transportation costs amounting to 30%. The producers receive between 55 to 63 per cent of the final market price.
- 19.2.3 New trends noticed in the fruits and vegetable market were, larger varieties of imported items, locally produced new varieties of fruits and vegetables and introduction of new sizes and grades to suit new tastes and the growing number of nucleus families.

19.3 Ehime Prefecture.

19.3.1 Ehime Prefecture is primarily an agricultural area but is also facing the problems of reduction in the number of farm households as well as the increase in the number of part-time farmers with the result that the percentage of non-agriculture income has risen rapidly during the past three years. The process of further amalgamation of the existing 86 primary cooperatives and the diversification of paddy fields to other crops is continuing. The Prefecture is the largest producer of Mikan oranges.

19.3.2 The observation visits were arranged to the Ehime Prefecture Agricultural Cooperative Union and to the poultry processing and egg grading center as well as the rice mill of the Ehime Prefectural Economic Federation of Agricultural Cooperatives. The emphasis in these facilities is on high quality of performance and proper linkages to marketing centres for value adding activities. The Prefectural Economic Federation also operates a Distribution Centre for consumer goods for meeting the inventory requirements of agricultural cooperatives in the area. The assortments of goods stored in the Centre are decided on the basis of orders received from primary cooperatives and replenishments are arranged through a computerised system of stock control. Most of the purchases are made through production contracts with private manufacturers. Deliveries are made by transport arranged by the Prefectural Economic Federation.

19.3.3 The participants visited two primary agricultural cooperatives in Ehime Prefecture, viz. The Hojou Shi Agricultural Cooperative Society and the Jonan Agricultural Cooperative Society.

- 19.4 The Hojou-Shi Agricultural Cooperative Society.
- 19.4.1 Out of the total farm households of 4,480 in the area, the cooperative services 2,583 households with a membership of 2,951 and associate membership numbering 1,616. Out of the total cultivated area of 1,983 HA, 874 HA are used as paddy fields, 59 HA for upland crops and 1,050 HA for orchards. Apart from paddy, the main crops are fruits such as citrus fruits, kiwi fruits, strawberry, melon and vegetables such as asparagus, cucumber of summer and autumn seasons, onion and other green vegetables.
- 19.4.2 In view of the very small average holding per member of 0.78 HA (much below the national average of 0.1 HA), the cooperative is introducing optimum management scale through the establishment of green houses and compound farming system. It does not seem to enlarge the scale of management by increasing the size only, but by introducing high technology to be persued by the decreasing number of full-time farm households. By crop rotation and diversification of paddy land to other crops the cooperative hopes to avoid the problem of over production of the important crops in the area. As regards the problem of over production of Mikan oranges, the society introduced twenty years ago, a better variety called Miyauchi Iyokan and is now planning the replacement of Iyokan by Katsuyama Iyokan its optimum production cycle is over. It is also promoting marketing through the introduction of brand names for some of its products. Commodity-wise groups have been established for Mikan, broad beans, Chinese cabbage, beef cattle and onions.
- 19.4.3 Other measures being introduced by the cooperative are : encouragement to farmers to use organic fertilisers to maintain ecological balance, the

exchange of byproducts between crop farmers and livestock farmers and the leasing of farmland to the active full-time farmers.

19.4.4 Apart from these, the society has very large volume of savings, insurance and purchasing business.

19.5 Jonan Agricultural Cooperative Society.

19.5.1 The Jonan Agricultural Cooperative is located only 8 kilometers away from the centre of Matsuyama city and is already feeling the impact of urbanisation in its area of operation.

19.5.2 The total households in the area are 8,753 out of which only 2,556 are farm households. The total cultivated area is divided into 522 HA of paddy fields; 35 HA for upland farming; and 1,361 HA for orchards. Average land holding is 0.75 HA.

19.5.3 The society has 3,208 regular members and 2,090 associate members. Main crops are fruits, rice and wheat, and vegetables. Livestock farming is an important part of some members activity. The society has a soyabean processing plant, established 20 years before and it is now planning to modernise it in the near future.

19.5.4 Apart from the normal business of credit, insurance, purchasing and marketing, the cooperative is reorganising its activities with emphasis on the following :-

- (a) Introduction of superior variety of fruits and establishment of farming complexes for optimum scale of management,
- (b) Reduction of costs through better planning,
- (c) Emphasis on high quality through technological innovations,

- (d) Promotion of group cultivation through joint and more rationalised use of machinery and facilities.
- (e) Integrated system of production and marketing.
- (f) Curtailment of feed cost for livestock by self production.
- (g) Better management for fattening and feed supply.
- (h) Encouragement of manure production to replace chemical fertilisers.

19.6 The Inan Primary Agricultural Cooperative Society.

19.6.1 During the second part of the field visit (4-8 April), the participants visited the Inan Primary Agricultural Cooperative Society located at Komagane with an area of operation covering 15,209 households, out of which 5,630 households represent both full-time (8%) and part-time farmers (92%). The number of regular members is 6,111 persons while 1,745 are associate members. The average land holding is 0.8 HA per farm household.

19.6.2 The cooperative society has a wide range of activities. Fruits and vegetables dominate the cooperative business followed by mushroom, sericulture, flowers, tobacco, livestock and dairy. Rice seedlings are prepared in its nursery. Rice for producing sake wine is also cultivated. The participants visited the cattle raising farm, flower complex, the country elevator and the seedling centre. The cooperative has a large-size super-market and a well furnished hall for better living activities. Many farmers rent out their land for cultivation to other farmers through the Land Utilisation Union which acts as a clearing house between the farmer renting the land and the one taking it for cultivation. Representatives of cooperatives, farmers and local authorities sit on this Union. Despite the low average holding

of 0.8 HA, the income level per farm household is quite high. Last year the actual income level was 6 million Yen while for the current year the target fixed is 6.7 million Yen.

19.6.3 During the last one year, the cooperative has succeeded in converting 30% of the paddy land into other crops. Other important steps taken by the cooperative are to lower interest rate on loan by 0.9%, introduction of joint purchasing and delivery of daily necessities for food preparation, integration of branch office activities, encouragement for purchases through "A Coop Store" and direct tie-up with consumer cooperatives for supplies.

19.6.4 The Inan Society lays great emphasis on better living activities and has encouraged women to participate in activities at all levels. By dissolving the women's association, the cooperative has started better living groups open to all members of the household. The emphasis now is to consolidate group activities at the Han level by providing guidance for more healthy life and natural environment. "I love Inan" is the new slogan adopted by the cooperative to encourage more active participation by members and their families. A unique feature of the cooperative is the 3D Movement. It represents 3 downs, viz. less costs, less losses and zero defect.

20. FIELD STUDY VISITS IN THE REPUBLIC OF KOREA

The field visits in the Republic of Korea started with the opening ceremony, in the NACF Conference Room, addressed by Mr. Ki Soo Chung, Deputy Chairman and Senior Executive Vice-President of NACF and Mr. M.V. Madane, Project Director of the ICA. In his welcome address, Mr. Chung emphasised the importance of progressive management by trained personnel responsive to the needs of farmer members. He appreciated the continuous collaboration by ICA in strengthening cooperative management and assured that NACF would continue its efforts in improving the functioning of agricultural cooperatives in this direction. He wished the participants success in their studies in Korea. Mr. Madane expressed his appreciation to Mr. Chung and NACF staff for their continued collaboration in the ICA management training programme.

20.1 The Korean economy continues to maintain its vitality and a high growth rate (12.5% in 1987) due to favourable international circumstances in oil prices, low interest rates and competitive exchange rate of the Korean won. High agricultural productivity too was reflected through the bumper crop in food grains. The process of rapid urbanization has further accentuated the problems facing agriculture viz.; migration of young farmers to urban areas ; increase in non-farm income; and the lack of farm successors in certain areas. Diversification of crops is being encouraged with joint activities in farming and shipment of agricultural produce to the most favorable markets.

20.2 The National Agricultural Cooperative Federation(NACF) has further strengthened its activities aimed at increased support to over two million farmer members through its 14 branches, 141 county offices, 1,463 primary agricultural cooperatives and 41 special agricultural cooperatives.

- 20.3 Credit, banking, input supply and insurance still account for a major share of activities of primary agricultural cooperatives although greater emphasis is now being given to marketing of agricultural produce and farm guidance activities. The ONLINE system available through NACF and its branches has contributed a great deal in speedy money transfers and market information to cooperative members. In addition, the Market Centers and supermakets operated by NACF and some of the primary cooperatives, have greatly encouraged cooperative members to use the cooperative channel to sell their produce. However, the lack of suitable storage facilities does not allow the farmer to hold the produce much longer after it is harvested.
- 20.4 Other important services available through NACF and its affiliated cooperatives are : joint purchasing of consumer necessities; joint utilization and processing facilities; international banking; foriegn trade; welfare activities; and training and education of cooperative leaders and personnel working in managerial and operational departments.
- 20.5 Besides NACF office and some of its branch offices, participants in the training course visited six primary multipurpose agricultural cooperative societies and one horticultural cooperative. The main activities of the multipurpose cooperatives are credit banking, input supply, insurance, marketing, joint, pruchasing, consumer shops, guidance and welfare for farmer members and their families. The horticultural cooperative is mainly engaged in marketing of apples and does not undertake credit, input supply or insurance activities. The important features of the cooperatives visited are as follows:

20.5.1 The Gongdo Primary Agricultural Cooperative

The Cooperative serves 1,339 members from 36 villages representing 67.2% of the farm households. Six farming groups look after the specialized interests of their members and are supported by 36 member groups, women's associations and 22 youth groups. The members have 300,000 birds for poultry, over 700 heads of cattle and 91 Ha. of orchards. Last year, the members average income was 6 million won while current year's target is 7.3 million won. The cooperative markets eggs under its own brand name. Last year it sold 558 metric tons of eggs. The cooperative opens in Autumn temporary stalls in cooperative supermarkets in Seoul to sell Chinese cabbage and other raw materials required for preparing Kimchi (Korean pickles). Twenty percent of members' income is derived from non-agricultural sources.

20.5.2 The Pyengtaeg Primary Agricultural Cooperative

This cooperative has 2,225 members representing 90% of farm households. Due to the effect of urbanization, only 16% of the total population are engaged in agriculture. Thirtysix Villages are under its area of operations. The main crop is paddy. The cooperative operates a Marketing Center to facilitate marketing of members produce to designated dealers. It has a supermarket and its savings promotion drive is very effective due to its location in an urban surrounding. Last year's average income was 6 million while this year's target is 6.5 million won.

20.5.3 Yesan Apple Cooperative

This specialized cooperative, located in Choongchungnam-Do Province, covers the whole county of Yesan-Kun county. It has 500 members with apple orchards of 1,800 Ha. Its members obtain credit and farm inputs from multipurpose cooperatives at the township level. It sells apples in domestic markets as well as exports to Taiwan, Singapore and Malaysia. Twenty percent of apples are graded by members.

Last year's turnover was 4.3 billion. For export, the cooperative purchases the apples from members while domestic marketing is on consignment basis. For establishing new storage and grading facilities the cooperative has invested 750 million won. Out of this 260 million won is a grant from government. The average income of apple growers is seven million won. The other farmers in the area earn about 5.5 million won.

20.6 Other Visits

20.6.1 The Agricultural Cooperative Marketing Center at Yengdeungpo in Seoul, operated by NACF, is the main market for grain and fruits and vegetables. The produce is marketed by auction and participated by 85 designated dealers. Since 1974, the turnover has increased ten times. Part of grain is bought by government. Price compensation scheme operates if prices of certain fruits and vegetables go below 80% of prevailing market prices. Cash movements are done through ONLINE system. NACF operates 18 such big and small centers.

20.6.2 The NACF operated cooperative distribution center of consumer goods in Seoul is the main source of supply of daily necessities and durable goods to supermarkets and consumer stores operated by cooperatives. The goods are purchased from manufacturers by annual contracts without specifying the quantities. Forty days credit is given to cooperatives after which 11.5% penal interest is charged. The retail sale by cooperatives is at current prices or about 2% below, but part of surplus is returned to members through patronage dividend. The center provides display facilities to 275 manufacturers to facilitate selection of commodities by cooperative representatives.

20.6.3 Anseong Cooperative Leaders' Training Institute

One of the unique education institutions in Korea is the leaders' training institute established in 1983. Another center operates in the southern region. The Institute conducts short-term courses for cooperative leaders and technical personnel. The average group is 300 persons for one week, but special groups are trained as per requests for specified periods. The mixed groups of leaders and employees help in creating better understanding of each others' tasks. The curriculae are planned in consultation with the education department of NACF.

20.6.4 The Agricultural Cooperative Junior College near Seoul, operated by NACF, is the main training institute for cooperative personnel at managerial level. Most of the trainees are sponsored by agricultural cooperatives and are assured of employment after the training is over. A very important aspect of the college staffing is that most of the lecturers are drawn from field service departments of NACF and its branches.

20.7 Visits in Cheju Province

20.7.1 The participants visited Cheju Island Province for two days and studied the working of the Provincial Office of NACF, the North Cheju County office and the Hanlim Primary Agricultural Cooperative. While the provincial office acts as coordinator of all NACF activities in the province, the county office undertakes banking, insurance and guidance activities in support of agricultural cooperatives in the area. Due to its mild climate and exotic natural beauty, Cheju island is a popular tourist resort south of the main peninsula.

20.7.2 Tangerine oranges, sweet potatoes, barley and rape seed are the major crops. Fifty percent of oranges marketed through cooperative mutual marketing groups. Sweet potatoes are used for starch in a cooperative processing plant. Another factory manufactures cartons for packaging. Pre-harvest-prices are determined by local government in consultation with cooperatives, the farming groups and the traders.

20.7.3 The Hanlim Agricultural Cooperative

The cooperative has 3,600 farm households as its members out of the total 5,000 farm households in the area. Out of 9,000 Ha, 3,500 Ha are cultivated. The average holding is 0.8 ha, the average income of each farm household in 1987 was 6.1 million won and target for 1988 is 6.5 million won. Out of its 40 billion won gross income during 1987, 60% came from credit and banking services, 33% from marketing and purchasing and 7% from insurance.

20.8 Grass-root level Training

The last two days of training in Korea were used for a new approach in training at the grass-root level. Three cooperatives were selected for this purpose. On the first day the participants divided into three groups for visiting farming groups at the village level engaged in production and marketing of tomato, cucumber and beef. On the second day the three groups visited the offices of the respective cooperatives to study the functioning of various departments serving the varying needs of the farmer members. The three cooperatives visited were: Kyeongju Primary Agricultural Cooperative; Aangang Primary Agricultural Cooperative and the Oidong Primary Agricultural Cooperative in Wolsong County of Kyungsangbukdo Province.

20.9 Agricultural cooperatives in Korea need to strengthen their marketing and better living activities in order to sustain farmers' interest in cultivating the land and ensuring farm successors. The cooperatives also will have to increase their ability to compete effectively in view of the pressure from foreign countries to liberalize import of farm products into Korea.

20.10 The participants also visited the National Federation of Fisheries Cooperatives with 72 primary fishery cooperatives, and the National Livestock Cooperative Federation with 141 local livestock cooperatives and 17 single purpose specialized cooperatives as its members.

21 CONCLUSION OF THE TRAINING COURSE

- 21.1 The Part Two of the training course came to an end with a simple closing ceremony in IDACA addressed by Mr. Makoto Sakurai, Managing Director of The Central Union of Agricultural Cooperatives, Mr. Takakata Okamoto, Deputy Director of the International Cooperative Division International Affairs Department, Economic Bureau of the Ministry of Agriculture, Forestry and Fisheries and Mr. M.V. Madane Project Director. Mr. Sakurai expressed his hope that the participants were able to gain useful knowledge during their studies and that their stay was enjoyable. Mr. Okamoto expressed his satisfaction over the successful conclusion of the course in India and Japan and hoped that the projects prepared by the participants would be implemented for the benefit of cooperative farmer members. Mr. Madane expressed his appreciation for the strong support given to the ICA management training programme by the Ministry of Agriculture, Forestry and Fisheries, and by the Central Union of Agricultural Cooperatives, by IDACA and by the ICA member organizations in India, Thailand and Republic of Korea.
- 21.2 The closing function of the field visit in Korea was held in the NACF Conference Room on Monday the ninth May 1988. It was addressed by Mr. Yang Kyu Hwang, Executive Vice-President of NACF, by Mr. M.V. Madane, Project Director, and by Mr. Shiro Futagami, Managing Director of IDACA who attended the function's special invitation. Mr. Hwang also distributed the certificates to the course participants.

22. RECOMMENDATIONS

22.1 To ICA Member Organisations.

22.1.1 Two distinct forms of cooperative organisations have emerged as the most suitable models for adoption in Asian countries. In countries where multipurpose cooperatives have less success in meeting the socio-economic needs of the farmer members, the single purpose or single commodity cooperatives have made commendable progress through an integrated approach and through proper linkages. On the other hand, in some other countries, single commodity cooperatives have lost most of their ground, and except a few cases, are being merged with the multipurpose cooperatives or allowed to continue their traditional work limited to a small area. ICA member movements have now to decide which form is the most suitable for their country situation and then formulate a long-term plan for cooperative development in that direction.

22.1.2 Participation of members in cooperative activities is no more to be understood as participation in meetings and discussion groups. Such participation has to be built-up through active and continuous association of a member in all economic activities from the stage of planning his farm management pattern to the utilisation of his income for a better living standard.

22.1.3 Greater emphasis will be needed to be given to the development of more effective leadership for leading cooperative activities on viable and result-oriented pattern. Coupled with this is the need for introducing professional management in agricultural cooperatives by creating better opportunities and environment for talented and trained people to join cooperative service.

- 22.1.4 ICA member organisations in the Asian Region have shown a better understanding of the scope and purpose of this training programme initiated with financial assistance from the Government of Japan. It is now important that the sponsoring organisations and their federations should support the projects prepared by their participants during home country assignments. This support could be in the form of assistance for further studies to finalise the project documents so that they are acceptable to financing institutions and arranging the monitoring of projects implementation through appropriate infra-structure.
- 22.1.5 Government of Japan in the Ministry of Agriculture, Forestry and Fisheries (MAFF) have expressed interest in cooperative development projects with emphasis on greater member participation in economic activities of agricultural cooperatives. ICA member organisations should take advantage of this generous offer by persuading their government to take up with the Japanese Embassies the assistance to projects prepared by the ICA training course participants.
- 22.2 To International Cooperative Alliance (ICA).
- 22.2.1 ICA should take up with member organisations in each participating countries the follow-up of projects prepared in the ICA/Japan training courses. Efforts should be made to incorporate these projects in the priority areas selected for cooperative development and in the perspective cooperative development plans prepared for each country.
- 22.2.2 ICA should canvass support for additional financial assistance for ICA/Japan types of training projects by cooperative movements and governments of other developed countries. Various ICA forums may be used

to publicise the important features of this project, especially the direct contractual relationship between a donor government and the ICA. Similar approach may be made to FAO and other related UN Agencies for support to these projects through their country representatives.

22.3 To Ministry of Agriculture, Forestry and Fisheries (MAFF).

22.3.1 The Ministry of Agriculture, Forestry and Fisheries which has extended very timely financial support to the ICA for this management development project, should continue and further strengthen its support in the following way :-

22.3.1.1 By sending to the Japanese Embassies profiles and summaries of the projects prepared by course participants and by requesting them to take up discussion of these projects with national governments in order to get the request for assistance formulated by these governments.

22.3.1.2 By arranging tripartite discussions with JICA, MAFF and ICA for exploring ways and means of assistance to projects in the participating countries. Such a discussion meeting may please be arranged during early part of the third year of the assistance to this project.

22.3.1.3 By increasing the volume of assistance to ICA for further strengthening its result-oriented management and leadership training programme.

22.4 To Central Union of Agricultural Cooperatives in Japan.

22.4.1 The Central Union of Agricultural Cooperatives (CUAC) in Japan which has played a very important role in formulation of the present project and in helping

parts of its implementation through IDACA, is requested to continue its work of further strengthening the ties between MAFF and the ICA through increased assistance for agricultural cooperative development in the Region.

22.4.2 The CUAC should act as the coordinator for bringing about a consensus between the MAFF, the JICA and the ICA for assistance to cooperative development projects prepared during the home country assignments. Informal discussions among concerned agencies will facilitate processing of formal requests for such assistance through the concerned Japanese Embassies in participating countries.
