

**BRIEF NOTES**  
**ON**  
**SOME AGRICULTURAL COOPERATIVE MOVEMENTS**  
**IN**  
**ASIA**

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## F O R E W O R D

We have compiled in this booklet short notes on the agricultural cooperative movements on various individual developing countries served by the ICA Regional Office. The idea of preparing such a booklet emerged in connection with the ICA's six-months' training course for Strengthening Management of Agricultural Cooperatives in South-East Asia. Mr. Sten Dahl, Cooperative Development Adviser and I were asked to give a one-week input to the above course and we decided to give short handouts to the participants on agricultural cooperative movements in the Region. The result is this compendium.

Mr. M.V. Madane, the Course Co-ordinator and Mr. M.L. Ilwadia Executive Director of NAFED, India prepared short notes on China and India respectively. The note on Pakistan was specially prepared by the National Cooperative Union of Pakistan for this sub-committee.

For reasons mentioned above, Australia and Japan do not figure in the booklet. We hope to include it when we will re-issue the booklet in improved form.

It also seemed to us that if we put all these notes together, they would be a useful reference material to members of the sub-committee as also others interested in cooperative

development in the Region. This modest attempt could be a start towards a Cooperative Data Bank for the Region. Of course we have to identify the various performance and development indicators for designing a proper Data Bank and take other steps as well.

If the members of the sub-committee find this effort useful, we would try to bring out an improved version of this booklet with the guidance and collaboration of the sub-committee members.

We have drawn on the existing material in the ICA Regional Office, Country Papers prepared by COPAC, and FAO RAPA "Selected Indicators of Food and Agricultural Development in Asia Pacific Region, 1975-85". We acknowledge our thanks to COPAC and FAO RAPA. We have also used the information collected by Mr. Sten Dahl and me during our Perspective and Project Planning Missions for The Agricultural Cooperative Sector for Indonesia, Malaysia, Philippines and Thailand.

We would welcome comments and suggestions of the members of the ICA Sub-Committee for Agriculture for South-East Asia. We would like to express our sincere thanks to Ms. Cecille Flores of the Cooperative Union of the Philippines

for extending excellent secretarial assistance in the preparation of this booklet.

29th March 1987

*J. M. Rana*

J.M. RANA

cf/

# B A N G L A D E S H

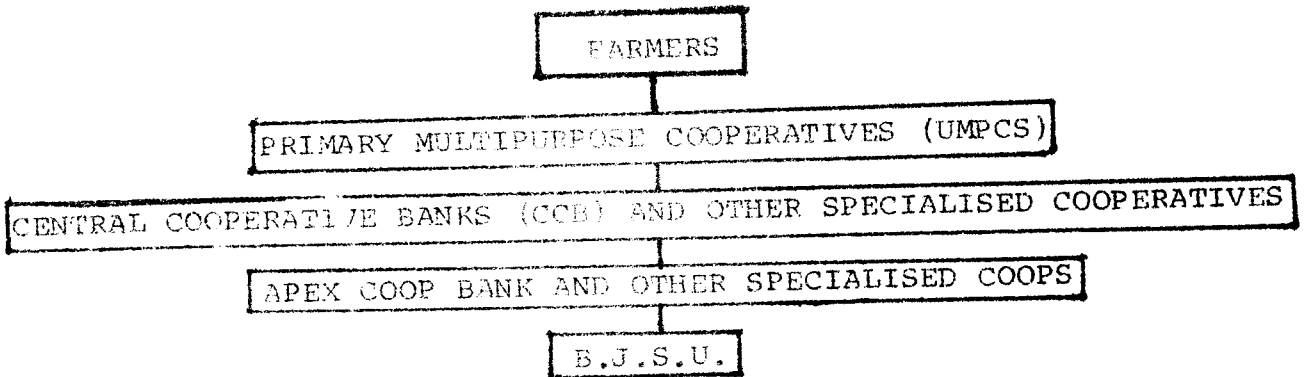
## I. BACKGROUND

- Population : 90 millions
- 80 per cent population dependent on agriculture.
- Rich alluvial soil. Main crops: rice, jute, tea, wheat, pulses and sugar.
- Disastor prone country : 25 to 33 per.cent of the land area flooded each year; Also cyclones.
- One of the least developed countries of the world. Poverty, malnutrition, unemployment and illiteracy - major problems.
- Per capital income - US\$100 a year.
- Production : Rice - 1973 kg per hectare  
Cereals - 1983 kg per hectare.

## II AGRICULTURAL COOPERATIVES

Cooperative Movement divided into two main parts : -

- (i) Traditional cooperative movement led by the Bangladesh Jatiya Samabaya Union (BJSU) - Bangladesh National Cooperative Union.



(ii) New cooperatives under the Bangladesh Rural Development, (BARD), are based on the following experiment. Prior to 1982, the programme was called Integrated Rural Development Programme (IRDP).

A. Comilla Experiment evolved an Integrated Rural Development Model with the following main features : -

- The Thana Training and Development Centre (TTDC)

The TTDC brings together officers of all the nation-building departments to offer a decentralised and coordinated rural administration. It provides a single point of supply of goods and services and a focus for the training and extension inputs of all agencies.

- The Rural Works Programme (RWP)

The aim of the RWP is to build the rural physical infrastructure, e.g., irrigation and drainage canals, rural roads and markets, and to provide employment opportunities for the rural poor.

- The Thana Irrigation Plan (TIP)

The TIP coordinates the services of an area's irrigation needs, encourages group formation to ensure proper use of irrigation equipment, arranges the construction of field and distribution channels and trains operators and managers.

- The Thana Central Cooperative Association/Krishi Samabaya Samity (TCCA-KSS) Coop System

In a reversion to the original concept of cooperative credit, the TCCA-KSS System is based on the village cooperative although, unlike the village credit cooperative, the KSS is multi-purpose and includes savings, credit, supply of inputs and marketing in its functions. The KSSs federate directly to the TCCA in a two-tiered structure which eliminates the Union-level equivalent of the UMPCS. The TCCA is a support and service secondary organisation providing credit, inputs, banking services, workshop facilities and general coordination to the KSS.

B. The Bangladesh Rural Development Board was established in 1982 by the government on the basis of the joint IRDP review by the Government of Bangladesh and the World Bank.



### III PROBLEMS

- The farmers and the movement suffered setbacks on account of frequent natural disasters and political upheavals. # Movement divided into two parts.

BJSU-led movement endeavours are based on cooperative principles. However, the economic performance of this sector is relatively indifferent. Loan recovery record not good. Inputs delivery and marketing system also not effective.

The IRDP programme, based on the Comilla model, did not achieve results on the same level as the coops in the Comilla area. However, the economic performance of KSS-7 CCA system has been better compared to the traditional cooperatives. However, the cooperatives under the IRDP programme are heavily dependent on government support and management. Education and training, a key element in the Comilla Experiment has lost in effectiveness.

The government/World Bank review states "the programme has expanded rapidly and in the process it has lost focus".

- Cooperative structure not adequately integrated.
- A large number of secondary and national organisations lack capability to give the needed support and services to the primary cooperatives.
- Leadership and management have not been adequate to the expected roles and responsibilities.
- A proper government - movement relationship and role performance are lacking.

#### NEEDS OF DEVELOPMENT

- (1) A positive factor for the movement is that cooperatives are regarded in the country as a vital institutional means for agricultural development and uplifting farmers' social and economic conditions.
- (2) The objective of agricultural cooperative development should be to create a self-managed and self-reliant agricultural cooperative movement which would improve the social, economic and cultural levels of farmers and their families.  
  
Government and the national cooperative bodies are the principal bodies responsible for cooperative development. Both need to work together for building up a strong and dynamic agricultural cooperative movement for the ultimate target groups viz. the farmers and their families.

The respective roles and functions of the government and the movement with special reference to national cooperative organisations for securing the correct cooperative development need to be defined, keeping in view the cooperative concept and principles,

- (4) A vision and a long-term perspective plan of cooperative development should be worked out by the national cooperative organisation in collaboration with the government. A long-term cooperative development policy should also be formulated based on the aims of uplifting the social and economic conditions of rural families and on the genuine cooperative concept and principles.
- (5) The government has decided to unify the UMPCS and the KSS at the primary level. Unification at the secondary and national levels also need to be established. The cooperative structure needs to be effectively integrated vertically. If a proper long-term cooperative policy is established, then the government personnel, cooperative leaders and management personnel will understand their respective roles in developing cooperative in a proper and establishing an effective integrated structure.

- (6) Cooperative leadership and management, non-corrupt, honest and able, are a pre-requisite for cooperative development.
- (7) Cooperative member education and proper training of government personnel, cooperative leaders and management personnel are of critical importance.
- (8.1) Enhancement of agricultural production, on-farm and off-farm employment and incomes and living standards of farm families should be the aims of the agricultural cooperatives.
- (8.2) The multipurpose cooperatives, by whatever name they may be called viz. UMPCS or KSS, should become truly multipurpose. They must perform the five basic functions for the purpose of increasing agricultural production, increasing farmers' incomes and living standards of farm families, viz.
  - (a) Farm guidance;
  - (b) Mobilisation of deposits and supply of credit;
  - (c) Marketing of agricultural produce;
  - (d) Distribution of basic consumer goods; and
  - (e) Undertaking projects to provide additional on-farm or off-farm employment to enhance farmers' incomes such as poultry, aquaculture, etc. Result-oriented plans should be

drawn up by the primary cooperatives to

achieve the aims mentioned in 8.1 above.

- (9) Development of agro-processing to add value to farmers' produce and other agri-business and effective are of very high importance.
- (10) Research and planning capabilities in cooperative organisations at all levels need to be developed in order to assess members' needs, plan projects to satisfy these needs and to monitor and evaluate the projects and performance of coops as a whole. These capabilities must be built up especially at the secondary and national levels so as to facilitate area and project planning.
- (11) Member participation through group approaches should be enhanced. Farmers groups based on neighborhood or commodity interests, youth and women groups should be established and activised. The cooperative movement has to be built by the members. Government programmes or external aid cannot go very far unless they are built on a strong foundation of members involvement and participation.

- (12) Internal resource mobilisation is of utmost importance. External inputs can be only in the form of seed capital and of catalytic nature. Dependency attitudes on the part of members and cooperatives must be supplanted by a spirit of self-reliance and mutual assistance.
- (13) Social, economic and physical infrastructure would have to be provided by the government and cooperatives through appropriate ways. Such infrastructure, for example, would include control of floods, creation and establishment of irrigation facilities, building of roads and communications, market centres, and appropriate agricultural pricing policies.
- (14) Much would have to change in regard to the role of the government vis-a-vis the cooperative movement. Cooperative laws and regulations, practice of political intervention and the functions of government cooperative department would have to be drastically changed for building a genuine and strong cooperative movement.

PEOPLES DEMOCRATIC REPUBLIC OF CHINA

During the three decades preceding the "Liberation of China" in 1949, rural supply and marketing cooperatives and small workers' cooperatives played a limited part in the mobilisation of resources to meet basic economic needs.

After 1949, the National Cooperative Commission was set up to promote, with active government assistance, new voluntary farmers' cooperatives for 80 per cent of the country's peasants who were beneficiaries of the land reforms.

In 1958, however, the 750,000 cooperatives were re-grouped into 26,000 communes which had close affiliation with political groups. This helped in mobilising more labour for agricultural production. The political influence increased during the cultural revolution of 1966-76.

In 1979 after the meeting of the Central Committee of the Chinese Communist Party, the communes lost their political power. A system of placing responsibility for production on farmers and workers was introduced. This system worked on the basis of production sub-contracts with households or smaller groups. The benefits for excess production over designated levels were allowed to be retained by the farmers and workers. Similarly,

they were liable for the losses incurred. This system resulted in increased production in most of the areas, especially in Sichuan Province.

During the late seventies, the communes lost their hold on agricultural production which became the responsibility of the agricultural production cooperatives. The process of liberalization has since continued and at present a farmer is serviced by three types of cooperatives, viz. the agricultural production society; the credit cooperative and the supply and marketing cooperative. The supply and marketing cooperatives are the strongest and serving most parts of the country.

#### The Supply and Marketing Cooperatives

Although the All China Federation of Supply and Marketing Cooperatives is of recent origin the supply and marketing cooperatives at provincial, county and primary levels have been functioning for a few decades.

Besides the national federation, China has 28 cooperative unions at the provincial levels, 2100 cooperative unions at county levels and 35,000 primary cooperatives with a membership of 130 million households comprising 80% of the total households in the countryside.



The facilities owned by the above cooperatives include 670,000 retail stores, collection centres and service stations employing 4.35 million persons. The annual turnover is to the tune of 120 billion Yuan, out of which 50% is from the sale of agricultural inputs, 25% from the marketing of farm produce and other products and 25% from the sale of consumer goods.

These cooperatives function in an integrated manner under a planning system covering supply, marketing, processing, transport and other infra-structures as well as finance.

Research is an important part of the Federation's activities involving market information and a feedback from the grass-roots levels.

Funds are raised through share capital, accumulated surplus and borrowings. Out of the profits 50% goes to the Enterprise Development Fund, 10% to the Mutual Aid Fund and the rest in the form of dividend on shares and patronage refund.

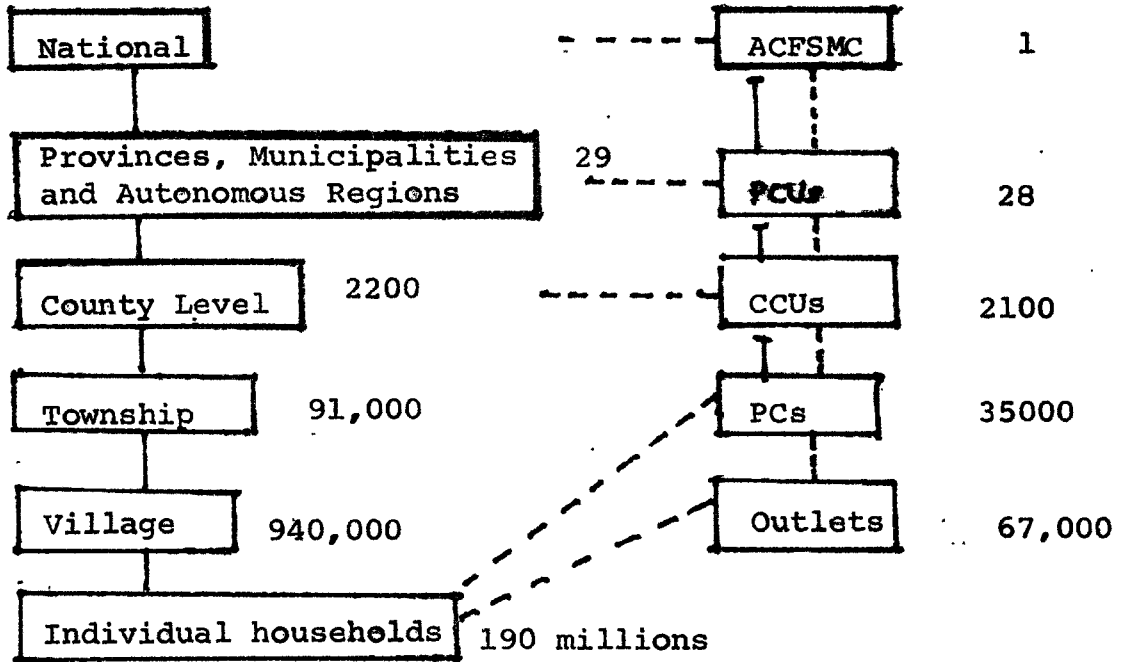
Problems and trends

1. At present efforts are concentrated on consolidating various services with commodity production from farm guidance, input supply to marketing. Five million persons receive training through cooperatives on these subjects.
2. Horizontal integration of services with other agencies is established to reduce costs in the marketing of agricultural produce. This is done through a chain of trade centres.
3. Lack of facilities like transport and storage has caused losses in the recent past, but efforts are being made to overcome these difficulties by addition of required infra-structure.
4. The recent trends provide to the cooperatives an opportunity to compete freely with others and thus improve their performance.
5. Many cooperatives have to cover a large area and as many as 5,000 households. So the link with the members is weak in some areas.
6. Quite often cooperatives at different levels compete with each other. This causes loss of business to some extent.

7. Local government support may be less in some areas due to financial constraints.

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AFTER 1979



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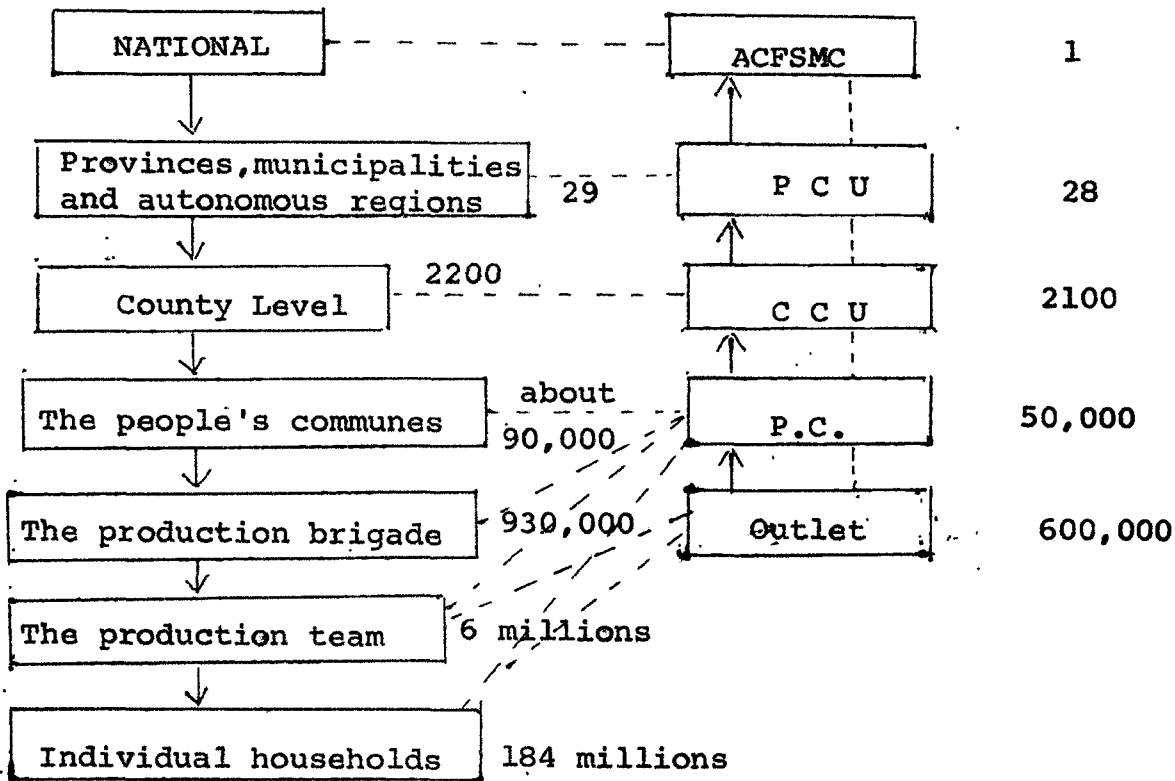
ACFSMC = All China Federation of Supply and Marketing Coop.

PCU = Provincial Cooperatives Union

CCU = County Level Cooperatives Union

PC = Primary cooperative

BEFORE 1979



I N D I A

I. Background

- Population : 732 million
- Agricultural population : 512 million
- No. of villages : 5,75,000
- Per capita Income : Rs. 2201

- Per hectare yield of major crops (1984-85) Kg/Ha

Cereals	1289
Pulses	536
Rice	1425
Wheat	1873
Oilseeds	660
Groundnut	870
Rapeseed and Mustard	688
Sugarcane	58050
Cotton	193
Jute & Mesta	1238
Onion	10548

- Average holdings : 75% are less than 2 hectares
- Agriculture contributes : 40% to GNP  
35% of exports

## II Agricultural Cooperatives

- Agricultural Cooperatives	<u>Number</u> 185592	<u>Membership</u> 94 million
- Coverage of rural population by agricultural cooperatives:	73%	
- Disbursement of production credit	: Rs. 38,600 million	
(a) Short term	: Rs. 36100 million	
(b) Medium term	<u>Rs. 2500 million</u>	
Long term credit	: Rs. 73,530 million	
- No. of secondary markets (Principal & sub-market yards)	5606	
- of which regulated	: 5459	
- No. of primary marketing societies	: 3789	
- No. of District level Marketing societies	: 171	
- No. of State Marketing Federations (General purpose)	: 29	
- Commodity marketing federations at State level	: 11	
- National Level Federation (NAFED)	: 1	
- Business turnover of Marketing Cooperatives	:	
(a) Marketing of Agril. produce	Rs. 30320 million	
(b) Inputs distribution	Rs. 38110 million	
(c) Consumer distribution	<u>Rs. 15000 million</u>	
	<u>Rs. 83430 million</u>	

2. National Agricultural Cooperative Marketing Federation of India Limited

Established in 1958 as National apex body of marketing cooperatives in India.

a) Total turnover - Rs. 1390 million in 1984-85  
- Rs. 2320 million in 1985-86

b) Produce handled : -

Foodgrains, pulses, oilseeds, spices, onion, potato, ginger, apple, cotton, tribal produce, poultry and processed foods.

c) Exports

1984-85 - Rs. 915 million  
1985-86 - Rs. 794 million

d) Canalised exports (government entrusted business)

Onion, sesame, niger, jowar, bajra, ragi and gum karaya.

e) Exports on Open General License (OGL)

Maize, spices, groundnut, groundnut extraction, garlic, potato, processed foods.

f) Imports

Nutmeg & Mace - canalised  
Pulses - Monitoring

g) Agency of the Govt. of India for Price Support Operations :

i) Groundnut, sunflower, soyabean, safflower, mustard, gram, arhar, moong, urad, bajra, jowar, ragi and maize.



h) Industrial Units

- Fruits & vegetables	3
- Jute mill	1
- Bio-fertilizer unit	1
- Agricultural implements unit	1
- Cold Storage	1
- Onion storage complex	1
- Oil processing unit	2

3. Cooperative Processing in India

- Coop. sugar factories No.: 216  
with capacity utilization of 89%
- Their share in nation's total  
production of sugar - 59.21% (3.6 million  
tonnes)
- Cooperative Spinning Mills :  
193 organised and 82 installed  
with 2.06 million spindlege.
- Coop. Oilseed processing units : 377 organised  
308 installed

4. Cooperative storage :

a) Rural godowns	40,085
b) Marketing godowns	6,431
c) Total capacity	7.9 million tonnes

- Cooperative Cold Stores :

Organised capacity - 7,35,000 tonnes (259 Nos.)  
Installed capacity - 3,17,000 tonnes (161 Nos.)

5. Fertilisers Production

- Indian Farmers Fertilizer Cooperative Ltd. (IFFCO)

Coverage 13 percent of nation's nitrogenous fertilizer production and 26 per cent of phosphetic fertilizer production.

- Krishak Bharati Cooperative Limited

A new Cooperative Fertilizer producing unit has been recently established.

III PROBLEMS & APPROACHES FOR DEVELOPMENT

1. In the 20 point economic programme, priority has been given to the development of oilseeds and pulses. Substantial quantities of edible oils and pulses are being imported to supplement the internal availability. Therefore there is need for flowing more credit into this line of production. Presently only 5 percent of the total agricultural credit disbursed flows to oilseeds production. This has to be stepped up substantially for achieving self-sufficiency in edible oilseeds.

2. One of the major problems faced by the leading institutions in the country is the unsatisfactory level of overdues. Overdues have been persisting around 50 per cent during the last two-three years. Now the lending programmes of banks are being regulated with reference to the recovery performance. Detailed guidelines were issued to credit institutions to undertake case by case analysis of the overdue loan accounts and provide appropriate relief in genuine cases of hardship and granting supplementary loans, wherever necessary. State Governments and banking institutions have been urged to take effective measures against wilfull defaulters. The question of overdues should be an integral part of the overall programme of development of PACS, better quality of lending, more effective supervision over utilisation of credit and an in-built arrangement at different levels both for credit stabalisation, (conversion of short-term into medium term loans) and for relief operations in respect of overdues arising from natural calamities. While crop insurance (commenced in 1985) will take care of future loans, there is an urgent need to institute

a fund on the lines of the Relief & Guarantee Fund recommended by the Rural Credit Survey Committee in respect of accumulated overdues.

- 3 In a number of States profitable and productive deployment of surplus funds in the Central and State Cooperative Banks has begun to pose a problem. After the cooperative banks meet their commitments in respect of minimum involvement of their loanable resources in agricultural credit, the remaining funds should be utilised in more profitable investments; such investment should be linked to development of agro-processing and other industries in rural areas. Such credit planning should be done by the State Governments in consultation with NABARD and the Reserve Bank.
4. Six states account for nearly 81% of the total marketing of agricultural produce. Further, more than 60% of the total value of agricultural produce marketed by cooperatives is accounted for by sugar and cotton.

A study conducted by NAFED revealed that about one-third of the primary agricultural marketing societies were not doing any business in marketing of agricultural produce; 14% of the societies were doing less than Rs. 1 lakh business per annum; another 14% did business of Rs. 1.5 lacs, 9 per cent of the societies did business of Rs. 5-10 lakhs; 10% of the societies did business of Rs. 10-20 lakhs, and only 15% above Rs. 30 lakhs.

5. Several development projects have been initiated by the Government of India for increasing production of oilseeds and pulses. Presently cooperatives total handling of these commodities is only to the extent of around Rs 1500 million. Similarly handling of fruits and vegetables by cooperatives accounts for about Rs. 1250 million. Cooperatives have to play a greater role in oilseeds, pulses and fruits & vegetables.

6. NAFED, the national organisation of marketing cooperatives in the country, has been appointed the nodal organisation by the Government of India for implementing the schemes of price support in oilseeds, pulses and coarse grains on long-term basis. NAFED works through the network of its constituent state federations/marketing societies throughout the country. Its performance has been appreciated by the farmers as also the Government. Various steps taken by it has led to the stabilisation of the markets to the advantage of the farmer. No other organisation has a better network close to the farmer as the NAFED has. This is an opportunity as well as challenge for marketing cooperatives in the country. To meet this challenge, various steps are under way.
7. The State Cooperative Marketing Federations are the members of NAFED. Its membership was broad-based in 1977. A provision was added to its by-laws that cooperative marketing/processing societies engaged in the marketing and processing in agriculture, minor and allied produce and agricultural inputs and having a minimum sales turnover of Rs. 2 million or above in these activities during the cooperative year

preceding the date of application for membership shall be eligible for membership. However in respect of such societies in cooperatively backward states the minimum turnover required was Rs. 1 million only. Under this provision around 204 such societies have become members of NAFED.

8. Chief Executives of various cooperative organisations are largely on deputation from the Government. They are frequently transferred and it leads to lack of continuity in policies and programme implementation. A Chief Executive must remain in an institution for at least 3 to 5 years.
9. Cooperatives have to compete in the market both within and outside the country. Therefore the cooperatives have to be manned by professional managers. This is not so at present as a number of managers are drawn from the Government on deputation. The cooperatives' own expertise has to be built up. For this purpose, training, improvement in emoluments and sennity of service have to be provided.
10. One of the significant features of cooperative evolution in the country after independence has been the building up of cooperative federalism consisting of primary cooperatives federated at the higher tiers

viz. district, state and national levels. This process of building up cooperative federalism has been now completed in almost all the sectors of cooperative movement of the country. The structure as a whole is supposed to work in unison and be capable to work as per the priorities of national programmes. However, capabilities of some of the federations/societies yet need to be improved.

11. The productivity in agriculture needs to be raised. New varieties of seeds particularly in oilseeds and pulses have to be developed and introduced. The technology mission on oilseeds has been set up at the initiative of the Prime Minister to coordinate and monitor the programmes of oilseeds production in the country. The commodities which need particular attention are groundnut, soyabean, mustardseed and onions. Accordingly cooperatives also need to organise distribution of various inputs in an organised manner.
12. Elections in cooperatives have not been held in some states in some years. A large number of boards of Directors of cooperatives have been superceded. The



State Governments must restore democratic management in cooperatives. Some of the state cooperative laws still empower Government nominees to veto the decisions of the Board of management of the cooperatives. Such provisions need to be withdrawn.

13. The need for continuous and proper flow of information is essential for planning, implementation and monitoring of cooperative programmes. The scheme of NCDG for assisting cooperatives to install computer centres should be availed of. Also NCDG assistance is needed in designing proper software support.

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PAC - Primary Agricultural Cooperative.

NABARD - National Bank for Agricultural and Rural Development

NCDG - National Cooperative Development Corporation.

cf/

# I N D O N E S I A

## BACKGROUND

1. Population: 162 million with an average growth rate of 2.3 per cent. Population is expected to be 210 million at the year 2000.
2. 60 percent cent of the population is living in rural villages and hence dependent on agriculture.
3. 13,000 islands of which 6,000 are inhabited. The area is 1,919,000 sq. kms and stretches from the Indian Ocean in the West to the island of Papua New Guinea in the East. This means a distance equal to the width of the United States.
4. The country is administratively divided into 27 provinces, 242 districts and some 3,200 sub-districts which in turn cover approximately 8-10 villages each.
5. The distribution of gross domestic products in percentage in 1985 is: for agriculture 26% (59% in 1965), industry 40% (12% in 1965), manufacturing - no figure (8% in 1965) and services 34% (24% in 1965).
6. GNP per capita income in 1984 was USD 540 with an average annual growth rate over the period 1965 to 1984 of 4.9%.
7. Average annual rate of inflation in percentage for the period 1965 to 1973 was 63% and for the period 1973 to 1984 was 17.4%.
8. Soils are rich volcanic, but in the most heavy populated islands soil erosion has become a serious threat to farm production.

9. Main crops are rice, maize, cassava, roots and tubers, coffee, soyabeans, groundnuts, potatoes and sugar cane.
10. Livestock: Livestock rearing includes cattle, buffaloes, pigs, goats and chicken with biggest meat production from poultry, beef and veal, pig meat, goat meat.
11. Milk and egg production has increased threefold during the period 1975 to 1984.

12. Land use in 1982 (excluding East Timor):

1. Wet land "Sawah" Paddy Fields	11.5%	7.9 m Ha.
2. Shifting cultivation "Ladang"	19.5%	13.2 m Ha.
3. Housing compounds "Pekarangan"	7%	5.1 m Ha.
4. Estates, "Perkebunan"	12%	8.3 m Ha.
5. Forests	31%	21 m Ha
6. Other land area (Step, Pastures, brackish water, ponds etc.)	19%	13 m Ha

(State forests and uncultivated swamps are excluded).

Source: Statistical Year Book of Indonesia - 1985.

13. Comparison of average crop yields in Asia and Indonesia in 1985:

<u>Crops</u>	<u>Highest production in Asia</u>		<u>Indonesia</u>
1. Rice paddy	South Korea	6,371 Kg/Ha	3,977 Kg/Ha
2. Maize	"	4,500 Kg/Ha	1,893 Kg/Ha
3. Cassava	Thailand	14,175 Kg/Ha	9,667 Kg/Ha
	Laos	14,286 Kg/Ha	
4. Sweet potatoes	South Korea	24,243 Kg/Ha	8,070 Kg/Ha
5. Roots & tubers	South Korea	20,377 Kg/Ha	9,284 Kg/Ha
6. Groundnuts	Malaysia	3,500 Kg/Ha	1,425 Kg/Ha
	China	1,849 Kg/Ha	
7. Soyabeans	South Korea	1,337 Kg/Ha	917 Kg/Ha
8. Coffee, Green	Sri Lanka	1,957 Kg/Ha	606 Kg/Ha
9. Tea	Papau New Guinea	2,263 Kg/Ha	1,356 Kg/Ha

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Source: FAO Statistical Year Book, 1986.

14. Fertilizer Consumption

Fertilizer consumption increased from 25.5 kg. per hectare in 1973 to 74.5 kg per hectare in 1983. This is still a very low usage compared to many other countries in the region. For example in South Korea 331.1 kg. is used per hectare which is about 4 times as much as the use in Indonesia.

15. Mechanisation

The use of agricultural tractors has had a very slow development during the past 15 years. For example the average annual growth rate from 1970 to 1982 was only 10.4% while for example in South Korea the growth rate during the same period was 106.4%. In Indonesia during the period 1979 to 1982 the increase in the use of tractors was 5% per annum and in South Korea it was 40.5%.

16. Value added in agriculture. (Amount in US\$)

<u>Country</u>	<u>1970</u>	<u>1983</u>	<u>1984</u>
Indonesia	12,097	20,225	21,229
India	45,793	58,981	59,681
China	73,170	116,986	134,877

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Source: World Development Reports for 1985 and 1986.

## AGRICULTURAL COOPERATIVES (KUD:s)

The KUD:s (Village Unit Cooperatives) are primary multipurpose cooperatives, generally established at the sub district levels and covering 8-12 villages.

The KUD system was introduced in 1972 and special promotional organizations, the so called BUUD:s were set up through a Presidential Order in 1973. Each BUUD served several villages and promoted a corresponding KUD. Local administration, the departments of Agriculture and cooperatives were represented in these boards. Today their function is merely advisory in character and the boards are since 1984 called Board of Guidance and include religious leaders, teachers and village heads.

Indeed the programme has grown rapidly into a cooperative network which includes close to 7000 Cooperative Service Places (TPK) in the Villages, around 150 cooperative Service Centres (PPK:s), over 60 Cooperative Administration Centres (PAU) at district levels. Additionally some 39 KUD-Unions or PUSKUD have been established and an apex-KUD body, INKUD has been set up at the national level.

### FUNCTIONS OF KUD:s

1. Sales of Fertilizers, pesticides and basic consumer goods;
2. Provision of credit;
3. Sales of members produce, to the National Logistics Agency (BULOG), mainly Rice procurement with finance from Bank Rakyat (BRI) under a government programme against a fixed commission. (East Bali and Java).
4. Processing and storage of rice. Rice-milling units. (Credit from BRI)
5. Marketing of other crops e.g. clove (Sulawesi) Sugar-cane, Coffee, Copra (Sulawesi) rubber (South Sumatra and West Kalimantan) Vegetables (West Java).

A few KUD:s are also involved in livestock and poultry rearing and meat marketing activities (Java, Bali). KUD:s are also involved in coastal fisheries around mainly the islands of Java, Sumatra and Sulawesi.

#### PROBLEMS OF KUD:s

In spite of the impressive performance since its inception, the KUD's still face a number of problems which are narrated below:

1. Lack of permanently employed managers and other key personnel.
2. Rice mills are often too old and ineffective and business operations only 2-3 hours a day;
3. Inadequate education to members on cooperative principles, their rights and obligations;
4. Inadequate organization for committee member (Board member) education and training;
5. No area surveys of the potential for new value added activities are made;
6. There are no clear job descriptions for the office bearers of the KUD. Chairman and Secretary seem to do the same job;
7. No clear objectives have been established for running the KUD. Members needs have not been sufficiently surveyed and discussed;
8. Lack of farm planning and no joint production planning has been undertaken.
9. Inadequate business planning. e.g. feasibility studies are rarely undertaken before going into new activities;

10. Lack of plans and organization for effective resource mobilization. This always leads to dependence on outside sources of funds and the KUD becomes subject to decision making which is not always in line with the best interests of the members. Lower surplus.
11. The government programmes instructed to be carried out by KUD:s have brought about a feeling among members that the KUD is a government body/undertaking. Hence, there is a lack of members identifying themselves as owners/partners of the KUD operations. Inadequate member participation.
12. The KUD leaders often lack experience in marketing. They cannot carry out market surveys, and draw up appropriate marketing strategies so as to enable them to compete with small private traders.
13. Lack of cooperation between the Board members and employees and hence, inadequate cooperation between the KUD and other outside agencies within the area e.g. Government officials.
14. Because of low education and lack of training on the part of Board members they have difficulties in leading, guiding and supervising employees which often have a higher theoretical education.
15. In a number of cases the Chairman has become more or less everything in the KUD and he has therefore become the "proprietor" and takes almost all decisions "it is his KUD". Members often feel that often irregularities evolve from those kind of situations.
16. Administrative routines of the KUD:s are not handled professionally:
  - Budgets are not made, hence no budget follow up can be made;
  - Financial reports are late and inadequately prepared and cannot serve as management tools for proper decision making.



17. Too much support from the government over a period of years has lead to dependence on outside assistance. Self reliance can be developed but it will take time.
18. As fertilizer business to a large extent is in the hands of private enterprises with a very strong network, the prices are often subject to manipulations.
19. There is no participation by the KUD:s in determining the floor prices for government supported crops such as e.g. rice. Hence, floor prices quite often do not adequately match the cost of production and farmers cost of living.  
  
The KUD members therefore, often resort to selling to private traders and wholesalers who pay/higher prices. Loyalty towards the KUD therefore, fades away.
20. The links between the KUD:s and the PUSKUDS and in turn their ties with the INKUD is weak. The structure is not adequately integrated.
21. Lack of funds for working and investment capital.
22. The KUD cannot pay reasonable salaries to attract good professionals.
23. Inadequate manpower planning and carrear development within the KUD-structure.
24. Often too stiff competition with private enterprises in field of processing, agro business and marketing.
25. Members of the KUD:s often feel that they do not get the services they need from the KUD.
26. In transmigration areas KUD:s face special problems with unsuitable soil conditions, bad roads, unscrupulous trading partners, inadequate crop protection against wild animals, lack of funds etc. etc.

## MAIN AREAS FOR FURTHER DEVELOPMENT

### 1. Lack of Member Participation

The members do not see the needs for increasing the production as directed by and required by the government to maintain the self-sufficiency of e.g. rice and establish food security stocks. Floor prices are also fixed by the government without the involvement of the KUD:s. There is an opinion/feeling among members that there is no adequate incentives to work harder, borrow more for inputs and increase yields and production. "The KUD is a government agency" is a common statement. Besides, the general understanding is that yields are low, low-usage of fertilizers, slow mechanization and low added value in agriculture. For transmigration areas.

### 2. Marketing.

Distances and infrastructural problems between the islands of the Indonesian archipelago. Also private traders infiltrate into villages and buy the crops in the fields of farmers at cheaper rates than government floor prices. They also provide farmers with credit for all their needs which make them indebted and compelled to repay such credit immediately upon harvests, hence, leaving farmers with no or very little balances for savings or other investments. Consequently, the role of KUDs in marketing activities are limited. In transmigration areas the roads are often bad especially during the rainy seasons, distances are far from the markets and the KUD:S do not possess transport facilities. Quality control, handling, bagging and other important post harvest activities are also generally not so well managed.

### 3. The Lack of added value in agriculture is apparent.

The farmers costs of living (food, housing and clothing) are escalating while their purchasing power is not increasing at the same rate. Hence, in order to fulfill the national objectives of increasing food production and food security, it is necessary that farmers/members of KUDs increasingly become owners of more processing units and thus have added value incomes from their production.

There is a complete lack of area potential surveys and feasibility studies to determine at what levels and what types of processing and agro-business units, and of what sizes and with what capacities such units would be viably established by the agricultural cooperatives. The systems for resource mobilization within the KUD structure is generally weak and inadequate.

4. Lack of infrastructure for increased member education.

Member education is not based on members needs for services but merely centered on matters related to agricultural extension. Members rights and obligations and their roles of the KUD are not adequately known to them.

5. Lack of farm production planning both in relation to individual farmers and collectively for the KUD area.

There seem to be no planned production to meet the demands in the market. Soil testing is not done by members and the irrigation facilities are not properly maintained and guarded. Certified seeds are not controlled on a continuous basis, adulteration is frequent. Cropping patterns are not always established area wise because no comprehensive area potential surveys are being made for such planning.

6. Weak links between the KUD:S - PUSKUDS and the INKUD.

The KUD's do not see the needs of having the secondary and national level bodies if they do not serve the KUD:s." The PUSKUD's e.g. do not do any business which assists the KUD's.", is a generalized view of KUD leaders.

7. Lack of appropriate communication and infrastructure poses a problem and this goes both for physical and institutional infrastructure, basically within the movement itself.

**COOPERATIVE STATISTICS ACCORDING  
TO PROVINCES AS AT SEP. 1985**

PROVINCE	K U D			NON-KUD COOP.			Nat.	Total
	Prim.	Sec.	Nat.	Prim.	Sec.	Fed.		
1. D.I. Aceh	295	2	—	519	24	2	—	922
2. Sumatera Utara	434	2	—	1.239	35	1	—	1.711
3. Sumatera Barat	226	2	—	655	19	2	—	974
4. Riau	198	1	—	429	9	1	—	638
5. Jambi	179	1	—	267	1	—	—	448
6. Bengkulu	162	1	—	269	4	—	—	436
7. Sumatera Selatan	315	1	—	510	21	2	—	849
8. Lampung	213	1	—	257	6	1	—	478
I. Sumatera	2.092	11	—	4.225	119	9	—	6.456
9. DKI. Jaya	—	—	—	1.137	15	—	—	1.152
10. Jawa Barat	992	2	—	3.132	65	5	—	4.196
11. Jawa Tengah	586	2	—	2.755	57	3	—	3.403
12. D.I. Yogyakarta	61	1	—	668	55	2	—	757
13. Jawa Timur	740	2	—	2.792	64	6	—	3.604
II. Jawa	2.379	7	—	10.484	226	16	—	13.112
14. Bali	84	2	—	403	18	1	—	508
15. Nusa Tenggara Barat	145	2	—	403	18	1	—	568
16. Nusa Tenggara Timur	109	1	—	294	3	—	—	407
17. Timor Timur	66	1	—	56	1	—	—	124
III. Bali — Nusa — Timor	404	6	—	1.166	29	2	—	1.607
18. Kalimantan Barat	212	2	—	368	16	3	—	601
19. Kalimantan Tengah	138	1	—	220	1	—	—	360
20. Kalimantan Selatan	189	1	—	54	7	1	—	738
21. Kalimantan Timur	224	1	—	319	2	2	—	548
IV. Kalimantan	763	5	—	1.447	26	6	—	2.247
22. Sulawesi Utara	122	1	—	378	21	1	—	523
23. Sulawesi Tengah	133	1	—	234	5	—	—	373
24. Sulawesi Selatan	450	2	—	1.210	32	13	—	1.707
25. Sulawesi Tenggara	163	1	—	307	7	1	—	479
V. Sulawesi	868	5	—	2.129	65	16	—	3.082
26. Maluku	119	4	—	185	10	1	—	319
27. Irian Jaya	94	1	—	257	4	—	—	356
VI. Maluku — Irija	213	5	—	442	14	1	—	675
28. Federations	—	—	1	2*	22**	2***	18	45
IV. National	—	—	1	2*	22**	2***	18	45
<b>Total</b>	<b>6.701</b>	<b>39</b>	<b>1</b>	<b>19.895</b>	<b>501</b>	<b>51</b>	<b>18</b>	<b>27.224</b>

**Remarks:** Data collection is done monthly per telephone.

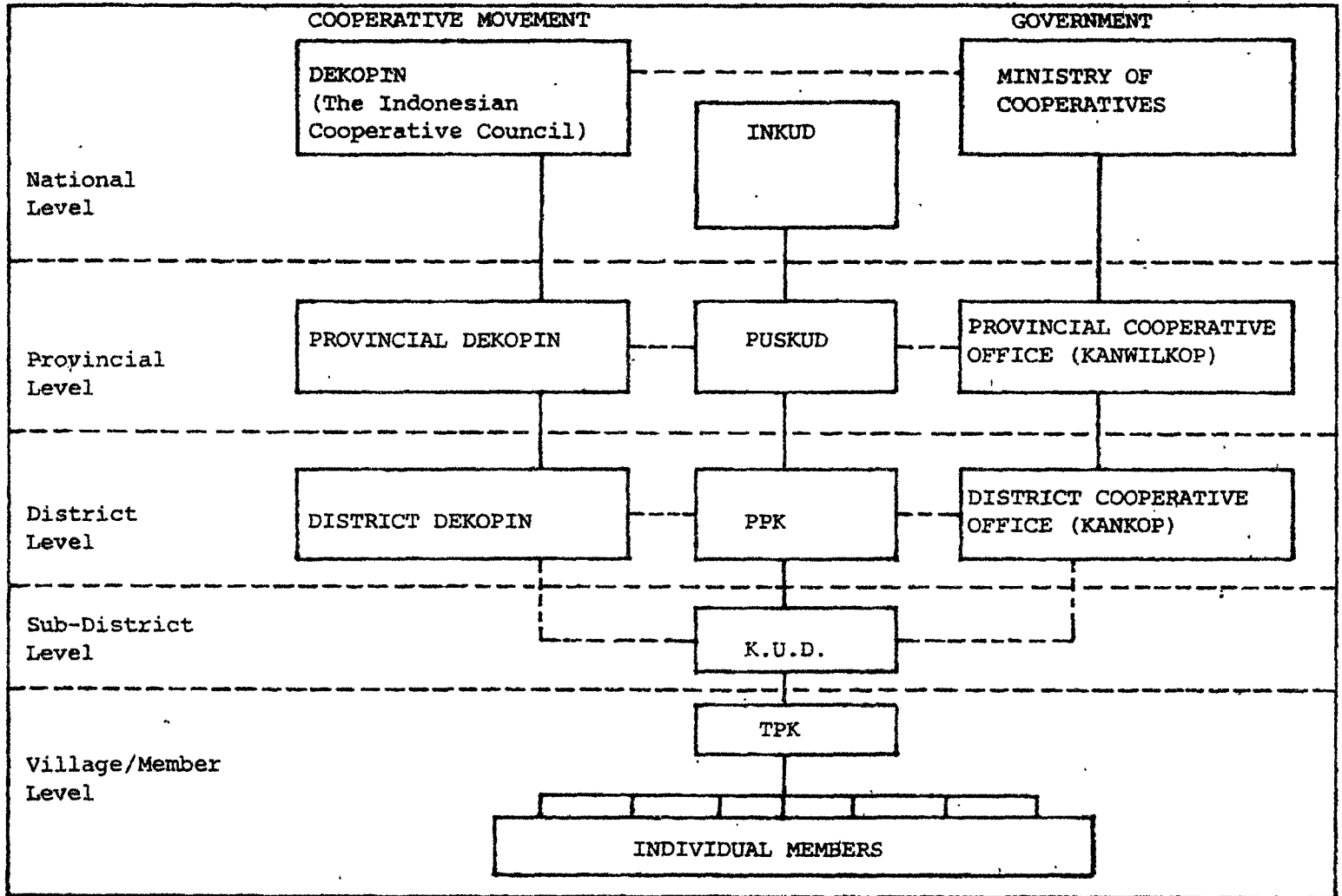
\*Primary Cooperatives that operate all over Indonesia.

\*\*Secondary cooperatives which operates in more than one province

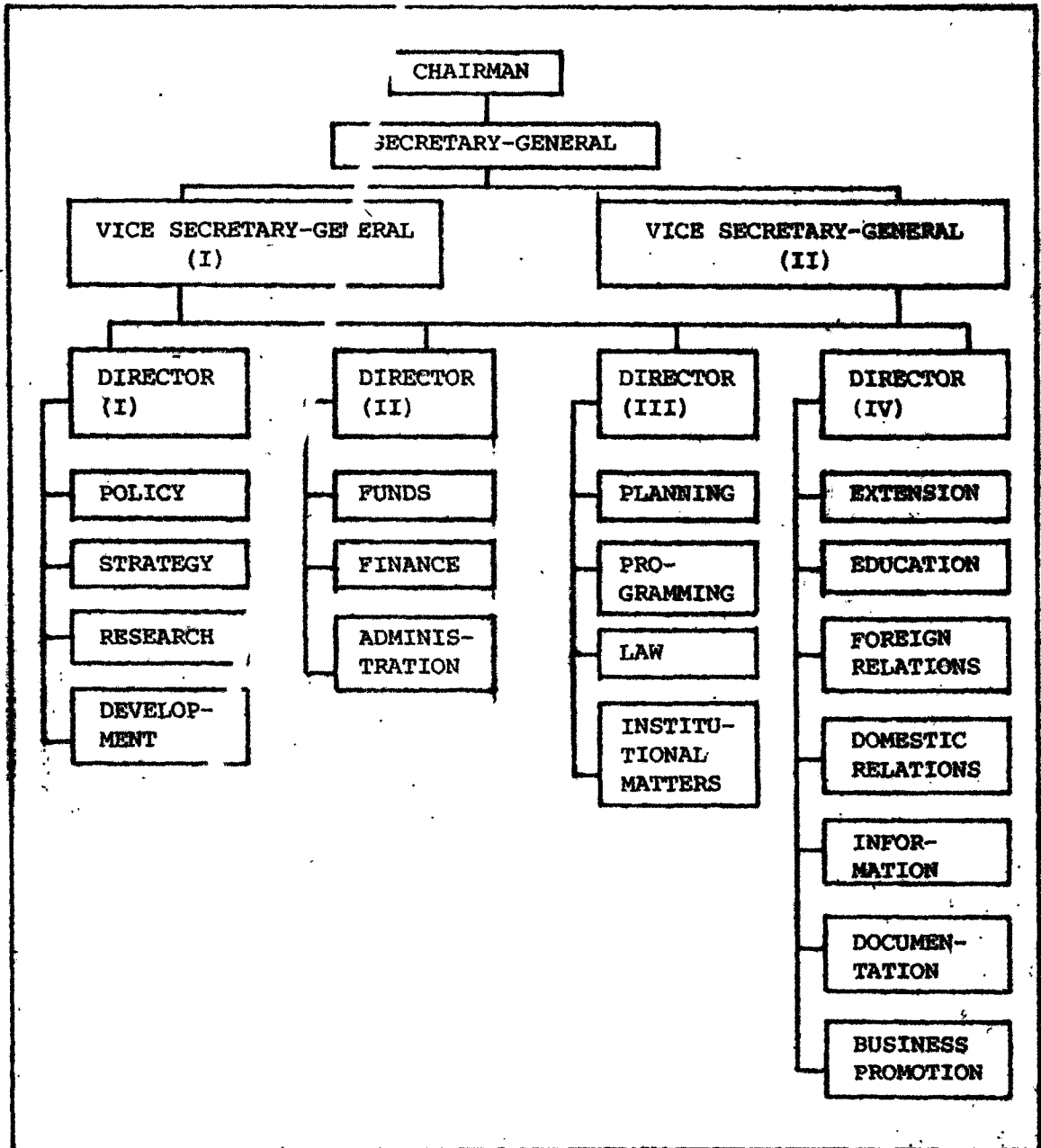
\*\*\*Federations operating in the whole of Indonesia

**Source:** Ditjen Blk, Department of Cooperatives.

**THE ORGANIZATIONAL STRUCTURE OF THE  
COOPERATIVE MOVEMENT AND MINISTRY OF  
COOPERATIVES IN INDONESIA**



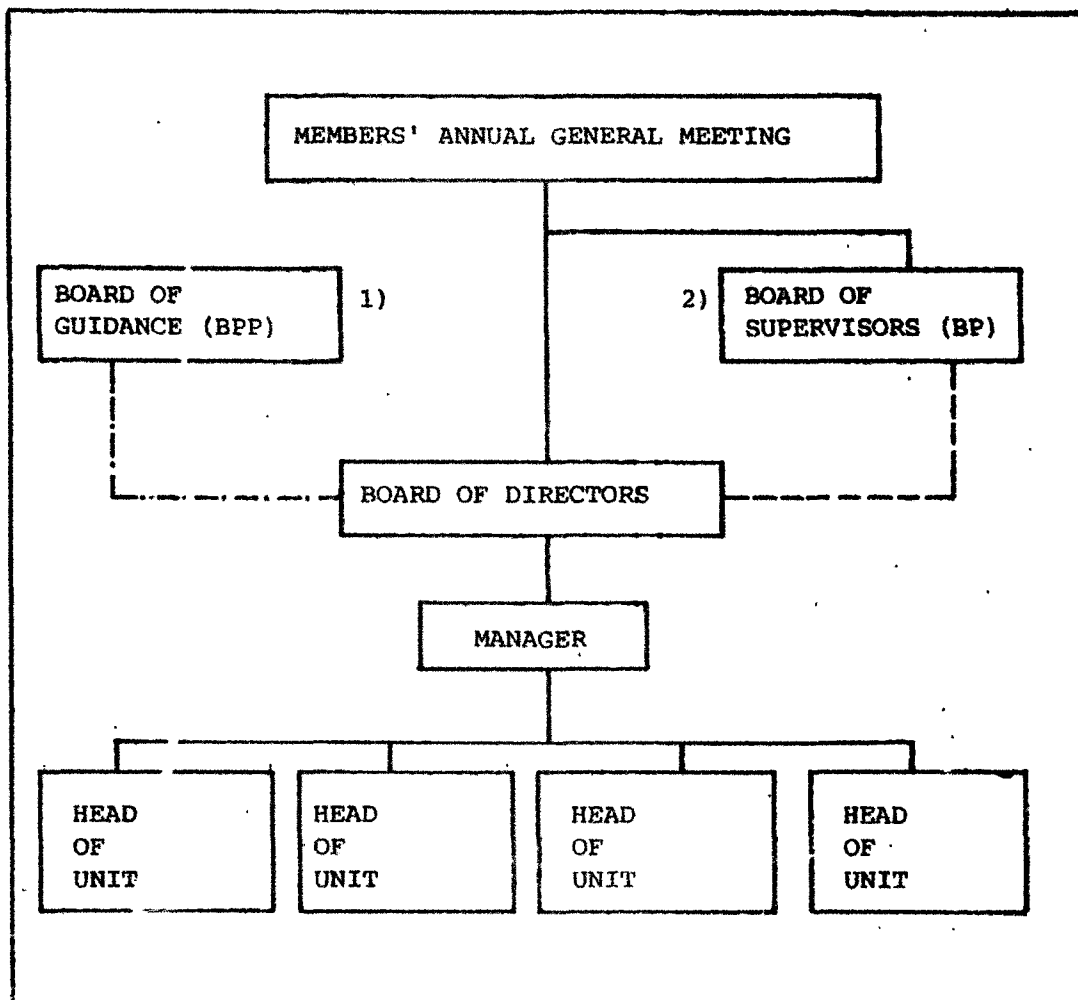
ORGANISATIONAL STRUCTURE OF THE DEKOPIN  
(The Indonesian Cooperative Council)



Courtesy of D. Prakash

DEKOPIN is the sole apex organisation of all cooperative institutions in Indonesia, and represents the Indonesian Cooperative Movement. It is also the member of the International Cooperative Alliance (ICA). The DEKOPIN also heads the ASEAN Cooperative Organisation (ACO).

### ORGANISATIONAL STRUCTURE OF A KUD



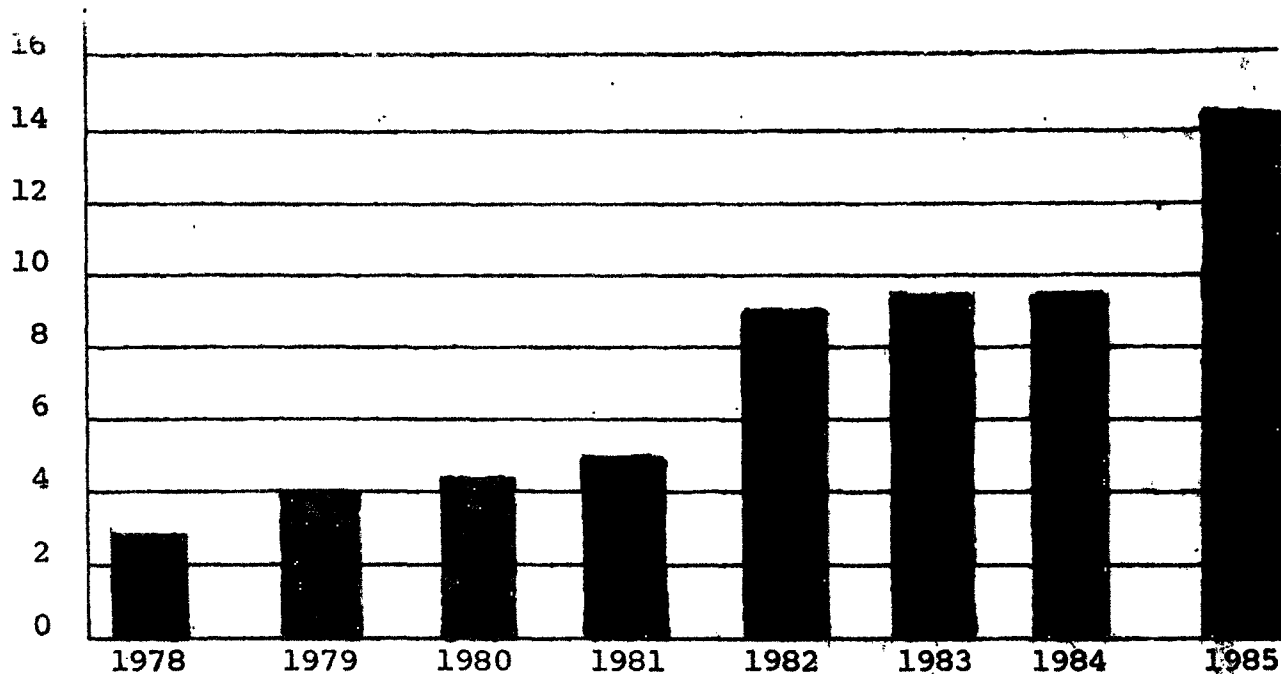
Courtesy of D. Prakash

- Line of Command  
 - - - - - Line of Inspection and Supervision  
 ········ Line of Guidance and Advice

- 1) The Board of Guidance (BPP) was formed by the Presidential Instruction No.4 of 1984 (in March 1984) and it replaces the earlier Boards of KUD Business Guidance (BUUD) established by Presidential Instruction No.2 of 1978.
- 2) Board of Supervisors (BP) (or Inspectors) is elected by the Members Annual General Meeting and is responsible for inspection and audit of the KUD books and activities.

Table 1 TOTAL NUMBER OF MEMBERS KUD:S  
1978 - 1985

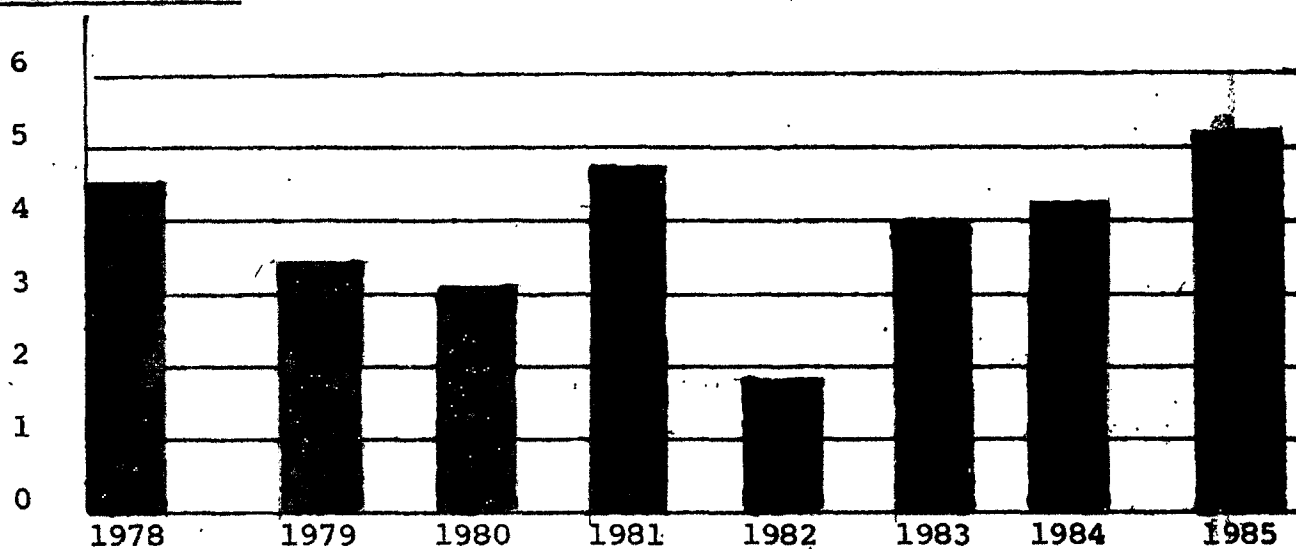
Million Members



Source: Ditjen Blk.

Table 2 TOTAL NUMBER OF MEMBERS OF NON-KUD:S  
1980 - 1984

Million Members

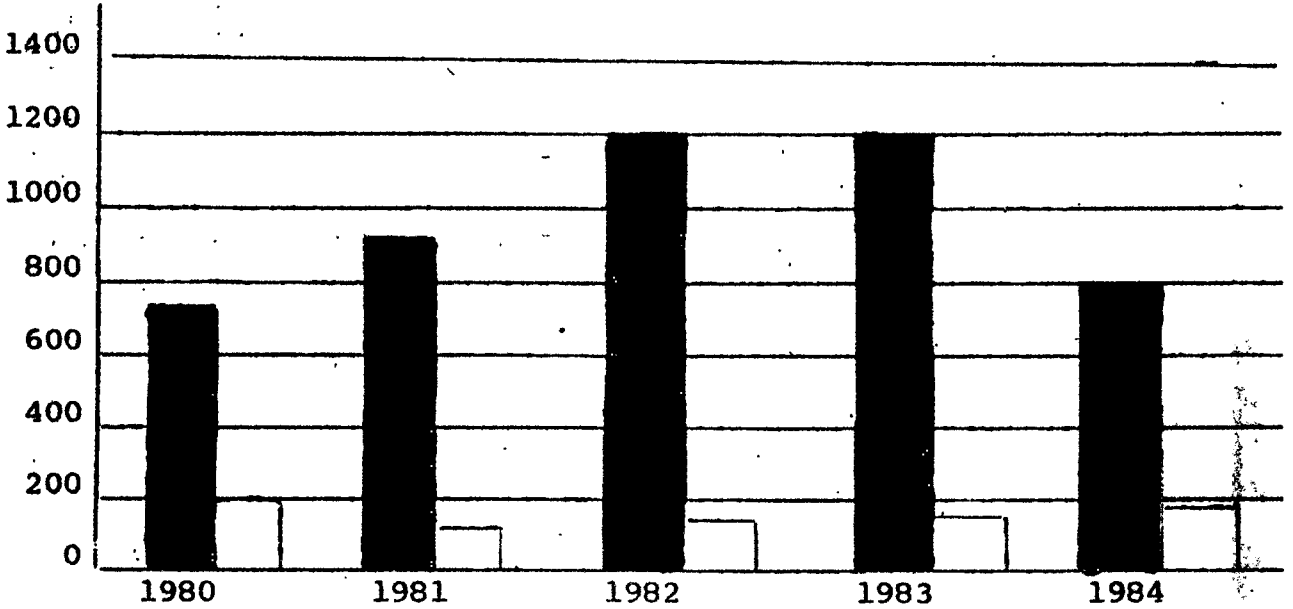


Source: Ditjen Blk



Table 3 CAPITAL AND BUSINESS VOLUME OF KUD:S (In Billion Rp.)

Rp. Billion



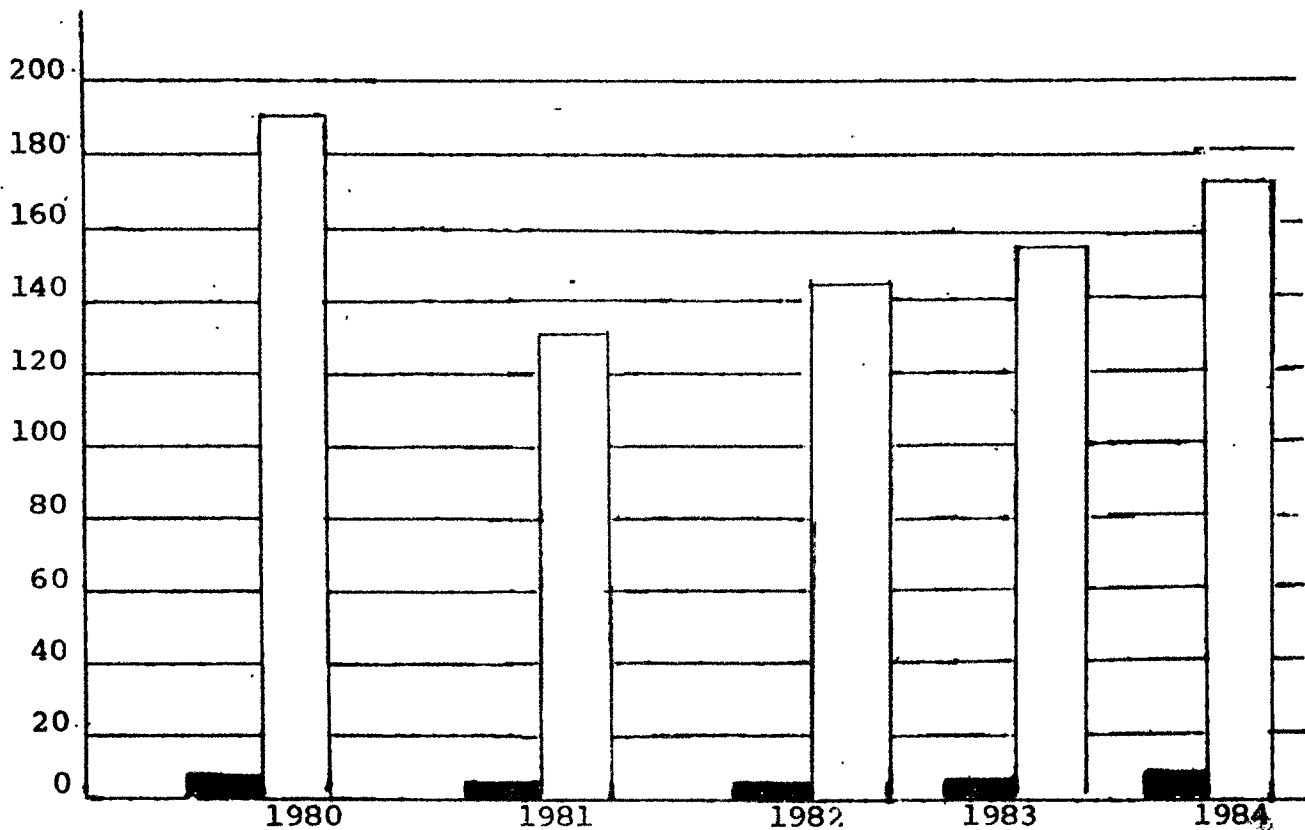
Capital



Business Volume

Table 4 SURPLUS AND CAPITAL OF THE KUD:S  
(in Billion Rp.) 1980 - 1984

Billion

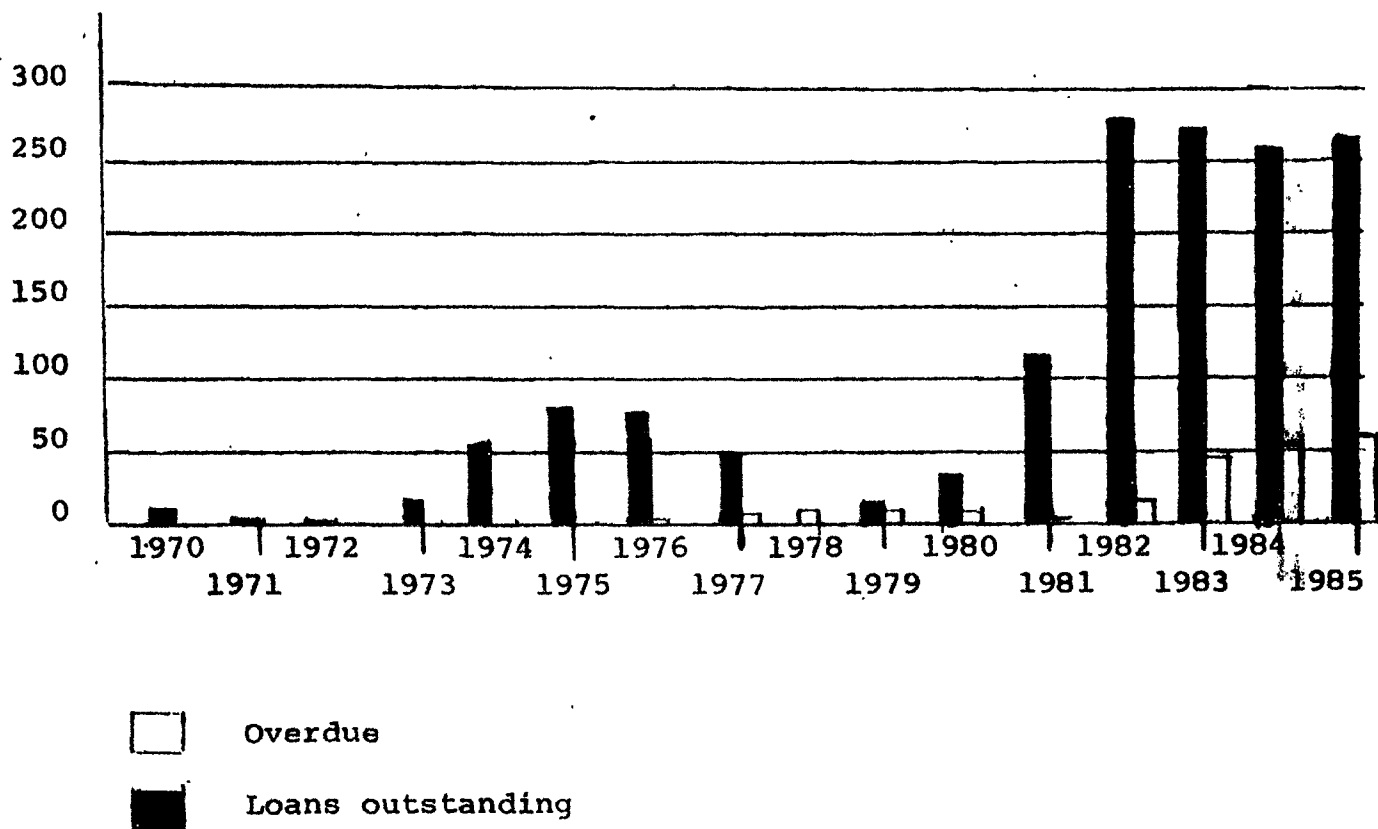


Capital

Surplus for patronage distribution

Table 5

POSITION OF COOPERATIVE CREDIT  
1970 - 1985

RP. BILLION

REPUBLIC OF KOREA

I. BACKGROUND

- Total population : 40.4 million
- Agricultural population: It declined from 45% in 1973 as percentage of the total. to 35% in 1983. This indicates shift to industrialization.
- Arable land and permanent crops area as percentage of total : 22.1%
- Average land holding : 1 hectare
- Rice Production : 6371 Kg/Ha - Second highest yield in the Asia Pacific Region - next to Australia. It is double the Asia Pacific average yield of 3315 Kg/Ha.
- Wheat : 3667 Kg/Ha - Second highest in the Asia Pacific Region.
- Corn : 4,500 Kg/Ha - 3rd highest in the Asia Pacific Region.
- Cereals : 5652 Kg/Ha - Second Highest in the Asia Pacific Region.
- Irrigated area : 58.6% of the total arable land.
- Fertiliser consumption : 331 Kg/Ha.
- Korean economy was like the economies of the other developing countries during the early 1960s. Through careful planning and management, Korea achieved rapid economic growth.
- Per capita GNP : US\$ 2,032 in 1985.

- 12,700 member farmers trained in farm technology by agricultural cooperatives in 1985.
- The NACF Research and Planning Department has played a very important role in formulation of long-term agricultural coop development plans.
- Similar structure operates for livestock cooperatives. Number of livestock cooperatives : 126 with a membership of 76,071 members.
- Farm guidance and better living guidance services are a very strong point of the agricultural cooperative movement in the Rep. of Korea. Member participation and member support to cooperatives are strong on account of these activities.
- Some indicators of Growth of the Primary Agricultural Cooperatives :

<u>Indicators</u>	<u>Unit</u>	<u>1963</u>	<u>1972</u>	<u>1982</u>
Share capital per cooperative	million won	0.04	7	186
Fixed Assets per Cooperative	"	0.09	8.3	153
Number of Staff per Cooperative	Persons	0.2	6.0	22.8
Business Volume per Cooperative	million won	0.7	43	3,809

### III PROBLEMS AND NEEDS OF DEVELOPMENT

1. Severe competition from the private sector especially in regard to distribution of consumer goods.  
Need to further modernise marketing and banking facilities and introduce up to date relevant technology

## II AGRICULTURAL COOPERATIVES

- Multipurpose cooperatives is the main base of the movement. Specialised cooperatives for livestock and dairying and special crops such as fruits also operate in the country.
- Two-tiered structure now with the National Agricultural Cooperative Federation (NACF) at the apex level.
- Primary agricultural cooperatives : 1464
- Primary horticultural cooperatives : 41
- Farmer members: 2 million; almost 100% coverage of the farm population.
- Banking business : Total resources of the movement in 1985: US\$5,303 Million
  - Deposits - 57.5%
  - Borrowings - 29.5%
  - Owned capital - 13.0%
- Supply of agricultural credit : 80% of the farmers requirements.
- Agricultural marketing : Total value of agricultural produce handled by NACF and member coops : US\$1,259 Million.
- Supply of agricultural inputs: 81.7% of the total requirements.
  - Farm chemicals : 10,100 M/T
- Insurance business : US\$1,700 million in 1985
- Other activities : Warehousing and storage capacity: 4 million M/T.
- 382 farm mechanisation centres.

in these fields.

2. Considerable expectations of the coop movement by various sources.

- Member farmers want higher prices for their farm products and increased supply of consumer goods at lower prices; Also they want strengthening of insurance activities.

- Government strongly urges the agricultural cooperatives to be still more efficient in the performance of their functions especially in increasing food production, renovating the agricultural marketing system and establishing welfare programmes for the rural community.

- the general consumers living in the cities want the agricultural cooperatives to supply high quality farm products at reasonable prices, thereby acting as a check on the private traders.

The agricultural cooperatives have to improve further capability to satisfy these diverse and conflicting demands.

3. Need to carry out information and publicity campaigns on cooperatives among the general public. The general public and even some coop members think of cooperatives as a governmental agency established for the purpose of implementing government programmes. This wrong image needs to be corrected. These

images were created on account of the fact that cooperatives were established at the initiative of the government and that cooperatives are still implementing government entrusted programmes. The NACF does not yet have a fully elected board of directors.

4. Inter-cooperative competition exists among agricultural cooperatives, livestock cooperatives, and credit unions in the field of banking.
5. Need for an umbrella national cooperative organisation on a Joint Committee to be the common representative and spokesmen for the agricultural livestock fishery and others cooperatives as well as to provide ideological leadership role for the entire cooperative movement.

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M A L A Y S I A

I. BACKGROUND

- Total population : 12.88 million
- Land area : 13.4 million hectares
- Rapid economic progress since independence in 1957; growth rate of the economy 8% during 70s and 5.8% during 1981-85.
- Per capita income M\$ 4,609
- Agriculture contributes about 20% to GNP.
- Malaysian economy heavily export-oriented.
- Agricultural sector can be divided into following categories:

- Plantation sector
- Small farm holders sector
- The new land under the land development schemes

Cooperatives have significant contribution to make to the last two sectors.

- The Fifth Malaysia Plan 1986-90 emphasises the need to increase agricultural sector's contribution to the economy through improved export performance and import substitution. The Plan calls for enhanced agricultural production both in the estates and the small farm sectors.
- Yield of rice per hectare : 2,807 Kg/Ha
- Yield of cereals per hectare : 2,781 Kg/Ha
- Irrigated area: 32.7% of the total arable land.
- Fertiliser consumption : 111.5 Kg/Ha
- Rice Production : 76.5% of the total requirement; self-sufficiency ratio to be reduced to 65% in the 5th Plan.

## II. AGRICULTURAL COOPERATIVES

- Agricultural cooperatives had basically a credit orientation for a long time. Limited activities in regard to supply of inputs and marketing of agricultural produce.
- Under the influence of Taiwanese experience, farmers associations were organised to undertake multipurpose commercial activities. Hence two types of organisations in rural areas : (i) Farmers Cooperative Societies, and (ii) Farmer Associations.
- In 1973 Farmers Organisation Authority (FAO) was established; agro-based cooperatives and farmers associations were amalgamated into one organisation known as Farmers Organisation (FO). FO functions continues to be multipurpose in character. Cooperative Department's powers and responsibilities vis-a-vis FOs transferred to the FOA.
- FOs functioning on an area basis. Below the F.O. are farmer units. Existing agri-based cooperatives are treated at FO units.
- 176 FOs with 707 agro-based cooperatives in 1982.
- Main activities of FOs are supply of agricultural credit, supply of agricultural inputs, marketing of agricultural produce, supply of basic consumer goods, rice milling and provision of extension services and training.
- 71% of FOs made profits.
- Government's involvement in and support to FOs considerable.
- Agri-based cooperatives have an elected structure. In addition to the usual business, they have been engaged principally in supply of consumer goods and rice milling.

### III. PROBLEMS AND NEEDS OF DEVELOPMENT

- Cooperative elements in the FOs strictly limited. Actual management of FOs is carried out by officers appointed by the FOA.
- Members involvement in decision-making rather limited.
- Most farmer members regard the FOs as government agencies.
- Provision of credit facilities and marketing services need to be strengthened.
- FOs should be made progressively more cooperative in character.
- FOs also need to play greater role in farm guidance services, in increasing food production and in diversifying agriculture.
- Ageo-processing and agri-business by cooperatives need to be developed in order to increase members' income.
- Messrs J.M. Rana and Sten Dahl of the ICA Regional Office carried out a Mission on Perspective and Project Planning for Agricultural Cooperative Sector in Malaysia during April 1986. Their recommendations are under consideration of ANGKASA authorities.

### IV. NEEDS OF DEVELOPMENT IDENTIFIED BY THE ICA AGRICULTURAL SUB-COMMITTEE

- The need to strengthen the livestock/dairying sector in cooperatives.
- The need to find cooperative solutions for joint farming in view of small uneconomic holdings of small farmers especially paddy farmers.
- The need to improve management efficiencies in the agricultural cooperative sector.
- Need to establish National Agricultural Coop Development and Planning Committee

## P A K I S T A N

Co-operation has its roots in all the cultures and sub-cultures of the sub-continent, as the same were inherent in the centuries-old joint family system, the institution which served as an insurance against illness, incapacity, old age and destitution. In 1904 the system of Cooperation appeared on our scene in a codified form and it has ever since continued to exist.

As the rural population heavily outnumbered the urban population, and agriculture remained main assets of our economy, both in pre- and post-independence periods, the Cooperative movement remained wedded to rural uplift and it still is. Accordingly Cooperative credit societies formed the trunk which subsequently branched off into supply of agricultural inputs, provision of the articles of daily use to the rural population, provision of shelter to the homeless, consolidation of holdings, provision of services to cottage industrial workers and credit to workers in non-agricultural sector.

### AGRICULTURAL COOPERATIVE CREDIT

The structure of the cooperative credit system had three tiers since the very beginning. At the base, there were primary Cooperatives catering to the credit needs of the agriculturists. These primaries were federated into Central

Cooperative Banks which in turn were federated into the Punjab Provincial Cooperative Bank.

In October, 1976 an "Ordinance for the establishment of Federal Bank for Cooperatives and Regulation of Cooperative Banking" was promulgated. Under this ordinance the three-tiered structure of the cooperative credit movement was changed into a two tier structure. For example, in Punjab province all the Central Cooperative Bank, Banking Unions, and Urban Cooperative Banks were dissolved and the Punjab Provincial Cooperative Bank (PPCB) took over the assets of these dissolved Banks which were all designated as the branches of the PPCB. Similar restructuring was done in other provinces.

Although the new system, created several problems, yet the Cooperative Movement ventured to solve the same effectively and promptly. The Provincial Cooperative Banks are now the only banks of the movement. Their headquarters are at Lahore, Karachi, Quetta, Peshawar. The Punjab Provincial Bank, Lahore has a network of 141 branches in the Punjab. Its membership now comprises primary cooperative societies.

The Bank is a scheduled Bank and it links the cooperative credit system with the money market. Under the loaning policy the PPCB borrows from the Federal Bank for Cooperatives on the eve of every crop and advances credit to its member societies. The Statistics about the PPCB are as under : -

1 -	Membership:	31795
2 -	<u>Financial Position</u>	(Rupees in Millions)
	a) <u>Owned Capital.</u>	
	Paid up share capital	22.17
	Reserve Funds	34.70
	Other Funds	<u>51.18</u>
	Total :	<u>108.05</u>
	b) <u>Outside Capital</u>	
	Deposits	413.49
	Loans	<u>902.97</u>
	Total :	<u>1316.46</u>
3 -	Working Capital	1424.51
4 -	<u>Details of Deposits held by the Bank</u>	
	a) Fixed Deposits	47.89
	Saving Deposits	298.94
	Current Deposits	77.91
	Others	<u>6.75</u>
		<u>431.49</u>
	b) <u>Sources of Deposits</u>	
	Cooperative Societies	215.41
	Others	<u>216.08</u>
		<u>431.49</u>

c) Investment/deposits  
of the Bank with Others

Current Account	369.54
Call Account	10.00
Others	11.92
Govt: Securities	<u>151.17</u>
	<u>542.63</u>

The working capital of the Bank has recording a significant increase. However it continues to depend heavily on borrowings from the Federal Bank for Cooperatives for financing its credit programmes. The following table gives information on loans to agriculture cooperatives for different Crops since 1977.

<u>Name of Crop</u>	<u>Total Advance</u>	<u>Recoveries</u>	<u>Balance as</u>
		(Rupees in Millions)	<u>on 30-6-86.</u>
Khharif 1977	38.70	38.01	0.69
Rabi 1977-78	28.31	27.83	0.48
Khharif 1978	82.02	79.26	2.76
Rabi 1978-79	174.69	172.38	2.31
Khharif 1979	52.70	51.90	0.80
Rabi 1979-80	341.79	338.73	3.06
Khharif 1980	223.23	220.71	2.52
Rabi	648.33	643.28	5.05
Khharif 1981	365.30	360.59	4.71
Rabi 1981-82	749.32	737.54	11.78
Khharif	416.52	411.86	4.66

Name of Crop	Total Advance	Recoveries	Balance as
:	:	(Rupees in	:
:	:	Millions)	:
Rabi 1983-83	773.89	769.62	6.27
Khharif 1983	478.61	476.91	1.70
Rabi 1983-84	658.48	654.06	4.42
Khharif 1984-85	522.78	504.93	17.85
Rabi 1984-85	773.14	758.79	14.35
Khharif 1985	522.78	514.69	8.09

AGRICULTURAL CREDIT SOCIETIES

Agricultural credit Cooperatives constitute the largest sub-sector of the cooperative movement in the Province. These societies provide short, medium and long-term loans to their members. Short term loans are provided for purchase of seed, fertiliser, pesticides etc; medium and long-term loans are given for purchase of milk cattles, tractors, agricultural machinery etc; The statistics on Agricultural Credit Societies are given below:



(Rupees in Millions)

i) Number	31897
ii) Membership	1293600
iii) Chare Capital	78.39
iv) Reserve Funds	71.39
v) Other Funds	12.14
vi) Deposits	27.89
vii) Loans owed	914.06
viii) Working Capital	1103.82

To provide credit facilities to their members, these societies raise funds from share capital and borrowings from the Punjab Provincial Cooperative Bank. The loaning business of these institutions during the last years is shown in the following table : -

<u>Year</u>	<u>Advances</u>	<u>Recoveries</u>	<u>Balance</u>
			(Rupees in Millions)
1979-80	426.42	389.53	224.14
1980-81	979.99	819.00	385.13
1981-82	1154.72	1008.84	531.01
1982-83	1166.68	1154.10	543.59
1983-84	1208.14	1000.79	750.34
1984-85	1055.71	1208.66	597.99
1985-86	1167.78	1049.13	616.64

#### Supply of Agricultural Inputs.

The role of Cooperatives in supply of Agricultural inputs, farm machinery is now well developed. The cooperative

have proved to be the most effective medium for promotion of progressive agriculture. Inputs like seed, fertiliser, pesticide and implements on which depends optimum exploitation of land resources have been progressively placed at the disposal of even very small farmers by the cooperatives.

In this context, agricultural credit cooperatives, service societies, National Supply Cooperative Corporation, Farm Service Centres, Markaz Farmers Associations, Cooperative Supply and Marketing Federations are playing an effective role. The statistics about agricultural supplies for the last seven years is given below:

<u>Year</u>	<u>Seed</u>	<u>Fertiliser</u>	<u>Pesticides</u>	<u>Tractors</u>	<u>Other</u>	<u>Total</u>
				(Rupees in Million)		
1979-80	61.32	316.98	-	-	48.12	172.34
1980-81	8.11	941.45	8.57	-	21.86	979.99
1981-82	24.03	1070.25	12.23	4.39	43.82	1154.72
1982-83	6.41	1120.77	4.72	2.45	33.33	1166.68
1983-84	2.32	1139.32	4.79	1.47	60.24	1208.14
1984-85	10.40	1045.31	-	-	-	1055.71
1985-86	-	1167.78	-	-	-	1167.78

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#### Marketing of Agricultural Produce

Proper marketing of the agricultural produce has always been of vital importance to the farmers. In fact it is as important as the need for increasing production. Despite growing awareness

of the potential of cooperatives in this area, the growth of the Cooperative marketing has remained somewhat limited. A crucial handicap has been the absence of supportive infrastructure. Another problem has been the pre-occupation of many marketing societies with the function of supply and distribution which resulted in diminished attention to marketing operations. Yet another limitation of marketing Cooperative relates to their trading practices. To get best price for growers marketing must include processes such as grading, pooling, bulking of the produce, processing and storage and finally arranging sale in the most favourable markets. Such a system is lacking.

A. Credit.

Agricultural Non-credit Societies in Pakistan

<u>Category</u>	<u>Number</u>	<u>Membership</u>	<u>Share Capital</u>	<u>Working Capital</u>
1. Service	2,801	111,208	4,256,836	22,139,476
2. Marketing	136	20,224	2,579,112	19,624,966
3. Fruits & Vegetables	83	5,821	383,903	1,218,617
4. Sugarcane	517	18,357	120,000	667,000
5. Faming	400	25,793	10,309,899	58,539,992
6. Tubewells & Pumps	521	10,029	2,663,237	10,652,322
7. Water users	9,111	120,909	2,011,493	6,243,926
8. Honey & Milk	200	1,813	1,138,351	3,891,590
9. Others	1,770	85,903	1,882,594	6,598,779
<b>TOTAL</b>	<b>15,539</b>	<b>403,087</b>	<b>25,545,325</b>	<b>129,876,668</b>

Agricultural Cooperatives in Pakistan are facing various problems. They are smaller in size, financially weak and lack managerial skill and thus they are unviable. Now the Cooperators are thinking seriously to find out solution of these problems. There is a thinking that there should only be one society in a village having multi-dimensional functions with proper office and a trained Manager. To implement this scheme smaller societies will be consolidated through motivation and converted into large-size societies which can afford to have their own manager. To achieve this end a special programme of Cooperative education of the masses in general and the cooperators in particulars, is required to be launched vigorously so that they are fully aware of the usefulness of the viable societies. Similarly a comprehensive programme for the training of the manager and office-bearers of the proposed large size societies is imperative. For this programme of Cooperative education and training huge funds are needed. All sources at the Government level and at the level of Cooperative Movement will be tapped. Our efforts, however, will be to meet the financial constraints by generation of funds within the Movement.

P H I L I P P I N E S

I. BACKGROUND

- Total population : 53.35 million (in 1984)
- Gross domestic product : 552 Billion Pesos
- Per capita GNP : 10,045 Pesos
- The economy recorded growth rate of minus 5.6% in 1984 and minus 5% in 1985. The years 1986 and 1987 have recorded some improvement.
- In 1982 Philippines belonged to the lower third of the middle income countries. During the last couple of years deterioration in the situation.
- Agriculture accounts for 23% of GNP and employs more than 50 per cent of the labour force.
- Agricultural population as proportion of total : 75 per cent.
- Average agriculture holding per person : 0.48 hectares. Assuming a family of five, average farm holding would be 2.5 hectares.
- Rice yield : 2,491 Kg/Ha (in 1985)
- Cereals : 1,743 Kg/Ha
- Irrigated area : 17.8% of the total arable land.
- Consumption of fertilisers : 32 Kg/Ha
- Agricultural sector comprises of two sub-sectors : Plantation sector and small holders sector. It is in the small holders sector that cooperatives have a significant contribution to make.
- The government of President Aquino proposed to introduce land reform in other areas and gives high priority to agricultural development.

## II. AGRICULTURAL COOPERATIVES

- Agrarian Reforms for land under rice and corn was introduced in 1972.
- Agricultural cooperative set-up was reorganised by Presidential Decree 175 (PD 175). Samahang Nasyon (SN) were established at the grass-roots level with 50-100 members. SNs were expected to perform three functions: (i) education of farmer members; (ii) collection of land amortisation payments, and (iii) collection of savings by way of Barrio Guarantee Fund (BGF) and Barrio Savings Fund and Share capital for secondary cooperatives.

SNs were regarded as pre-cooperatives and when members were ready, SNs were to be converted into full-fledged cooperatives. Some of them were allowed to undertake economic functions later on.

- Some Farmers Agricultural Cooperative Marketing Associations (FACOMAs) left in some areas. But in most parts the Area Marketing Cooperative (AMC) have taken over their functions. AMCs were established at provincial level.
- Cooperative Rural Banks (CRBs) were organised at the regional level.
- SN - AMC - CRB linkages were to be established.
- 20,000 SNs.
- The CUP reports that majority of the SNs are inactive or not operating as expected.
- 84 AMCs at provincial level. AMC functions to support the SNs by supply of input requirements, marketing of their produce and through rice milling. Majority have become non-functional.
- 29 CRBs. A CRB covers the entire region and their membership comprises SNs and other types of cooperatives. These banks have now federated into BANGKOOP at the national level.

- In addition to the above SN - CRB linkage, there are 295 marketing cooperatives and 221 producers cooperatives. All of them are mainly engaged in marketing activities. Some of the producers cooperatives market non-agricultural produce such as handicrafts.
- Agricultural produce marketed includes rice, corn, copra, vegetables, tobacco and livestock.

### III PROBLEMS

The ICA/FAO Mission on Perspective and Project Planning, 2-20 March 1987, identified the following weakness of the existing cooperative structure.

- Lack of direct participation of members;
- Lack of ownership perception;
- Non-fulment of expected benefits;
- BGF, BSF operated as disincentives for member involvement;
- Low coverage of rural families in agricultural cooperatives - 12.2 per cent.
- Ineffective linkages between the SNs, AMCs and CRBs;
- Failure to provide integrated services to the farmer-members;
- Management and training assistance programme (MTAP) became counterproductive;
- Lack of autonomy to cooperatives for management and development;
- Government-sponsored and government-operated programme without adequate resources;

- Inability of the Programme to attract and utilise existing local and regional cooperative leadership, management and resources;
- Schemes of Capital formation such as BGF and BSF were wrongly conceived and ineffectively implemented; and
- Ineffectiveness of CRB - AMCs in providing farm credit and inputs and marketing of farm produce.

#### IV. NEEDS OF DEVELOPMENT

The ICA/FAO mission has recommended a re-organisation of the agricultural cooperative structure with the following main features, while suggesting that properly functioning SNs, CRBs and AMCs be allowed to function and be integrated into the proposed new structure.

- i) Establish Community Multipurpose cooperative societies (CMPCS) at the grassroots level on the viability basis to provide a package of integrated services to the farmers;
- ii) Establish Provincial Savings and Lending Cooperative which would federate into a National Cooperative Bank with branches at the regional level. The modus operandi of establishing and the structure of the National Co-operative Banking institution would have to be decided, keeping in view the regulations of the Central Bank. If necessary the Central Bank be urged to modify its regulations;
- iii) Develop an integrated structure linking the C.M.P.C.S. with marketing cooperatives at the Regional and National level for inputs supply; marketing of agricultural produce; establishing warehousing facilities and agri-industries; market information and promotion, and research, planning, consultancy and development.



- iv) Strengthen the Cooperative Unions structure so as to enable it to play an effective role in promoting member education, staff training and cooperative promotion and development.

### STRATEGY

The following main elements should be emphasised in the future long-term strategy of cooperative development.

- i) Emphasis on member involvement and participation in cooperative organisations at all levels and especially at the grass-roots level;
- ii) Emphasis on internal resource mobilisation and capital formation with the cooperative movement. The credit cooperatives and agricultural cooperatives should be effectively linked for the purposes dependence mentality of the members should be changed towards self-reliance.
- iii) Credit, inputs, supply and produce marketing activities should be effectively integrated. Integration of cooperative organisations, both horizontally and vertically, should be promoted.
- iv) Development of agro-processing, and other agri-industries should be a major thrust.
- v) Agriculture should be diversified. The movement should promote dairying, livestock breeding, poultry and also develop other income-generating projects such as aqua-culture, handicrafts for enhancing farm families incomes.
- vi) Participation of Women and Youth in cooperatives should be considerably enhanced.
- vii) The Movement should function in Union and in an integrated manner under the leadership of the Cooperative Union of the Philippines (CUP). For this purpose, the CUP should be broad based and it should develop effective two-way communication system right up to the farmer members'.

viii) As per the policy of the government a phased programme of transferring all promotion and development functions from the Bureau of Cooperative Development (BCOD) to the CUP and the Movement should be formulated.

cf/

S R I L A N K A

I. BACKGROUND

- Total population : 14.8 million
  - Percentage of population dependent on agriculture: 70 per cent
  - Agriculture : Two sectors:
    - Plantation sector
    - Small Holders' Agricultural Sector
- Agricultural cooperatives of great significance to the Small Holders Sector.
- Irrigated area : 50.6% of total arable land.
  - Main crops : Rice, Tea, Rubber, Coconut and Spices.
  - Yield of rice per hectare : 2289 Kg/Ha
  - Yield of cereals per hectare : 2278 Kg/Ha
  - Fertiliser consumption : 74 Kg/Ha
  - 75 per cent of rice requirements produced within the country.

II. AGRICULTURAL COOPERATIVES

- M.P.C.S. main base of rural cooperatives.
- Specialised cooperatives for coconuts, tea, etc. also operate in the country; also coop credit societies in the rural areas.
- Coop idea very widespread in the country.
- Considerable involvement of and support by the government.
- N.C.C. at the apex - Other national level business federations support MPCS and through them the farmers.

### III. PROBLEMS AND NEEDS OF DEVELOPMENT

- Main business of most MPCs is in regard to consumer articles.
- Activities with regard to credit, input supply, agro-processing and marketing need to be developed.
- MPCs were carrying out to a substantial extent government programmes for a long time. In recent years the economic policy has been liberalised. As a result multipurpose cooperatives are facing severe competition from private traders. Of the 288 MPCs, 195 are in loss, amounting to SLR 75 million.
- The support to the MPCs from the national marketing federation has not been adequate. The MARKFED needs to be strengthened.
- At the apex level the People's Bank is providing services to the MPCs. The cooperative financing system needs to be built up. There is an interest to develop a National Cooperative Bank and a National Cooperative Insurance Corporation in the country.
- Agro-processing is well developed in regard to specialised coconut producers cooperative. Other areas of agro-processing needs to be identified and developed.
- Participation of members through member groups need to be enhanced. The ICA/SCC supported women's programme has made a significant contribution to women's participation in cooperation activities. The CUC supported income-generating programme for women is also helping to create awareness and to enhance member households' incomes.
- Management capabilities of personnel need to be strengthened. The ILO supported CMSC and the ICA/SCC supported trainers training programme have made valuable contributions in this regard. SCC is further exploring strengthening the National Cooperative Council capability in providing greater support to member organisations in terms of project identification, project planning and management training.

- A vision and a long-term perspective plan of cooperative development should be worked out by the national cooperative organisation in collaboration with the government. A long-term coop development policy should also be formulated based on the aims of uplifting the social and economic conditions of rural families and on the genuine cooperative concept and principles.
- Internal resource mobilisation is of utmost importance. External inputs can be only in the form of seed capital and of catalytic nature. Dependency attitudes on the part of members and cooperatives must be supplemented by a spirit of self-reliance and mutual assistance.
- A proper government-movement relationship needs to be built up.

Government and the national cooperative bodies are the principal bodies responsible for cooperative development. Both need to work together for the building up of a strong and dynamic agricultural cooperative movement for the ultimate target group viz the farmers and their families. The respective roles and functions of the government and the movement with special reference to national cooperative organisations for securing the correct coop development need to be defined, keeping in view the cooperative concept and its principles.

- Much would have to change in regard to the role of the government vis-a-vis the cooperative movement. Cooperative laws and regulations, practice of political interventions and the functions of government cooperative department would have to be drastically changed for building a genuine and strong cooperative movement.

IV. NEEDS OF DEVELOPMENT IDENTIFIED BY AGRICULTURAL SUB-COMMITTEE

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- Development of dairy cooperatives.
- Strengthening of the cooperative vegetable marketing structure by strengthening the primary cooperatives and the links between the primary cooperatives and the apex cooperatives.
- Developing suitable income generating programmes to supplement farm incomes for members and their families.
- Strengthening of cooperative financial institutions to support the cooperative sector.

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T H A I L A N D

1. Land area : 514,000 km
2. Constitution : Monarchy
3. Population : Total : 50.5 million 1984 (Year 2000 = 66 million).

Male/Female : About 50-50 per cent.  
 Growth rate : 2.2% per year (1973-84)  
 Average density: 86 per km.  
 Life expectancy at birth : 64 years  
 Agricultural population : 37 million or  
 73% of the total  
 population.

4. G.N.P. : Per capita: US\$ 860 (1984).  
 Growth rate: 4.2% per year (1965-84)
5. Inflation : Average annual rate 1965-73 : 2.5%  
 Average annual rate 1973-84 : 8.2%
6. Distribution of  
 GDP (%)

<u>Sector</u>	<u>1965</u>	<u>1984</u>
- Agriculture	35%	20%
- Industry	23%	28%
- Manufacturing	14%	
- Services	42%	52%

7. Growth of private consumption : 1965-73 was an average of 6.9% p.a.  
 : 1973-84 was an average of 6.0% p.a.

8. Main Agricultural Features

8.1 Value added in agriculture : 1970 - 5,631 million US Dollars.  
1984 - 9,829 million US Dollars.

8.2 Fertilizer consumption : 1970 - 7.6 Kg/Ha  
1984 - 24 Kg/Ha

Hence, both present consumption is very low and the increase in usage has been very slow.

8.3 Soils are rich but salinity is a problem in parts of Southern Thailand and soil erosions are constraints in Northern/North Eastern Thailand.

8.4 Contribution to exports : 64%

8.5 Major farm activities:

- Rice : 28.7%
- Maize : 5%
- Cassava roots : 5.5%
- Sugar cane : 4.3%
- Oil seeds : 3.5%
- Fruits : 14.4%
- Rubber products : 4.5%
- Forestry products : 3.4%
- Livestock and live-stock products : 20.4%
- Fisheries : 9.6%
- Other crops (chillies, Onion, Garlic, Tobacco : 21.8%



8.6 Agricultural export commodities (in terms of value (1984 was as follows):

<u>Agricultural Activity</u>	<u>Value in Billion B</u>	<u>%age</u>
- Rice and rice products :	25.9 Billion Baht	(23%)
- Cassava & cassava products :	16.6 Billion Baht	(14.7%)
- Food crops :	13.5 Billion Baht	(12%)
- Raw sugar & products :	6.1 Billion Baht	(5.4%)
- Fibre crops :	5 Billion Baht	(4.4%)
- Rubber :	13.8 Billion Baht	(12.3%)
- Fishery products :	13.4 Billion Baht	(11.9%)
- Fruits & products :	4.8 Billion Baht	( 3.7%)
- Animal products :	3.0 Billion Baht	( 2.7%)
- Forestry & products :	2.6 Billion Baht	( 2.3%)
- Other agri. products :	8.5 Billion Baht	( 7.6%)
- Total value of agricultural exports :	112,576 Billion Baht which is equal to 64.2% of the total national exports in 1984	

8.7 The main agricultural imports during 1984 were as follows:

- Fibre and fibere products :	5.7 Billion Baht
- Fertilizers :	4.7 "
- Paper & paper products :	2.8 "
- Animal feed :	2.2 "
- Wood & wood products :	2.4 "

- Milk products	:	2.1 Billion Baht	
- Fishery products	:	2.0	"
- Food crops	:	1.6	"
- Machinery & appliances for agricultural purposes	:	1.5	"
- Pesticides	:	1.6	"
- Rubber & rubber products	:	1.4	"
- Tobacco	:	1.1	"
- Vegetable oils	:	1.0	"

#### 8.8 Use of farm land

Total farm land is approximately 19.3 million hectares which is used as follows (1984):

- Paddy	:	9.7 million hectare	
- Maize	:	1.6	" "
- Cassava	:	1.3	" "
- Sugar cane	:	0.6	" "
- Pulses	:	0.5	" "
- Beans	:	0.4	" "
- Other crops	:	2.7	" "
- Fruit and tree crops	:	1.6	" "
- Idle land	:	0.5	" "
- Grass Land	:	0.01	" "
- Other types of lands	:	0.4	" "

8.9 Average land holding : 4.3 hectare

8.10 Farmer owned land is 75% of the total farm land.

8.11 Irrigation: Approximately 17% of the total farm land.

8.12 Overall situation in agriculture in 1985.

- Farming : Due to favourable weather conditions farming registered record high crops in e.g. rice, maize and rubber. However, prices of several commodities including rice, maize, tapioca, sugar and rubber weakened considerably because of oversupply and keen world market competition.
- Fisheries : Fish marketing has experienced problems in quality, pricing and delivery. Hence, previous buyers have switched to other suppliers. Poor demand and strong foreign competition of fishmeal was experienced by producers and exporters.
- Dairy : The dairy industry continued to do well. The production rose with 20% again over the previous year. Partly this was due to the government support programme to this industry.
- Fruits : Fruit exports increased and this sub-sector emerged as one of the biggest foreign exchange earners.
- Forestry : The forest reserves continued to shrink further because of forest encroachment and poaching.
- Plantation : Thailand reached self-sufficiency in palm oil and emerged as a net exporter.

8.13 The first agricultural cooperative was started in 1916 as an unlimited liability credit cooperative. This cooperative later became the model for both agricultural and non-agricultural cooperatives in Thailand. Hence, basically the agricultural cooperatives were originally credit cooperatives. According to the latest statistics supplied by the Cooperative Auditing Department there were at the end of June 1984, 998 agricultural cooperatives in operation with a total

membership of 785,000. The main activities undertaken by these cooperatives were granting of credit to members, buying and selling of members' produce and provision of agricultural extension and related services.

#### PROBLEMS OF AGRICULTURAL COOPERATIVES

1. Very few farmers are members of cooperatives. Low participation. Too many departmental staff acting in positions of cooperative society managers and advisers in various technical fields. Hence the movement is too dependent on the government. Farmers think that cooperatives are government institutions.
2. Lack of adequate coordination as regards education and training of members, committee members and personnel. This concerns the CLT, NACTI and the Coop Promotion Department and some of the universities.
3. Book keeping lacking behind - personnel not competent to maintain books of accounts at primary coop level.
4. Low morale among coop personnel and leaders.
5. Lack of knowledge and skills in the field of management, finance, marketing, etc.
6. Lack of long-term provincial and national planning for the cooperatives by the cooperatives.
7. Lack of statistics and data for such purposes within the coop movement.

8. The coop structure from primary (district), secondary (provincial) and national cooperatives is very weak. Finance is inadequate. The national organization also hampered by weak management.
9. The provincial federations have no or very limited income generating activities.
10. There is no significant progress in the cooperative performance during the last 10 years.
11. The country still imports substantial amounts of farm inputs like e.g. fertilizers, insecticides, pesticides, and animal feed, although raw-materials are available.
12. There are problems in developing the marketing systems for the produce and products of the members of the agricultural cooperatives.
13. There is instability as regards the prices to farmers.
14. Lack of collaboration and coordination among the various institutions supposed to support the farmers. Only 15 per cent of the farmers are members of the cooperatives. There are farmers associations and finally the Bank for Agriculture and Agricultural Cooperatives (BAAC) pay attention only to their own clients.
15. The cooperative dairy sector is weak. Farmers are not knowledgeable as regards dairy cattle, feeds, and animal health. There are no secondary cooperatives established within this sector. Imports of dairy products are annually made to the tune of 2.1 Billion Baht.

16. Farm mechanisation is slow, and farm incomes are rather stagnant. There are very few agricultural processing units in the hands of cooperatives and hence possibilities for members of farm families to obtain supplementary off-farm income is limited.

## MAIN ISSUES

1. Administrative systems and routines are not maintained. Books of accounts are not up to date. There is an acute shortage of competent book-keepers at primary cooperative levels. Management, financial analysis and forecasting as well as planning ahead becomes difficult. Risk for fraud etc. increases. Members confidence in their cooperative society is in jeopardy. Annual General Meetings are delayed or not held at all. Bigger and wealthier farmers leave the cooperatives and they loose business. Low participation - only 15% of all farmers in Thailand are members of agricultural cooperatives.
2. There is an acute shortage of finance both with members and the primary and secondary cooperatives. There is no system whereby members sales proceeds automatically from the basis for cooperative resource mobilisation. BAAC is supposed to provide loans to members and cooperatives, but 70% of BAAC loans go to non-cooperative groups and individuals. Cooperatives therefore become dependent on government funds - but they are scarce too. Members become dependent on private traders and money lenders, especially the very low income group farmers. Hence, their crops are hypothecated to such traders and have to be sold to those traders too - sometimes at very low prices.
3. Management of cooperatives is very weak. Training and education activities are not coordinated. Too many institutions are involved i.e. CLT, CPD, NACTI, Universities and different agricultural technical extension services etc. There is no overall coordination and

members/farmers needs are not in focus when training programmes are drawn up - instead the institutional needs are addressed, which do not always result in better services to members.

There is nobody employed by primary or secondary cooperatives to define members, committee members and staff specific training needs and put them into area tailor-made training programmes.

4. The farmers are divided into various groups by various institutions. Firstly, the cooperatives have their members, but only 15.2% of the total farm families for the whole country (10.7% - 20.6%) are members of the cooperatives.

Secondly, the agriculture extension service addresses their own farmer groups, and

Thirdly, the Bank for Agriculture and Agricultural Cooperatives (BAAC) pays attention only to their own borrowers, who are individual and mainly more well to do farmers.

As a result of the above many farmers do not feel the need to join the cooperatives.

5. Imports of milk products are still done to the tune of 2.1 Billion Baht every year. At the same time the dairy plants of the Dairy Promotion Organisation (DPO), situated at a few bigger centres, are running at rather low capacity. As distances from farmers to these plants are rather far, individual farmers cannot economically bring surplus milk for sales to those plants. Cooperative societies in those areas do not yet undertake the collection of milk and do not yet have the necessary infrastructure for this purpose. They also lack funds to establish this infrastructure. Furthermore, the cooperatives do not have the capability to make their own feasibility studies on such ventures.