International Cooperative Alliance

HPL 9

REGIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS, TOKYO (JAPAN)

2 - 22 September, 1975

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New Delhi.

Ashok Kandhari
Seminar Secretary

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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre for
South-East Asia
43, Friends Colony, New Delhi-14 (India)

21 September, 1975

DRAFT REPORT OF THE

REGIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS, TOKYO

2-22 September, 1975

INTRODUCTION

A Regional Seminar on Agricultural Cooperative Marketing with special emphasis on Distribution Methods was held by the International Cooperative Alliance Regional Office & Education Centre for South-East Asia, in collaboration with the Central Union of Agricultural Cooperatives of Japan, the Institute for the Development of Agricultural Cooperation in Asia (IDACA) and the National Federation of Agricultural Cooperatives (ZEN-NOH) in Tokyo from 2nd to 22nd September, 1975. Twenty-two participants from 10 countries and ab Observer from ILO, Tokyo office attended the seminar. Countries represented in the seminar were Bangladesh, India, Indonesia, Republic of Korea, Malaysia, Nepal, the Philippines, Singapore, Sri Lanka and Thailand. The list of participants and the seminar programme are attached as enclosures A & B. The objectives of the seminar were as follows :

1. To review agricultural cooperative marketing situation in South-East Asia and to identify problems.

2. To study agricultural cooperative marketing in Japan with particular reference to :

   a) Fruits and vegetables and livestock products and

   b) the integrated system of cooperative marketing from production to marketing, and

3. To consider steps to be taken for developing cooperative marketing in countries of the Region in the context of cooperatives in Japan.

In order to provide seminar participants with an opportunity of learning about the cooperative marketing activities in the Republic of Korea, a study visit programme for five days was organised by the ICA in collaboration with the National Agricultural Cooperative Federation (NACF). The seminar programme also included seven days study visits programme in Japan. The participants were taken to two primary agricultural cooperatives and marketing organisations of national and prefectural federations for intensive study with the help of primary studies specially prepared for the seminar.

The Seminar was directed by Mr. M.V. Madane, Joint Director (Technical Assistance and Trade) and Specialist in Cooperative Marketing in collaboration with Mr. Lionel Gunawardana, Joint Director (P&PR) and Specialist in Agricultural Cooperation of ICA Regional Office and Education Centre for South-East Asia and Mr. M. Togawa, Managing Director of IDACA. The following Resource persons in addition to the above three lectured at the seminar :

Mr. K. Nakazawa
Senior Assistant Chief,
Vegetable Section, Horticulture Department, ZEN-NOH

Mr. S. Imai,
Planning Section Chief,
Feedstuff & Livestock Department, ZEN-NOH

Mr. T. Kage,
Senior Assistant Chief,
Rice Business Policy Coordination Department, ZEN-NOH

Mr. K. Nagasawa,
Horticulture Specialist, ZEN-NOH

Mr. K. Kizawa,
Deputy Manager,
Horticulture Business Policy,
Coordination Department, ZEN-NOH

Mr. T. Goto
Assistant Chief,
Planning Section, General Planning Department, ZEN-NOH

Mr. M. Hira-ike
Senior Assistant Chief,
Material Import Section, Feedstuff Department, ZEN-NOH

Mr. K. Fujimoto
Manager, International Department
Central Union of Agricultural Cooperatives of Japan
Tokyo

Production of fruits and vegetables in the South-East Asian countries is characterised by small operational holdings each growing a variety of fruits and vegetables in a cropping season. The harvesting of each crop extends upto two to three months where the supplies to the market are made almost regularly on daily or weekly basis in very small lots. The transport facilities with the farmers are not adequate. Fruits and vegetables normally transported from the farm to the local market place by indigenous transport facilities such as bullock cart, horse carts on back of animals or even as head-loads.

Cooperativisation in the field of marketing of fruits and vegetables in most of the South-East Asian countries is only at the infant stage. It is only in Japan, Korea and in certain parts of India and Sri Lanka that a significant impact has been made in this respect. The structure for marketing societies in Japan comprises multi-purpose/specialized societies at county level, federations at prefectural and national levels. In South Korea the primary societies at county levels are affiliated to a national federation. In India while there are a number of fruits and vegetable societie in various States at primary market level, only in a few States they are federated at State level. There is no specific national level federation for these societies. In Sri Lanka multipurpose societies at primary level are affiliated to the national federation. In Bangladesh some marketing of fruits is being handled by the multipurpose societies acting finally through the general purpose national level federation. In Thailand three societies at the district level have been recently organised to undertake marketing of fruits and vegetables. The National Agricultural Marketing and Purchasing Federation has also initiated action to start marketing of fruits and vegetables. In Malaysia there is no cooperative handling of fruits and vegetables but a Farmers' Association is functioning at the area level since last year which undertakes marketing of fruits and vegetables. In Singapore the main emphasis has been on consumer cooperative movement and only one producer society of grains, vegetables, fruits and livestock has recently been organised while in the Philippines a cooperative marketing society at the national level has been organised to handle all types of farms products including fruits, vegetables and livestock.

Problems in Agricultural Cooperative Marketing

The Seminar discussed at length the problems faced in agricultural cooperative marketing and listed the following major problems :

Small Size-Farms

As pointed out earlier the farms are very small and produce a variety of crops. In order to overcome the small size farm holdings, jointly managed holdings or highly efficient joint production groups should be organised in the areas of primary cooperatives to get better production which is the pre-requisite of effective marketing of agricultural produce.

Finance

The agricultural cooperatives require two types of finance, one relating to production requirements of the member farmer and the other to support the business activity of the societies. The flow of production credit through cooperatives to the member farmers for raising crops remains insufficient in most of the countries in the Region. These crops being highly capital intensive their cultivation require large funds.

For marketing finance these societies have to build a strong capital base in order to draw substantial credit limits from the banks for the working capital. Since the number of members of the societies is very small, except in some countries where they have been expanded through amalgamation, the societies have remained financially weak and have not been able to expand their business. It is therefore necessary to bring more of the fruits and vegetable growers within the cooperative fold and where necessary and feasible area of operation should be expanded.

Where the societies undertake to set up fruits and vegetables processing units as part of their marketing business, they will need still larger funds to invest in block capital. This would necessitate selling out larger number of shares to individual growers.

Business Techniques

A marketing society is expected to handle produce of the members either on consignment basis or outright purchase basis. Since the prices of fruits and vegetable are subject to seasonal fluctuation, societies generally prefer consignemnt method in almost all the countries. It is mostly in the export trade that the higher tier societies resort to outright purchases through the primary level agricultural cooperatives.

The inadequacy of marketing expertise with the marketing societies has hindered the growth of their marketing activities and adoption of new and scientific business techniques.

Integration

The vertical integration that exist between production and marketing and also between primaries and their federation is not to the extent that is desired.

Planning of production based on demands for various products as also more effective coordination of marketing activities of primaries and their federation would be needed to reduce the percentage of risk involved in the marketing of fruits, vegetables and livestock products.

Management

The Directors of the societies who are expected to promote the growth of the movement are generally uninformed and are not conversant with the business methods. There is, therefore, no initiative with them for taking to modern marketing techniques.

The managerial staff of the societies in some countries is generally drawn from Government Cooperative Departments. They do not necessarily possess adequate skills in business management and consequently try to follow the conventional methods of marketing. Where the managers are recruited from the open market, the salaries paid are often too small to attract experienced and talented persons.

Efforts have been made to train the staff in certain countries in various techniques of cooperative marketing but, further concerted effort in this direction is desired. If a regular cadre of managerial personnel and the accountancy staff is built up in each country it would go a long way in promoting the growth of cooperative marketing movement.

Transportation

Very few societies have their own transport facilities for the collection and assembling of members' produce. The provision of this facility would promote the growth of cooperative marketing.

Processing and Storage

Processing is an important service in stabilizing markets for perishables like fruits and vegetables and also in utilizing the unsalable off-grade surplus with the farmers. Most of the fruits and vegetables marketing societies of the South-East Asian countries barring Japan and South Korea do not have much of processing facilities as adjuncts to their business. Where such facilities do exist, the units are too small to be viable. One of the reasons for this is the difficulty in the sale of processed products manufactured by small units. The solution to this problem lies either in pooling and grading the products of a number of societies under one brand name for advertisement and sale or in setting up processing and grading units by state/national federations. Cold storages facilitate regulation of shipments to the market and keep in stablizing the prices. These are generally lacking in most of the developing countries. The major constraints in developing cold storage are lack of finance and technical know-how.

Grading and Packaging

Very little, if at all grading and proper packaging is done in the vegetable and fruit trade in the developing countries in the Region. Bad packaging results in considerable of avoidable waste and lack of grading in low prices. Along with intensive production programme the farmers or their groups should also be trained in quality control and grading, in the use of equipment for protecting the products from deterioration and spoilage and also about improved packaging before despatch for sale.

Marketing Intelligence

This is a field which has not received due attention of the cooperatives. The most important media for dissemination of marketing information between the members and the local cooperatives is the direct contact while between the cooperatives at different levels the contact is through post, telegraph and telephone facilities. For certain fruits and vegetables the prices are broadcast on radio and television and published in the newspaper for disseminating market information. However the information supplied in way of market intelligence is not generally adequate or systematic. Systematic supply of price information coupled with relevant advice and guidance on marketing should be attempted.

Price Stabilization

Measures for price stablization of agricultural produce have been undertaken in some countries by governments to a certain extent.

But most of them are only in regard to foodgrains. This is a field which needs urgent attention of both governments and cooperatives. Creation of price fluctuation funds to which the societies, farmers and governments contribute, as is found in Japan, can help in protecting the farmers from the hardships caused by price fluctuations. Implementing schemes of floor prices and support prices should also be undertaken by governments wherever necessary and feasible. Also as stated earlier, the provision of adequate cold storage facilities, more appropriate near the consuming centres, also would in achieving stabilization of prices.

The prices can also be stabilized through effective control of production as well as supplies by some statutory bodies at the national level like the Marketing Boards. A national level cooperative federation handling fruits and vegetables should have an effective say in such a Board.

Farming Guidance

The cooperatives in most of the countries in the Region do not provide farming guidance services to their members. In few societies, however, a start has been made. The farmer-members mostly depend for advice on farming techniques on the government agricultural departments. The services of these departments are not available easily and at required times. Wherever possible the cooperatives should provide these services by themselves. In places where this is not feasible presently effort should be made to coordinate these services with the government departments of agriculture.

Training facilities for improved methods of agriculture available to farmers is inadequate. Programme to facilitate farmer education for development and to encourage them to experiment a new method or cultivate an improved variety need to be adequately and properly carried out. Commodity groups among the members raising some crops or livestock should be formed. These groups can coordinate the activities of members of the groups with the cooperatives and also are useful for extending farm guidance and extension advice.

Marketing Research & Extension

Very little work has been done on research in marketing of fruits and vegetables. The national level cooperatives may create such cells to carry on these services. They should disseminate the results of such research to the farmers through the primary societies.

Government Policies

With a few exceptions, cooperatives are taxed in most countries according to the taxation policies. While the cooperatives meet their tax obligations such as income tax and sales tax, they face an uneven competition from the private trade which manipulates to evade payment of taxes. It is therefore suggested that the governments may exempt cooperatives from the payment of taxes or atleast give some tax concessions.

II. GOVERNMENT ASSISTANCE

Government assistance alone cannot bring any overall development in the agricultural cooperative movement without the efforts of the cooperative leaders and members engaged in cooperative activities. In the developing countries, however, at the initial stage, some sort of assistance from the Government for the development of agricultural cooperatives and reconstruction of old societies is needed till the societies become self-sufficient. While maintaining the democratic structure and autonomy, Government may be able to effectively assist the cooperatives in the following ways :

i) Subsidy towards managerial expenditure,

ii) Loan and subsidy for construction of storages and cold storages,

iii) Loans for block capital of processing units,

iv) Provision of training facilities,

v) Assistance towards creation of price fluctuation funds,

vi) Loan and subsidy for transport facilities,

vii) Crop insurance facilities and

viii) Assistance in creation of technical and promotional cells in state/national federations.

In case of India, the Government participates in the share capital of cooperatives, where necessary in order to strength the borrowing capacity of such cooperatives. The Seminar was divided on the subject of government participation in the share capital of cooperatives. In majority of the countries, this practice is not found. Therefore, seminar felt that this question should be left to the discretion of the individual countries.

During the period in which the government financial assistance are utilized by the cooperatives, Governments may be required to exercise certain supervisory and regulatory powers over cooperatives. However, it should be ensured that the cooperatives are allowed to function as autonomous bodies on the basis of Cooperative Principles and practices.

The Government assistance should be withdrawn gradually when societies become self-sufficient and self-reliant and the regulatory power should also cease with such withdrawals.

<u>Merits and Demerits of different Marketing Methods</u>

The seminar discussed in detail the merits and demerits of consignment and outright purchase method of marketing and listed the following merits and demerits.

<u>Consignment Method</u>

<u>Merits</u>

1. All marketing functions are carried out by cooperatives so that farmers can concentrate their efforts on productivity.

2. Volume of cooperative marketing can be expanded by introductory systems of circuit collection by trucks, pool accounting and joint grading so that marketing costs are reduced.
3. Operating funds needed to carry out cooperative marketing can be reduced compared with outright purchase method.
4. Cooperatives can transfer the physical and economic risks to the member farmers and also reduce them by improving various marketing activities.
5. The producer can withdraw his produce for a particular market for sale in another market which offers a better price.

Demerits

1. Most of the farms are too small in size and they sell their products in order to meet urgent cash needs, with the result that such farmers are not interested in consignment method.
2. Farmers may believe that cooperatives cannot get high prices for them compared with prices paid by middlemen because marketing shares of cooperatives are not big enough to control the supply of the produce.
3. Farmers do not like pool accounting system which is a pre-requisite for consignment method because they usually believe that their produce is of better quality than that of others.
4. Lack of adequate cooperative marketing facilities including storage and processing facilities is one of the big constraints.
5. This involves great risk for the producer on account of (a) decline in prices (b) shortages in transit (c) possibility of loss for perishable produce.

Outright Purchase Method

Merits

1. Farmers can get money immediately after the produce is handed over.

2. No risk of price fluctuation to farmers after the produce is handed over.

Demrits

1. Farmers have to carry out some part of the marketing functions by themselves; this results in waste of time and efforts.
2. Considerable funds are required to purchase produces directly from member farmers.
3. Cooperatives have to take over the physical and economic risks involved during the handling of the produce.

Cooperative marketing activities should be, with greater advantage, carried out on the basis of consignment method. Member farmers' trust in cooperatives is an essential pre-requisite for the successful cooperative marketing based on consignment method. However, in the short run, outright purchase method can be partly adopted if there is any difficulty in adopting consignment method.

Price Support Measures

The Seminar considered various price support measures that can be adopted for fruits and vegetables and livestock products and the influence of these measures on stabilizing prices. Production of fruits and vegetables and livestock products is highly seasonal. Moreover, most of the samll-scale farms in the South-East Asian countries sell most of their marketable produce immediately after harvest, when market price is lowest, to meet of urgent cash needs for consumption expenditure, pay back debits and so on. In general, market price is low during the immediate post-harvest season compared with the cost of production, leading to low level of agricultural income and inefficient agricultural production.

On the other hand, seasonal and annual price fluctuation of fruits and vegetables and livestock products is one of the most crucial problems facing most of the developing South-East Asian countries.

It is very important, therefore, to secure and support the farm prices and stabilize seasonal and annual price fluctuations of the produce. Such support prices should be determined at reasonable levels, taking into account the costs of production and/or parity prices. Price support measures that can be adopted for fruits and vegetables and livestock products in the S-E Asian countries by cooperatives and the government and the influence of the price support measures on stabilizing seasonal and annual price fluctuations are explained in the following paragraphs :

Price Compensation Programme

In the case of highly perishable produce such as chinese-cabbage, radish, lettuce, potatoes,etc., price compensation programme can be adopted for the purpose of securing and supporting the farm prices of the produce. When farm prices of the produce during the harvest season is lower than the support price level, the differential can be supported by Government according to the volume of marketing done by the farmers.

In other words, farmers would sell all the marketable produce at the market price which is determined by the market supply of and demand for the produce in the free market, and then they should receive the differential between support price and market price in cash from the government so that prices received by the farmers can be equal to the cost of production or with the parity price.

On the other hand, consumers also can get benefits from the programme as they can buy the produce at market price which is lower than the support price. However, this programme requires considerable government expenditure, hence may not be widely followed in the Region except in special cases and that too with only part of differential being given to the farmers.

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If this programme is adopted by agricultural cooperatives, it is desirable for cooperatives to establish "Price Compensation Fund" of which the primary source is contributions from member farmers from proceeds of marketed produce according to the contract made through cooperatives. In Korea, about 5% of total gross revenues made through cooperative marketing is reserved for price compensation funds, but the funds are not big enough to cover all the products with the result that the scheme is not very effective. In Japan, this programme has been initiated. Vegetable Production and Shipment Stabilization Fund Association gives compensation to farmers to the extent of 80% of the differential between a guaranteed standard price and an average selling price.

This price compensation programme has influence on stabilizing annual average prices received by farmers, but annual and seasonal market prices (wholesale and retail prices) cannot be effectively controlled and stabilized by adopting it. In Sri Lanka certain crops are assumed of a floor price.

Purchasing Price Programme

Purchasing price programme can be adopted for the relatively storable produce such as red pepper, sesame, garlic,etc. When this programme is adopted either by government or cooperatives, support price should be determined, taking into account the costs of production or parity price in order to secure at least reproduction of the farm produce.

During the harvest season when small-size farms sell most of their marketable produce, government purchases a cerain amount of the produce from the farmers at support price level in order to reduce heavy market supply during post-harvesting seasons. And then government stores the produce purchased for several months and sells it to the market when market prices of the produce go up remarkably. In general, government's selling prices of the produce should be determined at the level at which the storage costs can be covered in order to avoid any burden from extra expenditures.

By adopting this programme, not only producers but also consumers can get benefits because consumers' total utility could be greatest when prices are stabilized and also consumers can spend more efficiently their consumption expenditures for those commodities, even though the annual total expenditure for the produce may not be reduced by stabilizing the seasonal price fluctuations.

This purchasing price programme can be adopted by agricultural cooperatives. From this year, the National Agricultural Cooperative Federation in Korea adopted this programme in order to support farm price during the harvest season and stabilize seasonal price fluctuations for the selected commodities such as red pepper, sesame, garlic, apple and eggs.

Land Retirement Programme

Two kinds of price support programmes mentioned above can be effectively utilized in the case of the produce which is in short production compared to the demand for them in order to give production incentives to farmers and increase agricultural incomes. However, in the case of the produce which is under the conditions of over supply, these programmes may not be functioning well because supply of the produce would be expanded and consequently expenditures of responsible agency are greatly increased year by year. Therefore, in the case of over production, land retirement programme can adopted as has recently done in Japan. This programme is aimed at planned production. According to the programme, all producers have to retire a part of land under cultivation and utilize the land retired for other purposes in order to reduce total market supply and increase the prices of the produce. In this case, market supply may not exceed market demand for the produce so that reasonable prices can be determined in the free market. With this programme, farmers would produce smaller amount than before because of a part of the land is retired for other purposes, but farmers can earn more money because of the inelastic demand for the produce. That is, total gross agricultural income with the programme for the produce is greater than that without the programme and the total costs of production can be reduced, leading to higher net incomes for farmers.

However, even though farmers can get benefits, by retiring a part of land, they may not be willing to follow this programme unless higher income, with the programme are ensured by the responsible agency. Therefore, it can be recommended that the retired land is also compensated at the level of net incomes stemming from using the land retired.

Stable Price Programme

In the case of the produce which does not have any strong seasonality of production but can be produced throughout the year such as livestock products, stable price programmes, including "price zone system" and "indicative price system", as in Japan can be adopted by agricultural cooperatives and the government. Maximum and minimum or an indicative price is fixed and cooperatives and the government maintain a market price at the certain desirable level through market manipulation. In this case, in order to reduce heavy burden from expenditures of a responsible agency, it is desirable that selling prices cover the costs of storage as well as purchasing prices.

OBSERVATIONS IN JAPAN

Some of the sailient features of cooperative marketing observed by the seminar participants during their various visits to agricultural cooperatives in Japan are given below :

In Japan significant progress has been made in linking agricultural and livestock production with the wholesale markets in the metropolitan cities and other towns through a network of cooperatives functioning in an integrated manner. The cooperative structure in Japan comprises multi-purpose societies at the primary level, prefectural federations at the prefecture level and the ZEN-NOH at the National level. In certain areas, where a particular commodity is predominantly grown, special types of commodity societies have also been organised at the primary level. Some of the Prefectural Economic Federations have established wholesale markets and distribution centres to provide marketing facilities to the members. The general practice among the farmers is to send their produce to the societies for sale on consignment basis. While auction system is commonly followed, in some of the distribution centres, prices are settled through negotiations between the cooperatives and bulk consumers such as consumer cooperatives, super markets and hospitals, schools,etc. In this way the farmer's produce is sold right up to the retail level through an integrated marketing system.

The cooperatives at various levels have engaged experienced staff to guide and advise the producer-members, both in improved production techniques as well as in adopting innovations in marketing techniques. As a result, where the farmers have achieved a very high level in quality production, they have also taken up on a large-scale the practices of grading and packaging. The societies are providing all facilities in these regards to the members and have also undertaken to provide warehousing and cold storage facilities for stocking the produce. Even refrigerated transport has been provided by a few cooperatives for haulage of perishable produce.

Most of the farmers in Japan have telephone or wire communication facilities established by cooperatives and are thus in direct touch with the cooperatives for purposes of receiving market intelligence.

The facilities offered by the cooperatives to their members regarding grading, packing, transport, storage and marketing, and market intelligence as provided in Japan have gone a long way in promoting integration between production and marketing and in improving marketing efficiency. Some of the practices may be progressively introduced in other countries of the Region with certain modification to suit local conditions. In the Republic of Korea, wired communication method has been introduced by some of the agricultural cooperatives. It may perhaps be better to introduce the improved marketing techniques in selected markets on pilot basis with financial support from the Government and other concerned agencies.

Some of the other features observed were :

i) Marketing is done on consignment basis. The payment to the farmers are done within three days of the sales. The producers also get incentive rebate of one percent for assembling the produce in the market. Similarly the traders also get a rebate ranging from 0 percent to 1.7 percent out of 8.5% for fruits and 7.5% for vegetables respectively.

ii) Good quality packaging material is used so that the produce is not spoiled in transit.

iii) All possible steps are taken for quicker movement of the produce so that it reaches the consumer in fresh state.

iv) The sales are made by open auction. However, in certain centres sales by negotiations are also made.

v) Cold storage and refrigerated transport facilities are available on a large-scale.

vi) Adequate credit is made available by multipurpose for raising crops. Credit facilities are also available for farm machinery and equipment to the farmers.

vii) The Government subsidises cooperative societies in providing facilities of processing and storage.

viii) The societies undertake to supply all types of agricultural inputs and consumer goods required by the farmers.

ix) The cooperatives are manufacturing livestock food for supply to the members.

x) Improved techniques of early season culture by planting earlier thereby avoiding the damage of crops by typhoons or other natural calamities at the time of flowering.

Rice seedlings are nursed on the seed plot covered by materials, such as, vinyl, polythene,etc.

xi) Land consolidation measures, such as land improvement, establishment of irrigation and drainage facilities.

xii) Proper use of manures and fertilizers and agricultural chemicals, such as pesticide, insecticide,etc.

xiii) Farm mechanisation through the use of tillers, transplanters, sprayers, tractors and combine harvestors, threshers,etc.

xiv) Marketing of produce of different cooperatives under one brand.

xv) Jointly managed holdings or joint production groups - organised by the cooperatives commodity-wise.

xvi) Farm guidance for planned production and effective marketing.

xvii) Facilities from production to marketing.

xviii) Reorganisation through amlgamation and revitalisation of cooperatives and modernisation of agricultural and animal husbandry practices constitute the main plank of agricultural regeneration.

xix) Size of holdings of the Jap anese farmers is small.

xx) There are two kinds of members regular and associate, attached to the multipurpose cooperative society. Majority of them are part-time farmers, and the rest full time farmers. The farmers generally bring themselves the fruits and vegetables to the society for marketing. A few societies also collect the produce from the farms.

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Farmers send their agricultural produce to the society even at short notice. Their interests are protected by the society.

The member farmers are informed immediately through an effective system of communication about the sales effected. From the point of production to the point of consumer the channels are well organised and well established e.g. machinery, transportation, shipping, grading,etc.

Cultivation of wheat, barley and cocoons has sharply dropped. This switch in the product mix has made it possible for off season production of items which would fetch higher market price.

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1 September 1975.

REGIONAL SEMINAR ON

AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS (TOKYO) JAPAN

2 - 22 September, 1975.

PROGRAMME

Tuesday, 2 September 1975

10:00 a.m.	a) Inauguration b) Introduction to IDACA and ICA c) Objectives, Programme and Working Methods of the Seminar.
2:00-5:00 p.m.	Presentation of Background Papers (including report on Marketing activities in areas surveyed by ICA Teams).

Wednesday, 3 September

9:30 a.m.-12:30 p.m.	Presentation of Background Papers(contd.)
2:00-5:00 p.m.	Case Studies on Sri Lanka and Thailand by Lionel Gunawardana.

Thursday, 4 September

9:30 a.m.-12:30 p.m.	Review of Agricultural Cooperative Marketing with Special Reference to Marketing Projects in South-East Asia by M.V. Madane.
2:00-5:00 p.m.	Introduction to Agricultural Cooperative Movement in Japan by H. Togawa.

Friday, 5 September

9:30 a.m.-12:30 p.m.	Production and Marketing of Fruits and Vegetables in Japan by K. Nakazawa, Senior Assistant Chief,Vegetable Section, Horticulture Dept. ZEN-NOH
2:00-5:00 p.m.	Introduction to Production and Marketing of Livestock Products in Japan by S. Imai, Planning Section Chief, Feedstuff & Livestock Dept. ZEN-NOH

Saturday, 6 September

9:30 a.m.-12:30 p.m.	Group Discussions
2:00-5:00 p.m.	Free

Sunday, 7 September	Sightseeing in Tokyo
Monday, 8 September	
9:30 a.m.-11:00 a.m.	Production and Marketing of Rice in Japan by T. Kage, Senior Assistant Chief, Rice Business Policy Coordination Dept. ZEN-NOH
11:30 a.m.-12:30 p.m. and 2:00-5:00 p.m.	Intergrated Cooperative Production and Market- System in Japan (Farming Complex) by K. Nagasawa Horticulture Specialist, ZEN-NOH
Tuesday, 9 September	
9:30 a.m.-12:30 p.m.	Rationalisation and Improvement of Marketing Methods with Special Reference to Regional Distribution Centres by K. Kizawa, Deputy Manager, Horticulture Business Policy Coordination Dept. ZEN-NOH
2:00-5:00 p.m.	Agricultural Marketing and Price Stabilization Measures by T. Goto, Assistant Chief, Planning Section, General Planning Dept. ZEN-NOH
Wednesday, 10 September	
9:30 a.m.-12:30 p.m.	Inter-Cooperative Trade - Retrospect & Prospect by M. Hira-ike, Senior Assistant Chief, Material Import Section, Feedstuff Dept. ZEN-NOH
2:00-5:00 p.m.	Group Discussions.
Thursday, 11 September	
6:00-9:00 a.m.	Visit ZEN-NOH's A Tokyo Fruits & Vegetables Wholesale Market.
10:00 a.m.-3:00 p.m.	Visit ZEN-NOH Office for briefing on its Tokyo Perishable Produce Distribution Centre
	Discussion and Questions.
	Return to IDACA.
Friday, 12 September	
6:00-8:00 a.m.	Visit ZEN-NOH's Distribution Centre.
8:30-9:30 a.m.	Breakfast
9:30-a.m.-12:30 p.m.	Visit SHOBU-CHO Primary Multi-purpose Agri. Coop. Society.
12:30-2:00 p.m.	Lunch
2:00-5:00 p.m.	Observe Marketing Facilities of Prefectural Económic Federation at its Kuki (Eastern) Operational Station.

Saturday, 13 September	
9:30 a.m.-12:30 p.m.	Visit the Head-office of Economic Federation of Saitama Prefecture.
	Lunch
Afternoon	Proceed to NIKKO
Sunday, 14 September	Sightseeing Tour of NIKKO National Park
Monday, 15 September	Travel from NIKKO to Urawa - Sightseeing as 15th is a National Holiday
Tuesday/Wednesday 16 & 17 September	Field Study visits to MOROYAMA-CHO Agricultural Primary Cooperative Society. Observe Economic Federation's facility at its Kawagoe (Western) Operational Station.
17th Sept. evening	Return to IDACA
Thursday, 18 September	
9:30 a.m.-12:00 noon	Summing up by K. Fujimoto
Afternoon	Group Discussions
Friday, 19 September	
9:30-a.m. onwards:	Plenary Session (to discuss all group reports)
Saturday, 20 September	Drafting of the Report.
Sunday, 21 September	Free
Monday, 22 September	Final Plenary
	Evaluation
	Closing Session

REGIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS", TOKYO

2 - 22 September, 1975

LIST OF PARTICIPANTS

BANGLADESH

1. Mr. Abdus Sattar Ahmed
Chief Administrative Officer,
Bangladesh Samabaya Marketing Society Ltd,
9/D Motijheel Commercial Area, 4th Floor,
Dacca-2

2. Mr. Hidayet-ul Islam Khan
Director,
Bangladesh Cooperative Marketing Society Ltd.,
29, Central Road, Dhanmondi,
Dacca-5

INDIA

3. Mr. Mahendra Shastri,
Chairman,
Rajasthan State Cooperative Marketing
Federation Limited,
40, Raghu Marg,
Alwar (Rajasthan)

4. Mr. V.I. Rajagopal, I.A.S.
Secretary to the Government of Rajasthan,
Departments of Industries & Mines,
Jaipur (Rajasthan)

5. Mr. S.S. Athwal,
Joint Director,
National Cooperative Development Corporation,
C-56, NDSE Part II,
New Delhi-110-049

REPUBLIC OF KOREA

6. Mr. Eun Sung Lee,
Section Chief of Cooperative Marketing Promotion
Office,
Research Department,
National Agricultural Cooperative Federation,
75-1st ka Choongjung-Ro, Sudaemoon-ku,
Seoul

7. Mr. Jung In Lee
Section Chief of Cooperative Marketing
Promotion Office,
Research Department,
National Agricultural Cooperative Federation,
75, 1st-ka Choongjung-Ro, Sudaemoon-ku,
Seoul

MALAYSIA	8.	Mr. Bukhari Bin Mohd Sawi, Farmers Organisation Authority, 2nd Floor, Block B, Office Complex, Damansaraheight, Kuala Lumpur
	9.	Mr. Mohd Anuar B Mohd Kap Secretary, Koperasi Serbasuna Pekerja Pekerja Kerajaan (kospek) Hilir Perak Berhad 3274 Jalan Sungai Nibong Tk Anson Malaysia
NEPAL	10.	Mr. Chandreshwar Prasad Sinha, Department of Cooperatives, Krishna Kunj, Kalika Sthan, Dilli Bazar, Kathmandu
SINGAPORE	11.	Mr. Toh Tuck Foo, Director, Singapore Livestock and Agricultural Cooperative Society Limited, Block 205, No.1195H Toa Payoh North, Singapore 12
SRI LANKA	12.	Mr. Nadarajah Kumaresapasupathy, General Manager, Vali East (S.D.) M.P.C.S. Ltd., Neervely (Sri Lanka)
	13.	Mr. U.S. Appuhamy, Inspector, Cooperative Societies, P.O. Box 419, Duke Street, Colombo 1
THAILAND	14.	Mrs. Prakobsri Pecharasawang, Chief of Research & Statistics Section, Cooperative League of Thailand, 4, Pichai Road, Dusit, Bangkok
	15.	Mr. Prapas Limpabandhu, President of Sawankaloke Agricultural Cooperative Limited, 19, Kasemrat Sawankaloke
	16.	Mr. Root Suwanraks, Chairman, Suwanraks Cooperatives Limited, Nathorn, Ko Samui, Suratthani

ADDITIONAL PARTICIPANTS FROM ICA TEACHERS' EXCHANGE (DEVELOPMENT) PROGRAMME

1974 - 75

INDIA	17.	Mr. R. Thirunarayanan, Lecturer, Cooperative Training College, 2, Landone Road, Madras 600010
INDONESIA	18.	Mr. Imam Chourmain, M.A.S. Lecturer in History & Principles of Cooperation, C/o Dewan Koperasi Indonesia, Jalan Jenderal Gatot Subroto, Komplex Pusdikop, Djakarta
REPUBLIC OF KOREA	19.	Mr. In Joon Seol, Assistant Professor, Agricultural Cooperative College, Kyungki Do (Republic of Korea)
PHILIPPINES	20.	Miss Rosa L. Niduza, Researcher I Agricultural Credit & Coops. Institute, College, Laguna Los Banos
SRI LANKA	21.	Mr. M.G. Siriwardana, O.I.C. Gampaha Cooperative Education Centre, No.4, Shanti Road, Gampaha (Sri Lanka)
THAILAND	22.	Mr. Thavil Larsprasert, Senior Lecturer, Cooperative Training Centre of the Ministry of Agriculture and Cooperatives, 4, Pichai Road, Dusit, Bangkok
OBSERVER	23.	Mr. M. Ebizuka ILO Branch Office, Tokyo (Japan)

CENTRAL UNION OF AGRICULTURAL COOPERATIVES (CUAC)	24.	Mr. K. Fujimoto, Manager, International Department, Central Union of Agricultural Cooperatives
	25.	Mr. S. Futagami, Section Chief, International Department
	26.	Mr. H. Nishido, Staff, International Department
	27.	Mr. H. Usui, Staff, International Department

ZEN-NOH	28.	Mr. Y. Hashimoto, Staff, International Division
INSTITUTE FOR THE DEVELOPMENT OF AGRICULTURAL COOPERATION IN ASIA (IDACA)	29.	Mr. H. Togawa, Managing Director, IDACA, 24-9-6 chome Funabashi, Setagaya-ku, Tokyo
	30.	Mr. U. Tsuda
	31.	Mr. T. Murami, Manager
	32.	Mr. T. Furukawa
ICA RO & EC NEW DELHI	33.	Mr. M.V. Madane, Joint Director, Technical Assistance & Trade & Course Leader, ICA Regional Office & Education Centre for South-East Asia, 43, Friends Colony (East), PO Box 3312, New Delhi-110-014 (India)
	34.	Mr. Lionel Gunawardana, Joint Director, ICA Regional Office, New Delhi-110-014

SEMINAR SECRETARIAT	35.	Mr. Ashok Kandhari Seminar Secretary, ICA Regional Office & Education Centre for South-East Asia, 43, Friends Colony, New Delhi-110-014 (India)
	36.	Mr. C. Yamamoto, IDACA, Tokyo
	37.	Mrs. Y. Aoki, IDACA, Tokyo
	38.	Miss K. Inoue, IDACA, Tokyo

SOCIAL PROGRAMME

4th September, 1975	Reception by CUAC and ZEN-NOH at NOHRIN-NENKIN Hall (UMENOMA- 6 F)
5.10 p.m.	
5.10 p.m.	Leave IDACA by bus.
6.00 - 8.00 p.m.	Reception
8.00 p.m.	Leave NOHRIN-NENKIN Hall for IDACA.by bus.
7th September	SIGHT-SEEING IN TOKYO.
1.30 p.m.	Leave IDACA by bus with guide
	Sight-seeing (Asakusa and other areas)
6.00 p.m.	Return to IDACA.
19th September	Reception by ICA and IDACA at CHINZAN-SOH
5.20 p.m.	Leave IDACA by bus.
	Stroll around the Japanese garden.
6.30 - 8.30 p.m.	Reception
8.30 p.m.	Leave CHINZAN-SOH for IDACA.

Introduction to Agricultural Cooperatives in Japan

Historical Development and Present Situations

The Institute for the Development of Agricultural Cooperation in Asia

INTRODUCTION TO AGRICULTURAL COOPERATIVE MOVEMENT IN JAPAN

H. TOGAWA IDACA

INTRODUCTION TO AGRICULTURAL
COOPERATIVE MOVEMENT IN JAPAN

Part I Historical Development

I. Modernization of Japan

1. Meiji Restoraction in 1868

2. Introduction of Western System
   - Politics,Economy, Finance, Science, Technology, Education -
   - Introduction of Capitalistic System

3. Taxation Reform in 1873
   (1) Introduction of payment in money
   (2) Main source of government revenue was land tax
   (3) The reform contributed much to introduce monetary economy in the country (Self-sufficient economy → monetary economy)

4. Promotion of Exportation
   (1) Importance of Silk and Tea
   (2) Necessity of Importing Machineries

II. Introduction of Cooperative Institution

1. Coop. Institution of feudal times

2. Coops. of modern type
   (1) Spontaneous Development
   (2) Government Efforts to introduce cooperation of modern type

3. Enactment of Cooperative Law
   (1) Submission of Credit Union Bill in 1890
   (2) Submission of Industrial Coop. Law in 1897
   (3) Submission and Enactment of Industrial Cooperative Law in 1900

4. Outline of Cooperative Society prescribed by the Law
   (1) Variety of Society in 1900

   Credit

Purchasing
Marketing
Production
definition of "Production"
(1) Joint utilization of facilities.
(2) Processing of the products

(2) Credit Business was not allowed to be undertaken together with other Businesses

(3) Capital

a. Amount of a unit of share capital can be decided by the respective society

b. Ceiling of the unit of share-capital by one member ..... ten (10).

5. Background of the Enactment of Coop. Law

(1) Period of capitalistic development after the Sino-Japanese War (1894-1895)

a. Development of heavy industry (munitions)

b. Exploitation of Overseas Markets for Japanese Industrial Goods

c. Industrial Development

Steel and Iron - Iron ore from China
Railway Construction
Cotton Industry

d. Development of Banks

(2) Enactment of Laws and Establishment of Institution related with Coop. Development

a. Bank of Agriculture and Industry in every Prefecture since 1896.

b. Japan Hypothec Bank in 1896.

c. Law of Agricultural Association in 1899

(3) Necessity of Sound Development of Agriculture

- Maintenance of small but sound owner-farmers

6. Revision of Coop. Law

1906 (1) Credit Business was allowed to be undertaken together with others - Basis of Multi-purpose Coop.

(2) Simplification of Procedures of Registration and the Reduction of Registration Fee to make the Formation of Society easy

1909 Admission of Federation and Central Union
(1905. Japan Coop. Union without legal privilege)

Central Union was also allowed to carry out almost all kinds of activities with an exception of processing business

1921. (1) Admission of National Federation

(2) Change of Term

Production ⟶ Utilization

(1917. Enactment of Agricultural Warehouse Business Law)

1923. Enactment of Central Coop. Bank Law

III. Measures taken by the Government for the Coop. Development

1. Direct measures
   Education and guidance
   Subsidies
   Financing
2. Indirect measures
   Farm Policy in general to support farmers.
   Enactment of Laws in relation with Coop. movement.
3. Government Assistances for the Development of Coop. activities

(A) Measures for the Construction of Agricultural Warehouses. (Related Law)

(1) Ten-year Programme in 1917

(2) Construction of one agricultural warehouse in three villages in 10 years
that is: 4100 Warehouses in 10 years. (255,000 tsubo)

(3) Subsidies for the Construction

Cost of construction

¥50 per tsubo

50 x 255,000 = 10,290,000

Government gave subsidies to the society 20% of the expenses for the construction (¥2,090,000.)

cf. Total number of villages in those days was 12,000

(4) Warehousing - significance in coop. marketing activities

(5) More assistance from the Government by the Revision of the Law in 1926

Tax-Exemption for Building and Land for Building.

Federated Warehouse approved

Background of the measures for Warehousing

Tendency of lowering price of Rice since 1913.

1911	¥23	per koku (150 kg)
1914	13	
1915	11	

(B) Encouragement for the Supply Activities of Fertilizers

1. Government subsidies to Coops. 1930 - 1934

(1) National Federation ¥390,000

Objects: (a) a part of wages and travel costs of specialists in charge of fertilizer.

(b) a part of cost of construction of fertilizer mixing depots.

(2) Prefectural Federations ¥345,000

for a part of wages and travel costs of specialists in charge of fertilizer

(3) Primary societies ¥224,000

(4) Central Union ¥26,500

for a part of costs for propagation and survey.

2. Government also gave assistance in the form of entrusting the activities of propagation and education for the improved way of fertilizer supply to the National Federation and Central Union by giving the cost of works.

The amount was ¥200,000

C Establishment of Central Coop. Bank in 1923.

(1) Share capital

Government	15,000,000	49.17%
Coops.	15,700,000	50.83%

(2) Nomination of President and other Directors by the Government

(3) Functions

a. Extending Loan

b. Receiving Deposit

c. Bill Discounting

d. Domestic Exchange

e. Issue of Deventure

IV. Completion of Nation-wide Cooperative System.

1. After the revision of Coop. Law in 1921 national federations were established.

   1923 Japan Silk Marketing Federation.

   National Purchasing Federation.

   1931 National Rice and Grains Marketing Federation.

   1933 Japan Orange Marketing Federation.

   Coop. Medical Association.

   1925 (1) Issue of Ie-no-Hikari Magazine

   (2) Establishment of Coop. School

   Both were done as functions of the 25th anniversary of the Coop. Law.

2. From the historical study we can see the basic characteristics of the Japanese Coop. Movement consist in,

   (1) Predominance of Rural Coops.

   (2) Multi-purpose

   (3) Three-story structure

   o Village, Prefectural, National level

(4) The way of organizing society and federation.

a. Primary society - multi-purpose.

Credit, Purchasing, Marketing, Utilization, together with guidance activities. (after the War II insurance also)

b. Federation (Prefectural and national)

- in accordance with variety of functions -

c. Division of Functions

Primary Federation { Pref. Federation
National Federation

d. Coop. movement must be considered as a whole from primary societies at village level to national federations. Their functions are unseparable. Activities of National federations can not be understood without those of primary societies.

V. Cooperative Movement in the Period of Agricultural Depression in 1930's.

1. General Aspects of the Period

(1) World depression since the end of 1920's.

Bankruptcy

Moratorium

Unemployment

Social unrest

(2) Agricultural Depression

Drastic fall in Prices of Farm Products

Tenancy Disputes

Huge Amount of Debts by farmers

(3) Government Policy

a. Principle - Self Recovery (passive)

Government helps the efforts of the people of self-recovery.

b. Counter-measures against Fall of Prices.

Rice Control Law in 1932

Silk Price Stabilization Law in 1932

c. Measures to Increase Cash Income of the Rural People

Construction Works in Rural Area

d. Financial Measures

Offer of Low Interest Funds

e. Coop. was considered by the Government as the most important organizations through which Government policies were implemented. Measures for the recovery were taken mostly through coop.

2. Self Rehabilitation Policy

   (1) Self Rehabilitation Committee in every village.

   (2) Members of the Committee must be active in promoting the coop. movement.

   (3) Activities for Rehabilitation must be done through coop. as much as possible.

   (4) Measures at the same time must be taken to strengthen coop.

3. Rice Control Law in 1932.

   This is the first step in this field.

   (1) Government establishes the ceiling and floor price of rice.

   (2) When price goes up higher than the ceiling, Government comes to sell rice in the market.

   (3) When price goes down below the floor price, Government comes in the market to buy without any restriction.

   (4) The measure aims at the stabilization of rice price, and accordingly the stabilization of coop. management.

   (5) Coop. federations are allowed to give the direction to the societies on the shipment of rice.

   (6) Moreover Government hires the warehouses to store the rice purchased by the Government.

   (7) Encouragement for the construction of special warehouse to store the paddy unhusked.

   Government assistance - ¥6 million

   Loan of low interest ¥6.6 million

   Rice has been the most important products the cooperative societies handled.

4. Similar measures were taken for the stabilization of silk cocoon price. Silk cocoon was important commodity which gives the farmers income in cash.

VI. 5-year Plan of Cooperative Development

1. The National Convention of Cooperatives, which was held every year, adopted a resolution on the 5-year Plan for the Cooperative Development in 1932 and on Jan. 1 next year the Plan was started.

2. The Plan covered all branches of the movement and the target was set up in all the businesses and other fields of activities, needless to say increasing of share-capital but the basic points were as following.
   (1) Annihilation of villages without coop. - Coop in every village.
   (2) Annihilation of non-member-farmers
       All the farmers - members of the coop.
   (3) All the societies should carry out 4 kinds of business
       - credit, purchasing, marketing, utilization -

   To attain these targets, all the cooperators - from village to national - worked hard.
   Measures of promotion were taken not only to adults but also to school children, women and youth, and organizations of youth were organized.
   cf. appendix

VII. Debt Clearance Activities

1. In the period of agricultural depression, drastic fall of prices of agricultural products brought more and more difficulties of farmers. Farmers were suffering from debts. - huge amount of debts. This was also one of the big factors of social unrest. The movement adopted a resolution at the convention in 1931 to promote debt clearance in rural districts.
2. Rural Villagers Debt Clearance Law was enacted in 1933. Main points of the law was as following.
   (1) Establishment of Association in the area of hamlet.
   (2) Association should draw up the Debt Clearance Programme in the area.
   (3) Local authority advances fund to the Association for the purpose of debt clearance.
      - Pref. Government makes compensation against the loss of local authority in case that local authority might lose the fund advanced within the extent of one third (1/3).
      - National Government makes compensation to prefectural government against the loss prefectural government might lose within the extent of half (1/2), but the extent of national government compensation is ¥30 million.

(4) Coop. society can do everything in place of debt clearance association.

(5) Financial measures taken by the Government.

a. Government offers fund to the local authority for the purpose of debt clearance.

b. Government offers fund with low interest to Central Coop. Bank for the purpose by enacting the special law.

c. Central Coop. Bank could get fund.

d. Another measure to make the farmers get fund with mortgage.

e. Fund advanced to special banks

Hypothec Bank
Agr. & Industry Banks

Government offered the fund to the Banks to replace the debt of farmers from money lenders and so on.
fund offered - 500 million yen in 1933-35.
Compensation ¥100 million.
Measures to Central Coop. Bank
1933-35 ¥100 million of loan
Compensation ¥30 million

(6) We must remember the fact that even if the society try to promote the activities it would be very difficult or almost impossible, when member farmers owe debt from merchants or money lenders. Farmers are compelled to go to merchants or lenders.

VIII. Anti-Cooperative Movement by merchants and their organizations

(1) In the period of depression, Government considered the coop. institution most useful and effective to cope with the difficulties of farmers.
Difficulties were seen not only in rural districts but also in urban area, not only farmers but also merchants were in the difficult situations.

(2) North Japan Association of Chambers of Commerce and Industry had a meeting and adopted a resolution condemning the coops. as they were carrying out illegal activities. It was in 1929.
This was the first action of so-called "Anti-Cooperative Movement". Since this time, merchants and merchants' organizations gathered meetings, adopted resolutions and made petitions to the Diet or to the government several times.

(3) Merchants and merchants' organizations gathered in 1933 in Tokyo and they organized All Japan Commercial Right Protection League to strengthen their anti-cooperative movement. Main components of the League were fertilizer dealers, rice and grain dealers, rubber goods dealers and so on, and representative organizations included

were chambers of commerce and industry in various local cities of the country.

(4) At the meeting they adopted a resolution which read.

a. Prohibit the participation of Government officers in cooperative activities.

b. Abolish the subsidies of central and local governments to the coops.

c. Abolish the privileges of tax-exemption of coops.

d. Strict supervision on illegal activities of coops.

e. Abolish all measures of protection to coops.

With this resolution they tried to work on the members of Parliament and on the Government asking to prohibit the privileges of coop.

(5) Why they called anti-cooperative?
They insisted the difficulties of merchants came from the activities of coops.protected and assisted by Government. They did not say anything about the general tendency of the depression.

(6) Counter measures by the movement

a. Strengthening the activities of coop youth group.

b. Strengthening the political activities by organizing "Rural Coop. Association".

c. Major task of coop. was considered the implementation of the 5-year Plan, and all the cooperators made efforts to fulfill the programme.

(7) Struggle between coops and anti-coop group continued for several years, and the movement strengthened the activities. Moreover war-time control started.

IX. Cooperatives in War-time

1. Japan entered into conflict with China in 1931 and it escalated into the war between both countries in 1937
At the beginning military activities stimulated the economic or production activities in the country. But by and by Japan became to suffer from the shortage of resources and materials or man power, because most of the resources had to be imported from overseas.

Petroleum, Iron Ore, other mineral resources, Cotton .....
Government control on almost all the sectors of national economy had to become stronger.

SSystem for economic control became consolidated day by day.
Young people were mobilized, many factories converted from ordinary production to military production.
Many products for agricultural production were put under the control.

2. As for coop. activities, most of them were put under the government control.
Agricultural machinery and tools, fertilizer, farm chemicals, all of them were put under the control, and distributed to the farmers through coops in accordance with the rule regulated by the government.
Increasing agricultural production with less manpower, less in-put was the target of coop. Self supplying of fertilizer was encouraged.
On the other hand agricultural products were also put under the control. Farmers were not allowed to sell freely what they produced. With less fertilizer, less chemical, less tools, production of rice or wheat was not easy.
Food was put completely under control.
3. At last Japan entered into War in 1941 against many of the world powers like USA, UK and the government control became stronger and stronger.
4. Under these circumstances it was studied and tried to promote the collaboration of various organizations concerning agriculture such as coop, agricultural association, live stock association, tea planters' association and so on, and Central Cooperation Association for Agriculture was formed in 1941.
In 1943 amalgamation of these organizations was forced, and Agricultural Organization was formed at village level, prefectural level and national level.
5. National economy was perfectly under the government control, as for Agricultural Organization it was under the perfect control of the government. It was an organ of government control.
We cannot see the nature of cooperation in this organization.
But one thing we must appreciate is that it got the nature of guidance activity by amalgamation with other bodies of technical guidance.
6. War is over in August 1945, Japan was defeated. Allied powers came in to occupy Japan. Many kinds of reforms were undertaken.
But Agricultural Organization continued to exist for a few years with

small amendments in organization or the way of operation. By the amendment the nature and operation of Agricultural Organization became more democratic. People concerned tried to recover the nature of cooperation,

X. Summary of Development

1. Characteristic features of Japanese cooperatives consist in, as mentioned before,
   (1) Multi-purpose
   (2) Three story structure
2. The role of Government
   Government has done much for the coop. development directly or indirectly.
   Major factors of Government assistance
   (1) Legislation,legal support and administration.
   (2) Education
       encouragement for education
   (3) Subsidies - financial.
   (4) Tax exemption
   (5) Credit, financial
       Fund for bank with low interest
   (6) Other privileges
       As distribution of fertilizer
3. Government assistance alone cannot bring about the coop. development without the efforts of cooperative leaders, particularly local leaders.

Part II Present Status of Agricultural Cooperatives

I. Reforms after the War II

1. The World War II was over on August 15, 1945 by the surrender of Japan. Japan accepted the provisions of Potzdam Declaration of the Allied. After that day Japan came under the occupation by the Allied. Various reforms took place in this period, and the target of which was 1) democratization of Japan and 2) demilitarization of the country. The old Constitution which was promulgated in 1889 was abolished and the new was adopted in November 1946. The new constitution declared the idea of peace and the democratic order and denied the use of forces of power for the solution of international troubles, and above all it declared the sovereignty of the people. Measures of demilitarization including the abolition of the production of military weapons were taken just after the occupation. The abolition of military production also discouraged the heavy and chemical industries.

2. Number of measures with the purpose of democratization were carried out.

   (1) The dissolution of Zaibatsu (Big Financial Trusts)

   Big companies such as Mitsui or Mitsubishi were divided into small companies, and the strict policy of anti-monopoly was adopted.

   (2) Encouragement of Trade Union Movement and the democratization of labour relation.

   For this purpose laws regarding labour relation were enacted.

   (3) Land Reform

   Before the War II there existed in Japan the land lord system. Almost one third of the agricultural producers were pure tenants and about one third were partially tenants. Naturally they were poor, and it was considered after the War II essential for the democratization of the country to solve the land-lord system and to emancipate the poor peasants. For this purpose the drastic measure of land reform was taken and all the agricultural producers came to cultivate their own land. Even today we can see a small portion of the farmland are under tenancy. However we must not say that farmers who are cultivating the land which is not owned by themselves are tenants under tenancy system.
   Agricultural cooperative system was considered essential to maintain the status of these emancipated farmers.

   (4) Education Reform

   For the construction of democratic country the reform in education was also considered important and the educational system has undergone remarkable changes. The principle of education before the War was patriotism, and that of after the War is the democracy and the formation of human character.

3. On the other hand social and economic and political situations in the country were very difficult. By carrying out the war all the resources were mobilised and devastated. Furthermore bombing by Americans destroyed many factories and dwelling houses not only in the cities but in rural area. People came back from overseas and from army. Everything was not enough. People suffered from shortage of food, clothing, dwelling houses. Agricultural production declined because it was difficult to get fertilizer, tools, chemical and other productive materials.

II. Enactment of Agricultural Cooperative Society Law.

1. The establishment of Agricultural Cooperatives aimed to support the emancipated farmers so that they could continue to be independent owner farmers, and in November 1947 the Law of Agricultural Cooperative Society, was promulgated and at the same time a law on the dissolution of Agricultural Organization was also enacted. Agricultural Coooperatives came to succeede the assets and business of Agricultural Organization.

   While basic measures were taken immediately after the War for the purpose of demilitarization and democratization, the dissolution of Agricultural Organization took place more than two years after the War. The situations were that the nation was suffering from the extreme lack of food, and the Government intended to avoid the disorder in the field of production and collection of food, which was the duties of Agricultural Organizations.

2. Agricultural Organizations had to be dissolved before August 15, 1948 according to the provisions of the Law on the Dissolution of Agricultural Organization, and it was necessary to set up the agricultural cooperatives to succeed the business and assets of Agricultural Organization without any intermission. In fact agricultural cooperatives were established throughout the country in a short time, as we see by

the following table.

Establishment of Primary Societies and Federations

	Primary Societies			Federations
	Stock	Non-stock	Total	
Dec. 1948	15,154	12,665	27,819	802
Dec. 1949	16,892	16,299	33,191	1,094
March 1958	20,323	19,726	40,049	1,712

We see more than 15,000 stock societies and more than 12,000 non-stock societies were established in an year after the endorcement of the cooperative law. According to the law it was not difficult to establish a society, if more than fifteen farmers were promoters. There are not any restriction to establish a society if the business programmes and bye-law are lawful. Freedom and self-decision by farmers are the leading principles of the new Agricultural Cooperative Society Law. Interference by government or administration was strongly avoided. Supervision by the government authorities was limited at a minimum. Farmers had too much freedom and so many small societies came to existence.

Compared with the establishment of industrial cooperative societies we see how quickly the agricultural cooperative societies were organized.

Industrial Cooperative Societies

Year	Number of societies
1900	21
1905	1,671
1910	7,308
1920	13,442
1941	14,724

III. Agricultural Cooperative Law and the Cooperative Principles

1. As mentioned above the leading principles of the Law were freedom, democracy and the sovereignty of farmers. It is free for farmers to organize a cooperative society or not, for a society it is free what extent of the area to cover, or what kind of activities to carry out.
2. Cooperative principles were also incorporated into the law. We see in the law the freedom to be or not to be the member, one man one vote, restriction of interest on share capital and patronage dividend in proportion of utilization and encouragement of cooperative education.

   And in fact educational activities in societies are very active. One point what I have to make a few words is that when we say cooperative education it is the activities the societies for the benefit of the member-farmers, and they are in most cases the activities to raise the technical standard of farmers or activities for better living of member farmers.

   In Japan activities for literacy, we don't have any more, because since nearlyhundred years schools have been built throughout the country even in the mountaineous regions, and literacy is 100%.

   Another point is about the religion. In the field of cooperative movement we don't have any question about the religion. We have no distinctions coming from religion, it is not only in cooperative but in all the fields of social life.

IV. Multi-purpose society and special society

1. I mentioned the freedom in cooperative movement, and we see varieties of size - big or small, multi-purpose or single-purpose. Here I wish to tell you about the coexistence of both societies - multi-purpose and single-purpose or special cooperative societies (cf. appendix)
2. When we say multi-purpose society, it is a society which carry out all the business including credit service, and special society is one of which the business is limited to some specific crop such as live-stock, poultry, mandarine orange or dairy and so on. An important point is

that special society is not permitted to carry out credit service and insurance service.

Therefore we can say that multi-purpose society is a society which carry out the credit service. It is not a fault, but the definition is not enough, it is rather formal.

It is a society which carry out all the activities including credit or insurance deemed necessary for better farming and better living of member farmers, and all kinds of activities are carried out comprehensively aiming at the improvement of farming and living of member farmers.

3. Multi-purpose societies including their federations are predominant in cooperative movement in Japan. However some of the special societies are very active and successful. Among the special society we see that reclamation (or settlement) societies occupy almost 40% of all the special societies, and they will be dissolved and absorbed by multi-purpose societies in near future.

V. Membership

1. In Japan there are more than five million farm families and all of them are members of the agricultural cooperative societies. They are called regular members.

   Farmers alone can be regular members, and the definition of farmer is decided by the bye-law of the society. Government gives a criterion for the definition saying in its Model Bye-Law of Agricultural Cooperative Society that (1) A farmer engaging in the cultivation of land covering one tan (one tenth ha) or more, or (2) a farmer engaging in farm operations for not less than ninety days during a year.

2. Those who are not farmers can be members of a society if they live in the area covered by the society. They are called associate members. The number of associate members is increasing due to the urbanization throughout the country. (cf. appendix)

   The rights of associate members are limited and they have neither the right of decision nor right of voting, but they can be elected for directors within the extent of one fourth of the total directors.

It comes from the fact that agricultural cooperative society is the organization of farmers and it must not be controled by non-farmers. In these days, however, the urbanization is going on and near the big cities the number of associate members are increasing remarkably, where the societies are studying the measures to appreciate the importance of associate members by establishing some organs and trying to reflect their voices in the operation of the society.

VI. Organization of Agricultural Cooperative Societies

1. Japan is divided into 46 prefectures (when Okinawa comes back it becomes 47), and a prefecture is divided into some counties and at the bottom there are towns and villages. Towns and villages are municipalities. For a long time after the Meiji Restoration, municipalities counted about 12,000. After the War II towns and villages were merged into bigger units, and now we have about 3,000 municipalities. It is impossible to find out a village where there is not a cooperative society - in every village we see a society at least, some times two or three societies. -

   Agricultural Cooperative societies at village level are called primary societies or unit society.

2. Primary societies in a prefecture organize their federations at the prefectural level. Prefectural federations in the country organize their national federations at the national level.

   Besides the federations there are unions at the prefectural level and a central union at the national level. Unions don't carry out the economic business but they are engaging in the functions of promotion, education or guidance, auditing, they are promotional and educational bodies.

3. Talking about the multi-purpose societies, at the village level they are multi-purpose, but their federations are organized by functions, then we have credit federations, economic federations (marketing and supplying) and so on.

4. For the efficient performance of activities the societies have their mechanisms or internal organization and at the same time they encourage

the members have their specific organizations which have intimate relation with the society.

So far as the internal organization of the society concerns, we see in the appendix. The traditional way of internal organization is arranged such as marketing, supplying, credit or guidance. In these days however the way of arranging is by crop system such as farm-products, live stock, fruits, vegetables and so on. In the old days when rice was almost one produce sold and it was a most important business of the multi-purpose societies to handle rice, the division of functions like marketing and supplying was usual and there were not any difficult problems.

In these days, however, the importance of live-stock or fruits and vegetables is increasing and multi-purpose societies are trying to expand the activities in these fields. In accordance with the tendency, the way of internal organization is undergoing remarkable change.

Today we see both ways of internal organization, because the societies are free whether they adopt the new one or not. But all the societies understand the necessity of performance in the integrated way from production to marketing, where activities of guidance, supplying and marketing and so on are carried out in the same department under the control of one chief.

5. The size of the primary society is in the tendency of enlargement due to the amalgamation. For a long time we could tell the image of a primary society as 500 members and 15 employees. Today average number of members of the society is about 1,000 and that of employees is 30 - 40. The size will become bigger in near future.

6. Organizations of members within a society

As mentioned before, it is recognized that strengthening the organizations of members is utmost necessity of the society to strengthen the activities of the society itself.

For a long time members organizations of the society have been formed in every hamlet in the village, but the organizations by crop such as poultry group, fruit group and so on are being organized.

Producers groups by crop are seen everywhere and at the same time group in every hamlet is also important. Today we see two kinds of members' organizations, one in the area, the other by crop.

7. Furthermore we see cooperative womens' group and cooperative youth group. Members of womens' group count almost 2 millions, but the member of youth group is decreasing due to the rapid flow of rural labour to cities coming from industrialization of the country.

VII. The way of operation of the Society

1. The supreme organ of the society is general meeting. Important matters such as business programme and budget must be decided at the general meeting. General meeting must be held once a year at least. The execution of the works is the duty of directors who are elected at the general meeting, and they select president or managing director from among themselves. Directors meet generally once a month and discuss the important matters for the execution of the works of the society. The works are carried out in different departments by employees, and manager, managing director or president work in accordance with the business rule of the society.

2. For the effective works of the society, active participation of members is most essential. The efforts to take up the voices of members and reflect them in the operation of the society is very important. On the other hand members themselves must know well about the activities of the society, but it is too optimistic to expect all the members are so active and are willing to participate the works of the society. Directors and managers and staff of the society have to do much to attract the members to the society and make them know well what the society is doing, and they have to do much to know the problems of the members and then have to try to solve them through the works of the society. Without knowing the problems of each member, the society cannot be appreciated by the members.

3. For this purpose it has been our usual way to hold hamlet meeting, where all the topics are discussed. When the society intends to do

something directors and staff go to the hamlet meeting and listen to the voices of the members and also the meeting can be useful to make the members understand the problems presented by the society.

4. In these days together with the holding of hamlet meeting, the role of producers' group by crop is becoming more and more important. Producers groups are not organs of the society in the strict sense. They can however be considered organs of the society and the importance of discussions at the meeting of producers groups is being appreciated.
   There are groups of rice growers, livestock, dairy farmers, poultry, vegetable growers and so on.
   When the rice was only one important marketable produce, we did not find any necessity of organizing producers groups, because rice was grown everywhere in a village, and the group of hamlet was an areal group as well as a producers' group. Since the importance of other crops are becoming bigger and bigger to have producers' groups by crop are very important, and when producers' groups have difficult problems, these must be solved through cooperative activities.

5. There are also groups of youths and women. Youth group is a vanguard of cooperative movement and womens group is important not only in the field of better living but also better farming.

6. When these groups have meeting, some one of the staff of the society must be present. Staff of the society have the role of advisers at the meeting. This advice is a source of reliance on the society, and many of the policies of the society come from the discussions in various kinds of meetings of producers' groups.

7. The general meeting of the society is an important opportunity of discussion on the matters of cooperative, but if they have a lot of discussions at the meetings of various groups, we don't worry about the little discussion at the general meeting. Not only the problems of members, but the problems of the society such as increasing share capital can be discussed at the meetings of groups.

8. Although the discussion in the meetings is really important, it will be impossible to be present for the staff of the society every day, Publicity activity or information activities are also very important. Many societies are publishing weekly or monthly bulletins and are broadcasting by using tele-broadcasting system. When the size of the society is large the necessity of information activity is more important.

9. Meaning of holding meetings - at hamlet or in the producers' groups- is not only for information but it is very useful for cooperative education. Cooperative education is given through activities.

VIII. Agricultural Cooperative Movement and the Government

1. When the agricultural cooperative institution was established, society was considered to be as free as possible and the interference from the government was considered guilty, and the supervision of the government was limited at a minimum.
On the other hand the society cannot enjoy the privileges in taxation, finance, subsidies, which the industrial cooperative society enjoyed before the War II.

2. Round 1950 we were in the period of depression when the government tried to cease drastically the inflation, and not a few primary societies had to close the door because they could not pay back the saving to the members. In this period government started the policy to give some assistance and subsidies for the reconstruction of these societies and federations by enacting the law on reconstruction and adjustment of the cooperative societies and federations. The government gave subsidies as a means of encouragement to increase share capital and mobilize the dead stocks.

3. At the same time an ordinance concerning the regulation of financial standard of the society was enforced. Multi-purpose society carries out credit service, and the society has a lot of saving from the members, and the ordinance came to regulate the division of credit account from other account and limited the utilization of the fund saved by the members.

In this way the freedom of the society came to be restricted and the supervision of the government became stronger than at the initial stage.

4. Later on government started to take measures to provide credit to the farmers by establishing specific credit institution and systems. In practice government utilize cooperative credit service in advancing loans to the farmers. This helps the farmers and agricultural cooperative society as well.

5. How the government has done to promote the improvement of farmers' economic situations and helped the society?
We can say that many of the measures taken by the government were those suggested and asked by the cooperative movement. Seldom the government takes action with their own initiative. So often the movement get in touch with the government and the Parliament to promote the policy for the improvement of agriculture and the society. Rice price is one of the best known subjects.

IX. Amalgamation of the Societies

1. As we see in the appendix the number of multi-purpose primary societies decreased from 12,832 in 1955 to 6,201 in 1969. It is due to the amalgamation of the societies.
The government enacted a law in 1961 to encourage the amalgamation of the societies. The law is called Agricultural Cooperative Amalgamation Aid Law. Most of the amalgamation took place after the enactment of the law. Government gave a small amount of subsidies to encourage the amalgamation. However the amalgamation is not so easy to achieve in a short time.

2. The Agricultural Cooperative movement is also promoting the amalgamation of the primary societies.
As mentioned before the amalgamation of municipalities took place after the War II and the number of municipalities decreased from twelve thousand to three thousand. From this point we see that there are two primary societies in a town or village in average.

3. Agricultural Cooperative movement is promoting to establish the Danchi (Farming Complex) throughout the country by the efforts of the movement. This is intending to establish a strong economic unit of cooperative activities, and this can be the unit of the new society - unit of amalgamation.
   Since the rapid growth of national economy, every unit of economy such as distribution or production is becoming bigger and bigger. Amalgamation of the societies will meet the present tendency of the national economy.
4. We don't deny the fact that the amalgamation has both favourable and unfavourable points.
   Intimate relation among the members and the good relation between the society and members can be maintained in a small society, and in a large society this kind of relation cannot be maintained so easily. Directors of the society can know the members in details in a small society and it will not be so easy for the directors to know every member in details in a big society. This is a point of demerit of amalgamation.
   On the other hand small society cannot establish large scale facilities for marketing of products or to equip with large machineries or well trained experts in the field of various crops. This will be a point of merit.
5. We think that small societies cannot do much in the society of rapid growth where economic unit is becoming larger and larger to attain the rationalization.
   To expect better price of agricultural produce or to get suitable price, marketing in bulk with equal quality, equal standard will be inevitable. From this point of view amalgamation of the societies will be encouraged more strongly. When all the primary societies have almost the same size, a lot of rationalization in the movement can be expected.

Appendix A: Historical Study of Agri. Coops.

Population by Occupation in Early Meiji Era (1872)

Agriculture	14,790	78%
Manufacturing	720	4
Commerce	1,330	7
Others	1,900	11
Total	18,740	100

Composition of Farmers in Meiji Era.

	1883	1888
Owner Farmers	40%	33%
Owner Tenants	39	45
Tenants	21	22
Total	100	100
	4,330	4,430

Thousand

Distribution of Farm Production after the Taxation Reform

	Government	Land Owner	Producers
	%	%	%
1873	34	34	32
1874-75	13	55	32
1878-83	10	58	32

Main Sources of Govt. Revenue in Early Meiji Era.

	1880	1890	1895	1900
	%	%	%	%
Income Tax	-	1.6	2.2	4.8
Land Tax	76.5	60.4	52.2	34.9
Business Tax	-	-	-	4.5
Liqueur Tax	10.0	21.2	22.7	37.8
Custom Duty	4.8	6.7	9.2	12.7
Income from monopoly	-	-	-	5.4
Total	55,262 (100.0%)	65,731 (100.0%)	74,698 (100.0%)	133,926 (100.0%)

Unit in the line of Total is Thousand yen.

Export and Import of Main Commodities in Early Meiji Era

Year	Total Export ¥1,000	Of which			Total Import ¥1,000	of which			
		Silk cocoon	Tea	Cotton yarn		Cotton yarn	Cotton goods	Cotton	Woolen goods
		%	%	%		%	%	%	%
1868	15,553	40.7	21.6		10,693	11.6	23.6	4.0	18.2
72	17,027	33.7	24.2		26,175	20.4	18.6	0.3	27.6
77	23,349	42.3	18.4		27,421	14.9	15.3	1.5	17.6
82	37,722	44.1	18.2		29,447	22.2	14.6	1.6	8.9
87	52,408	37.3	14.0		44,304	18.5	7.6	2.1	10.2
92	91,103	40.2	7.9	0.0	71,326	10.0	6.6	17.3	7.9
97	163,135	34.0	4.6	8.2	219,301	4.4	4.4	19.3	4.4
1902	258,303	29.6	3.9	7.7	271,731	1.4	5.5	29.4	3.7

Sales of Agri. Produce in Early Meiji Era. (1872 - 73)

	Amount of Sale (thousand yen)	Proportion of Sale
Rice	17,429 - 23,270	15 - 20%
Sorghum & Sweet Potato	1,961 - 3,923	5 - 10
Raw Materials	28,234 - 31,763	80 - 90
Vegetables	1,760 - 2,639	20 - 30
Fruits	204 - 306	20 - 30
Total	49,587 - 61,900	25 - 30

Cooperatives before the Enactment of Coop. Law 1898

	Society	Membership
Credit	144	21,654
Purchasing	39	8,733
Utilization	8	352
Marketing	141	32,561
	346	64,000

Predominance of Rural Societies in Japanese Coop. Movements (1933).

	Societies	%
Rural	12,658	85.5
Fishery	668	4.5
Urban	1,483	10.0
(Consumers	200	
(Credit	279	
(Others	1,004	
Total	14,809	100.0

Composition of Membership by occupation in 1933.

	Societies	%
Agriculture	3,693,646	70.5
Forestry	8,079	0.2
Industry	252,768	4.7
Commerce	600,589	11.5
Fishery	101,066	1.9
Others	578,035	11.1
Juridical Person	4,070	0.1
Total	5,238,253	100.0

Five Year Plan (1933 - 1937) (Percentage)

	1933	1937	1940	1941
	%	%	%	%
1. Villages with no Coops.	15	3.7	0.14	
2. Member Farmers	62.4	78.5	94.8	
3. Multi-purpose Societies of 4 kinds of Business	31.3	71.4	78.6	81
4. Societies with Agri. Warehousing	20.8	33.5	33.5	39.3

Development of Federations (local federations)

(1) Organization by function

	1910	1915	1920	1925	1930
Credit	11	58	86	80	65
Marketing	9	27	79	113	122
Purchasing	5	35	110	113	122
Utilization	1	1	2	17	23
Total	13	72	155	200	185

Federations whose business are purchasing and marketing are included in both items.

(2) Organization by Area covered

Area Covered / Year	more than 2 prefectures		Prefecture		more than 2 Counties		County	
	Number	%	Number	%	Number	%	Number	%
1910	3	23.1	2	15.4	2	15.4	6	46.1
1912	3	8.8	8	23.5	3	8.8	20	58.9
1914	3	4.8	19	31.7	9	14.3	31	49.2

(3) Business (unit: ¥1,000.-)

	1910	1915	1920	1925	1930
Loan	336	1,360	8,452	32,744	71,117
Deposit	288	1,080	11,560	59,675	148,837
Marketing	7,955	8,903	20,326	39,560	59,694
Purchasing	126	357	6,617	12,666	24,281
Utilization	-	-	-	2	36

Loan, Deposit — Outstanding at the end of f.y.,
Marketing, Purchasing — Amount carried out in a year

Development of Coop. (Primary)

Organization and Business

	1905	1910	1915	1920	1925
1. Societies	1,676	7,308	11,509	13,442	14,517
2. Members (thousand)	69	534	1,290	2,290	3,926
3. Paid up Capital (thousand yen)	1,338	7,477	22,186	55,542	142,581
4. Reserves	217	1,408	7,967	24,558	61,720
5. Fund Borrowed	385	3,259	1,628	50,185	90,390
6. Saving	423	7,205	29,617	224,320	654,902
Total 3 - 6	2,348	19,349	76,018	354,605	949,594
7. Loan	1,497	11,906	52,129	186,188	531,598
8. Marketing	1,351	11,276	-	126,912	216,017
9. Supplying	507	7,461	-	157,942	160,563

1. In 1905 Registration simplified.
2. Establishment of Great Japan Central Union of Coops. without legal privileges in 1905.

Loans for the Rural Reconstruction or Coop. Development.
(Outstanding at the end of March 1938)

Total Amount ¥348,570,000

(1) By Organization through which Loans were advanced.

1. Hypothec Bank	38.7	%
2. Agr. Ind. Bank	3.9	
3. Hokkaido Dev. Bank	2.9	
4. Central Coop. Bank	24.8	
5. Local Authorities	29.7	
Total	100.0	

(2) By Borrowers

1.	Land Arrangement Association	29.6 %
2.	Coop.	31.5
3.	Forestry Association	1.3
4.	Fishery Association	4.1
5.	Livestock Association	1.0
6.	Local Authority	23.2
7.	Irrigation Association	0.6
8.	Others	8.7
	Total	100.0

Sources of Fund Advanced from Central Coop. Bank

	Own Fund	Gov. Fund	Total Amount
			million
1932	21 %	79 %	131
33	16	84	154
34	27	73	143
35	38	62	150
36	40	60	158
37	45	55	167

Appendix B. Present Status of Agricultural Cooperative

1. Number of cooperatives (as of March 31)

a. Unit cooperatives

Type	1969		1970		1971
	Stock	Non-stock	Stock	Non-stock	Stock
Multi-purpose coop.	6,470	0	6,185	0	6,049
Special purpose coop.	4,828	7,103	4,736	6,684	4,341
Livestock, dairy, poultry, etc.	1,464	1,391	1,385	346	1,047
Horticulture	497	141	497	121	492
Sericulture	133	2,956	127	2,677	115
Settlement	2,023	1,920	1,962	1,839	1,800
Other	711	695	799	1,299	887
Total	11,298	7,103	10,921	6,684	10,390

b. Federations (1970)

Type \ Area	Less than prefecture		Pre-fecture	more than 2 prefectures but less than whole country	Whole country	
	'69	'70				
Credit			46		(Central Coop. Bank for Agri. & Forestry)	(1)
Economic	10	4	47		National Marketing Federation of Agri.Coop.	1
					National Purchasing Federation of Agri.Coop.	1
Mutual relief insurance			46		National Insurance Federation of Agri.Coop.	1
Welfare	10	10	19	1		1
Livestock	127	59	20	1		3
Dairy farming	34	v28	37			1
Chicken-raising	12	8	4			2
Sericulture	188	114	27	1		4
Horticulture	69	44	6			5
Other	165	70	72			7
Total	*615		324	3		26

*County 186 (Stock 153, Non-stock 32)

Sericulture	64
Livestock, Dairy, Chicken	57
Rural Industry	9

2. Organization of Multi-purpose cooperative (as of March 31)

a. Members

Type	1968 Regular Membership: Individuals	1968 Regular Membership: Households	1969 Regular Membership: Individuals	1969 Regular Membership: Households	1969 Associate Membership: Individuals	1969 Associate Membership: Groups
Total	persons 5,931,155	5,378,017	5,900,350	5,355,432	1,173,547	38,316
Per coop.	852	773	891.1	808.7	206.7	6.3

Type	1969 Total Membership
Total	7,073,897
Per coop.	1,068

b. Officers and Employees

Type	Officers: Full-time directors	Officers: Part-time directors	Officers: Auditors	Employees
Total	8,987	73,502	25,105	231,650
Per coop.	1.3	11.1	3.8	35.0

3. Business (multi-purpose coop.)

a. Credit (as of March 31) (unit: ¥...million)

		Multi-purpose coop. Total	Multi-purpose coop. per coop.	Prefectural federation of credit agri. coop. Total	Prefectural federation of credit agri. coop. per federation	Central Coop. Bank for Agriculture & Forestry
1968	Saving	3,808,911	575	2,085,000	45,326	1,088,498
	Loan	2,084,435	314	635,200	13,809	1,017,872
1970	Saving	5,020,929	829	2,942,586	63,969	1,451,550 (1,292,108)
	Loan	2,641,048	434	1,213,711	26,167	1,474,268 (329,420)

Figures in parenthesis is for agr. coops.

b. Marketing (Amount handled in a business year)

Unit: Million Yen

Item	1967	1969
Rice	1,190,379	1,232,589
Wheat, barley and other	56,688	46,363
Miscellaneous cereals	15,487	17,970
White & sweet potatoes for Processing	31,794	29,147
Silk cocoon	66,001	57,095
Vegetables	87,816	130,383
Fruits	117,721	169,293
Tea	7,774	13,209
Industrial crops	19,662	27,906
Other agri. products	46,569	46,600
Milk	61,071	88,632
Eggs	53,671	59,157
Chicks & breeding chicken	872	2,223
Broiler & old chicken	9,622	16,924
Dairy cattle	2,775	3,143
Beef cattle	38,484	59,553
Hogs	55,710	73,547
Breeding cows, pig calves, etc.	26,424	43,898
Other livestock products	14,809	13,734
Total	1,903,336	2,131,375

c. Purchasing (Amount handled in a business year)

Unit: Million Yen

Item	1967	1969
Production materials	635,112	800,226
Fertilizer	151,612	160,974
Feed	200,613	239,010
Agri. machinery	92,008	123,964
Packing materials	17,081	24,432
Materials for hot beds	9,667	13,270
Agri. chemicals	55,589	69,992
Oils	32,580	52,024
Automobiles	8,767	22,016
Other	67,191	88,459
Livelihood necessity	219,356	288,409
Foods	112,500	142,753
Clothing	15,313	17,681
Durable consumer goods	14,371	24,975
Miscellaneous commodities for daily health	23,554	34,417
L.P. gas	12,238	18,691
Others	41,377	49,889
Total	854,468	1,088,635

d. Mutual relief insurance (From April 1, 1969 to March 31, 1970)

Unit: Million Yen

Type	New contract sum	Contract sum at the end of business year
Old age and life mutual relief insurance	815,978	4,126,288
Children mutual relief insurance	39,162	329,993
Building reconstruction mutual relief insurance	657,339	4,031,916

Financial Status of Multi-purpose Coops. (as of March 31) (¥1,000)

	1968	1970
Paid-up Capital	130,212,232	176,885,538
(per society)	(18,706)	(29,078)
Total Amount of paid up Capital and Reserves	151,178,160	212,737,480
(per society)	(21,718)	(34,972)
Fixed Assets	278,552,911	433,107,058
(per society)	(40,016)	(71,200)

4. Management System of Primary Society (Multi-purpose)

(1) Traditional Type

- President — Executive Director — Board of Directors
  - Manager
    - Guidance
      - Instruction to the Members
    - Economic
      - Marketing
      - Purchasing
      - Storage
      - Processing and Utilization
    - Financial Affairs
      - Loan
      - Saving
      - Mutual Insurance
    - General Affairs

(2) New Type

- President — Managing Director — Board Directors
  - Manager
    - Planning Section
    - Administrative Section
    - Financial Section
    - Farm Products Section
    - Livestock Section
    - Home Economy Section
    - Repairing Shop Section
    - Etc.

5. Number of Multi-purpose Coop. by size

(1) Decrease of primary societies

Business Year	
1955	12,832
1960	12,050
1965	7,320
1968	6,470
1969	6,201

Law of Encouraging Amalgamation of Agri. Coops. was enacted in March, 1961.

(2) Number of Coops. by Regular Membership

Membership	1968		1965	
	No. of coops.	%	No. of coops.	%
Under 300	1,312	19.8	1,586	21.7
300 - 500	1,719	26.0	2,085	28.5
500 - 999	2,112	31.8	2,348	32.1
1000 -1999	968	14.6	868	11.9
2000 -2999	288	4.4	233	3.2
Over 3000	223	3.4	188	2.6
Total	6,622	100.0	7,308	100.0

(3) Number of coops. by employee

employee	None	1 - 9	10 - 19	20 - 49	Over 50	Total
1965	12	1,636	2,503	2,214	934	7,308
1968	5	1,128	1,977	2,221	1,291	6,622
%	0.1	17.0	29.9	35.5	19.5	100.0

(4) Amalgamation

	Amalgamation taken place	Participated coops.	Total No. of coops.
1961	137	541 (6)	11,586
'62	214	928 (10)	10,813
'63	212	949 (12)	10,083
'64	237	1,067 (19)	9,135
'65	578	2,599 (34)	7,320
'66	35	135 (15)	7,209
'67	58	169 (3)	7,074
'68	218	829 (8)	6,470
'69	97	366 (7)	6,201
Total	1,786	7,583 (114)	

* Figures in parenthesis indicate the number of societies which do not carry credit activities.

Appendix B: Present Situations of Agri. Coops.

CONTENTS

Appendix B: Present Situations of Agri. Coops.

1. Percentages of Gross National Product by Industrial Type

	Primary	Secondary	Tertiary
1955	22.8%	28.7%	48.5%
1960	14.8	36.3	48.9
1965	11.6	35.8	52.7
1970	7.5	37.9	54.6

Source: Annual National Income Statistical Reports.

2. Employment Percentages by Industrial Type

	Primary	Secondary	Tertiary
1950	48.3%	22.0%	29.6%
1955	41.0	23.5	35.5
1960	32.6	29.2	38.2
1965	24.7	32.3	43.0
1970	19.3	33.9	46.8

Sources: National Census

3. Changes Resulting from Land Reform

(units = 1,000 hectares; 1,000 households)

	Cultivated Area			No. of Households					
	Total	Self-Owned	Tenant	Total	Owner	Owner Tenant	Tenant Owner	Tenant	Other
1945*	5244 (100.0%)	2816 (53.7)	2428 (46.3)	5537 (100.0%)	1729 (31.2)	1114 (20.2)	1102 (19.9)	1574 (28.5)	18 (0.3)
1950	5200 (100.0%)	4675 (89.9)	525 (10.1)	6176 (100.0%)	3822 (61.9)	1591 (25.8)	411 (6.7)	312 (5.1)	41 (0.7)
1965	5091 (100.0%)	4819 (94.7)	272 (5.3)	5665 (100.0%)	4538 (80.1)	857 (15.1)	157 (2.8)	100 (1.8)	12 (0.2)

* 1945 figures are those for 1944 households:

Source: One Hundred Years of Japanese Agriculture

4. Land Utilization (1964-67) and Farm Workers per Unit of Area (1965) by Country

	Total Area (1000 hectares)	Farmed Area Cultivated (%)	Farmed Area Grazing/Hay (%)	Forest (%)	Other (%)	Workers per 100 hectares
Japan	36,966	15.6	2.6	69.1	12.7	257
India	326,809	49.7	4.5	18.7	27.0	89
Brazil	851,197	3.5	12.6	60.8	23.1	46
W. Germany	24,698	33.1	23.5	29.1	14.3	36
Italy	30,126	50.5	17.1	20.3	12.1	33
United Kingdom	24,399	30.4	49.7	7.3	12.6	13
U.S.A.	936,335	18.8	27.7	31.6	21.9	3
U.S.S.R.	2,240,220	10.8	16.7	40.6	31.9	16
China, Peoples Rep.	956,110	11.4	18.6	8.6	62.0	..

Source: F.A.O. Yearbook (1968), et alia

5. Number of Farm Households

Unit: 1,000 households

	Total No. of farm households	Full-time farm households	Part-time farm households		
			Total	Part-time I	Part-time II
1960	6,057	2,078	3,979	2,036	1,942
1965	5,665	1,219	4,446	2,081	2,365
1970	5,342	831	4,510	1,802	2,709
1971	5,261	798	4,462	1,566	2,896
1972	5,170	743	4,427	1,404	3,023
1973	5,100	675	4,425	1,303	3,122

Note: Full-time farm household - no member of a family is engaged in other occupation.

Part-time farm household I - one or more members of a family is/are engaged in other occupation but agricultural income is more than non-agricultural income.

Part-time farm household II - one or more members of a family is/are engaged in other occupation but agricultural income is less than non-agricultural income.

Those who engage in other occupation for more than 30 days a year, or those who get more than 30 thousand yen of income from other occupation a year are considered as "part-time" farmers.

6. Number of Farm Households by sizes of land holdings (except Hokkaido)

unit: 1,000 households

	Total	Less than 0.5 ha	0.5-1.0	1.0-1.5	1.5-2.0	2.0-3.0	More than 3.0 ha
1960	5,823	2,275	1,907	1,002	404	201	36
1965	5,466	2,096	1,762	945	407	214	41
1970	5,176	1,999	1,604	868	404	241	60
1971	5,101	1,918	1,588	870	402	323	-
1972	5,017	1,922	1,553	832	393	317	-
1973	4,953	1,918	1,529	806	384	244	72

cf. Definition of Farm Household in Statistical Survey

1. Those who cultivate
   (1) more than 10 ares in 14 prefectures in North-Eastern part of the country

   (2) more than 5 ares in remaining 33 prefectures in South-Western part of the country.

2. Those who cultivate less than above, but whose sales amount of agricultural products excedes ¥50,000 in a year (for example poultry farmers).

Definition of Farmers in model Bye-Law of Primary Agricultural Cooperative Society

1. Those who cultivate more than 10 ares in the area covered by the society

2. or those who work on the farm more than 90 days a year and live in the area.

7. Number of Agricultural Cooperatives

As of March 1972

	With Share Capital	Without Share Capital	Sub-total
Multi-purpose cooperatives	5,688	0	5,688
Single-purpose cooperatives			
General service*	52	225	277
Sericultural	104	1,976	2,080
Livestock	392	246	638
Dairy	640	64	704
Poultry	266	12	278
Grass land	58	930	988
Horticultural	486	78	564
Rural industry	266	34	300
Settlers*	1,395	1,129	2,524
Farm broadcasting	120	35	155
Others	128	271	399
Sub-total	3,907	5,000	8,907
Grand total	9,595	5,000	14,595

* General service cooperatives do not undertake credit business.

8. Number of Primary Cooperatives (Multi-purpose)

- Classified by Number of Regular Member Households -

Business Year	Total No. of coops. surveyed	Less than 100 households	100~299	300~499	500~999	1,000~1,999	2,000~2,999	More than 3,000 households
1966	6,975	119	1,329	1,898	2,229	922	268	210
1967	6,961	118	1,320	1,877	2,219	951	267	209
1968	6,622	109	1,203	1,720	2,111	968	288	223
1969	6,083	97	1,027	1,431	1,949	1,023	318	238
1970	5,996	99	1,007	1,395	1,914	1,019	330	232
1971	5,799	95	962	1,288	1,841	1,035	343	235
Per Cent	100.0	1.6	16.6	22.2	31.7	17.8	5.9	4.1

9. Membership (MPCS)

Business Year	Regular membership		Regular member households (Households)	Associate membership		Total		Total
	Indivi-duals (Persons)	Organiza-tiona (Groups)		Indivi-duals (Persons)	Organiza-tions (Groups)	Indivi-duals (Persons)	Organiza-tions (Groups)	
1966	5,902,831	2,833	5,321,391	1,016,871	35,406	6,919,702	38,293	6,957,995
1967	5,931,155	3,627	5,378,017	1,090,460	35,810	7,021,615	39,437	7,061,052
1968	5,900,350	4,125	5,345,540	1,173,547	38,316	7,073,897	42,441	7,116,338
1969	5,874,818	4,042	5,325,024	1,257,126	38,327	7,131,944	42,369	7,174,313
1970	5,884,699	5,337	5,303,579	1,347,951	39,054	7,232,650	44,391	7,277,041
1971	5,818,664	4,376	5,267,188	1,452,797	40,864	7,271,461	45,240	7,316,701
Average Per Coop.	1,003.4	0.8	908.3	250.5	7.0	1,253.9	7.8	1,261.7

10. Officials & Employees (MPCS)

Business Year	Officials				Employees				
	Full-time director	Part-time director	Elected auditors	Total	General manager	Farm advisors	Better living advisors	Other employees	Total
1966	9,874	76,366	26,854	113,094	4,436	13,579	-	194,360	214,261
1967	9,282	75,313	25,904	110,499	4,471	14,523	-	203,570	224,211
1968	8,987	73,502	25,105	107,594	4,252	14,828	1,972	209,115	231,650
1969	8,573	71,091	23,698	103,362	4,041	15,471	1,631	220,839	241,982
1970	8,108	69,753	22,733	100,594	4,033	15,512	1,735	226,099	247,379
1971	7,952	68,816	22,560	99,328	3,975	15,469	1,823	230,660	251,927
Average Per Coop.	1.4	11.9	3.9	17.1	0.7	2.7	0.3	39.8	43.4

11. Officials and Employees of Single-purpose Societies

As of March 1972

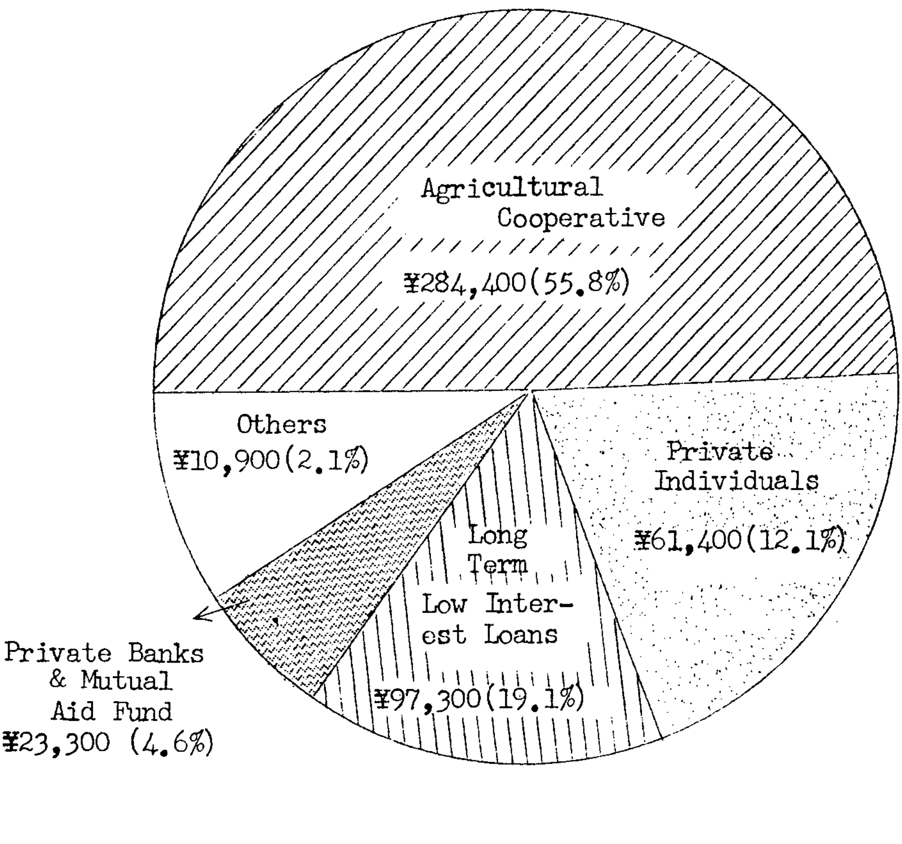
		Silk-worm raising	Livestock	Dairy	Poultry	Horti-culture	Re-cla-mation	Total
With share-capital	Officials elected	643	1,661	4,655	1,195	3,532	2,493	14,179
	Average per society	11.3	15.7	13.1	10.3	11.9	9.1	11.7
	Employees	397	761	4,544	1,478	1,192	814	9,186
	Average per Society	7.0	7.2	12.8	12.7	4.0	3.0	7.6
Without share-capital	Officials elected	7,866	185	105	57	243	877	9,333
	Average per society	9.8	16.8	10.5	14.3	12.8	7.4	9.7
	Employees	168	19	10	1	16	20	234
	Average per society	0.2	1.7	1.0	0.25	0.8	0.2	0.2

12. Officials and Employees of Prefectural Federations of Agricultural Coops.

As of March 1972

Federations	Officials		Employees		Total
	Total	Per fed.	Total	Per fed.	
Credit	803	17.5	7,025	153	7,828
Economic	832	17.7	21,456	456.5	22,288
Insurance	792	17.2	4,321	93.9	5,113
Welfare	320	16.0	16,639	832.0	16,959
Reclamation	385	9.9	477	12.2	862
Silkworm	335	12.9	1,933	74.3	2,268
Livestock	139	15.4	183	20.3	322
Dairy	475	14.4	737	22.3	1,212
Horticulture	129	18.4	947	135.3	1,076
Immigration	363	14.5	17	0.7	380
Transport	45	22.5	27	13.5	72
Poultry	55	13.8	26	6.5	81
Total	4,673	15.4	53,788	176.9	58,461

13. National Average Outstanding Balance of Borrowings per Farmer by Lender (Total Amount ¥509,500)
As of the End of March 1973



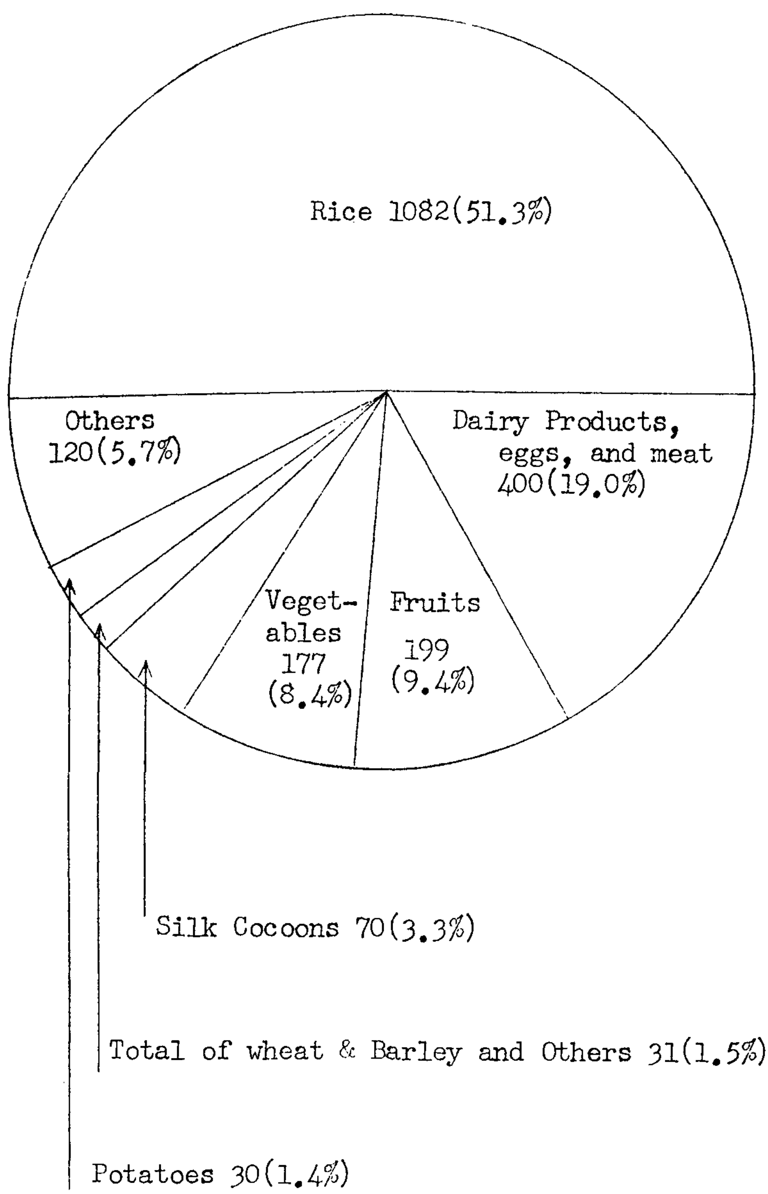
Note: According to the Survey by the Ministry of Agriculture and Forestry

14. Financial Status of Agricultural Coops at different levels (Multi-purpose)

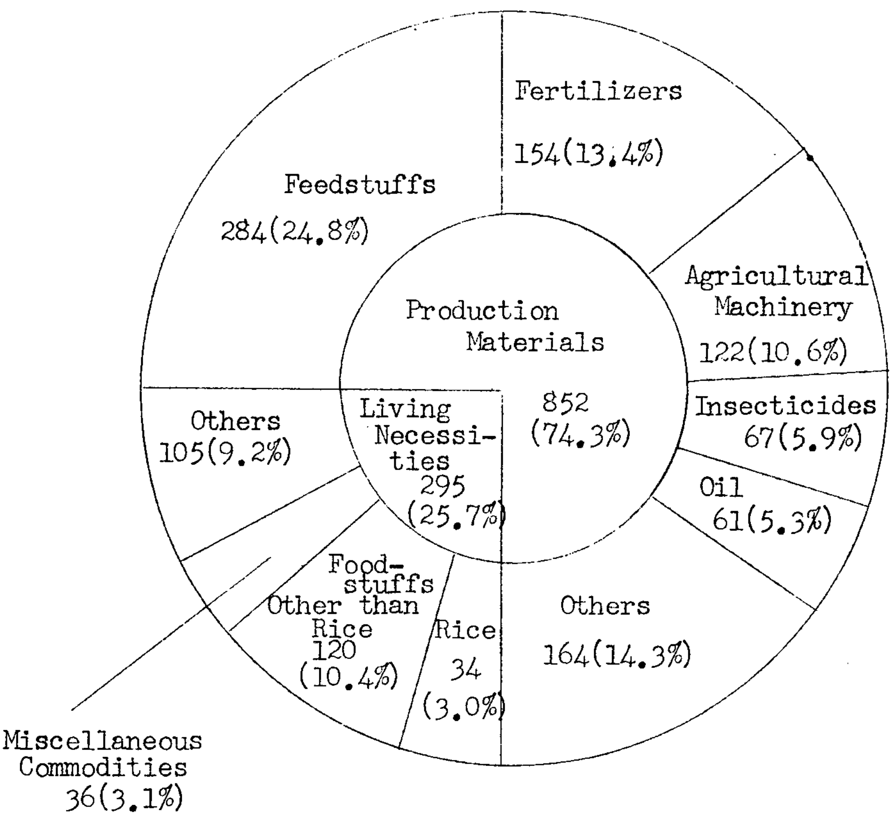
As of December 1973
Unit: ¥1,000 million

(1) Multi-purpose primary cooperatives				
Deposits	11,498		Loans	5,702
Borrowings	795		Surplus	6,170
Other a/c	342		Other a/c	763
Total	12,635			12,635
(2) Prefectural (secondary) credit federations				
Deposits	6,122		Loans	3,010
Borrowings	430		Surplus	3,954
Other a/c	488		Other a/c	76
Total	7,040			7,040
(3) CCBAF				
Deposit	2,638		Loans	2,620
Debentures	792		Securities	837
Other a/c	620		Other a/c	584
Total	4,050			4,050

15. Classification of Farm Products marketed by Agricultural Cooperatives from April 1970 to March 1971 (Unit: Billion Yen)



16. Classification of Goods handled in Purchasing Business of Agricultural Cooperatives from April 1970 to March 1971 (Total Amount: 1240 Billion Yen) (Unit: Billion Yen)



17. Percentage of Utilizing Agricultural Cooperatives by Farm Households (1971 Business Year)

No. of cooperatives surveyed: 327

(Unit: %)

Commodity	Total	Classified by Areas					Classified by Seales			
		Paddy areas	Paddy & upland areas	Upland areas	Urbanized areas	Remote rural areas	small	medium	large	extra-large
Production materials										
Feed	69.7	67.4	79.8	73.9	62.9	70.5	69.0	69.8	70.7	68.4
Fertilizer	85.4	86.8	85.3	85.9	85.2	83.2	90.5	80.5	86.0	86.1
Agr. chemicals	84.5	84.3	87.0	84.0	84.9	80.6	90.8	80.4	83.4	86.1
Keeping-warm materials	32.9	49.6	38.9	29.4	24.6	20.5	37.3	35.7	30.2	26.1
Packing materials	33.9	38.9	39.6	54.5	24.2	17.2	29.3	39.9	32.7	31.7
Agr. machinery	52.1	58.1	56.7	54.4	45.9	48.0	47.6	51.3	55.1	53.6
Oils	36.5	52.2	42.3	40.4	25.1	25.8	37.3	39.1	32.4	40.0
Automobile	10.6	19.0	8.0	12.4	7.2	6.9	10.2	10.0	10.2	13.3
Building materials	3.4	3.0	3.0	0.9	4.5	3.9	4.1	5.2	1.9	2.5
Others	43.7	42.2	41.4	39.7	46.3	47.7	45.7	43.2	40.9	48.5
Livelihood necessity										
Rice	23.5	28.9	17.3	24.7	18.7	36.4	29.2	16.4	23.7	29.4
Other foods	19.8	24.7	17.4	20.3	17.2	21.8	23.9	22.9	15.6	17.1
Clothings	8.3	9.0	7.5	12.7	6.8	7.0	10.1	8.0	7.4	8.1
Durable consumer goods	15.5	18.9	19.6	15.3	11.6	13.5	16.5	11.9	16.7	18.7
Miscellaneous commodities for daily health	13.6	14.5	15.9	12.8	12.5	12.1	14.9	12.6	14.9	10.5
L.P.Gas	37.7	40.2	44.8	45.8	28.2	37.3	46.8	32.8	36.6	36.1
Others	18.0	24.2	14.7	17.5	16.0	18.7	20.3	19.8	12.1	25.3

18. Number of Societies with Profit or Loss

	1970	1971	1972
Societies with Profit against total M-P Socs. (%)	97.5	96.6	97.8
Average profit per society (¥1,000)	6,593	7,958	10,441
Societies with loss against total M-P socs. (%)	2.5	3.4	2.2
Average loss per society (¥1,000)	6,060	6,630	6,042

19. Progress of Amalgamation of Multi-purpose Societies

	No. of cases of amalgamation	No. of Societies which participated in Amalgamation	Total No. of Multi-Purpose Societies	Note
1960			12,050	
1961	137	541 (6)	11,586	(31-3-1961 (Act was (enacted Validity of the Act was 5 years
1962	210	912 (10)	10,813	
1963	216	967 (12)	10,083	
1964	237	1,066 (18)	9,135	
1965	578	2,599 (34)	7,320	
1966	35	135 (15)	7,209	9-5-1966 First Revision: Extended 3 years
1967	58	169 (3)	7,074	
1968	218	829 (8)	6,470	
1969	99	378 (7)	6,185	
1970	42	162 (2)	6,049	23-5-1970 Second Revision: Extended 2 years
1971	102	439 (5)	5,688	
1972	101	393 (2)	5,488	
1973	66	283 (3)	5,198	
Total	2,099	8,873(125)		22-3-1972 Third Revision Extended 3 years

Note: Figures in bracket show the number of single-purpose societies participated.

20. Number of Amalgamated Societies by sizes of Membership

Member-ship	less than 1,000	1,001~ 2,000	2,001~ 3,000	3,001~ 4,000	4,001~ 5,000	More than 5,001	No. of Amalgamated Societies
61 - 65	274	586	260	122	73	63	1,378
(%)	19.9	42.5	18.9	8.6	5.3	4.6	100.0
66 - 68	85	110	51	42	12	11	311
(%)	27.3	35.4	16.4	13.5	3.9	3.5	100.0
69	14	47	17	7	6	8	99
(%)	14.1	47.5	17.2	7.1	6.1	8.1	100.0
70	12	14	8	5	1	2	42
(%)	28.6	33.3	19.0	11.9	2.4	4.8	100.0
Total	385	757	336	176	92	84	1,830
(%)	21.0	41.4	18.4	9.6	5.0	4.6	100.0

21. Internal Structure of Primary Society (Multi-purpose)

(1) Traditional Type

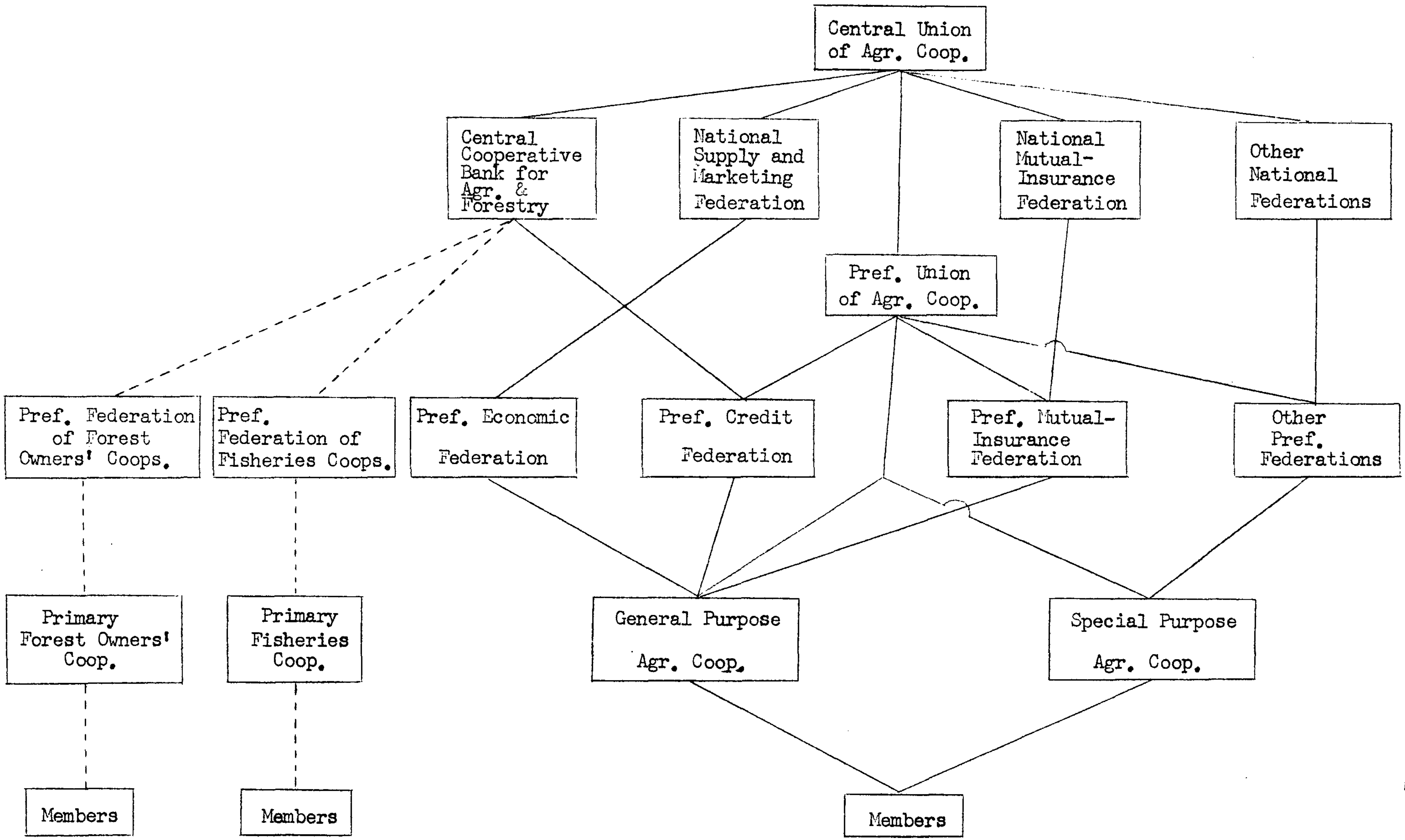
- President — Excutive Director — Board of Directors
  - Manager
    - Guidance
      - Instruction to the Members
    - Economic
      - Marketing
      - Purchasing
      - Storage
      - Processing and Utilization
    - Financial Affairs
      - Loan
      - Saving
      - Mutual Insurance
    - General Affairs

(2) Current Type

- President — Managing Director — Board Directors
  - Manager
    - Planning Section
    - Administrative Section
    - Financial Section
    - Farm Products Section
    - Livestock Section
    - Home Economy Section
    - Repairing Shop Section Etc.

22. Organization structure

Structure graph of agr. coop.



AGRICULTURAL COOPERATIVE MARKETING IN BANGLADESH

By

H.I. Khan
Director,
Bangladesh Samabaya Marketing Society
Limited,
Dacca (Bangladesh)

Agriculture is the corner stone of our economy. It provides us with essential food stuffs and variety of raw materials for the manufacture of consumer goods. The welfare of the people depends on the state of agriculture and on the manner of distribution of its produce. Bangladesh has a land area of 51,921 sq.miles. 90% of our 71.5 million people live on the land and is directly engaged in or connected with farming. The total cultivalble area is two-third of the total land.

The average unit of farm operation in Bangladesh is extremely small; it is around 3 acres per cultivated holding. A well known fact regarding the farm holdings in Bangladesh is the high degree of sub-division and fragmentation to which they are subjected which has resulted always in uneconomic use of land in many ways. The number of subsistence or economic holdings is below 40% and this number, too, is gradually decreasing due to the rise in population and growing of new industries and town-ships every year. The rapid growth of landless rural people in our country is making the subsistence holdings further sub-divided and fragmented and ultimately converting them into non-subsistence holdings. Present small holdings make it almost impossible to get the maximum benefit of improved and planned cultivation from the use of farm planning, farm machinery, irrigation water, water conservation, plant protection, cropping system etc. It is beyond the capacity of the small holders to get the above advantages including wholesale supply and marketing. Cultivators find it increasingly difficult to maintain the families out of the produce of their land.

The customery system of hiring land - the system of share cropping also gives no incentive to the hirers to adopt any new or improved practices for increasing the yield of crops. As they have no security of tenure they are not prepared to carry out any improvements on lands which do not belong to them. It is also beyond their capacity to spend for planned and increased agricultural production. The owners are also hesitant to make any investments for improvement of lands.

There are the following other factors which have hitherto accounted for the slow progress in achieving better management of land in our country:-

a) The menace of flood and natural calamities which have threatened the country almost every year in the past have made our farmers economically handicapped to take up any venture for improvement of agriculture.

b) There is absence of efficient and systematic marketing system. The farmers suffer in the hands of middlemen and village touts in both production and marketing process.

c) There is absence of storage, processing and transport facilities.

d) There is absence of economic incentives amongst the farmers for want of remunerative price for the products.

e) Arrangement for farm supplies, equipment, services and guidance are not adequate and proper.

f) There is lack of training facilities on agricultural technology.

g) Supervised crddit programme, linking of credit with marketing and long term credit for mechanisation are not adequately available.

h) Programme to facilitate farmer education for development and to encourage them to experiment a new method is not adequate and properly carried out.

i) There is no organised and competent institution for financing and managing the whole operation of supplies, services, guidance, storing, transportation and marketing of products.

The above gives a conviction about the extreme difficulties and disadvantages that exist today arising out of population pressure, small and fragmentation of holdings, static yield, high food costs,inflation, present plight of the farmer and his environment, bad harvests, low income and low capacity which handicap the development of agriculture in our country.

However, whatever may be the condition, agricultural development is needed in our country like other countries of the world today. The question of increased agricultural production has assumed great urgency in our country. To feed the additional thousands of people being added to our population every year, to improve the present inadequate amount of food per person, to nutritionally supplement the diet of the large population and for providing a satisfactory level of living for the farm people and their families faster agricultural development is required. Even in order to industrialise, agricultural development is needed to pay part of the costs of planned industrialisation from the increased earnings from agriculture. The success of our efforts in attaining self-sufficiency in food and the rapid growth of our economy depends on how best and how fast rice and other crops are grown. Increased agricultural production,is, therefore, the need of the hour.

There must be a market for the agricultural products and a price for the farmers high enough to repay the farmer for his cash costs and his effort and labour in producing them. The farmer should be able to sell his products worth more in the market than it costs him to produce. The margin between the costs and returns, the farmer's net income, must keep increasing if he is to be able to give his family a rising level of living and to meet other family needs.

Considerable industrialisation within the country offers scope for enlarging the domestic market for agricultural products and opportunity for further development. Similarly international demand for agricultural products provides basis for considerable agricultural development and also for industrial development through exports. For efficient marketing system which widens the market for farm products there should be good transport system to distant places where those are consumed or to sea ports for exports, facilities for storage, provision for quality control and grading, equipment to protect the crops from deterioration and spoilage and arrangements for processing or manufacturing of perishable surpluses and farm products not eaten in the farm in which they are produced. Marketing includes not only purchase and sale of goods but to ensure all business activities in bringing the commodities from the hands of the producers to the final consumers. It covers pooling or collection of marketablesurplus from the producers, transportation to assembling centres, grading and standardisation, storage, processing, packing, transportation to consuming centres and finally sale of produce. Without development of all operations that are involved in it the farm products are likely to be consumed at the time it is produced and close to the place where it is produced. Financing for the whole operation of transporting, handling, grading, processing,etc. is needed by the farmers before the final product is sold to the consumer. Finally the task is managing the whole marketing operation.

Bangladesh produces rice, jute, tea, wheat, sugarcane, potatoes,etc. It also produces tobacco, pulses, onion, chillies, garlic and a variety of fruits and vegetables. The major crop production and production of fruits and vegetables with area under cultivation during the last four years are shown in appendix 'A' enclosed.

There is lack of adequate finance for the production of agricultural produce in our country. The finance which is provided by the cooperatives and the agricultural development bank is below the actual needs of the farmers which compells the farmers to seek additional financial help from private traders, middlemen and village mahajans. Arrangements for farm supplies, equipment and services, farmer education and guidance, marketing intelligence,etc. by the cooperatives are inadequate and poor. No finance is made by the government or by the cooperatives/agricultural development bank for the production of fruits and vegetables. There is no finance facility for marketing operations. Lack of marketing activity by the cooperatives is one of the important reasons for the absence of marketing finance by the cooperatives. Usually the traders make finance to the farmers well in advance of the harvest and thereby compell them to deliver the produce at prices far below the market rates. In respect of paddy and rice the marketable surplus of the big cultivators is purchased by the government at a fixed rate immediately after harvest for distribution along with imported stock at subsidised rates. Sugarcane is sold to the sugar mills through the sugarcane cooperatives at rates fixed by the government. Major quantity of jute is purchased by the nationalised mills and corporations for export of raw jute and finished products and also for internal consumption.

Most of the marketable surplus of agricultural commodities in our country is sold by the producers to the traders in the villages and the nearby markets. When there is demand the traders go to the villages to buy. Prices are determined generally on the demand and supply of goods and sometimes dictated by the merchants. Farmers having no institutional support for finance and management are compelled to sell the produce to the traders to meet daily and other necessities of life. They have no arrangements and capacity to hold the stock for a longer period and hence they generally sell immediately after harvest. The lack of storage, grading and marketing facilities and also the absence of farm guidance and marketing intelligence have resulted in unplanned and inadequate farm production and sale of produce with apprehension of always being cheated or unfairly dealt with.

Fruits and vegetables which are mostly seasonal in nature are sold direct in the markets nearest to the producing centres. These are also carried to the cities and towns by the traders for sale through wholesalers and retailers. There is also no cooperative activity in this field.

The agricultural cooperative movement in Bangladesh has a three-tier structure. The cooperatives at the village and union level are called Krishi Samabaya Samities and union cooperative multipurpose societies. They are federated at sub-division and district level where they are called central cooperative multipurpose societies for marketing and purchasing and central cooperative banks for credit. In addition there are fishermen's cooperatives, milk producers' cooperatives, consumers cooperatives etc. both at primary, secondary and national level. The central cooperative multipurpose societies and central cooperative banks are federated at national level with the Bangladesh Samabaya Marketing Society Ltd. and Bangladesh Jatiya Samabaya Bank. The link between the government and the cooperatives is the apex organisations.

The agricultural cooperatives are at present mostly engaged in credit, in the distribution of consumer goods and a few agricultural inputs. There is hardly any activity for finance and marketing of agricultural produce of the cooperative members. In fact the cooperatives have not yet stepped into the field of agricultural crops, fruits and vegetables producing and marketing on any significant scale. Pooling, transport, grading, storage, processing, packaging and distribution have not been developed as yet in cooperative sector.

The Bangladesh Samabaya Marketing Society since independence is engaged in procurement and distribution of consumer goods through its 2,823 affiliated societies. For the first time, during the year, it has arranged marketing of 75% of pineapple in Dacca City by transporting the same by hired trucks from the producing areas of Chittagong Hill tracts. It has installed four cold storages during this year in the areas where potatoes are cultivated and produced sufficiently with 1,000 tons capacity each. These will go into operation during the next potatoe season. Also during this year 5 non-cooperative rice milling activities and one non-cooperative cold storage for potatoes have been acquired and converted into cooperative business under this society by purchase from the government. Bangladesh Samabaya Marketing Society (BSMS) is also planning to establish pineapple and mango processing plants with the object of exporting the products. There is also great potential in developing trade in bananas, guava, onions, chillies, garlic and a few other items including fruit jellies which is now under active consideration of the management of the society.

The basic idea of cooperative marketing is to protect the interests of both producers and consumers and for that to ensure maximum prices to the growers and minimum to the consumers. With that end in view the management of the BSMS is planning to step into the field of agricultural cooperative marketing by reorganising its activities and installing more key facilities gradually. Agricultural cooperatives at the primary and secondary level will also be reorganised to enable them to establish solidarity between producers and consumers by modernising agriculture and improving distribution channels and rationalising distributional function by installing all key facilities. Wholesale and primary sttores should be organised and the primary societies in the villages will increase and intensify their activities for a large number of rural people who are to be covered and served by them. Emphasis would be given on planned production for effective marketing. This can be accomplished by organising commodity-wise groups of producers, modernisation of production techniques, supplying production credit and all agricultural inputs, arranging irrigation facilities, providing quality control and grading facilities, imparting training and farm guidance and providing market intelligence facilities to the members. It is necessary to level up the standard of production and consumption and for that purpose the agricultural cooperatives will be required to educate the producers and consumers for awakening them and preparing them for cooperation. Steps for linking credit with marketing will be taken up on a firmer footing. Bulk storage and grading facilities would be organised without involving the farmers in individual costs and storage.

The People's Republic of Bangladesh have embarked upon a plan to reorganise the agricultural and cooperative sector of the country so as to earn self-sufficiency in food. It aims at establishing of a net work of cooperatives covering all 65,000 villages to facilitate a gradual solution of the economic problems. Due to centuries old backwardness hectare yields are far below the world average. Cultivators also suffer in marketing process of their produce. The new cooperatives in the villages will comprise all inhabitants of the working age. Their small plots will be turned into large blocks and would be brought under the new cooperatives for the benefit of large scale farm operation with modern technology, where credit both short-term and medium would be provided, agricultural inputs would be supplied, minimum of consumer goods would be provided, marketing of agricultural produce would be arranged and cooperative education, farm guidance and marketing intelligence would be imparted, This would allow the farmers to work according to an agreed system and a planned pattern whereby they will get the benefits of planning and management, improved implements, farm supplies and guidance, storage and marketing of crops. Rural development through the cooperatives has been given high priority by the Government to bring about economic and social justice through the development of agriculture, dairies, handloom,etc. The country has accepted the goal of socialistic society where economic benefits are intended to reach the small man in order to raise economic and social status through increased production and equitable distribution.

While appreciating the role of International Cooperative Alliance, New Delhi in the development of cooperative movement in South-East Asia, any support, guidance and help in the development of agricultural cooperative marketing in Bangladesh by the ICA will be highly appreciated.

Appendix - A

Crops.

Crops	I97I-72		I972-73		I973-74		I974-75		Remarks.
	Area in acres.	Total production.	Area in acres.	Total production.	Area in acres.	Total production.	Area in acres.	Total production.	
I. Paddy	22975000	9774000	23795000	9930235	23700000	II7I8000	N.A.	II3I9000	(in tons)
2. Wheat	-	II3000	-	90000	-	90000	39I440	II4870	(in tons)
3. Jute	I675540	4I93220	22I4685	65I3900	2I25685	6200000	N.A.	4000000	(in bales)
4. Sugarcane	346895	5685606	3I7I00	53I8323	349200	5882I07	379555	6634795	(in tons)
5. Tea	II0000	26.47	II0000	56.00	II5000	65.00	I06682	70.92	(in million lbs)
6. Oil seeds	5487	996	4520	8I2	3785	683	N.A.	N.A.	(in tons)
7. Potatoes	I88380	740905	I96580	746725	I92250	743620	396405	I573790	(in tons)
8. Tobacco	I0I475	34I75	II6350	39459	II5267	30476	N.A.	N.A.	(in tons)
9. Onion	76375	I57345	77I60	I53I80	76395	I46564	N.A.	N.A.	(in tons)
I0. Chillies	203452	58055	I9I905	5I477	I65I20	43450	I94855	49400	(in tons)
II. Pulses	887955	28I437	777267	222522	762292	202696	N.A.	N.A.	(in tons)
Fruits & Vegetables.									
I. Pineapple	24335	89545	26835	97605	30I60	I09680			
2. Mango	I0I420	3599I5	I02325	336300	I028I5	296I50			
3. Jack Fruit	42895	I86990	43790	I89320	449I5	I94070			
4. Cocoanut	6I370	56470	62025	57395	62280	56830	N.A.	N.A.	(in tons)
5. Banana	93860	586340	92805	576730	92572	578890			
6. Guava	3548	6845	3920	6840	4240	7090			
7. Others	I2370	33848	I2325	32260	I2590	323I5			
8. Vegetables	256965	7I9325	256870	675820	265570	694555			

COUNTRY STATEMENT - INDIA

BY

MR. S.S. ATHWAL

India which extends from 8° 4' to 37° 6' North Latitude and from 68° 7' to 97° 25' East Longitude is a vast country measuring 3220 kms. from North to South and some 2980 kms. from West to East. It has a Coastline of 5,689 kms. Its land frontiers on the western side touch Pakistan, Bangla Desh on the east and China and Nepal on the Northern front. It has three well marked physical regions, each of them vast in dimensions; first, the Great Himalayan mountain system; secondly, the Indo-Gangetic plain; and thirdly, the plateaux of peninsular India, Deccan. Consistent with its vastness is the variety of its relief which is reflected in a wide range of climates contrasting snowy winters of Himalayas to equatorial heat of the south and from high humidity of its eastern parts to dry hot spells of Rajasthan Desert.

2. India is the seventh largest and the second most populous country of the world. According to 1971 census, its population was 548 million of which 80% live in over 550,000 villages. The overall density of population per square kilometre in the country is 178. India is wedded to the basic principle of secularism and even though Hinduism is professed by about 83% of the population, all other minority communities like Muslims, Christians, Sikhs, Buddhists and Jains have full freedom of worship. There is also a variety of languages of which 720 dialects are spoken in different parts of the country. However, the Constitution recognizes 15 principal languages. Hindi is the national language,

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although English continues as a medium of expression which is understood by educated persons all over the country and thus acts as a medium of expression. With all the diversity, the unity of the country is deep and abiding; blending with regional nuances, the people have many common traits and a common cultural heritage.

3. The entire country is divided into 22 States and 9 Union Territories which are the chief administrative units. The Constitution of India demarcates the functions for which the Central Government is exclusively responsible, those for which State Governments are exclusively responsible and those for which the Central and State Governments are concurrently responsible. There has, therefore, been a complete hormoney in the functioning of the Governments at the Central and the State levels.

4. India, which attained Independence in 1947 passed its own Constitution in November, 1949 which came into force on the 26th of January, 1950 declaring it a Sovereign Democratic Republic. The Constitution makes appropriate provisions for the legislative, executive and judicial machinery in the States constituting the Union. The Constitution enjoins upon every citizen invoilable rights guaranteeing equality before law, freedom of speech and expression, free profession, practice and propagation of religion, establishment of educational institutions and the right to property. The Constitution sets up a parliamentary form of Government both in the Centre and the States. Broadly speaking, each of the States has its

own executive, legislative and judicial machinery corresponding to that of the Centre.

5. The Parliamentary system of Government is based on adult suffrage and joint electorates. The legislature of the Union is called Parliament which comprises two houses - the Lok Sabha and the Rajya Sabha and the head of the State is the President who is indirectly elected by elected members of both houses of the Parliament and the Legislative Assemblies of the States. The real executive of the Union Government is the Council of Ministers headed by the Prime Minister. The system of Governments in the States closely resembles that of the Union and consists of Council of Ministers and the Chief Minister with a Governor as the head of the State.

6. Villages in India which, according to Sir Charles Metcalfe, "were 'little republics' having nearly everything they can want within themselves, and almost independent of any foreign relations" lost their solidarity in social and economic sphere with the long centralized colonial rule. The first important task taken up by the Government of India after Independence was, therefore, to bring them into the orbit of a well-knit democratic structure, all the small communities of India living in 550,000 villages to mould their thought and behaviour into patterns compatible with the modern age of science and technology. This brought into being the community development programme in 1952 and the Panchayti Raj institutions. Under the

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community development programme all the villages were divided into 5265 blocks for achieving rural development programmes through peoples' active participation. Within a block a number of village level worker circles were carved, one for 10 villages to take up development work in a coordinated and planned way.

7. The Panchayati Raj institutions which are of three tier structure with village panchayat at the primary level covering a population of about 1500, panchayat samiti at the block level and a Zilla parishad at the district level were created under State Legislations enacted in individual States. The Panchayats are elected by the villagers and there is a close coordination between the panchayati raj institutions, community development staff, cooperative societies and the various Government departments concerned with rural development.

Agricultural Economy

8. Agriculture is the most important occupation in the country and acts as the mainstay of 70% of the total population. In terms of rural population, about 83% earn their livlihood from agriculture. Out of the total geographical area of 328 million hectares, land records are available for only 306 million hectares. An analysis of this area reveals that 112 million hectares including 62 million hectares under forests, are not available for cultivation. About 16 million hectares are being used for non-agricultural purposes and 30 million hectares are barren and uncultivable land. Thus, net area sown for crop production accounts for 141.2 million hectares.

9. Although India owns 1/5th of the world's irrigated area, yet agiculture in India is mainly dependent upon its rainfall as its net irrigated area is only 31.3 million hectares forming about 22% of the net area sown. It is, however, encouraging that quite a large sector of the country is in the assured rainfall zone. For instance, 41 million hectares are in the high rainfall region with average annual rainfall of 1150 mms and above and another 49 million hectares are in the medium rainfall zone where the average precipitation ranges between 750 - 1150 mms. The matter for concern is, therefore, for the remaining 47 million hectares where the annual rainfall is below 750 mms.

10. For the development of irrigation in the low rainfall zone and other areas very large programmes have been taken up in all the four Five Year Plans. Against the ultimate potential of 107 million hectares for irrigation by surface and groundwater irrigation, hardly 22.6 million hectares were tapped upto 1950-51. Upto the end of 1973-74, this tapping will have been doubled to 44.9 million hectares. Of this, major irrigation accounts for 21.4 million hectares, minor irrigation 7.5 million hectares and groundwater 16.0 million hectares. Besides this, India has also made tremendous improvement in the production of power. The installed capacity of all the power projects in India in 1973-74 was 18.87 mKW as against 2.30 mKW before the commencement of the First Plan in 1951-52. This helped a great deal in improving irrigation by

energizing the tube-wells and pumping sets. The number of pumping sets energized has increased from 21,000 to 2.6 million.

11. A number of other development programmes for improving agricultural production have been taken up in India. Important among them are soil conservation, land reclamation and mechanization. Soil conservation has benefited about 3.9 million hectares. There are at present an estimated 1,73,000 tractors of which 58,000 were manufactured within the country during 1970-71 to 1972-73. There are 17 units licensed for the manufacture of tractors with a capacity for 1,47,000 tractors. Of these, only 7 units are so far in production. To meet the growing needs for mechanization, India imported about 47,000 tractors during 1969 to 1972 and 215 combine harvestors.

12. All the above measures, although greately helped in raising the food production but on account of a high rate of population growth, India had continued to import foodgrains. In 1966 the net imports were as high as 10.33 million tonnes. This was, however, checked in the mid sixties when India adopted the new seed- fertilizer -water technology for some of the crops like wheat, bajra, maize and rice. As a result, the imports came down progressively to 2 million tonnes in 1971 and the net imports in 1972 were (-) 482,000 tonnes. The total foodgrain production which is around 105 million tonnes is expected to reach a target of 140 million tonnes in 1978-79.

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13. One of the constraints in rapid growth of agricultural sector have been the appallingly low size of operational holdings. According to a survey made in 1961, it was observed that out of 50 million operational holdings, about 62% held land upto 2.02 hectares and 40% had land below 1.01 hectares. The average holding size for the whole of the country is 2.63 hectares. With a view to improving the conditions of these small land holders, while cooperative farming has been suggested as one of the measures, special programmes were also introduced for their uplift in the Fourth Five Year Plan through the organization of Small Farmers Development Agencies (SFDA) and the Marginal Farmers and Agricultural Labourers (MFAL) Agencies. There were established 46 SFDAs and 41 MFALs. By July 1973, 2.52 million small farmers had been identified of whom 1.20 million were brought under the Cooperative fold. They were given financial assistance for the development of minor irrigation, purchase of milch animals, poultry, etc. to improve their economic conditions. Similarly, 1.1 million participants were identified under MFAL upto 1972-73 who were engaged in works like road construction in rural areas, afforestation, soil conservation construction of godowns and collection of forest produce.

14. Other important programme to which continued attention has been devoted since the begining of the plans is to improve the conditions of a large number of oral tenants who had no rights in land and the landless agricultural workers. The national policy was,

therefore, focussed on the re-structuring of land holdings and elimination of exploitation and injustice within the agrarian system. The principle measures taken in this regard relate to abolition of the intermediary tenures, reforms of tenancy system and ceiling on ownership. Laws imposing ceilings on land holdings have been enacted and about one million hectares of land has been declared surplus of which 0.53 million hectares has already been distributed to landless agri. workers and small land holders. Some further steps are now being taken to bring a sort of uniformity in the land ceilings keeping into consideration varied agro-economic and climatic conditions prevalent in different areas in the country. Expeditious steps are being taken to effect the new ceilings limits.

15. The other disability under which the agriculturists have been suffering was the acute fragmentation of the holdings brought about by generations of heriditary sub-division. With a view to consolidate these holdings into convenient bigger blocks, 13 States have already enacted legislations. By the end of 1972, about 34.4 million hectares of land had been consolidated.

Role of Cooperation in Agriculture

16. The achievements in agriculture as given in the preceding paragraphs had much to draw from the cooperative organisations. They had played a prominent part in the supply of much needed credit to the farmers for the purchase of fertilizers, seeds, pesticides, implements and even, to some extent, consumption

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expenditure. They provided long term credit on comparatively easy terms to enable the farmers to take up land development measures, install tube-wells or pumping sets, sink and repair wells, plant horticulture crops and purchase costly tractors and other machinery. Purchase of bullocks and milch animals are also being financed by the Cooperatives. The role of cooperatives in the marketing of agri. commodities in an orderly fashion and to provide pledge credit to give staying power to the farmer members has not been of mean significance. The Cooperatives have provided to the farmers processing units which helped in the sale of produce after processing and thus secure for them a higher price paid by the ultimate consumer of his produce. In certain cases, the marketing societies purchased produce outright from the small farmers which were incapable of bringing the small marketable surplus to the market. Sometimes such farmers have been provided facilities of transport by the Cooperatives for assembling the produce in the market. The Cooperatives have also been helpful in carrying consumer articles to the farmers at comparatively competitive rates and have been instrumental in carrying out the Government policies to check high prices by entering in procurement and distribution of foodgrains and other consumer goods.

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Cooperation in India

17. Cooperation was introduced in India as early as in 1904 when the first Cooperative Societies Act was passed. It, however, provided only for the organization of coop. credit primaries. Recognizing the need for higher level organizations in the credit structure to give financial support to the primaries and for the organization of other forms of cooperatives including those for the purchase and sale of agri. commodities, a new Act was passed in 1912. Till Independence, the cooperative movement in India remained primarily within the sphere of credit and other types of societies which were very few in number, had either came up by the efforts of some intellectuals or dedicated community leaders or through the Registrars of Cooperative Societies and their enterprising officers who believing, that ''only through cooperative route will India find the way from poverty to plenty', carried on vigorous drives to organize societies in different fields of economic activity.

18. After Independence, with the launching of the Five Year Plans, 'Cooperation' came to occupy an important place in the national economic and social policy. The Plans envisage cooperation as a major form of organization in many branches of economic activity, especially in agriculture, small industry, marketing and processing of agri. produce, supply of inputs and distribution of consumer goods. During the First Plan main emphasis has been on the dispensation of short term and medium term credit by Cooperatives.

It was in the Second Five Year Plan that the Cooperative movement was given a big boost. The programmes in the Second Plan followed the recommendations of the All India Rural Credit Survey Committee (1954) which not only advocated but formulated in great detail an integrated approach to cooperative development including credit, marketing, processing and storage in the rural sector. Basic principles of what is known as integrated system of rural credit suggested by the Committee, are:-

i) The State should participate in the share capital of various types of cooperatives at different levels to provide the initial momentum and strength to Cooperatives;

ii) Credit alone is not an 'Open Sesame' but an important instrument of development which should be an integral part of an overall programme of marketing, processing and other allied economic activities; in other words, linking of credit with production on one side and with marketing on the other;

iii) The operational efficiency of the Cooperatives should be improved by appointing adequately trained and efficient personnel responsive to the needs of the rural people.

19. Cooperatives were also encouraged when the Government of India passed the Industrial Policy Resolution in 1956 emphasising that the principle of Cooperation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed on Cooperative lines. In the Third, Fourth and Fifth Plans much greater stress has been laid on extending the benefits of Cooperatives to weaker sections of the community. Special bad debt reserves were provided to be created in cooperative credit institutions to encourage them to advance production credit to persons of this class. Special emphasis has been laid in the Fifth

Plan for approaching in a big way through the Cooperative system, the backward classes, scheduled castes and tribal people majority of whom have still continued to remain outside the Cooperative fold or who have not been able to take advantage of the existing arrangements.

20. Cooperatives have entered almost all fields of economic activity. Apart from the credit societies and marketing and processing societies organized in agri. sector, credit societies have become very popular in urban areas also. The spread of Consumer's stores in cities has greately helped in recent years in distributing controlled articles and other goods and checking the price rise. The list of societies on the non-credit side has become very large. They include societies for supply of milk and ghee marketing, livestock, fisheries, irrigation, farming, housing, transport, weavers, spinning mills, industrial estates, etc. The societies for rickshaw pullers, washermen and taxi drivers and labour contract societies and forest labourers societies have also become very popular among the weaker sections. In some States work of consolidation of land has been very successfully done for years through the Cooperatives. Land reclamation, poultry farming, agro-service etc. have also been done in some States by Cooperatives.

21. The overall record of performance of the Cooperative Movement since the beginning of the First Five Year Plan has far exceeded its achievements during the preceding 45 years as is evident from the following figures:-

	1950-51	1960-61	1972-73
1. No. of societies (000)	180	330	328
2. Membership (in millions)	13.7	34.2	70.6
3. Share capital (Rs. in million)	450	2220	
4. Working capital (Rs. in million)	2700	13120	85848

Cooperative Agricultural Credit

22. The Cooperative structure for the dispensation of agricultural credit consists of two parts, one dealing with short term and medium term credit and the other with long term credit. The former is based on a three tier system with primary agricultural credit societies at the village level, each covering a population of about 3000-4000, form the base. They federate into Central Cooperative Banks usually one in each district which, in turn, are affiliated to the State Cooperative Bank, one in each State. For long term credit, there is a State Land Development Bank, one in almost each State which operates at the lower level either through its branches or primary land development banks usually established one each at the district level.

23. In 1972-73, there were 1,54,670 primary agricultural credit societies in India, 344, Central Cooperative Banks and 26 State Cooperative Banks. The primary agricultural credit societies covered 95% of the villages and 88% of the rural population. Their membership rose from 115,748 in 1950-51 to 160,995 in 1972-73. At the end of 1972-73, their

owned funds stood at Rs.3225 millions and deposits Rs.843 millions. The owned funds and deposits of the Central Cooperative Banks amounted to Rs.2543 millions and Rs.6466 million respectively. The State Cooperative Banks had a share capital of Rs.1159 millions, deposits Rs.4061 million and a working capital of Rs.8488 millions. The primary agricultural credit societies advanced Rs.6127 millions as short term credit and Rs.1633 million as medium term credit during 1972-73 for agri. purposes as against Rs.229 millions of the two types of advances made by them in 1950-51. These loans are generally disbursed on crop loan basis under which the quantum of credit is related to requirements of crops to be grown and a part of the credit for agri. inputs is given in kind. The internal source of finance of the credit institutions comprises owned funds and deposits but they largely depend on external finance provided by the Reserve Bank of India on concessional rates of interest. The primary agri. credit society which is intended to promote the economic interests of its members, seeks to achieve this aim by promoting savings, providing loans to them, supplying them agri. requisites and consumer goods and arranging for the storage and marketing of their produce. With the increasing reliance placed on the Cooperatives as an instrument of development at the village level, the multi-purpose principle has received a new emphasis and further extension in the idea of a service Cooperative which now reflects national policy.

24. Long term credit in the cooperative sector is directed mainly to support agricultural development plans involving heavier investment with a comparatively slow pace of return. The period for which **loans** are extended by the land development banks, therefore, extends from 7 to 10 years depending upon the purpose for which loan is advanced. There are 19 central land development banks in the country with nearly 1488 primary banks or branches of central banks. The long term loans advanced by the land development banks to agriculturists increased from Rs.13 millions in 1950-51 to Rs.1714 millions in 1972-73. These banks raise their resources mainly by floatation of ordinary debentures, which are supported by the Government, Reserve Bank of India, Life Insurance Corporation of India and Commercial Banks. Besides ordinary debentures, these banks also float rural debentures to mop up rural savings. Another source of finance for land development banks is the Agricultural Refinance Corporation. The land development banks were originally started for providing loans to farmers for discharging of prior debts. Their loaning policies and procedures are now oriented to mainly servicing agricultural development programmes and over 90% of the loans given by these banks presently are for production purposes.

Cooperative Agricultural Marketing

25. The institutions for cooperative marketing were organized for the first time in India after the Cooperative Societies Act of 1912 was passed. They were primarily meant to remove some of the disabilities of the individual agricultural producers who were poor, illiterate and small land holders with little

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staying power. Reluctant to hazard into the unchartered seas of modern marketing system, they preferred to sell the produce at very low prices in the villages. Those bringing the produce to the markets were subjected to a number of malpractices by way of illegal deductions, unauthorised charges, false weights and measures, etc. The marketing societies helped to remove some of those weaknesses by acting for them in the markets and tried to secure for them maximum possible share of the price paid by the ultimate consumer for their produce.

26. During the pre-independence days, the marketing societies had made little impact in the markets although they had well grown in numbers. It was during the planning period that they made a significant progress both in numbers and out turn. It was observed in the Third Plan that "In a planned economy pledged to the values of socialism and democracy, cooperation should become progressively the principal basis of organization in many branches of economic life, notably in agriculture and minor irrigation, small industries and processing, marketing, distribution, supplies, rural electrification, housing and construction and the provisions of essential amenities for local communities. Even in medium and large industries and in transport, an increasing range of activities can be undertaken on cooperative lines. The socialistic pattern of society implies the creation of large number of decentralized units in agriculture, industries and the services. Cooperation has the merit of combining freedom of opportunity for the small man with the benefits of large scale management and organization as well as good-will and support from the community".

27. The cooperative marketing structure in India as obtained today is essentially of federal type. Each State has a state level cooperative marketing federation with primary cooperative marketing societies at the market/taluk level affiliated to it. The State Federations have affiliated at the national level to form a National Agricultural Cooperative Marketing Federation (NAFED). At the base level, the membership of the primary cooperative marketing societies comprises village agricultural credit societies and individual growers. In certain States, district marketing federations are also functioning in between. They were set up in the forties and early fifties as channels of commercial trade. In those days, the number of primary marketing societies in the States was too small to cover even the important markets and the State level federations had also not come up except in a few States. The district unions/federations, therefore, served to offer institutional facilities of supplying consumer goods and agricultural requisites besides marketing of agricultural produce in a limited way. Recently, however, considering the need for viable marketing societies at the market level, some of the State Governments have been discouraging the district level federations which are being divested of the functions normally performed by the primary marketing societies. In one State, the district unions have been converted into cooperative wholesale stores.

28. For general marketing purposes, there have been established in India, 2685 general purpose primary marketing societies covering almost all the secondary or wholesale marketing centres in the country. They are affiliated to 22

State marketing federations which are further federated into a national body. Besides, there are 149 district/regional marketing federations affiliated to state marketing federations. For handling specialized commodities grown predominently in certain areas, specialized primary marketing societies have also been organized. Their number is 577. They have been established to handle generally individual commodities like cotton, fruits and vegetables, Arecanut, Tobacco, Coconut, Sugarcane and some other such types of commodities. They have 220 of their own district level federations (including 203 sugarcane unions) and 6 state level federations. Two more national federations, one for the cooperative sugar factories and the other for cooperative spinning mills are actively functioning to guide and help their members in the performance of their functions.

29. During the past 20 years of planned development, the cooperative marketing societies have made a spectacular progress in the marketing of agricultural produce. Whereas in 1955-56, they handled agricultural produce worth Rs.530 million, their turn-over in 1973-74 was over Rs.11 billion. Their objective is to reach the target of 19 billion in 1978-79 (the last year of the Fifth Plan). Among the commodities handled in 1973-74, sugarcane accounts for Rs.4.40 billion, foodgrains Rs.3.55 billion, cotton Rs.2.04 billion and the balance Rs.1.01 billion is made up by oil-seeds, plantation crops and other crops. The performance of cooperatives has been uneven among different States as well as for different areas within a state due to various weaknesses. Steps are being taken to revitalize the weaker societies. The thrust of the current development programmes is to further strengthen the marketing societies, more

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particularly in areas with heavy concentration of 'high yielding varieties programmes' and the areas of SFDA and the MFAL agencies. To remove the regional imbalnces, active interest is also now being taken to develop cooperatives in tribal and backward areas under special schemes offering them larger concessions and facilities.

30. Increasing interest has been taken by marketing cooperatives at various levels in the inter-state trade and export trade in agricultural commodities. During 1973-74, commodities worth about Rs.256 million were exported of which sugar alone accounted for Rs.225 million. The other important commodities exported were coffee, groundnut cake extraction, cotton seed extraction, pulses, onions, spices, rice bran oil, gunny bags and cattle feed. The inter-state trade in agricultural produce amounted to Rs.194 million in 1973-74.

31. Organization of viable agricultural processing units by cooperatives has all through been encouraged by advancing loans on easy terms. There are two distinct patterns of cooperative processing units; one representing those organized by independent societies established for the purpose and the other units have been established by marketing cooperatives as adjuncts to their marketing business. Among the first category fall by and large, big industrial units like sugar factories, solvent extraction plants, fertilizer factories and spinning mills. In some areas, cotton ginning units, rice mills, fruit and vegetable processing units and cold storages have also been set up as independent units. Medium and small units such as rice mills, oil mills, jute baling plants, dall mills and cotton

ginning and pressing units fall in the second category. At the end of 1973-74, of the 1856 cooperative processing units organized, 1544 had been installed, of which 708 were rice mills, 4 rice bran oil units, 32 dall mills, 91 sugar factories, 22 spinning mills, 6 solvent extraction plants, 13 cattle feed plants, 1 jute mill, 81 cold storages, 2 dairy units and 13 tea processing units. About 1260 units have been established as adjuncts to the marketing societies.

32. Among the cooperative processing units, sugar factories have been by far the most successful. During 1973-74, the 91 cooperative sugar factoires in production produced 1.27 million tonnes of sugar covering about 40% of the total sugar production in the country. The total number of cooperative sugar factories licensed so far is 179. On the completion of un-installed units within the Fifth Five Year Plan, cooperative sector will occupy a dominent position in the manufacture of sugar in India.

33. Much emphasis has been laid in the last two decades in creating storage capacity with the cooperatives to enable them to offer to their clients efficient service in supply of agricultural requisites and consumer goods and in advancing pledge loans. Assistance was provided to societies by way of loans and subsidy to meet the cost of construction. Upto 1973-74, assistance has been provided for construction of 20,271 rural godowns and 4,856 market level godowns involving a total capacity of 4.21 million tonnes. As against this, 14,944 rural godowns and 4,057 marketing godowns have been completed with capacity for 3.23 million tonnes. Out of the 128 cold storages organized,

81 have been installed with a total storage capacity of 0.1 million tonnes.

34. In addition to the cooperatives referred to above, in-so-far agricultural sector is concerned, encouragement has been given for the organization of milk supply societies and unions, livestock product societies, farming societies and irrigation societies. Their number in 1972-73 was 14,854, 1,898, 9,454 and 4,384 respectively.

35. For a study of the growth in the number of marketing and processing societies, their membership, purchases/production and sales, the relative position is compared below for the years ending 1960-61, 1965-66 and 1972-73:-

Type of society	Number 1960-61	65-66	72-73	Membership (000) 1960-61	65-66	72-73
Marketing	3108	3198	3268	1467	2280	3000
Cotton ginning & pressing	128	155	187	59	106	150
Other processing	3103	1894	1077	121	197	199
Sugar factories	66	78	149	177	296	635
Farming	3184	7295	9454	88	188	257

	Purchases/Production (Rs. in million)			Sales (Rs. in million)		
Marketing	638	2099	3165	1059	3169	7161
Cotton Ginning & pressing	-	-	-	85	174	563
Other processing	-	-	-	47	36	107
Sugar factories	435	1121	2568	299	894	3129
Farming	16	48	94	16	43	95

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Cooperative distribution of agricultural inputs and consumer goods

36. The cooperative marketing and processing societies have largely diversified their business so as to take up distribution of fertilizers, seeds, pesticides, agricultural implements and machinery and consumer articles generally needed in the rural areas. Out of the 3262 primary cooperative marketing societies, 2011 had undertaken to distribute agricultural requisites and 1893 consumer goods. For distribution of fertilizers and other agricultural inputs, the Cooperative system in the States generally comprises the state marketing federation as the wholesaler, the primary marketing society at the rail-head level as the sub-wholesaler-cum-retailer and the primary agricultural credit society as the retailer. This structure has been evolved after a lot of pursuation and follow up. During 1972-73, the cooperative distribution system distributed fertilizers worth Rs.3220 million as against Rs.2882 million worth of fertilizers handled in the preceding year. These may be compared with 1961-62 when the turn-over of the cooperatives in fertilizer distribution was about 1/10th of the present level. To enable the state marketing federations to make adequate arrangements for financing the distribution of fertilizers and other inputs, they have been provided financial assistance through the State Govts. towards margin money required by banking organizations. Upto the end of 1973-74, such margin money amounted to Rs.123.6 million. The cooperatives are distributing fertilizers through

42,316 retail sale-depots, some of which are located deep in the interior of the country-side. Since the fertilizer distribution is controlled by the Govt. of India and the private and public sector are also undertaking this trade, the cooperatives are competing the private sector in this business at an uneven level. While the cooperatives, as a system, are obliged to carry fertilizer to the remotest points, the private sector satisfies itself by sales at the rail-heads and earning a comparatively high margin which in itself is too small to meet the distribution costs. But for these handicaps the cooperatives with their organization and resources would have done still better in fertilizer distribution business.

37. The cooperatives have also set up 15 granular units for mixing fertilizers and 14 soil testing laboratories. A big fertilizer factory is under installation in the cooperative sector at a cost of Rs.1000 million. Another licence has recently been issued for similar unit in the cooperative sector. This is expected to come up within the Fifth Plan. A heavy engineering cooperative has been registered for the manufacture of sugar factory machinery. The project report for this programme has already been prepared. The cooperatives have also taken keen interest in the distribution of seeds, pesticides and agricultural machinery. During 1972-73, their turnover in these regards was Rs.886 million whereas in 1961-62, they handled these inputs worth Rs.82 million only. It is now contemplated to establish large seed development projects in the cooperative sector for production, processing, storage and marketing of improved seeds with active involvement of apex

marketing federations, State Cooperative Banks and the agricultural universities. The cooperatives have also set up 6 pesticides formulation unit out of 7 for which financial assistance was extended. Assistance for establishment of 72 agro-service centres has been extended to the cooperatives to enable them to offer facilities for servicing and repairing farm machinery and equipment used by the farmers and to provide tractor custom service, more particularly, to small farmers for better agricultural operations. Keeping in view the advantage of harvesting with harvest combines, 2 of the State Marketing Federations have been offering custom service of combines on a very large scale to the farmers. They are now proposing to expand this activity further by adding more combines to their fleets.

38. As regards distribution of consumer articles, while the urban areas are served by the cooperative consumer stores, the supplies to rural areas are met by marketing societies and village societies acting as sub-wholesalers and retailers. As already mentioned, about 1893 marketing societies have undertaken this business and among the primary village cooperatives, more than 49,000 are carrying on this supply service. The main articles distributed in the rural areas are sugar, tea, vanaspati oil, salt, kerosine oil, matches and coarse variety of cloth. In the marketing centres, some of the marketing societies cover a wide range of goods through their retail shops besides undertaking procurement and supply of the articles required by the village societies. The value of

consumer goods distributed in the rural areas amounted to Rs.1634 million in 1972-73 as against Rs.280 million a decade ago. These cooperatives are playing an important role in keeping the prices in check and to protect the interests of consumers, especially those belonging to weaker sections of the community. In certain states, the wholesale distribution of levy sugar has also been entrusted to the state cooperative marketing federations.

Other Agricultural Cooperatives

39. In 1972-73, there were 14,682 milk supply societies with a membership of 1.23 million and a total working capital of Rs.255 million. While bulk of these dealt with only fresh milk, 69 were engaged in processing of milk into butter, ghee, cheese and condensed milk. Some of them were also concerned with the manufacture of cattle feed for their members. Their annual turn-over was of the order of Rs.705 million. There were also 171 unions of these societies at the middle level and one state union in one of the States. Similar to the milk supply societies, there were 155 societies and 6 unions which were engaged in manufacturing ghee (clarified butter).

40. Poultry farming is getting very popular in India and the persons from weaker sections are now being increasingly encouraged to take up this work. There were 944 poultry societies and 5 unions in India in 1972-73. They served a membership of 37,700 from 8468 villages. Their working capital amounted to Rs.25 million and their turnover amounted to Rs.22 million.

41. India, with its long coast and a number of perennial rivers and streams, has a great potential for marine and inland fisheries. For the exploitation of these resources, millions of fishermen are engaged in fishing operations. Having been poor and without resources, they generally suffered from exploits by the big contractors. They are, therefore, be encouraged to form cooperatives to enjoy the ownership of facilities enjoyed from contractors. There were in 1972-73, 4615 fisheries societies of all types of which primaries numbered 4551 and their central and state unions were 58 and 6 respectively. Their membership was 0.5 million and their working capital Rs.208 million. They sold fish both in fresh form as well as in the form of products. Their annual turnover in 1972-73 was Rs.111 million.

42. Cooperative societies for the development of irrigation have done a commendable service to their members in certain states by organizing pumping sets on perennial streams. The number of such societies in 1972-73 was 4384 and they had a membership of 1,55,189. With their working capital of Rs.141 million, they completed works involving Rs.14 million during the year. Upto the end of 1972-73, the value of works executed by them amounted to Rs.98 million.

43. Farming cooperatives are yet another type of agricultural societies which have been sponsored by the Government since 1958. There are mainly two types of these societies called 'collective farming' and 'joint farming'. In the former type, the land is held by the society in its own name while in the latter the land is individually owned by the members but pooled and pledged to the society for farming

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purposes. The two formed roughly equal proportions in the total number of 9454. During 1972-73, their membership was 2.57 million of which land holders accounted for 86,159. The rest were agricultural labourers and others. Their command area was 0.5 million hectares but they cultivated only 0.36 million hectares. Their working capital amounted to Rs.195 million and their sales amounted to Rs.95 million.

44. Consumer cooperatives have recently assumed a much greater importance in India. They generally have a three tier structure in a State with a primary cooperative store affiliated to a wholesale store and the latter to the State consumer cooperative federation. In certain cases, wholesale stores directly retail through their branches. There is a national federation of consumer federations/stores at the all India level. There were in 1972-73, 13,400 primary consumer stores with 2215 branches, 382 district wholesale stores with 2281 branches and 18 state fedns./wholesale stores with 35 branches. The membership of the primary stores was 3.5 million, that of wholesale stores 1 million and of State level stores and federations 1521 of which 905 were individuals. The sales at the primary, central and state level stores in 1972-73 amounted to Rs.1827 million, Rs.1650 million and Rs.314 million respectively.

45. One of the big ventures in which growers have entered through the agency of their cooperatives in the establishment of spinning mills. There are 19 spinning mills exclusively of growers of cotton and 12 of mixed type

with growers and weavers as members. The total membership of these two types comprised 9320 societies and 125,804 individuals. Their total spindlage was 442,412 and a working capital of Rs.409 million. The value of finished goods sold by them amounted to Rs.191 million in 1972-73.

Agencies for Planning, Promotion and Financing of Cooperatives.

46. At the level of the Central Govt., the deptt. of Civil Supplies and Cooperation in the Union Ministry of Industry and Civil Supplies is in-charge of matters relating to planning, promotion & financing of cooperative agricultural marketing, processing, storage, supplies, consumers, training, farming and weaker sections of the community while credit is dealt with in the Ministry of Agriculture and Irrigation. Other subjects relating to housing and transport are handled in the Ministries concerned with these sectors.

47. At the state level, all aspects of the cooperative movement are administered in the State Cooperative Deptt. with Registrar of Cooperative Societies as the head of the Department. He discharges the statutory responsibilities envisaged in the state cooperative law and undertakes promotional, developmental and coordination functions. In certain states, the cooperative sugar factories, spinning mills, dairies, etc. are dealt in the concerned subject matter departments. At the Government level in the States, cooperation is primarily dealt in the Department of Agriculture and Cooperation. The Registrars of Cooperative Societies conduct the statutory audit

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through a separate staff working under him but in one State, task is undertaken by staff of the State Finance Department.

48. In addition to above Govt. organizations, there are two major institutions, the Reserve Bank of India and the National Cooperative Development Corporation (NCDC) which are vitally concerned with the cooperative movement. The purview of the former extends to the sphere of cooperative credit while the latter undertakes planning, promotion and financing of cooperative marketing, processing, storage and supplies. The NCDC was created in March, 1963 under an Act of the Parliament on the recommendation of the All India Rural Credit Survey Committee. In its promotional role, the National Cooperative Development Corporation has been planning and developing a strategy for expansion and diversification of cooperative activities laying emphasis on structural improvements and on forging an effective link between cooperative credit and cooperative marketing for promoting an integrated system of cooperative credit. It has also addressed itself to promotion of operational efficiency of cooperatives. It has prepared a number of blue prints for guidance of cooperatives interested to set up processing units. Assistance is even provided for preparation of project reports. This Corporation (NCDC) has been instrumental in preparation of plans for cooperative marketing, processing, supplies and storage, in provision of financial support to the cooperatives for making them strong and efficient and to enable them to set up processing units, agro-industries and to distribute agricultural requisites and consumer goods. It has so far advanced financial assistance to the tune of Rs.218.3 million for various

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programmes of cooperative development. in India.

49. The Reserve Bank of India, besides acting as an advisory and coordination body at the national level for development of cooperative credit, also undertakes to provide accommodation to state cooperative banks for short-term and medium-term loans for seasonal agricultural operations, marketing of crops and cottage and small scale industries. The total credit limits sanctioned by the Bank in 1970-71 amounted to Rs.3911 million. The Bank also maintains a National Long-term Operations Fund from which assistance is provided to the State Governments for participation in share capital of cooperative credit institutions at all levels. A National Agricultural Stabilization Fund is also maintained by the Bank to help the societies to convert short-term loans into medium-term loans where natural calamities incapacitated the borrower members of a society to repay the loan.

50. The State Bank of India has also been playing an important role in financing cooperative marketing and processing societies including sugar factories to raise working capital finance. Of late, nationalized commercial banks have also entered this deal and are making significant contribution by helping the cooperatives to increase their turn-over.

51. The National Cooperative Union of India which is a national level organization of all the national and state level cooperative federations, is dealing with cooperative training through the National Committee for Cooperative Training which is running a national institute and a number of cooperative training colleges. At the State level there are State Cooperative Unions which are federations of the

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district level unions. The National Union carries on its job relating to promotion of Cooperation and Cooperative education through the State and district organizations.

THE FUNCTIONS OF COOPERATIVES IN MARKETING AGRICULTURAL PRODUCTS IN INDONESIA

By: Imam Chourmain (Indonesia)

1. INTRODUCTION

In order to keep up with the extension of development and with the intensive economic progress, the advancement of cooperatives has been greatly sped up. During the first years of the Five Year Plan their advancement was directed towards the purification of their principles, namely that they are both social and economic institutions. During the present stage of their consolidation, the stress is being laid on improvement of organization, management and administration, though the attention to the pure cooperative ideology is not lessened.

The Constitution of 1945, especially its paragraph no. 33 article 1 and its official authentics explanation, gives a difficult task to Cooperatives to carry out an Indonesian economic system on the basis of family spirit. Decree no. IV 1973 of the Council of People's Representatives on the Outline of National Course also gives directions concerning the roles and fuctions of Cooperatives in development.

Therefore, the growth of Cooperatives should be guided along pure Cooperatives principles, so that cooperatives can become the main pillars to support democracy in economy.

Cooperatives can form an important organization in the realization of development, because they increase the production and income of their members, and distribute the income more fairly among the members, and also because they create and widen employment opportunities.
In this way Cooperatives are a tool to settle social discrepancies, in that they are organization for economically weak social groups which form the majority of the Indonesian population. These social groups comprise, among others, hired landless farmers, farmers with small plots of land, transmigrants, fishermen, small-scale industrialists, etc. Cooperatives also open up more opportunities for small-scale business people to improve and extend their trades.

In the First Five Year Pland and at the beginning of the Second Five Year Plan the Government succeded in creating a favourable sphere for the growth of Cooperatives, in eliminating political influences from the life of Cooperatives. The Government also introduced some innovations and various laws and regulations to guarantee the progress of the Cooperatives. As concerning capital for Cooperatives, the function of Lembaga Jaminan Kredit Koperasi (Institution for Insuring Cooperative Credits) greatly helps the Cooperatives in their businesses. The programs of education, information and guidance have also bettered and improved the organization and management of the Cooperatives. And this has got people's appreciation and has won their trust in the functions of Cooperatives.

2. STATUS AND PROBLEM

The results of development activities in general have had good influence on the growth of Cooperatives. This could be seen
1) from the increased numbers of Cooperatives by the year (Table 1) :

TABLE 1

Number of Cooperatives

(Primary, Central, Associated and Head) 1972 - 1974.

LEVEL	1972	1973	1974
Primary	17.261	18.970 *)	20.730 **)
Central	669	683 *)	493 **)
Associated	119	127	111
Head	15	15	15
Total	18.054	19.795	21.349

*) Corrected number, comprising 272 primary KUD and 1 Central KUD

**) Comprising 1.624 primary KUD and 5 Central KUD.

2) The number of Members of Cooperatives also shows an increase (Table 2)

T A B L E 2

Number of Members of Primary Cooperatives 1972-74
(read in units of thousands)

S o r t	1972	1973	1974
Members of all sorts of Cooperatives	2.791	2.972 *)	3.145
Members of Agricultural Cooperatives	1.432	513	424 **)
Members of non-agricultural Cooperatives	1.359	2.359	2.721

*) Corrected number

**) This increase in number is acused by incorporation of Primary Cooperatives into the KUD (village cooperative/cooperative on village level).

The growth of capital of Cooperatives also shows a rising trend. If in the year 1972 the amount of the capital was Rp. 17.580.065,—, in 1973 it became Rp. 21.858.733.546,—, and in 1974 it became Rp. 25.910.418.511,—.

T A B L E 3

Capital of Cooperatives
1972-74
(in rupiahs)

L e v e l	1972	1973	1974
Primary	6.013.614.520,—	8.426.832.592,—	12.544.794.728,—
C entral	2.717.187.718,—	2.308.166.754,—	2.442.863.204,—
Associated	1.335.580.709,—	1.497.932.896,—	1.286.909.225,—
H e a d	7.514.597.118,—	9.625.855.304,—	9.625.815.304,—
Total	17.580.980.065,—	21.858.733.546,—	25.910.418.511,—

Lembaga Jaminan Kredit Koperasi (Institution for Insuring Cooperatives Credits) has given great help in the growth of the capital of the Cooperatives, and for this purpose the Government has prepared funds through the LJKK amounting to Rp. 5.940.084.000,— to insure through the LJKK the credits for the Cooperatives (including the BUUD/KUD) in their activities in the sectors of agriculture, fishery, plantations, cattle breeding, handicraft and services. As of May 1975 the amount insured by the LJKK was more than Rp. 89.651.996.190,—.

The function of BUUD/KUD (the number of which was 633 in 1972, 2.630 in 1973 and 3.119 in 1973) has been very great in preparation of foodstuffs, and very important for the control of the prices of the main food, especially rice; in this way the prices of food can be stabilised.

For the provision of necessary equipment for BUUD/KUD, the Government has not only prepared rice hullers and rice milling units, but has also built 1000 storage houses and 1000 drying floors for the BUUD/KUD throughout Indonesia.

To government rice milling units have been given to BUUD/KUD, namely, one in Krawang, West Java, to the local Central KUD, and the other in Klaten, Central Java to the Central KUD of Central Java.

In order to support the activities in the production of rice and second crops, the BUUD/KUD have distributed fertilizers and insecticides. For this purpose the Directorate General of Cooperations has cooperated with distributors and importers of fertilizers and insecticides, so that these items have been channeled successfully and their distribution has shown steady progress (Table 4).

TABLE 4

Distribution of Fertillizers and Insecticides

Planting season (P.S)	BUUD/KUD	Distribution of fertilizers insecticides (in kilogram)	
P.S. 1973	1.035	67.930	—
P.S. 1973/74	1.623	350.000	30.000
P.S. 1974	1.668	217.000	523.884
P.S. 1974/75	2.254	466.158 **)	1.052.844 *)

*) Data as of March 20, 1975

**) Including distributions by :

2 Puskud = 13,236,25 tons

152 BUUD/KUD Inmas Projects (T2P2) in 9 kabupatens amounting to 6,200,72 tons.

In the growth of their activities Cooperatives have developed in the fields of fishery, people's cattle breeding, plantations, small-scale industry and opening of transmigration regions. All cooperative activities have been unified in BUUD and KUD, which are cooperative units that are and will be developed into Indonesian cooperative organizations in the future.

The problems that are still faced by the cooperatives are problems concerning their organization and management. These problems are tried to be solved in the following methods :

1) by research activities : these activities are initial stage activities looking for facts for the advancement and development of cooperatives in many aspects an d for the preparation an d planning of cooperative programs and projects which are really desirable. In these activities scientific institutions and universities are made to participate in actively doing research work together with the Cooperatives.

2) by activities of training and education, that form qualified cadres for Cooperatives. Since 1972, a lot of cadres have been trained both by the Cooperatives and by the government, in order to improve the quality of management and organization of Cooperatives.

3) by information and guidance: these activities have the purpose of improving the knowledge and consciousness of cooperatives, and also of giving technical guidance about problems in management, organization and the activities of Cooperatives.

4) by the advancement of administration for Cooperatives: this activity is still directed mainly to primary Cooperatives; this comprises activities concerning the simplication of organization.

Activities and Functions of Cooperatives in Marketing of Agricultural Products :

In marketing agricultural products, transactions with consumers are generally done in cash (95,76%), and only 4,24% are done on credit basis, a habit that is different from the one in developed countries. This includes consumption of big amounts of agricultural products, for example. by hotels, restaurants and factories.

In marketing of wholesale agricultural products where Cooperatives also function, the Cooperatives form the links between the producing farmers and the retailers. In this case the products which are generally marketed are wholesale rice, vegetables and fruits.
A brief illustration of wholesale of these two kinds of products (which occupy 65% of the market for agricultural products in Indonesia), especially of rice, is as follows :

Rice which is regarded as the strategic foodstuff by the Government for government officials and the Armed Forces, is distributed through the Badan Urusan Logistik or BULOG (Office of Logistics), which has the task to collect and distribute this strategic foodstuff. Its activities concerning rice (from farmers/people) are as follows :
FARMERS —— COOPERATIVES/RETAILERS —— BULOG —— CONSUMERS.
The distribution activity by BULOG deals with 10% of all circulated rice. The other 90% is distributed through free markets with a distribution structure as the following : FARMERS —— RICE MILLS —— GROSSIERS —— RETAILERS —— CONSUMERS. After rice, the second important foodstuffs for the people are vegetables and fruit, whose marketing structure is as follows : FARMERS —— GROSSIERS —— MIDDLEMEN —— RETAILERS —— CONSUMMERS. Since the marketing of vegetables and fruit has to face many risks (rotten, damaged), the salesmen usually ask relatively higher profits or prices than do rice sellers. If, for example, the profit aske d for rice is 1-5%, for fruit/vegetables it would be about 10-34%. From this picture it is clear that, compare to the vastness of production and marketing, the function of Cooperatives in marketing agricultural products, particularly of rice, is only about 10%.

This situation is running parallel to the objective conditions faced by the Cooperatives in Indonesia at present.
Particular conditions and difficulties which are faced by the Cooperatives in their participation in marketing are caused by two factors:

1) Lack of capital or late presence of capital for wholesale purchase.
2) The buying price which stated too low, In order to protect the interests of producers and consumers, regulations are often made to regulate a commodity by fixing its buying price from the producers. It often happens that the price fixed is too low for the farmers, and the consequence is that the farmers are unwilling to sell their

products to the Cooperatives. This opportunity is often made good use of by wholesalers and middlemen who offer a better price than the Cooperatives, in order to break the fixed system. In order to help the situation the Cooperatives try to buy the products at the real market price. The qonsequence of this situation is, that farmers do not always channel their products through the Cooperatives, and this also lessens the opportunity for the Cooperatives to market the products.

3) Lack of experience on the part of the Cooperatives themselves. It is a fact that not all Cooperatives have the same level of progress and experience at the time the job is given to them. Nor can the skills and qualifications of Cooperatives be automatically bettered or improved by Government regulations so as to be able to participate in marketing.

The difficulties experienced by the Cooperatives and the lack of their functions as well as the inappropriateness of the whole system are caused by the following factors :

1) Lack Price Information mechanisms: Both the consumers and the producers suffer because there is no good information about market prices; efforts to improve this situation are still made.

2) Marketing institutions are not well organised. In order to prevent trade from becoming a business of speculation, standardization of commodities should be applied, and the organization of existing marketing institutions should be perfected.

3) Lack of marketing facilities: especially in wholesale business there is felt a freat need for warehouses, inefficiency of transportation systems, as well as for efficient facilities of communication, credits and banking.

Such is a short description of the functions of Cooperatives in marketing agricultural products in Indonesia nowadays. It is still a long way to go, and there is still time enough to improve the functions of Cooperatives in marketing of agricultural products. What may happen will greatly be decided upon by the growth and advancement of the Cooperatives themselves as people's economic organizations that have to compete with other forms of economic organisms in a mixed economic systems.

= This paper is presented at the Regional Seminar on "Agricultural Cooperative Marketing with special emphasis on Distribution method", Tokyo, Japan 2 - 22 September, 1975 =

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AGRICULTURAL COOPERATIVE MARKETING IN KOREA

- with Special Emphasis on Distribution Methods -

Mr. Eun-Sung Lee
Mr. Jung-In Lee

NATIONAL AGRICULTURAL COOPERATIVE FEDERATION
75, 1-KA CHOONGJUNG-RO, SUDAEMOON-KU
SEOUL, REPUBLIC OF KOREA

CONTENTS

I. Agricultural Cooperatives in Korea

1. Historical Background

The Korean agricultural cooperative in its present form has only 14 years history.

Over a decade ago, however, there were two competing organizations in the rural area of Korea : one was the Agricultural Bank established in 1956, which dealt exclusively with agricultural credit, and the other was Agricultural Cooperative organized in 1957 for the explicit purpose of financing farm operations and engaging in various cooperative business for farmers.

But the recurrent malcoordination between the two organizations and the resulting inefficiency led to merging the two organizations.

In August 1961, in compliance with the new Agricultural Cooperative Law, the Agricultural Bank and Agricultural Cooperatives were merged into the present agricultural cooperative system, opening the way for multipurpose agricultural cooperatives on the basis of morden cooperative principles.

2. Organization

Agricultural cooperatives in Korea are nationally organized at three different levels : primary cooperatives at the township level, county cooperatives at the county level, and the National Agricultural Cooperative Federation at the national level.

Besides these general-purpose cooperatives, special cooperatives such as livestock and horicultural cooperatives are also organized by those farmers who are engaging in those types of farming.

As of 1974, 1,545 primary cooperatives and 140 county or city cooperatives are organized. In addition there are now 142 special cooperatives, which consists of 97 livestock and 45 horticultural cooperatives.

City or county cooperative is an association of primary cooperatives and the National Agricultural Cooperative Federation is an affiliation of county or city cooperatives and special purpose cooperatives.

The function of the NACF are quite different from those of cooperative federations in other countries. It directs and coordinates in total the activities of agricultural cooperatives in Korea

3. Major Activities

Individual agricultural cooperatives engage in wide range of activities such as supply of farm inputs, marketing of farm products, agricultural credit service, mutual insurance, research, farming and managerial guidance, and education to the farmers and employees. In fact, agricultural cooperatives are related to all economic and social activities of farmers.

These agricultural cooperative activities has been rapidly expanded since their inauguration as the multi-purpose cooperatives.

II. Agricultural Cooperative Marketing in Korea

1. The Role of Cooperative Marketing

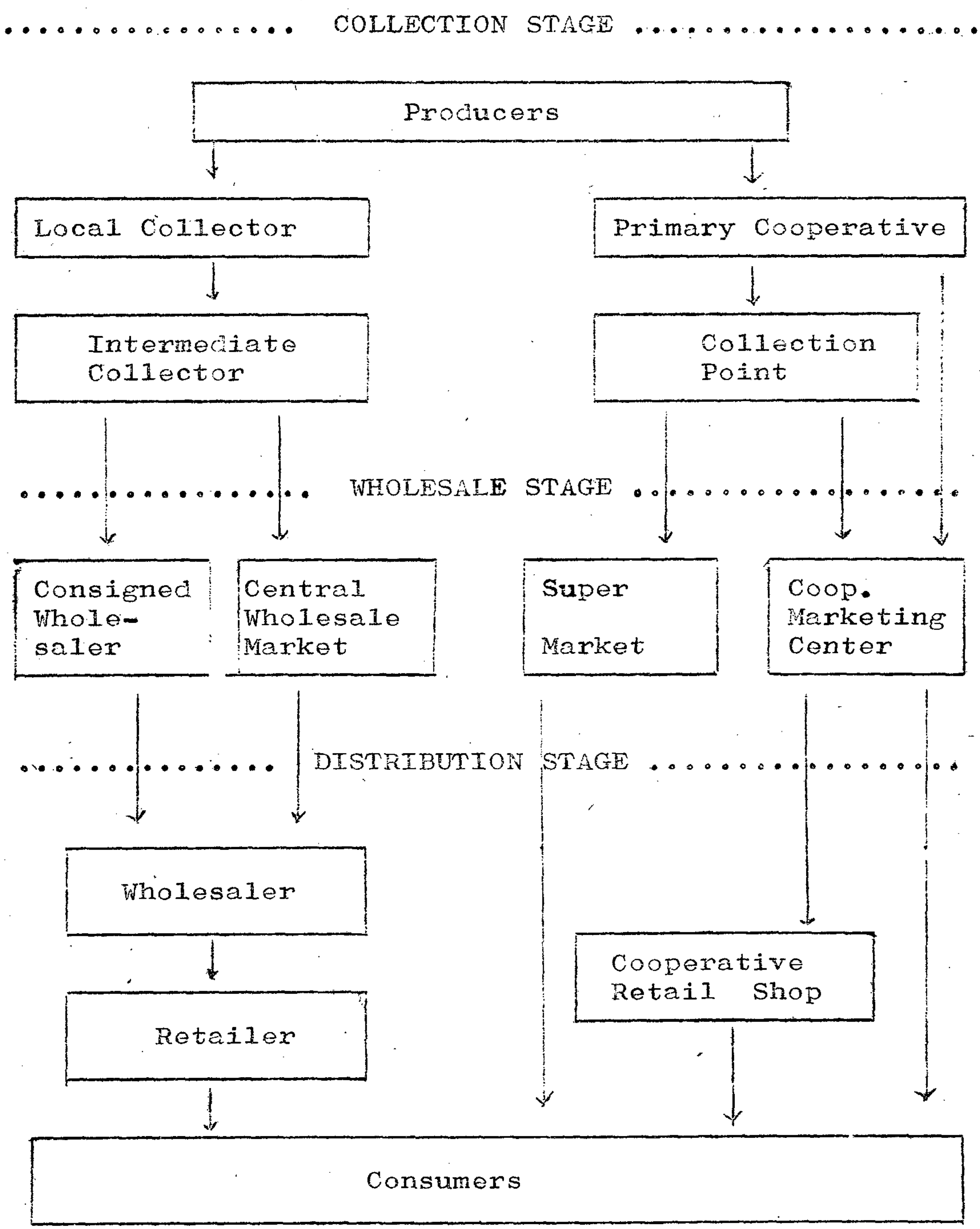
Since early 1960's, Korean agriculture has experienced a slow transformation from subsistence farming to commercial farming while the industrial sector has developed rapidly due to the economic development plans implemented successfully. At the same time, agricultural marketing has drawn attentions of policy makers, farmers and scholars as well, for farmers income to the large extent depends on it. The agricultural cooperatives have, therefore, made extensive efforts in expanding marketing business.

Is most cases, farmers products reach to consumers through at least 6 steps in the marketing process. The steps are, however, decreased to 2 or 3 ones in case the products are marketed through the collection points or the cooperative marketing centers. Moreover, marketing costs are significantly reduced as larger quantity of produces is marketed at one time. As a result, the marketing margins of most of the products have been reduced to benefit both producers and consumers. For instance, the marketing margin of rice is 11.1 percent in the merchant markets. But it is 8.9 percent in case the cooperative marketing channels are used. Further, the differentials in the margins between the cooperative and merchant are 36 percent for sweet potato, 6.7 percent for cabbage, 3.2 percent for apple, and 1.9 percent for egg respectively.

Unit : 100 million won

	1971	1972	1973	1974
Total Agricultural Production	9,614	11,712	13,109	17,420
Total Agricultural Products Marketed	4,828	6,110	7,380	10,069
Through Cooperative Market Channel	664 (13.7%)	803 (13.1%)	1,300 (17.6%)	2,079 (20.6%)
Through Non-cooperative Market Channel	4,164	5,307	6,080	7,990

Marketing Channels of Agricultural Products



2. Stratigies to Foster Cooperative Marketing

The cooperative marketing has been expanded rapidly in terms of both the volume and variety of agricultural products marketed. The market share of the cooperatives, however, was merely 21 percent in 1974.

In this light, the NACF has adopted a multilateral stratiges accelerate cooperative marketing since 1972. Since then the emphasis on NACF business has been shifted from the banking business to marketing business. The goal of the measures is for the cooperatives to market of the farm products.

A. Commodity Group Development

A commodity group is organized by 20 to 50 farmers in general to produce the most profitable crops cooperatively under the given environment to increase their income.

The member farmers work together, from planting to harvesting tasks, even though there are slight differences in management of each group. The harvested products are carefully graded, and inspected jointly to be marketed at the most favorable prices through the cooperative marketing channel. There have been 7 thousand commodity groups around the country, and the number is expected to increase to 10 thousand in 1975.

B. Standardication of Farm Products

The 18 agricultural products including rice and apple have been designated to be graded and packaged according to the instructions specially made by NACF. To improve packaging practices, straw bags are substituted by paper bags for rice packaging, and wooden box by corrugated paper one for fruits packaging. Also, every package of the major products are labled with the name of the producer, species of the products, volume, weights and other necessary information related to the product.

It is planned that 0.7 million paper bags, and 11 million corrugated paper bags, and 2 million label will be distributed to the producers in 1975. Also substantial part of the marketed products are inspected by the NACF. During 1974, 57 percent of the total products marketed was inspected. As grading, packaging and inspection require some experiences and techniques, training courses on the respective fields are offered twice every year.

C. Cooperative Sale

The farm products produced by the commodity groups collected at the marketing centers of the primary cooperatives to be sold to consumers in urban areas.

D. Circuit Collection by Trucks

Where the trucks can travel farm products are collected and transported by the trucks of the primary cooperatives. In 1975, 700 trucks of the cooperatives will be mobilized.

E. Shipment Ticket System

When a producer consigns his products to a primary cooperative for marketing, he receives a ticket from the cooperative, which contains informations on the product consigned. Then, the cooperative markets the products and the proceeds are automatically transfered to the producer's account. This system has been adopted since 1973 and 635 self-supporting primary cooperatives are under this program.

F. Marketing Target

In 1975, the target sale through the cooperative channels is set at 323 billion won. Of this sum, 180 billion won is by the primary cooperatives, 83 billion won by the county cooperatives and 60 billion won by the special cooperatives. Then the share of the agricultural cooperatives of the total farm products marketed will reach 25 percent.

G. Marketing Center

The marketing centers of the primary cooperatives have been established and developed in order to market more farm products at higher prices. The marketing centers are managed in such a way as to level up the market value of the farm products by extending a variety of marketing services and to locate the potential buyers. Particulary, in the major production areas, the primary goal of the marketing centers is to shorten the marketing channel by linking the producers and buyers.

H. Collection Points along the Express Highways

Along the express higheays, six large scale collection points have been established so far. The amount of farm products marketed through the collection points is ever increasing, so that three additional collection points are to be opened this year.

I. Cooperative Marketing Centers

The NACF runs cooperative marketing centers in five major cities : Seoul, Pusan, Taegu, Kwangju, and Taejon. Farm products collected into the cooperative marketing channels or shipped by the farmers directly, are sold to the designated dealers. Also the government grains are distributed for price stabilization.

From 1975, a "price compensation program" has been adopted. This program is aimed to compensate the price differential, which results when the auction prices of the cooperative marketing center are lower than that of the wholesaling market prices. Now 18 products including rice, apple, red pepper are covered by this program. A 5 percent of the gross profit of the marketing centers is transferred to the fund of the program.

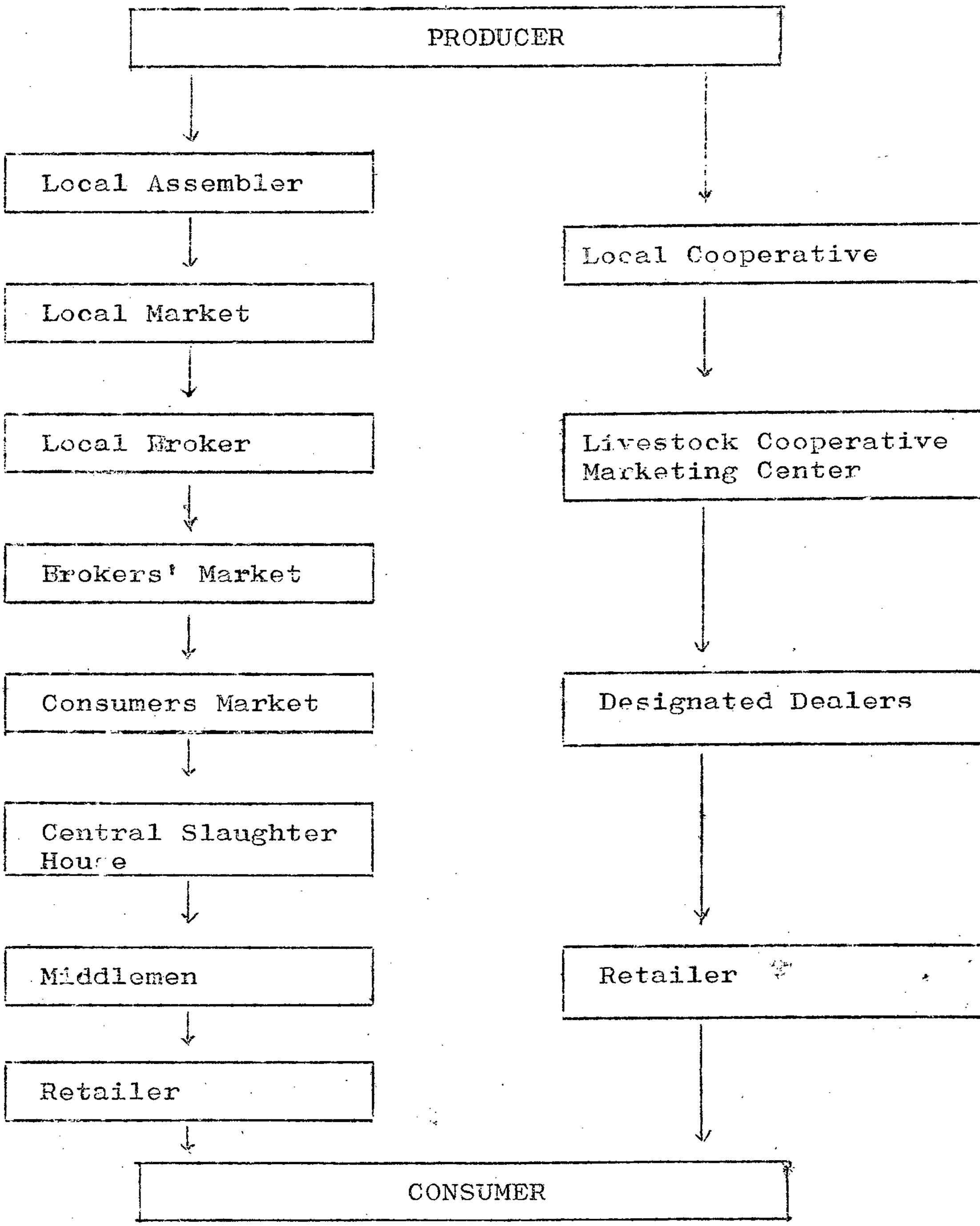
Further, 850 cooperative retail shops are managed by NACF in the cities, where farm products are sold to the consumers at lower prices.

J. Livestock Cooperative Marketing Center

A "modern" cooperative marketing center was established by NACF in Seoul city early 1974. It has been estimated that about 12 percent of the marketing cost of livestock is reduced in case livestock are marketed through the center.

Livestocks, mainly cow and pig, are slaughtered with modern facilities and the meats are sold by auction to the designated dealers. On the average, 150 cows and 150 pigs can be slaughtered per day. It is planned to introduce retail shops this year, where meats will be sold to consumers directly.

Marketing Channel of Livestocks



K. Modern Supermarket

Seoul-city Agricultural Cooperative established a modernized supermarket in Seoul city last year. In 1975, two more supermarkets are planned to be introduced. Farm products are sold to consumers as well as to the wholesalers, and the average turnover is about one million won per day.

L. Export of Farm Products

In order to expand the export of farm products, the NACF has opened branch offices in the U.S.A., and the West Germany. As a result, a total of 12 million U.S. dollar worth of commodities was exported by NACF in 1974, and planned 15 million U.S. dollars in 1975.

Goal of Cooperative Marketing

Unit : 10 million won

	1974	1976	1978	1981
Total of Products Marketed (A)	10,069	16,435	26,560	55,880
Through Agricultural Cooperatives (B)	2,079	4,600	8,800	22,000
Market Share of the Cooperatives (B/A)	20.6%	28.0%	33.5%	39.5%
Total Agricultural Production	17,420	27,931	41,629	81,816

M. Price Stabilization Programs

The NACF intervenes in the market by adopting price stabilization programs. Particularly, NACF has introduced forward-pricing system for sunflower seeds and castor beans.

The NACF also makes contracts with farmers for production of 5 items including cucumber, and extends supports in terms of funds and material inputs to commodity groups to produce certain amount of cabbage and raddish for winter consumption and market them through the cooperative channel. In 1975, a total of 6 thousand M/T of cabbage and raddish will be produced under the program.

Finally, the NACF pruchases and stores rice when the price falls and sells when the price rises. Approximately one million sok of rice were purchased in 1974 under the program.

N. Market Information Service

The NACF will establish the "market information centers", where information on the markets will be collected and disseminated to both farmers and consumers.

O. Increase in Farmers' Income

In 1974, alsmost 208 billion won worth of farm products were marketed through the cooperative market system. As a result of the marketing costs reduced, it is estimated that about 13 billion won worth of benefit was attributed to farmers, while about 4 billion won to urban consumers.

III. Future Target of NACF

The total turnover of 208 billion won in 1974 is only a 21 percent share of the total value of farm products marketed. Thus, the NACF sets a goal to elevate the market share up to 39.5 percent by 1981.

REGIONAL SEMINAR ON
AGRICULTURAL COOPERATIVE
MOVEMENT WITH SPECIAL
EMPHESIS ON DISTRIBUTION
METHODS, TOKYO, JAPAN

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BACKGROUND PAPER
ON
AGRICULTURAL COOPERATIVE
MARKETING MOVEMENT IN
MALAYSIA

&&&&&&&&

2nd - 22nd September, 1975

Introduction

Being an agricultural country with a multiracial population, Malaysia has put a great emphasis on the development of its agriculture sector. Its growth will not only contribute to the growth in the GDP but also at the same time provide employment apportunities especially to the rural population. Thus enabling them to increase their per capita income and generating further growth. This is one of the ways which is at its disposal to "restructure the society in the context of eradicating poverty". For this purpose, the government of Malaysia has allocated $2,500 million in second Malaysia Plan.

2. Development in the agricultural sector will be a failure if proper marketing channels and facilities are inefficient. Farmers will not have the incentive or initiative to work their fields if the returns are discouraging. Taking consideration of this factor, steps have been taken to strengthen the existing marketing agencies such as Federal Marketing Authority, National Padi and Rice Board, Malaysian Rubber Development Corporation, National Tabacco Board and Pineapple Industry Board and to set up the new agencies which are felt necessary. It will undoubtedly protect the farmers from the exploitation of the middlemen.

A. Outline of Malaysian Agriculture

Share of Agricultural in GNP

3. The agricultural sector has played a very important part in the Malaysian economy. It contributes 31% of the GDP. In the foreign exchange it contributes 54% of the total foreign exchange earning, amounting to $3,739 millions.

Agricultural land and population

4. The significant feature in the agricultural structure of Malaysia is smallholding and estates. Smallholding contributes 2/3 of the total cultivated areas. From the total of 7.4 million acres, 5.8 million acre come under smallholding (see table 1).

5. Another important feature of Malaysian Agriculture is that while on the one hand it is dominated by permenant crops which are export oriented such as rubber, oil palm and coconut, the short term crops are mainly in the smallholding sector. More than 80% of the total cultivated areas are under parmenant tree crops. This is significant as the incomes derived from non export annual crops are generally low and it affects the livehood of smallholders.

6. There are approximately 540,000 smallholders in 1973 with an average farm size of 8 acres. The bulk of the smallholding are below this average, ranging between 2 - 6 acres (see table 2). This typically small and uneconomic farm size is the main limiting factor to increased incomes in the smallholding sector.

Agricultural production

7. In 1972 production of major agricultural commodities rose by 4.2%, compared to 1971. With the implementation of the 2nd. Malaysia Plan, effort had been taken to increase more agricultural produce such as land development, irragation scheme and the introduction of modern agricultural techniques. The production of agriculture produce increased from 3394768 tons in 1972 to 3794477 in 1973. This showed the annual growth of 11%, which is over the 2nd Malaysian Plan target - 8.3% annually. Table below shows the production of major agricultural commodities.

Item	Production in Metric ton	
	1972	1973
Rubber	1238275	1465950
Rice	1001930	1105690
Palm oil	646625	727828
Palm kernel	134804	152252
Tea	7417	7195
Pineapple	251357	237723
Copra	22878	20781
Coconut oil	91482	77058
Total	3394768	3794477

Farm Household Economy

8. The rapid agricultural development in smallholding sector and with the collaboration of governments price support such as rice rubber and coconut, the household income increase at the rate of 30% from $250.00 per month in 1972 to $350.00 in 1973.

The average household income given above is the average of the household income throughout Malaysia but there is a great disparity between rural and urban household income.

Government Policy on Agriculture

9. As mentioned earlier, the development of agricultural sector is very important when taking into consideration that not only 50% of the Malaysian foreign exchange depend on agriculture but also to restructure the society and to eradicate poverty among the farmers. Thus more rapid growth of agriculture was called for

to ensure the target to be achieved. In establishing the 2nd Malaysia Plan (1970-1975) the agricultural development was given the top 'priority'. The major strategic target of agricultural development are as follow:

i. self sufficiency in major food grains and expansion of livestock production.

ii. to increase agriculture produce by introducing modern method of agriculture.

iii. to increase farm household income.

iv. to strengthen the agriculture institutions such as farmers associations (farmers cooperatives) which promote fuller participation of rural residence in the economic and social life of nation.

10. To attain these strategic targets, various policy measures are being taken such as to develop agricultural water resources (irrigation) especially for padi, land development, expand farm mechanization, maintain high price policy for staple food or major crops, promote agricultural education, provision for replanting major crops and improving marketing system and facilities.

B. Agricultural Cooperative and Farmers Association

a) Agricultural Cooperative

The history of cooperative mevoment in Malaysia can be traced back to early 1920 s, but the full scale movement of cooperative was initiated after Malaysia Independence (1957). Although during pre independence period there were quite number of cooperative societies had been established, but most of them were not very active. After independence the cooperative societies entered the new area of development whereby the number and types of cooperative societies increased rapidly. By 1972 the number of cooperative societies were 2,500 with the total membership amounted to 730,000. Out of these 2,500 societies 40% were made up of credit societies, 10% processing and marketing societies. The rest consists of multipurpose, housing, consumer, insurance, land development societies, banks and other unions. The important factor that accounted for the rapid growth of the cooperative society was the formation of Bank Rakyat in 1953 as a result of the federation of Banking and other cooperative union societies.

At early stage

2. The aim of the cooperative societies is to free the farmers from the exploitation of the middlemen and money lenders by giving them credit before their crop matures. Later the newly formed cooperative societies were for the purpose of undertaking marketing and processing activities particularly agricultural produce. This new move was taken up after realising that by just providing the farmers with credit, without providing market outlets and market facilities the farmers are still subjected to the middlemen exploitation.

6

3. In 1973 there were 1684 agrobased cooperative societies with a total membership of 150,094. These cooperative societies principle object is concerning agricultural production, agricultural credit, marketing, processing and trading ventures. The following table summaries the number and types of rural cooperative societies in West Malaysia in 1973.

Type of crop Society	Number	% of total
Rural credit Unlimited	923	54.8
Seasonal Credit Limited	24	1.4
Banking Union	9	.5
Rice Milling Societies	239	14.2
Rice milling union	9	.5
Rubber marketing	13	.7
Pineapple marketing	7	.4
Coffee marketing	1	-
Livestock	8	.5
Multipurpose	451	26.8
Total	1684	100

Financial position of Agrobased Cooperative Societies

4. In 1973 the amount of capital stock owned by agrobased cooperative societies were $9,486,257 with networth $32,187,181. The multipurpose cooperative societies, which comprises only 26.8% of total agrobased cooperative societies possess 41.6% of the total capital stock and 41.9% of the total networth. In contrast the single purpose cooperative societies which constitute 73.2% of the total number of agrobased cooperative societies

owned only 58.4% of the total capital stock and 58.1% of the total networth of overall rural cooperative movement (see table 3).

b) Farmer Association

Farmers Association was established in Malaysia since 1960s with the aim of creating change of leading the farming community to the adoption of technological knowhow for the betterment of living standard and this can be achieved by having a formal group of farmers as an effective vehicle for extending agricultural technology.

2. With the couple of years the growth of farmers association throughout Malaysia was very encouraging. Eventhough these Farmers Associations had been success in giving services and extensions to the members and farmers, but there were certain factors limiting their effective role in commercialization of agriculture. The main reason for this was all the farmers associations were registered as single purpose association whereby they were not permitted to perform any agribusiness function. The absence of these essential supporting services made it difficult for the associations to sustain the development program already achieved through the extension effort.

3. Realising this factor and also coincide with several seminar introduced by FOA, Malaysian Government adopted a new approach to development of Farmers Association, a concept similar to what was applied in Japan and Taiwan. By February, 1967 the Farmers Associations act was passed which means farmers associations beside doing extension services, were permitted to run the business, marketing, credit, supply of farm inputs and processing.

4. Early 1970s it was found that there used to be a great deal of overlapping in operations and functions of farmers associations and agrobased cooperatives societies. Since they served the same farmers and in most cases having the same ground level leadership the government has therefore decided a new policy in regard to the development of rural institutions. The new policy involves the integration of all farmers associations and agrobased cooperative societies into farmers cooperatives. It is envisaged thatby implementing this new policy the overlapping and duplication of activities between farmers associations and cooperative societies can be avoided. The legal basis for the integration exercise was the Farmers Organization act 1973 whereby Farmers Organization Authority was set up to supervise farmers associations and agrobased cooperative societies. (Functions powers of Farmers Organization Authority as in table 4).

C. Marketing Activities Done By Farmers Association and Agrobased Cooperative Society.

1. Agrobased Cooperative Societies and Farmers and Associations also contribute effectively in the marketing of farmers produce. These marketing activities are undertaken by the specialized cooperatives such as marketing cooperatives multipurpose cooperatives and farmers associations. On 1973 out of 1684 agrobased cooperative societies, nearly 16% of them involved in marketing activities and out of 120 farmers association 50% are doing marketing activities.

2. The total value of agricultural produce marketed by agrobased cooperative societies and farmers association in 1973 was $50 million, indicating an increase of 42.8% as compared to that of 1972. The sale of rice accounted for 50% of the total, followed by rubber with a share of 32%. The rest is made up of palm oil, copra, tapioca, cocoa and vegetables.

3. There are a number of marketing method practised by the agrobased cooperative societies and farmers association. However there are 3 method which regularly followed.

They are:

i. As an Agent:

Of the total value of rice marketed by agrobased cooperative societies and Farmers' associations, about 60% falls into this category. As for rubber, 50% of its total value is marketed by this method. Under this system, the agrobased cooperative societies and farmers' association acted as agents to the National padi and Rice Rice Board (LPN) in buying padi from farmers. Usually, the LPN supplies the necessary capital for them to purchase padi. The padi bought will be sold to the LPN at certain specified prices, depending on their types and quality. The agents are paid on commission basis by LPN on delivery to the godown or ricemills owed by LPN. The commission rates based on their weights.

In the case of rubber, agrobased cooperative societies and farmers associations are appointed by Malaysian Rubber Development Corporation (MARDEC) - another government agency as their collecting agents to supply latex to the MARDEC factories. About 90% of rubber marketed under this method is latex, the rest scrap and sheets. Until 1974 there are 14 such factories in operation, distributed all over Malaysia. The areas which the selected agents could operate are determined by MARDEC. The agents are paid on commission basis depending on the amount of rubber collected.

ii. Direct Purchasing

Among the agricultural produce marketed under this method are rubber (scraps and sheets) padi, coconut, palm oil and other less perishabe agricultural items. About 35% of the total value of agricultural produce is marketed through this method. As for items like rubber, coconut (copra) and palm oil, they are bought from farmers and sold to agents or buyers in the large urban centres. This method of operation is an advantege because of greater bargaining power. Direct purchasing of padi is mostly done by ricemill cooperative societies and a few farmers associations.

iii. Services

This particular system is suitable for the marketing of perishable products, such as vegetables and fruits. It is mainly done by farmers associations. The farmers associations will try to find outlet markets for the produce and sell to the buyers who are willing to pay at higher prices. Usually the farmers associations will look for the potential buyers within 2 to 4 weeks before the produce is harvested. In performing this function, the farmers associations do not make any profit, except for the minimum fee they charge for the service rendered and transport cost incurred.

4. Marketing of agricultural produce is also prevelent at both state and national level. This is done by the state farmers associations (eleven in all) and National Farmers Association - apex of the farmers associations as a whole. While other Cooperative societies and farmers associations are agrobased oriented, those at the national and state level concentrate their bulk of activities on the marketing of poultry and eggs. About $2.8 millions or 80% of their total sales in 1973 derived from poultry and eggs.

5. Compared to the value of agricultural produced marketed by agrobased cooperatives and farmers' associations to the total agricultural produce, the farmers organizations do not even reach 2%.

But if one look at the year to year performance the outcome has been beyond expectation. From $35 millions in 1972, the total value of agricultural produce marketed by agrobased cooperatives societies and farmers association has increased dramatically to $50 millions in 1973. It has been estimated that, 10% of the total produce of small holdings sector has been marketed by agrobased cooperative societies and farmers associations.

Role of Farmers Organization Authority (FOA) in assiting Marketing Activities of Agrobased Cooperative Societies and Farmers Associations:

One of the objectives of forming FOA is to supervise, and assit the agrobased cooperative societies, and farmers' associations in their marketing activities. Its role in helping the marketing activities are:

i. Financial assistance:

Since its inceptions in 1973 it has given loan to these societies ampunting to more than $4 million. Out of this, $1.5 million is specifically allocated to marketing and processing, of which 45% is in the form of revolving Capital. Until now, 25% of the total loan has been repaid.

ii. Outlet Market:

It is realised that without providing market outlet, the problem of merketing of agricultural produce will be still unsolved. In view of this problem, the FOA has arranged several meetings with various processing firms, government agencies and local wholesalers in an effort to ensure proper market and fair prices for the agriculture produce. Up to the present the cooperation from all these firms and wholesalers very encouraging and satistactory.

iii. Facilities:

Besides providing financial assistance and information of market outlet, the FOA extends its marketing facilities in various ways. It provides the agrobased cooperative societies and farmers associations with infrastructure, transport and other facilities. Until now, a total of $2 million has been spent for these purposes, out of which, 60% is used for providing transport facilities.

iv. Personnel

The FOA also supplies technical exxpertise and provides necessary guidance in the marketing for the farmers' organizations.

Role of Other Agencies

Assistance to the agrobased Cooperative Societies and Farmers Associations in promoting marketing of agriculture produce is also coming from other government agencies namely Federal Agricultural Marketing Authority (FAMA) National Padi and Rice Board (LPN) Malaysian Agriculture Research and Development Institute (MARDI) and others. National Padi and Rice Board assist them by giving revolving Capital for purchasing of padi. It is estimated that nearly 10% of the total revolving Capital owned by agrobased Cooperative Societies and Farmers' Associations has been provided by Agriculture Bank Bank Raayat (Peoples' Cooperative Bank) and other relevent agencies. On the other hand MARDI and Agriculture Department provide extension services and research work to raise productivity and improve the quality of the Crops.

Marketing project of Farmers' Association/Farmers' Cooperatives.

Although the marketing of agricultural produce done by farmers' Associations and agrobased Cooperatives have achieved great success, their healty growth is hampered by various problems. They are

i) Lack of outlet market and market information for agriculture produce especially new export oriented.

ii) Keen campetition between middlemen at primary level.

iii) Inadequate transport facilities and underdeveloped infrastructure.

iv) Insufficient revolving capital which is required for making advance payment to farmers.

2. In view of these problems the FOA, with the cooperation of other government agencies has decided to develop a marketing channel which links from the producers to the consumers, through Farmers Cooperatives. This will be done by:

i. Setting up of wholesale markets, collecting centres and and buying points.

ii. Providing marketing incentive

iii. Providing transport facilities.

3. Wholesale market will be set up in big towns at Federal and states levels while collecting centres at District/Farmers' Cooperatives level and buying points at from or village level. According to this plan the farmers produce will be collected at various buying points and then transfered to collecting centres, from where they will be channeled to the wholesale markets or other places. The FOA will provide the necessary infrastructure and facilities such as store and transport while the farmers associations or farmers cooperatives concerned will take care of the management.

4. A marketing incentive scheme also will be implemented to support the master plan. The scheme will take two forms, firstly the farmers are given price subsidies and secondly, farmers who sell their farm produce through this channel will be given a coupon depending on the amount they sell. That coupon will be treated as share or his saving in the farmers associations or farmers cooperatives concern. The purpose of this sheme is to encourage farmers to sell their farms produce through farmers' cooperatives.

It is hoped that this paln will be implemented early next year. The FOA has already conducted a feasibility study on several areas where farmers' associations operate and so far two areas have been chosen as a pilot project. Work on the developemnt of the necessary infrastructure has been started.

Table I

Estimated Cultivated Area Under Agricultural Crops (West Malaysia)

Crops		1962 (000 acres)	1972 (000 acres)
Rubber:	Estate	1926	1508
	Smallholding	2224	2698
Oil Palm		153	887
Coconut:	Estate	78	51
	Smallholding	432	471
Padi		977	1414
Tea		22	51
Food Crops		116	126
Fruits		139	166
Spices		26	15
Miscellaneous		38	36
Total		6131	7423

Table 2

Size of Farm	%	Padi	Vegetable	Other Temp.	Rubber	Coconut	Fruit	Mixed
Less 1 acre	10%	10	48	20	2	13	41	2
1 - 4¾ acres	57%	68	59	76	36	58	54	55
5 - 7¼ acres	16%	15	1	45	20	14	3	21
7½ - 9¾ acres	7%	4	1	2	10	5	1	9
10 - 14¾ acres	6%	2	-	1	13	7	1	9
15 - 24¾ acres	3%	1	-	-	7	2	-	3
25 - 49¾ acres	1%	-	-	-	3	1	-	1
50 - 99¾ acres	1%	-	..	-	1	-	-	-
100 + above	-	-	-	-	-	-	-	-

Table 3

Financial Position of Agrobased
Cooperative Societies
1973

Type of Cooperative Societies	Capital Stock		Networth	
	Amount ($)	% of total	Amount ($)	% of total
Rural Credit Unlimited	3605512	38.01	9404016	29.22
Seasonal Credit Limited	317203	3.34	428447	1.33
Banking Unions	138124	1.46	520044	1.62
Rice Milling Societies	1231038	12.98	3687655	11.46
Rice Milling Unions	133741	1.41	4047107	12.57
Rubber Marketing	75308	0.79	333683	1.04
Pineapple Marketing	29385	0.31	168379	0.51
Coffee Marketing	745	0.01	1473	-
Livestock	8506	0.09	115831	0.36
Multipurpose	3946695	41.60	13485546	41.90
Total	9486695	100.00	32187181	100.00

Table 4

Functions of Farmers' Organization Authority

(a) to promote, stimulate, facilities and undertake economic and social development of Farmers' Organization;

(b) to register, control and supervise Farmers' Organizations and to provide for matters related thereto;

(c) where a declaration by notification has been made under section 10, to plan and undertake such agricultural development within such Farmers' Development Area; and

(d) to control and co-ordinate the performance of the aforesaid activities.

Powers of Farmers Organization Authority

(a) to carry on all activities particularly of commercial and industrial enterprises, the carrying on whereof appears to it to be requisite, advantageous or convenient for or in connection with the discharge of its said function, including the primary production, manufacturing, assembling processing, packing, grading and marketing of agricultural products, research and training;

(b) to initiate preliminary studies of possible agricultural development and redevelopment and make preliminary plans outlining agricultural development or redevelopment activities and preliminary surveys to determine if the undertaking and carrying out of such agricultural development or redevelopment projects are as a Farmers' Organization enterprise feasible;

(c) to co-operate with or act as agent or managing agent of or otherwise act in association with or on behalf of the Government of the Federation or of any State, any public authority, any company, any corporation, any body or any person;

(d) to promote and co-ordinate the carrying on of such activities by Government, public authorities, any company, corporation, or other body or person;

(e) to establish or expand, or promote the establishment or expansion of companies, corporation or other bodies to carry on any such activities either under the control or partial control of the Authority or indepedently;

(f) to give assistance to any Farmers' Organization, public authority, company, corporation or other body or person appearing to the Authority to have facilities for the carrying on of any such activities, including financial assistance by the taking up of share or loan capital or by loan or otherwise;

(g) to purchase, underwrite or otherwise acquire any stock and shares in any public or private company, and to dispose of the same whether to Farmers' Organizations or other persons on such terms and conditions as the Authority may determine;

(h) to request departments, governmental and non-governmental agencies engaged in carrying out or intending to carry out agro-based development for the benefit or farmers to submit report regarding their activities or proposed activities containing such particulars and information as may be specified by the Authority and to co-operate with the Authority in its efforts to develop Farmers' Organizations;

(i) to appoint agents or establish such other bodies as it may deem fit for the purpose of carrying out its functions;

(j) to impose fees or any other charges it deems fit for giving effect to any of its powers or functions;

(k) to receive, in consideration of the services rendered by it, such commission or payments as may be agreed upon;

(l) to regulate development in the Farmers' Development Area;
and

(m) to do such other things as it deems fit for the effective carrying out of its functions and powers.

Financial Position of Farmers Association
in 1973

State	State F.A.	Area F.A.	Membership	Assets	Capital Stock	Networth
Perlis	–	8	49644	476,134.70	43,360	216,072.52
Kedah	–	22	10,118	2,041,746.86	159,970	451,684.57
Penang	1	5	4,386	639,423.49	145,515	303,295.13
Perak	1	11	10,223	1,242,511.70	148,335	707,426.53
Selangor	1	8	9,845	3,226,544.03	180,575	1,106,002.11
Negeri Sembilan	1	6	20,545	1,126,824.73	877,130	513,800.00
Melaka	1	4	5,229	234,223.96	45,925	145,350.61
Johore	1	10	13,097	2,577,087.00	175,110	877,030.09
Pahang	1	14	16,522	1,736,472.24	187,595	1,216,845.02
Trengganu	1	8	8,169	1,048,777.23	76,250	551,098.41
Kelantan	1	13	14,318	1,588,156.21	130,260	666,065.55
Sabah	–	5	3,730	804,040.67	40,070	406,445.19
Sarawak	–	2	1,620	97,584.25	11,400	75,261.12
Total	9	116	121,866	16,839,527.07	2,221,095	7,246,376.85

Background Paper: NEPAL

AGRICULTURAL COOPERATIVE MARKETING IN NEPAL

By

Chandreshwar Prasad Sinha,
Acting Regional Cooperative Officer,
Department of Cooperatives,
Krishna Kunj, Kalika Sthan,
Dilli Bazar,
Kathmandu (Nepal)

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INTERNATIONAL COOPERATIVE ALLIANCE
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for South-East Asia,
43, Friends Colony, New Delhi-14.

CENTRAL UNION OF AGRL. COOPERATIVES,
8-3-1 chome, Otemachi, Chiyoda-ku,
Tokyo, Japan.

and

THE INSTITUTE FOR THE DEVELOPMENT OF
AGRICULTURAL COOPERATION IN ASIA (IDACA),
24-9, 6-chome, Funabashi, Setagaya-ku,
Tokyo(Japan)

AGRICULTURAL COOPERATIVE MARKETING IN NEPAL

By C.P. Sinha
Acting Regional Cooperative Officer,
Department of Coop. Development,
Kathmandu (Nepal)

(1) Present Position of agriculture

Nepal is a land-locked country. People here are mainly engaged in agriculture. Agriculture provides employment to 88% of the total population in the country, derives about 65% of the gross domestic products, and also accounts for nearly 85% of the exports earning. The average farm under cultivation represents 19,27,000 hectares which is 13.67% of the total area of the country. Of the total area under cultivation, food grains alone occupy 97% (60% under paddy, 24% under maize and some 13% under millet and wheat); and only 3% area is left for non-food crops consisting those providing raw materials for industries like sugar, tobacco, oil etc. Nepal's total export consists of primary commodities (agricultural products) in the form of food grains, oilseeds, medical herbs,etc.

Cooperative concept :- The concept of cooperative movement was first introduced in 1953 in Nepal with a view to fulfil the deficiency of foodgrain in Kathmandu valley and to relieve the flood affected people for their resettlement in Rapaty valley of Chitawan district under a new scheme. An ordinance was issued and cooperatives were organised for the purpose. Department of Cooperatives was established in 1953. Still the movement was not in progress in the absence of acts and rules for cooperatives. So the first act was passed in 1959 as a part of overall agricultural development programme. In the beginning credit societies were organised because the emphasis was given mostly on agricultural credit. The experience has shown that cooperative activity in the field of agricultural credit alone is not sufficient to bring the change and to help the farmer. Therefore, there was trend to convert the credit societies into multipurpose cooperative societies, presumbly due to the realisation of marketing as an integral part of cooperative societies. However, the multipurpose cooperative societies also limited their activities mostly on credit and retail trade of consumption commodities such as salt, clothes, kerosene,etc.

Present agricultural marketing system:- Marketing does automatically adjust itself as economic growth, but it is a vital force to accelerate economic development. If the efficiency of total marketing system improves, it becomes a strong multiplier of economic development.

But there are characteristic weaknesses in the Nepalese agricultural marketing system. There is no national market in Nepal, and this factor hinders the increase in size of domestic market. Marketing infrastructures, such as transportation, communication system, grading and standards, and marketing laws, are far from adequate. Activities on agricultural marketing are being carried out by different agencies without coordination which often result in conflicting decisions.

Marketing is a multiplier of economic development, and economic development itself is a function of the size of domestic market, In order for the size of domestic market to be increased, formation of "national market" to the vital element i.e. a country must be integrated into "one market" allowing free and economic movement of goods from one part of the country to another. This vital element called "national market", does not exist in Nepal.

Nepal is geographically roughly square-shaped, 530 miles long from east to west and 110 miles wide from north to south. But due to topographical reason and lack of transportation system, domestic trades mostly take place between the hilly areas in the north and plain area in the south, and a few trades take place between east and west across the country.

The barter and monetary sectors co-exist, likewise, modern marketing goes on side with the traditional marketing. As the bulk of the market economy is traditional in character and from a deeper analysis of this sector will unable us to devise a modern viable marketing set up. The concentration of land is in few hands, wide spread prevalence of tenancy linkage of money lending with marketing, etc. have close relationship with existing marketing pattern.

Inadequate information communication system (physical and functional) is another factor which hampers the development of marketing. There is a lack of unified measurement system. Legal infrastructure also is not adequate. Small volume of unit transaction, insufficient cultivation for potential demand, lack of coordination, poor process of storing an poor process of milling are also big problems which hamper the development of marketing.

Market prices in Nepal are determined by prices obtaining in U.P., Bihar, and West Bengal of India.

Sale of farm products:- In hills and tarai, sale of paddy was reported by almost the same percentage points i.e. 42.4% per cent farmers for tarai and 41.9% per cent for hills. In case of sales of wheat and maize, it was only 18.7% per cent farmers in tarai, while 37.9% per cent in the hills. Similarly, sales of oilseeds pulses, in tarai was reported by 25.9% per cent farmers, in the hills it was reported by 8.9% per cent farmers. Sale of tobacco, jute and sugarcane was reported by almost all the farmers growing those crops.

Place of sales:- 52.7% farmers delivered their produce in the village, while 47.3% farmers delivered in the market. The proportion of village delivery in the hills was 61.2% while in tarai it was 50.4%. Market delivery was reported by 49.6% of the reporting farmers of tarai, while it was 38.8% in the hills.

Knowledge about market prices :- 84.7% farmers know about market prices 84.5% farmers from tarai and 85.5% farmers from the hills are aware of ruling prices. The farmers from tarai who sale in village market get 20% less than prevailing prices in the market whereas farmers from the hills get 25% less.

72.9% farmers of small group sale after harvest. Of the total farmers 43.2% desire to store their products for higher prices. 4.8% farmers from the hills and 52.5% farmers from tarai desire to store their products for higher prices.

Cooperative marketing system :- Existing structure of cooperative system in the country in which selected cooperatives are being run by the managers of agricultural development bank. The cooperatives are managed by agricultural development bank. The A.D.B. makes finance to the societies for the procurement of grain and construction of storage facilities. However, this plan has yet to be implemented and its effects are to be tested. The other crucial point that has not been taken care of in the different facets of marketing services has yet to be developed not only in the cooperative sector but also in all the grain marketing activities of the country. In the marketing of agricultural produce in the earlier period, the societies used to collect grains from the farmers and pledge with the district union and draw 75% of the approximate value. Later on, however, this practice was discontinued and societies themselves began functioning independently. The societies themselves began to procure from the farmers and/or advance loan to farmers on their pledged grain. The change in the pattern was essential due to absence of cooperative unions in many districts. The societies are running their marketing business as commission agents in most cases. Jute, paddy, rice, wheat, oilseeds and sugarcane are common commodities that cooperative are engaged in.

Fruits and vegetables are among the most important foods of mankind. They are not only nutritive but also indispensable for the maintenance of health. For building agricultural economy too, it is very important. No correct estimate has been made either of the total production of fruits or its consumption however, the farmers here grow orange, lemon, banana, mangoes, apples, pineapples, potatoes, onions and garlics. Likewise, agricultural products, fruits and vegetables have the same problem for marketing. Some private processing industry for fruits and vegetables are working. But cooperatives are not involved with so far.

It would not be out of place to say that there is two tier system of cooperatives in Nepal. The primary level cooperatives have their district level unions. But there is no national level organisation or federation of cooperatives. I feel, it would be of high importance to have a national level Federation for cooperatives. The national level federation can help the cooperatives in various ways. It can promote the ideas and principles of cooperatives, guide and control the business of cooperatives, inform cooperatives about market prices and see market in and out side the country. It can coordinate the activities of different agencies which are responsible for the promotion of the cooperatives. The national federation can conduct research and suggest ways of improvement to the government and to cooperatives as well. The cooperatives are not making good progress in the field of marketing because there is absence of national market. The societies procure from members and farmers of course but they cannot store in the absence of storage facility, they cannot fetch good prices in the absence of market information, they cannot serve the members wholeheartedly in the absence of its own apex organisation. Practice is that societies have to sell their produce to the mill and big businessmen. Profit of marketing ultimately goes to big merchants, money lenders and mill owners.

Addressing the 26th session of National Panchyat His Majesty the King said that cooperatives should undertake the marketing process of the country. Now national planning commission is keenly interested to formulate programme for marketing through cooperatives.

Recently, the H.M.G. of Nepal has organised "rice export company" in order to ensure fair prices to the farmers, to establish an institution for marketing to raise national income, to stop leakage of customs through this company and eliminate middlemen. This company is the only agency which can export rice to any place where market is suitable. The cooperatives have very much to do here with the company. The cooperatives are working as an agent for company in rural area and procure grains for company. Similarly cooperatives are working for jute development committee which is responsible for export of jute. The comparison of the cooperative societies marketing performances alone is unfair. In the overall comparison of marketing situation, there is great difference in the efficiency between the nepalese marketing system and the system prevailing in the other developed countries due to various factors including minimum facilities of transportation. We are unable to supply the surplus food to deficit areas from the surplus area. This involves the question of improving transport facilities and that of enhancing the purchasing capacity of people. Therefore, unless special precautionary steps are taken to have an integrated approach to credit and marketing and other activities, it will be difficult to achieve concrete success.

Suggestions and conclusion:- It is clear that cooperative is the only agency in rural or village level to bring a change. So government must recognise its role and should have clear cut plan and policy. Objective must be clear. Under new approved, supervised cooperative programme Agriculture Development Bank provides one manager for each cooperative. The larger portion of the manager's salary is subsidised by the government. The government is presumably subsidising the manager's salary for the first few years to promote cooperative societies and make them viable units.

The most of the societies cannot support the minimum requirement, such as accountant peonetc. So, societies should be subsidised with accountant and peontoo wherever essential. Priority is to be given in financing the construction of godowns.

Coordination in the activities of the concerned agencies at the actual stage of the implementation of the programmes must be maintained. A minimum price guarantee scheme for cooperatives must be introduced. The defects which are present in the marketing system must be removed and necessary arrangement laws and agencies should be allowed to function in order to have a national market. Fund must be available when societies need. And practice of linking the credit with marketing is essential to have maximum recovery. The government can subsidise the societies in transportation. Transportation, here hampers the marketing. At last but not the least education has very much important role in the development of cooperatives. So, different programmes concerning with education must be emphasised up to the members of the primary cooperatives and officers and employees of the societies as well.

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods, Tokyo, 2nd to 22nd Sept, 1975.

Background Paper

on

"AGRICULTURAL COOPERATIVE MARKETING"

presented by

THE SINGAPORE LIVESTOCK AND AGRICULTURAL
COOPERATIVE SOCIETY LIMITED
71 LORONG PISANG EMAS
SINGAPORE, 21

Introduction

For many years, Singapore's Agricultural production and marketing activities are controlled by the private enterprises. These businessmen act as middlemen in the distribution and marketing of agricultural produce. The middlemen are able to sell the agricultural produce at reasonable prices because of their efficient distribution methods and bulk purchases.

Marketing co-operative movement are still new in Singapore. The need for production, importation, wholesaling, marketing and distribution of agricultural produce will only come about when the consumer movement has established itself to form a strong co-operative organisation with the many retail outlets of the various consumer bodies, it would then be economical to consolidate the needs to go into agricultural and livestock production.

The International Cooperative and Trading Organisation

With the establishment of the Internation Cooperative and Trading Organisation, the consumer cooperatives will be able to import all their requirements from agricultural producing co-operatives and channel them to supply outlets. It can also act as marketing agents for produce produced by production co-operatives.

Processing, distributing and marketing of agricultural and livestock produce could be undertaken on joint effort by consolidating all consumer bodies to form an 'Agricultural Cooperative Marketing Movement.

SLACS

In recent years, inflation and price escalation, particularly in those of food and essential commodaties, gave conern to cooperatives in Singapore. This provided the impetus for efforts to develop consumer cooperatives. WELCOME was established. Some thrift and loan societies became multi-purpose cooperatives to operate consumer services. It was realised by many that there was only limited potential of influencing prices at the retail level. The key to fair prices for the consumers lay in greater influence at the producer and wholesale levels. This generated thinking on the need to develop producer cooperatives as well.

The Singapore Livestock and Agricultural Cooperative Society Limited (SLACS) which was registered on 10th September, 1974, intends to go into pig farming initially and then poultry raising and vegetable growing. From the farm, pork and chicken will be sold to members and consumer societies at reasonable prices and at a later stage canning with special cooperative brands has been planned. In vegetable farming using hydrophonic techniques will be attempted. Growing of mushroom on straws will also be attempted as it has a very good market.

Objectives and Activities of SLACS

The objectives of the Society shall be:-

(a) the promotion of the economic well-being of its members in accordance with cooperative principles;

(b) the encouragement and development among members of the spirit of self-help and mutual assistance in the attainment of desirable social and economic objectives;

(c) the raising of the standard of living and lowering of the cost of living through production, processing and marketing of essential food items with special emphasis on farm products;

(d) the promotion of sound economic farming methods utilising the most suitable modern technology available consistent with technological and ecological development requirements in Singapore.

In pursuance of its objectives the Society shall:

(a) engage in animal husbandry;

(b) develop vegetable and fruit farms;

(c) engage in trading of farm produce and farm supplies;

(d) engage in production of feedmeal, fertilisers, seed and agricultural and animal stock;

(e) undertake all such other activities as are necessary, conducive, expedient or incidental to the attainment of the objectives of the Society.

Conclusion

It is hoped that the knowledge and experience gained from the Regional Seminar on 'Agricultural Cooperative Marketing' would be useful in helping us to establish an Agricultural Cooperative Marketin Movement in Singapore.

THE AGRICULTURAL CO-OPERATIVE MARKETING MOVEMENT IN SRI LANKA

1. Introduction:

Sri Lanka is an Island situated in the Indian Ocean separated from the Indian Sub-Continent by a narrow strip of shallow water. Its population is 13.7 Million consisting of Sinhalese, Tamils and Muslims. It is within the tropics and has an area of 25,332 square miles.

The relief of the Island comprises a hill country in the centre averaging in the elevation from 3000 to 7000 ft. and surrounded by an upland belt of about 1000 ft. - 3000 ft. and the rest occupied by coastal plains. There are five main rivers flowing from the central hills to the west, east and south and the longest river is Mahaveli Ganga which is 206 miles in length. The average annual rainfall varies from below 40" in certain dry areas in the North-West and South-East to over 200" at certain places on the South Western slopes of the hills. The rivers are chiefly fed by rains that occur during South-West and North-East monsoons. (May - September and December - February). The highest and lowest temparature are generally of the order of 98°F and 45°F. Sri Lanka is an Agricultural Country with a dominating plantation economy. The major crops in Sri Lanka are Tea, Rubber, Coconut and ~~rice.~~ paddy.

2. History of the Co-operative Movement with special reference to Agricultural Marketing Movement:

Co-operation as a system of economic organisations was introduced to Sri Lanka in 1911 with the enactment of the first Co-operative Credit Societies Ordinance.

The Agricultural Society of Sri Lanka established in 1904 had recommended to the Government the formulation of a scheme of credit for village cultivators. In 1909 the Governor General appointed a special committee to study the above recommendation and it recommended that an Ordinance be enacted on the lines of the Co-operative Credit Societies Ordinance (1904) of India.

By 1942 there were eleven (11) carefully organised and matured Agricultural Produce Sales Societies, the best known being the Jaffna Malayalam Tobacco Producers' Co-operative Sales Society and the Minneriya Paddy Sales Society. In addition to the Tobacco Sales Society there were five other Sales Societies in Jaffna, which dealt with exclusively in Chillies and Onions. These five formed the Northern Division Co-Operative

Agricultural Producers' Union. With the relationing of Rice the Government established an Internal Purchase Scheme for Paddy, under which farmers were required to sell their surplus paddy to the Government. The Agricultural Produce Sales Societies like the one at Minneriya were made agents for the purchase of paddy under this scheme on behalf of the Government. This gave an impeteus to the Paddy Sales Societies. The Palugama Vegetable Sales Society was registered in 1942 and was a pioneer in the field of Co-Operative Marketing of Vegetables.

From the stern lessons learnt during the war period, the Government began to give great attention to food production and distribution in 1947, it came forward with a plan to establish Co-operative Agricultural Production & Sales Societies (popularly known as C.A.P.S.Societies). The scheme consisted in organising societies of Agricultural producers to grant loans for agricultural production, to supply producer-members with manure, seed, agrochemicals and various other agricultural inputs, and to market their produces under a guaranteed price scheme. Some of the products under the guranteed price scheme were paddy, Gingelly, Kurukkan, Maize, Chillies, Onions, Pepper, Coffee, Green gram and termeric. These societies were financed by the Government through the Department of Land Development (later the Department of Agrarian Services) where the risk of default ~~were~~ to be taken by the Government. In 1957 the Honourable Minister of Food, issued a Crucial Policy directive to the Co-operative Department which defined the Government's attitude towards Co-operatives and indicated certain structural changes which should be brought about in the Co-operative Movement. To meet the economic needs of the rural people it was proposed to establish one Multi-Purpose Co-operative Society for each village. In 1960 there were 4741 M.P.C.SS. and in 1965 there were 5053. The C.A.P.SS. were converted into M.P.C.SS. Similarly Co-operative Wholesale Consumer Unions were gradually converted into M.P.C.S.Unions. In 1966 Co-operative Federation of Sri Lanka passed a resolution at a special general meeting requesting the Government to appoint an independent Commission of Inquiry to study the then prevailing administrative aspects of the Co-operative Movement and make recommendations for its reorganisation. In 1967, the intention of the Government to appoint a Commission was announced in the "Throne Speech". In view of the important role the Co-operative Movement has to play in the implementing the development plans of the Government and in the distribution of essential consumer commodities, the Government proposed to appoint a Commission to examine its present state and to suggest measures for strengthening and improving it. "In pursuance of this announcement the appointment of the Commission was made on 27th October, 1968. The report was published in 1970.

Recommendations of the Commission:

1. A system of Agricultural Co-operative must be based on sound primary societies, intelligently and actively supported by a large portion of the farmers or cultivators of the area.
2. The society should be sufficiently well capitalised to lend the limits required for the requirements of the members.
3. Marketing - an apex Rice Marketing Federation should be set up to handle, process and market the paddy purchased by the M.P.C.S.

On the recommendation of the Royal Commission Report, the amalgamations were brought about with in a few months by the Government in 1971, registering 368 large Primary M.P.C.Societies. Apart from above, there were Secondary Agricultural Societies which too were amalgamated. In 1973, the Northern Division Agricultural Producers' Co-operative Societies Union Ltd., and the All Ceylon Co-operative Consumers' Union Ltd., were amalgamated to form the Sri Lanka Co-Operative Marketing Federation. This organisation also took upon itself the activities of the liquidated Ceylon Agricultural Producers' Co-operative Societies Union Ltd. Today the Co-operatives are playing a vital part in the Production and Marketing of the Agricultural produces of the country.

3. Necessities of Co-Operative Marketing:

The Co-operative Marketing Movements are very essential in Sri Lanka to solve the following problems of the Agricultural producers:-

(a) The production is mostly on a small scale basis.
(b) The producer is generally not equipped with sufficient knowledge about conditions prevailing in markets.
(c) The producer is very poor to with-hold the produce for sale in a better market and is compelled to sell immediately after the harvest and at times even before the harvest.
(d) Seasonal crops such as vegetables and fruits are exposed to wide price fluctuations.
(e) Even if the producer has the facilities to store up his produces, it is not possible for him to keep them for want of money.
(f) Generally the markets are situated far away from the producing areas and the small scale producer is unable to have any direct contact with such markets.

(g) Most producers are in need of credit facilities for production purposes and their financiers normally depend on the produce as a means of recovery of loans.

(h) The only available marketing service is the services provided by the middle men who are motivated by private profit.

(i) In most producing areas there is very little or no competition among middlemen. It very often happens, a particular group of middlemen concentrate on a particular producing area and among the middlemen there appears to be a tacit agreement to keep the price at a certain level.

(j) Most producers have fallen into a state of dependance on the middlemen and as a result they are exposed to exploitation. It is very difficult for them to break away from the connections already established.

The Co-operative Societies both primary and secondary are taking steps in solving the above problems. Volume of business handled by the Co-operative sector in the different commodities - Annex "A" enclosed.

4. Paddy and Food Grains:

Sri Lanka has 1.3 Million acres of Paddy Lands of which 1.1 Million acres are cultivated for the Maha season (September - March) and 0.6 Million acres for Yala (April - August). The annual Paddy production has risen from 43 Million bushels in 1960 to a peak of 77.4 Million bushels in 1970.

Every M.P.C.S. which is an authorised purchasing unit of Paddy Marketing Board, maintains a number of Purchasing Centres, which form a close net work, each centre being sited in such a place that no farmer would be required to transport his paddy for sale for a distance in excess of 3 miles. This coverage has enabled any farmer who decides to sell his paddy to find an outlet in close proximity to his paddy fields. The total number of Purchasing Centres maintained by M.P.C.SS. in 1973 was 3955.

The storage capacity available to the Co-operatives prior to 1969 was estimated to 4 Million bushels. But after reorganisation an additional storage facilities for 6.7 Million bushels were made. Paddy a major agricultural produce of Sri Lanka, is lacking in some of the important modern techniques such as procurement, handling, storage and processing.

M.P.C.SS generally use their own vehicles to transport paddy from their go-downs to Paddy Marketing Board's Stores. During heavy seasonal purchases they are compelled to hire transport.

Other food grains:

Maize (Corn), and Kurakkan (Millet), Sorghum, Cowpea, Soya Beans assume a certain importance in Co-operative Marketing. These cereals are grown as high land chena crops in the dry zone. When the Government restricted the quantity of the import of rice and flour in 1973, the producers were able to fetch a high price for their food grains in the open market. However the Co-operative Societies purchased the unsold quantity of grains from the producers at the prevailing market rates.

5. Fruits and Vegetables:

Sri Lanka Marketing Federation in cordination with the primary M.P.C.SS. market fruits and vegetables. The societies which are in the hilly countries mainly engaged in the purchase of vegetables and fruits are as follows:-

(i) Uwa Parenagam M.P.C.S.
(ii) Welimada "
(iii) Bandarawala "
(iv) Nuwa-Eliya "
(v) Rangala "
(vi) Hanguranketa "
(vii) Rikillangashada "

These societies purchase, Cabbages, Potatoes, Beans, Tomatoes, Knol-Khol, Radish, Carrots, Beet roots and Leaks, through their branch stores direct from the farmers. The vegetables are transported by Co-operative lorries to the Sri Lanka Marketing Federation for sale in Colombo. Very recently the Marketing Federation has opened a retail shop ("Govisala") in Colombo city to market the agricultural produce of the Island. This is a pilot project. The Marketing Federation hopes to open several other such retail shops in the Urban areas of the country. The Govisalas once fully established would be handed over to the closest M.P.C.S.

The following societies of Jaffna (250 miles north of Colombo) market vegetables and fruits:-

(i) Chunnakam M.P.C.S.
(ii) Tellipallai M.P.C.S.
(iii) Vali-East Southern Division M.P.C.S.
(iv) Vali-East Northern Division M.P.C.S.

In Jaffna a dry-zone area, there is only lift irrigation from wells. There are no rivers and streams. As the land is not fertile the farmer is forced to manure his land. Much of the uncultivated lands have large rocks scattered all over. Efforts are being made to reclaim these lands. Most of the vegetable producers' own less than one acre of land. Vegetables produced in this area are Potatoes, Red onions, Chillies, Beet-roots, Pumkins, Brinjols, Ash plantains, Bitter gourds, Snake gourds, King jams, Manioos and elephant food jams. In addition to the above items mangoes, plantains and tomatoes are common fruits of Jaffna District. There is a special Society by the name of Plantain Sales Co-operative Society for marketing plantains.

6. Mahavali Pilot Project at Maha-Illuppallama:

There is an agricultural pilot project sponsored by the Agricultural Department situated in Anuradhapura District, which is 135 miles North of Colombo. The project consists of 95 acres both high and low lands. There are 19 members attached to the society, who were earlier labourers of the Agricultural Department. Every member is given a house for dewelling and a two wheeled tractor with trailer for cultivation. Each is given three acres of low land and two acres of high land. The cultivation is done by the members according to a set program, which is drawn jointly by the members and departmental officers. No member is allowed to deviate from the program. There is a regular rotation of crops cultivation, according to the drafted program. It is designed in such a way so as to enable the members to have a steady income through out the year. The annual income per member is not less than Rs.10,000/=.

The members cultivate paddy, chillies, onions on a large scale and fruits and vegetables on a small scale, under the major irrigation scheme.

This particular society runs a consumer store from which the members are allowed to have consumption advances and it supplied fuel, oil and spares to the members.

The sale of vegetables and fruits are being done by the Consumer Society. The society makes arrangements to sell in retail these items at various important places and fetch a fair price.

The members hand over their paddy to the nearest branch (Senapura No.6) of the Katiyawa M.P.C.S. Chillies and Onions are marketed through the Marketing Department or through the M.P.C.S.

The future plan of the Government is to send these trained farmers as leaders to the new Agricultural Projects that would be opened under the Mahaveli Diversion Scheme.

The Government of Sri Lanka is of the firm belief that the Co-operative Movement along with other enterprises regarding agricultural produce and marketing envisaged in the Five Year Plan could be implemented smoothly and sucessfully. Therefore the Co-operative Movement of Sri Lanka with the help of the I.C.A. has to find out a plan for the sucessful implementation of the ~~Five Year Plan of the country in~~ the Scheme regarding ~~to~~ Co-operative Marketing Movements in Sri Lanka.

We should like to conclude this report by repeating our conviction that the Co-operative Movement in Sri Lanka has a leading role to play in the economic, social and cultural development of the nation and hope that we' have given a clear picture of the Agricultural Co-operative Marketing situation in our country and the connected problems that need urgent solutions.

Sri Lanka.
1975.08.08.

U.S.Appuhamy,
Inspector of Co-op. Society,
Department of Co-operative
Development, Sri Lanka.

N.Kumaresapasupathy,
General Manager,
Vali-East Southern Division
M.P.C.S. Ltd.,
Neervely, Sri Lanka.

Annex – "A"

Volume of business handled by the Co-operative Sector in the different Commodities

Commodities	Year	Island Production	Export	Quantity Purchased by Co-operative	Percentage
1. Paddy	1972	62,800,000 (Bushels)	-	33,303,898 (Bushels)	53
2. Dhall	1971	45 (")	-	-	-
3. Meneri	1971	26,900 (")	-	-	-
4. Kurakkan	1971	495,600 (")	-	-	-
5. Gingelly	1971	164,600 (")	-	-	-
6. Red Onions	1972	1,222,965 (Cwts.)	-	189,933 (Cwts.)	15.5
7. Bombay Onions	1972	24,849 (Cwts.)	-	89 (")	0.36
8. Green Gram	1972	24,571 (")	-	13 (")	.06
9. Ground Nuts	1972	107,757 (")	-		
10. Dry Chillies	1972	238,048 (")	-	18,567 (")	7.8
11. Maize	1972	261,276 (")	-	45,086 (")	17.2
12. Potatoes	1972	46,252 (")	-	4,121 (")	8.9
13. Milk	1972	300,400,000 (Bottles)	-	453,282 (Bottles)	.15
14. Eggs	1972	480,821,460	-	191,774	-
15. Vegetables	1972	-	-	-	-
16. Pepper	1972	-	1,897 (Cwts.)	16 (Cwts.)	-
17. Cocoa	1972	3,884,785 (Lbs.)	3,434,032 (Lbs.)	-	89
18. Cinnamon	1972	-	104,282 (Cwts.)	-	-
19. Cardamon	1972	582,960 (Lbs.)	481,936 (Lbs.)	-	83
20. Cloves	1972	-	2,098 (Cwts.)	-	-
21. Nut Mag	1972	-	1,999 (")	-	-
22. Citronella	1972	-	397,691 (Lbs.)	-	-
23. Coconut	1972	-	-	-	-
(a) Desicated		-	48,592 (Tons)	7,836 (Tons)	14.93
(b) Copra		-	43,581 (Tons)	-	(2420 Tons were purchased for local markets)
(c) Oil		-	85,430 (Tons)		
24. Rubber	1971	139,174 (Tons)	127,279 (Tons)	1,054 (Tons)	.8

BACKGROUND PAPER

PRESENTED TO

REGIONAL SEMINAR ON AGRICULTURAL COOPERATIVE MARKETING

WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS

2-22 SEPTEMBER 1975

PREPARED BY

MRS. PRAKOBSRI PETCHARASAWANG

MR. PRAPAS LIMPABHANDHU

MR. ROOT SUWANARAKS

MR. THAVIL LARSPRASERT

AUGUST 22, 1975

Agricultural Cooperative Marketing with Special Reference to Marketing Project

Introduction

Cooperation was introduced to Thailand in 1916 on the initiation of the government with the organizing of small unlimited credit cooperatives. A strong intention of the government was primarily to relieve farmers from severe indebtedness and to enable them to expand their rice production which was, at the time, becoming more and more important in earning foreign exchange. After the Constitutional Government of June 1932, cooperatives of other types have been established both agricultural and non-agricultural, for instance paddy marketing, land improvement, land settlement, landtenant and hire-purchase, handicraft, consumers, thrift and credit and service cooperatives. However, the small unlimited credit cooperatives were the most prominent type. Prior to the launching of amalgamation in 1969, their were 10,520 cooperative societies, of which 9,684 were small credit cooperatives. After the amalgamation programme was taken place, 9,603 small credit cooperatives were merged into medium size agricultural multipurpose cooperatives with limited liabilities at district level.

Structure of Agricultural Cooperatives

The structure of agricultural cooperative in Thailand is a three-tier relationship with primary society at a local district level, secondary society at provincial level and national or apex organization at the top level. Following is the organizational structure is three level of the cooperative movement in Thailand.

I. Amphoe (District) level comprises of fair-sized agricultural cooperatives as a result of the amalgamation of small unlimited credit societies at a village level and those mewly organized limited agricultural cooperatives at district level.

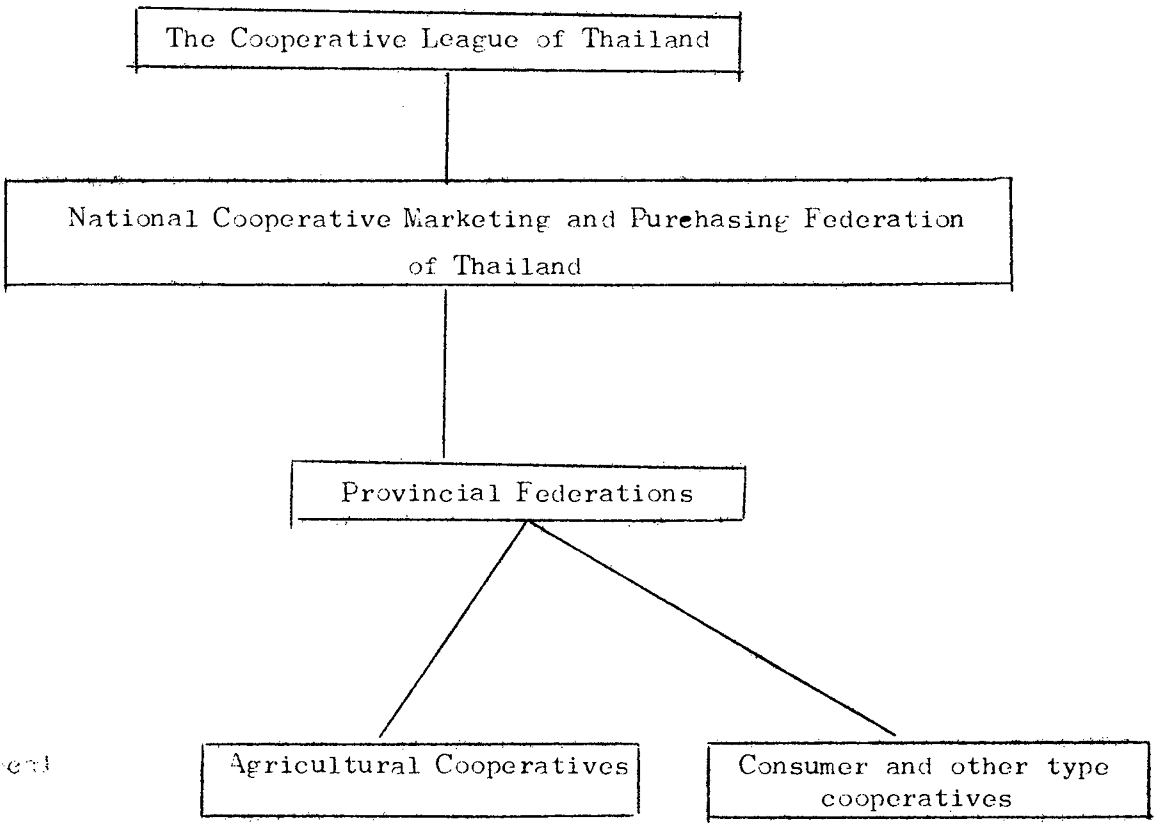
2. Changwad (Province) level comprises of those agricultural cooperatives and some other marketing and land cooperatives in those Amphoe in the area of that particular Changwad.

3. National level comprises of provincial federations, Agricultural and a number consumer and other type cooperatives. This apex organization is called "Cooperative Marketing And Purchasing Federation Of Thailand Ltd. (CMPF)".

All agricultural and non-agricultural cooperatives an affiliated to the Cooperrative League Of Thailand (CLT). CLT was established under the Cooperative Societies Act 1968 to serve as a non-official organ for the promotion of cooperatives development all over the country. CLT derives its main income from annual subscription fees paid by the cooperatives which have net surplus on theirs operations. The fee is fixed at five percent of the surplus but not exceeding 5,000 Baht.

3

Structural Chart of Agricultural Cooperatives



As of March 31, 1975 C.M.P.F. had 550 society members distributed as follows :-

1. Agricultural cooperatives	459 societies
2. Land settlement cooperatives	5 societies
3. Consumers'=cooperatives	76 societies
4. Service cooperatives	1 society
5. Fishery cooperatives	1 society
6. Provincial Federations	8 societies

Agricultural Cooperative Development Plan

As it is known that Thailand is an Agricultural country, about 80 % of her population are engaged in agriculture. As far as agricultural cooperative is concerned there were 9684 village credit cooperative with total membership of 153,278 farm families before launching of amalgamation program in 1969. This number of membership comprises only about 43 % of tatal farm households of 3.5 million/an agricultural cooperatives now existed in 286 districts of 63 provinces, out of total 539 districts of 71 provinces, showing the area coverage is still just 53 % of total districts. By the end of 1973, 9,603 village credit cooperative were merged into 410 fair-sized agricultural cooperatives. An amalgamated society has an average membership of 477 farm families as against 20 of an unlimited credit one.

In order to acclerate and develop the growth of this type of cooperative. A plan was adopted by the Department of Cooperative Promotion, the responsible organization in organizing and supervising of all types of cooperatives in Thailand. Specific programs to develop agricultural cooperatives are as follows.

-To increase membership in existing agricultural cooperatives. Within the period of 3 budgetary year, from 1974-1976, the average number of membership should be 1,000. In the meantime, a policy of one agricultural cooperative in one district should be implemented so as to have a bigger-sized cooperative at a district level.

-In the area or potential district where cooperative doesn't exist, agricultural cooperative should be encouraged to organize with the initial membership of 200 within 3 years from 1974-1976.

-A certain plan of business enlargment of each society should be fixed.

-Cooperative's own office should be established so as to convince the member on sense of belongings. Another advantages are to use its office for such purposes as other businesses, deposits and storage.

-To promote the cooperative in employing its own personnels.

-To encourage the cooperative in emphasizing on fertilizer business.

-To encourage the activity on land procurement for members. In so doing, the cooperative should work hand-in-hand with the Bureau of Land Reform.

Marketing Project

As rice marketing through cooperative channel is the main policy of the government. — - - - - Agricultural cooperatives in the rice producing areas should be encouraged to do business on rice with full capacity. Marketing mechanism should be sufficient, i.e. rice-barns, rice mills and capital so that the cooperative can serve the need of the members in colleting, processing and marketing of member's products.

Marketing project may be elaborated a follows.

Barn Construction Project

Year	No. of barn to be constructed	Capacity * (Kwien
1974	90	45,000
1975	72	36,000
1976	13	6,500
Total	175	87,500

*1 kwien is equal to 1 metricton.

Rice mills construction project of the provincial Federation

Year	No. of Rice Mills	Milling Capacity	barn capacity (kwien)
1974	5	310/24 hrs	8,500
1975	4	200/24 hrs	6,000
1976	5	250/24 hrs	7,500
	Total 14	760/24 hrs	22,000

Volume of business before project

There were 119 agricultural cooperatives operated on rice business, 106 of which are operated only on barns, numbering 127 barns with capacity of 63,000 kwien; 13 societies were operated on rice mills with total milling capacity of 610 kwien/24 hrs. These 13societies also owned 22 barn with capacit of 14,550 kwien

Volume of business after the project

When the project terminates in 1976, the agricultural cooperatives will be furnished with barns and rice mills in 54 provinces as follows.

Total number of barns 338 with capacity 187,500 Kwien

Total number of rice mills 27 with milling capacity of 1,370 kwien/24 hrs.

Project on other crops rather than rice. Aside from rice, the main crop of the member of cooperatives, the government has encouraged the cooperative to market all kind of products produced by members. In 1974-1975, the Cooperative Marketing and Purchasing Federation of Thailand, Ltd. had been collecting maize from member cooperatives and this product had been exported at the amount of 99,000 metric tons. In 1975-76 the amount of exporting product is projected at 130,000 metric tons.

The Cooperative Central Market Project. The CMPF has organized the cooperative Central Market in Bangkok for the following purpose.

-to market agricultural produces of farmer members. The cooperative members can sell their products directly to the customers.

-to act as a pooling centre of agricultural products by grading and marketing at reasonable retail and wholesale prices.

-to encourage cooperative members in running business by means of cooperative marketing.

-to encourage members in planning to increase productivity and of their products to the market with quality & quantity demanded by the customers.

-to encourage local cooperatives in doing business at local level by collecting the members'products and market them at the cooperative market.

Marketing of Agricultural Produce in Thailand

As mentioned on the structure of agricultural cooperatives, there are three-tier structures: local or district, provincial and national levels. Although the agricultural cooperatives at local level are functioning as multipurpose society, most of local cooperatives do not perform directly their marketing channel. They act only as collecting point of member's products. There are 3 method of product collceting, these are, buying outright from member's at a maket price, to act as a commession agent of the member in selling their products and pooling system.

The common practice of all agricultural cooperatives is to buy outright of members'products. If the cooperative gain profit at the end of marketing season, a refund will be paid to each member according to the volume of business done with the cooperative. By this method, most of farmer members seem to be satisfied , because they can get the full price of their produce delivered to the cooperative. Regarding the second method of collection, the cooperative only act as member agent in selling their products. After the harvest season, member who wants to sell his product through cooperative will deliver his product and store it at the cooperatives barn or in his private barn. When the price of the product is faverable, the cooperative will sell the right away. The advantage of this method is the increasing of bargaining power of the cooperative because the products are sold in large quantity. So the member can get a faverable price. The last method of collection is pooling. This method seem to be the best way in selling or marketing members'products throught the cooperative. Practically, this method is succeded in a small degree. Handling of product to the cooperative is different from time to time and the price of products is flexible during the delivering period. Only 70 percent of price are advanced to members, the full price along with a refund will be paid to member after the closing of season.

Rice marketing

Marketing of paddy of cooperative members in a certain area was previously functioned by paddy marketing cooperatives. After the provincial cooperative federations were organized, the cooperative federation have undertaken the collecting, processing and distributing activities. Twelc excisting provincial federations have their own rice mills. In addition, a number of multipurpose cooperatives at local level are undertaking their marketing function, and some of them cperate rice mill.

At the begining of this year, CMPF took the first step in exporting 5,000 metric tons of rice through cooperative channel.

Maize marketing

Distribution of maize from farmer members to the terminal market is performed directly by CMPF. CMPF has collected maize from local member cooperatives which, through cooperative channel, has been exported to Japanese cooperatives. Before 1963 maize export was handled by the Bangkok Farm Product Marketing Society Ltd, and the Nation National Purchasing Federation of Japan. In 1969, maize business transactions were transferred to CMPF.

The purpose of maize collection by CMPF is to help the member cooperatives sell their maize at better price at termainal markets. CMPF acts as a commission agent. If there is any surplus, it will be returned to members on the basis of their volume of business done with CMPF. The amount of maize exported by CMPF has been continually increasing as illustrated in the following table.

Table: showing quantity of maize marketing between Thai & Japanese Cooperative.

marketing season	No.of coops.	Quantity exported	Collected by coops.	Percentage
1970-71	16	59,883.1351	26,639.8399	44.48
1971-72	43	79,752.2537	66,278.2945	83.10
1972-73	19	40,978.6013	26,139.2340	63.79
1973-74	45	97,163,2530	65,227.4730	67.31
1974-75	70	98,960.- (ton)	84,045.253 (ton)	84.93

The quantity of maize to be collected is fixed each year in accordance with prevailing economic situations. According to the agreement made between Thai-Japanese delegates during this year, the quantity of maize exported in 1975-76 is raised to 130,000 metrictons.

Major problems of Agricultural Cooperative Marketing

1. Marketing services performed by agricultural cooperatives have not as yet brought about satisfactory results in any sizeable magnitude. Processing of farm products, specially paddy not to mention other crops, is still insignificant in terms of volume and value of members' annual crops. This is due to various adverse factors, such as wide scatter of small farms, inefficient network of farm roads, and means of transport and communication, chronic indebtedness of farmers, keen competition of moneylenders-cum-traders, skill. And one of the most important factors is the lack of managerial skill.

2. Generally low understanding of cooperative principles and practices, ideology, and a lack of true local leaders in the cooperative movement has, for some time, reflected in the mind of the average member low interest, enthusiasm, and allegiance shown to his cooperative. The fact that a sizeable number of members is getting old and becoming inactive has posed quite a formidable problem to the business viability and expansion of agricultural cooperatives.

3. Inadequacy of funds for both working capital and facilities of cooperatives hinders or retards improvement and expansion of activities even among the most enterprising cooperatives. It is, therefore, indispensable for the cooperatives to make strong efforts in raising funds from both within and eithout.

AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL REFERENCE TO MARKETING PROJECTS IN SOUTH-EAST ASIA

By

M.V. Madane,
Joint Director, Technical
Assistance & Trade,
ICA Regional Office & Education
Centre for South-East Asia

presented at the

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo (Japan) : 2 - 22 September, 1975

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43, Friends' Colony, New Delhi-14

CENTRAL UNION OF AGRICULTURAL COOPERATIVES
8-3-1 chome, Otemachi, Chiyoda-ku,
Tokyo,
Japan

and

THE INSTITUTE FOR THE DEVELOPMENT OF
AGRICULTURAL COOPERATION IN ASIA (IDACA)
24-9, 6-chome, Funabashi, Setagaya-ku,
Tokyo (Japan)

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By

M.V. Madane
Joint Director, TA&T,
ICA Regional Office & Education
Centre for South-East Asia,
New Delhi-110-014 (India)

Marketing Surveys by the ICA

As a part of the several studies sponsored by the ICA during the Cooperative Development Decade (1971-80), the Regional Office of the ICA in South-East Asia, located at New Delhi, have conducted a series of marketing surveys in the Region during the period 1970-74. The countries covered by the Surveys were India, Indonesia, Iran, Republic of Korea, Malaysia, the Philippines, Sri Lanka and Thailand. A wide range of commodities were surveyed including rice, maize, sorghum, tapioca, solvent extraction meals and other raw materials for feedstuffs and fruits and vegetables. The broad objectives of the survey were to identify cooperatives at the initiative of the national movements in the countries of the Region as model examples of cooperative development with the ultimate aim of initiating measures for their intensive development so that these cooperatives would serve as demonstration centres and would have a multiplier effect on cooperatives in other areas. This identification will help the developing movements concerned to obtain external assistance for the development of these projects from developed movements and aid-giving authorities and agencies. The ultimate objective of the survey is the further development of cooperative agricultural marketing in the developing countries of the South-East Asian Region.

The Agricultural Sub-Committee of the ICA for South-East Asia which originally sponsored this Survey, recommended that the Survey be conducted in the field of agricultural cooperative marketing with the ultimate object of further developing such marketing into international cooperative trade in countries of the South-East Asian Region. The Sub-Committee recommended that the Survey be conducted by Study Teams consisting ~~of experts recruited in the~~ context of commodities to be surveyed in each country or a group of countries.

The Study Teams appointed to conduct these surveys have identified the number of projects or areas for developing cooperative marketing in the above countries. Following observations are based on the findings of the various Study Teams.

Marketing - Recent Activity

Despite efforts made over the last ten years to develop a chain of multipurpose cooperatives, most of the movements in the Region are still dominated by cooperatives engaged only in the dispensation of credit to credit worthy farmers.

Even in countries where multipurpose cooperatives have already been organised, not much is being done by these multipurpose cooperatives beyond supplying credits and periodically distributing agricultural inputs on behalf of the government or semi-government organisations.

Because of the increased attention paid by the governments in the Region to improve agricultural productivity (often as a part of the National Cooperative Development Plans), there is a marked increase in the supply of inputs to organised farmers (either through cooperatives or other such organisations).

The increased supply of agricultural inputs, supplemented in some countries by improved extension methods have contributed to significant growth in agricultural producity.

In most cases, however, the benefit of increased productivity have not reached the actual cultivator. This is due to the fact that with increased production there was no simultaneous increase in the facilities for the disposal of marketable surplus of the producers.

In countries where the cooperative organisations have been involved in productivity effort, their role has been generally concentrated around distribution of credit and agricultural inputs.

Only in a few countries, such as Australia, India, Japan, South Korea and to some extent Sri Lanka are the cooperatives involved in the marketing of agricultural produce. There again the percentage of marketing to the total marketing, except in the case of Australia and Japan, is not big enough to bring about a healthy influence in the market. Even in Japan marketing of agricultural produce by cooperatives is not as extensive as in the case of credit and supply of agricultural inputs. Even where cooperatives have been able to market a sizable percentage of agricultural produce the sale of such produce is mostly on consignment basis. Outright marketing is an exception rather than the rule.

The total situation, therefore, is that marketing is still the least developed cooperative activity in the Region.

Mostly Limited Coverage

Cooperatives in Australia are geared to marketing of agricultural produce of their members. These cooperatives are organised mostly for a single commodity or a group of commodities allied to each other. These cooperatives market the produce of their members both home and abroad and represent members' interest on commodity boards which support and further the cause of marketing respective commodities. The commodities include livestock, milk, and milk products, wool, grain fruits and vegetables. The percentage in Australia, unlike other countries in the Region, is quite high (over 75%) in respect of most of the commodities.

In Bangladesh, only the National level cooperative organisation viz. The Bangladesh Samabaya Marketing Society undertakes marketing of a few commodities such as pineapple and potatoes and has established cold storage facilities for this purpose. It also distributes other commodities through its affiliates.

In a few States in India, viz. Himachal Pradesh, Gujarat and Maharashtra, marketing of fruits and vegetables by cooperatives has been developed and the percentage of their coverage is increasing from year to year. Regulated markets which have so far covered a number of commodities are being extended to fruits and vegetables also. In some areas cattle are also covered by these markets. The commodities handled are mostly apples, potatoes, onions, vegetables and tropical fruits such as bananas and pineapples. Some of the cooperatives in these States also undertake export of selected fruits and vegetables to countries in South-East Asia and Africa.

Indonesian cooperatives in the East Java Province are involved in fruit and vegetable marketing only to a limited extent. Efforts are being made to market fruits and vegetables in the metropolitan cities and the neighbouring countries.

The cooperatives in the Republic of Korea have recently intensified their marketing activity and the percentage of coverage is on the increase. The National Agricultural Cooperative Federation (NACF) and some of the single purpose cooperatives market livestock products and fruits as well as vegetables. Supporting services like regulated markets have been introduced in the country.

Malaysian cooperatives are under a process of reorganisation and with the growth of multipurpose concept, they are expected to undertake marketing of fruits and vegetables in the coming years. At present their activity centres around credit and supply of agricultural inputs.

There is no organised marketing system in Nepal except in the case of rice on a restricted scale. The Rice Export Company has started purchase and sale of rice in six districts in the country. Fruits and vegetables are marketed by the farmers through established private channels.

In the Philippines, marketing of grains, tobacco, hogs and in a few cases vegetables was until recently handled by FACOMAS (Farmers Marketing Cooperatives). Under the recent reorganisation, only Area Marketing cooperatives will be handling agricultural produce. These new cooperatives have yet to commence their trading operations.

Singapore Cooperative Movement had, until recently, not ventured into the field of agriculture. However, with the establishment of the Singapore Livestock and Agricultural Cooperative Society (SLACS) plans are being formulated to raise livestock, process it and market the finished products. The Market Centres to be established by the SLACS, are also expected to purchase fruits and vegetables from the farms and supply them to local supermarkets and cooperative stores.

In Sri Lanka eleven multipurpose cooperatives are engaged in the production and marketing of fruits and vegetables. These societies purchase upland and tropical fruits and vegetables, and deliver them to Sri Lanka Cooperative Marketing Federation for marketing in metropolitan cities. There is also a separate society in Jaffna area engaged in the marketing of bananas. A retail shop (Govisala) has also been opened in Colombo to sell these items direct to the consumers.

Cooperatives in Thailand are just about to enter the field of fruits and vegetables marketing. The Cooperative Marketing and Purchasing Federation (CMPF) has recently organised a cooperative Central Market in Bangkok to market agricultural produce of cooperative members and to create facilities for grading and storage. Three societies have so far been organised out of which one has started marketing of pineapple and bananas in addition to rice and sugarcane.

Lack of Professional Skills

Some of the most important reasons for the lack of coordinated growth of cooperative marketing in the Region are ;

a) Marketing is undertaken mainly with the purpose of delivery of produce to a government agency or for the distribution of controlled commodities. This does not provide the experience needed to operate a marketing system based on supply and demand positions.

b) Acting as agents of government for collection and distribution of agricultural produce enables marketing cooperatives to earn a sizeable income. The urge to undertake independent marketing operations to make the organisation a viable one does not exist.

c) Finance on easy terms is normally available to these cooperatives. This also prevents building up of capital and reserves.

d) Quite often marketing cooperatives are managed by officers of government loaned to these societies for a fixed term. Professional managerial cadre is the only way in which efficient business management of a trading cooperative can be maintained.

e) Members of cooperatives, receiving credit and other benefits, quite often avoid selling their produce through their own organisation due to lack of sanctions against such members. Lack of proper member education is another reason for their apathy.

f) Most of the organisations lack facilities for effective communication and market research,

g) Properly organised facilities do not exist for storage, grading, packaging, transportation and distribution of marketed goods, and

h) Generally, marketing is not supported by processing facilities. This prevents cooperatives from converting agricultural produce and livestock into marketable finished products.

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CASE STUDY

COOPERATIVE MARKETING OF FRUITS IN THAILAND

By

Lionel Gunawardana
Joint Director and Specialist
in Agricultural Cooperation,
ICA Regional Office & Education
Centre for South-East Asia

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The INSTITUTE FOR THE DEVELOPMENT OF
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24-9, 6-chome, Funabashi, Setagaya-ku,
Tokyo (Japan)

COOPERATIVE MARKETING OF FRUITS IN THAILAND

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Agricultural Cooperative Marketing in Thailand

Cooperative marketing of agricultural produce in Thailand is undertaken by the Agricultural Cooperative Societies at primary level, their Union at District level and the Cooperative Marketing and Purchasing Federation (CMPF) at National level.

Main commodities marketed cooperatively are maize and rice. The Cooperative Marketing and Purchasing Federation purchases maize through its member cooperatives and exports them to Japan. It has an agreement with the UNICOOP Japan for exporting maize. Quantities to be exported and their prices are fixed annually on mutual agreement.

Rice

Provincial Marketing Federation purchase paddy through their member Societies. The paddy is milled in the rice mills belonging to these Federations. The rice is marketed either locally or exported through the Cooperative Marketing and Purchasing Federation.

Fruits and Vegetables

Cooperative Marketing of fruits is still in a very initial stage. Three societies have been recently organised in fruit growing areas to undertake marketing of fruits. One of these societies has already begun marketing and the other two are in the planning stage. No beginning has yet been made in cooperative marketing of vegetables.

The Cooperative Marketing and Purchasing Federation has plans to enter into the fruit and vegetable trade in a substantial way. Several discussion meetings have been held with interested Societies and drawn up plans. The Federation has taken on rent a building to run a market on experimental basis where stalls have been allocated to a few Societies. In these stalls they sell various items including fruits. The location of the market has not attracted many customers. The Federation intends either to improve this or obtain other premises and continue marketing of vegetables and fruits in a large scale.

A chart showing the plans for collection and distribution of fruits and vegetables and the responsibilities allocated to the primary societies and the Federation (CMPF) is given in the next page.

KUABURI AGRICULTURAL COOPERATIVE SOCIETY

Establishment and Objectives

The Kuaburi Agricultural Cooperative Society was established on 1st January 1972 by amalgamating two credit societies of unlimited liability. It was established as a Multipurpose Agricultural Cooperative Society. Its by-laws empowers the Society to undertake functions such as provision of credit to its members, provision of agricultural inputs and farm guidance services and marketing of agricultural produce.

Membership and Share Capital

The Society had a membership of 188 when it was established and this rose to 349 by 31st March 1974 and to 473 by April 1975. The total number of farmers in the area covered by the Society is approximately 5,000. About 1,000 of them have formed into "farmers groups" and they borrow funds for cultivation purposes through these groups.

The share capital of the society on the 31st March 1972 was Baht 139,350 and this amount rose to Baht 159,534 by 31st March 1974.

Management Committee

The Management Committee consists of 12 members elected at the Annual General Meeting.

Area and Crops Grown

The total area of cultivated land in the area of operation of the Society is approximately 20,000 acres. Little over 8,500 acres of these belong to members of the Society. The major crops grown are sugar cane, banana, pineapple and rice.

The following table shows the area under different crops belonging to members and their percentage to the total area under each crop.

Crops	Acres	Percentage of total area under these crops
Sugar cane	5,729	30
Banana	1,734	60
Pineapple	1,004	80

Commodity Groups

The Society has formed commodity groups among its members. There are 9 such groups - six of pineapple and sugar cane growers, one of rice growers and two of banana growers. Each group has an elected leader who coordinates the activities of the group with the Society. These groups discuss various problems confronted by them in the cultivation of crops and marketing of agricultural produce and bring them to the notice of the society when necessary. Farming guidance and extension advice also are extended through these groups.

Activities

The society since its inception in June 1971 upto the middle of 1974 was engaged only in maintaining saving accounts for members, provision of loans and supply of agricultural requisites. In the middle of 1974 it started fruit marketing too.

Savings

The Society maintains short term and fixed deposit accounts for members. On 31st March 1974 the total balance amount in the short term deposits of members amounted to Baht 6,820.31 and in fixed deposits accounts to Baht 71,500.

DEPOSITS AND WITHDRAWALS DURING 1973-74

Unit Baht

Type of deposit	Deposits	Withdrawals	Balance
Short-term deposits	93,300.00	95,409.57	6,820.31
Fixed deposits	72,000.00	22,500.00	71,500.00
Total	165,300.00	117,909.57	98,320.31

Loans

The society extends loans to its members for agricultural purposes. Short-term loans upto Baht 5,000 are given on personal security. Medium-term loans upto Baht 20,000 are given against mortgage of land and other property. Recently the maximum limit of medium-term loans has been raised to Baht 40,000.

Funds for lending are borrowed from the Bank for Agricultural and Agricultural Cooperatives. The society pays the bank interest at the rate of 9 per cent per annum and charge interest at the rate of 12 per cent from members.

The Society cannot meet the full loan requirements of members due to inadequacy of funds. This compels the members to either borrow or take advances on expected produce from the private traders. Both these methods of getting money bind them to supply their produce to the private traders. Inadequacy of funds also restricts the admission of new members to the Society.

The following tables show short and medium-term loans given to members in the year 1973-74.

SHORT-TERM LOANS 1973-74

Unit : Baht

Purpose	Loans	Repayment
Purchasing seed	145,000	158,000
Purchasing chemicals	133,900	135,900
Labour charges	95,000	95,000
Purchase of shares	19,600	20,600
Total	393,500	409,500

LONG-TERM LOANS

Unit : Baht

Purpose	1973-74	From the inception upto 31st March, 1974.
Cultural operations	610,000	1,250,000
Land improvement	301,000	799,089
Constructing of sheds for cattle	3,000	3,000
Purchase of agricultural implements	7,000	7,000
Purchase of shares	59,000	130,750
Total	980,000	2,190,139

Supply

This is the second line of business activity the Society has entered into. Upto February 1975 it has supplied agricultural chemicals amounting to Baht 147,814.

The Society also supplies rice for consumption purposes to members. In 1973-74 it has supplied rice amounting to 393,500 baht.

Marketing

The Society started marketing of sugar cane and fruits in the middle of 1974.

Marketing of sugarcane

Sugarcane produced by the members is sold through the society to a sugar mill operated by a private company, The Society enters into contracts yearly with the Company to supply cane at a fixed price. The members thus have the advantage of collective bargaining and the opportunity to know the price at which they can sell their cane in advance.

The Society organises the harvesting and transport of the cane and the expenses are charged to members.

Society receives payment from the Company on delivery of cane and members are paid after deducting harvesting and transport charges and the Society 's commission at the rate of Baht 10 per ton.

Fruits (pineapple)

Pineapple is also marketed in the same manner as that of sugar cane. The society enters into contracts with private canning factories yearly to supply pineapple at the fixed price. The members harvest their fruits at dates fixed by the Society. The society plans the harvests in such a way that sufficient quantities can be supplied to factories as per contracts. The Society receives payment on delivery and pays the members after deducting transport charges and commission at the rate of Baht 10 per ton.

The small fruits not accepted by canning factories are sold to merchants from Bangkok and other cities. In the year 1973-74 the society marketed 60,710 tons of pineapple valued at Baht 71,668.

The Society does not undertake to market the banana produced by the members yet. The members sell them direct to private traders.

<u>Vegetables and Fruits</u>

<u>Other Marketing Cooperatives</u>

The other Agricultural Cooperative Societies planning to engage in fruit marketing in Thailand are Damnern Saduk Agricultural Cooperative Society and Suan Som Bangmod Agricultural Cooperative Society.

The Damnern Saduk Agricultural Cooperative Society was established on 24th March,1975. It has a membership of 159. The members own or cultivate on rental basis approximately 5,000 acres of land. The major crops they grow are oranges and grapes.

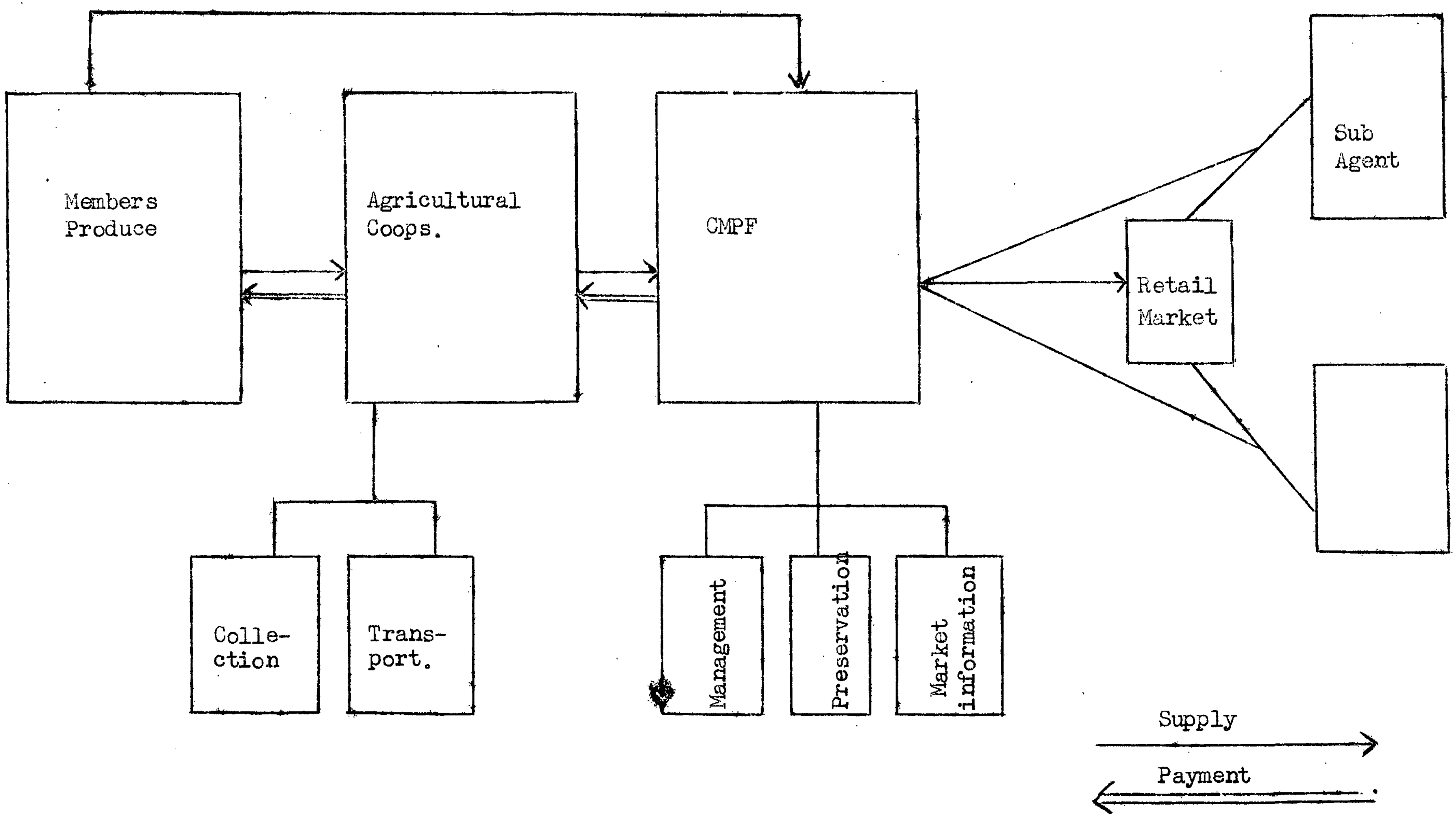
The society has started supplying agricultural requisites such as fertiliser, chemicals and other implements to members. It also plans to start supplying loans soon.

The society is formed with a view to assisting in the marketing of oranges and grapes produced by the farmers in the area of operation of the society. The society plans to collect these produce from the members and market them by selling to the private fruit dealers in Bangkok and other cities to begin with. It hopes to market them through the Marketing and Purchasing Federation of Thailand when it starts handling other fruits and vegetables too.

The Suan Sam Bangmod Agricultural Cooperative Society was established on 29th April,1974. It started with a membership of 275 and by March 1975 it rose to 419.

The area of operation of the society covers approximately 12,000 acres of cultivated land. 60% of these either belong to the members or are cultivated by them on rent.

PLAN FOR FRUIT AND VEGETABLE MARKETING



The Society at present is engaged only in loaning and in supply activities. It earlier had been dealing with collecting oranges produced by the members and selling them in Bangkok market. This had to be suspended as the Society suffered losses. Bangkok being very close to the Society area, private traders can come to the farms of the members and buy their produce on cash. The Society failed in the competition with these traders mainly due to the heavy overhead costs incurred by it. The small quantities the Society managed to procure from the members resulted in high unit overhead costs.

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CASE STUDY

ON

UDAPALATHA MULTIPURPOSE COOPERATIVE SOCIETY

by

Lionel Gunawardana
Joint Director & Specialist in
Agricultural Cooperation
ICA Regional Office & Education Centre
New Delhi - 110014.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre for South-East Asia,
43, Friends Colony, New Delhi-14.

CASE STUDY

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UDAPALATHA MULTIPURPOSE COOPERATIVE SOCIETY

By
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Introduction

Agricultural Coóperative Marketing in Sri Lanka

Earlier Sri Lanka had a three tiered cooperative structure - the primary societies at the village level, their Union at the district level, and the apex societies at the national level.

Multipurpose Societies were the most predominant in the field of agricultural marketing at the primary level. They were federated into Multipurpose Unions at the district level, and were further federated at the national level on functional basis, e.g. Agricultural Marketing Federation, Consumer Union and Industries Union.

In 1969 there were 5,074 Multipurpose Societies with a membership of 1,039,472. Other primary societies which engaged in marketing were :-

	No.	No. of members
Coconut Societies	19	5,074
Tea Societies	18	3,667
Rubber Societies	4	191
Tobacco Societies	95	8,814
Dairy Societies	34	1,909
Other agricultural societies	119	26,865

There were 155 Multipurpose Unions at the district level. Secondary business sociotics which included Multipurpose Unions in 1969 numbered 286. (These also include Banks, Agricultural Unions, Fish Sale Unions etc.).

In 1971 primary Multipurpose Societies were amalgamated into 368 large societies. The 155 Multipurpose Unions were dissolved and their assets were transferred to the newly amalgamated primary Multipurpose Societies covering the respective areas. These large Multipurpose Cooperatives are now federated at the national level on functional basis.

Agricultural cooperative marketing in Sri Lanka is now undertaken mainly by the Multipurpose Cooperatives at the primary level and the Sri Lanka Marketing Federation at the national level. In addition to these, there are specialised societies for major plantation crops, e.g. tea, coconut and rubber. Coconut and Rubber Societies have their own federations at national level.

Brief History

The Udapalatha Multipurpose Cooperative Society is the successor to the Udapalatha Cooperative Agricultural Production and Sale Society and the Multipurpose Societies that were functioning in the area prior to the island wide reorganization programme that was implemented in the year 1971.

The Udapalatha Cooperative Agricultural Production and Sale Society was established in 1939 for the joint sale of vegetable produced by the farmer members of the area. The people who became members of this Society had experience in cooperation by being members of Cooperative Credit Societies and had learnt the principles of cooperation well. The Credit Societies had helped them to improve their economic conditions to some extent. The next step they took in working for their economic emancipation was to organise the Production and Sale Society.

At the beginning it had faced severe competition from the middlemen.

The Commissioner of Cooperative Development of Sri Lanka in his Administrative Report for 1954 lucidly explains the beginning and growth of this Society as follows:-

> "A few credit societies in 1934 helped to raise the people from abject poverty and to loosen a little the financial grip of the trader. These cooperators next established a Vegetable Sale Society in 1939. After bitter battles with the private trader who was hitherto beating down the prices of their luscious "English" vegetables into a pulp (5 cents for a big cabbage was usual and 10 cents for 100 beans) they gradually began to raise their heads above the level of their vegetables, and convert rude shanties into well-shaped dwellings of stone" §

As a vegetable sale society its main function was the collection, transport and sale of vegetables. The credit needs of the members were not met by it nor did it supply the day to day needs of the farmers. To provide these services and to ensure the essential coordination that should exist between credit, marketing and consumer activities "the keen instinct of the cooperators suggested" to them a system where the three types of societies namely credit, sale and consumer can function in close coordination. This system later came to be known as the "Link-up". Under the link-up system farmers obtain their credit needs from the Village Credit Society. If a member requires credit for buying consumer goods pay orders are issued by the Credit Society on the local consumers society of which the borrower is a member. The member of the Credit Society is also a member of the Production and Sale Society. He supplies his vegetables to the Sale Society for marketing. The Credit Society acts as the collecting agent of the Sale Society. The Sale Society sells the produce and pays through the respective Credit Societies. The Credit Societies recover their dues before making payments to members. At the beginning the "Link-up" system operated with five Cooperative Stores Societies and eighteen Credit Societies and one Production and Sale Society.

The system proved very successful. The scheme had been widely appreciated and had been referred to as a "comprehensive approach".

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§ Mr. S.C. Fernando : Administrative Report on the working of Cooperative Societies for 1954.

The first stage of development towards the formation of Multipurpose Societies started with the recognition of the inter-dependence of credit and marketing by the Cooperative Movement of Sri Lanka. This resulted in the inclusion of a provision in the bye-laws of the Cooperative Sale Societies that the payment for the produce of a member should be made to him, if he happens to be a member of a Cooperative Credit Society, only through that society.

"The organisation of the Agricultural Production and Sale Societies where credit, supply and sale activities relating to production are carried out by the same society was a natural development". §

The "link-up" system where consumers and producers Societies were linked up with the Village Credit Society was the next stage.

The Commissioner of Cooperative Development of Sri Lanka during the period when Multipurpose Societies were first formed § tracing the various stages that led to the formation of the Multipurpose Cooperatives in Sri Lanka has pointed out that "The successful integration of societies in this manner (through link-up system) pointed the way to the final step, viz., the bringing together of various economic activities of the village in one cooperative i.e., the multipurpose society."

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§ Mr. P.E. Weeraman : Report on the Ceylon Cooperative Movement for 1957.

After thirty years of functioning as a Cooperative Agricultural Production and Sale Society Udapalatha Society and eighteen small Multipurpose Cooperative Societies were amalgamated forming a large Multipurpose Cooperative Society during the reorganisation programme in 1971.

The Objectives of the Society

1. To sponsor schemes of thrift and savings.
2. Supply the requirements of members for domestic, agricultural and industrial purposes.
3. To conduct wholesale and retail trade.
4. Raise funds, grant loans and advances to members, make investments in other societies.
5. Store, process and dispose of the produce of agriculture and animal husbandry and products of cottage industry.
6. Execute work on contracts and other basis for providing employment to members.

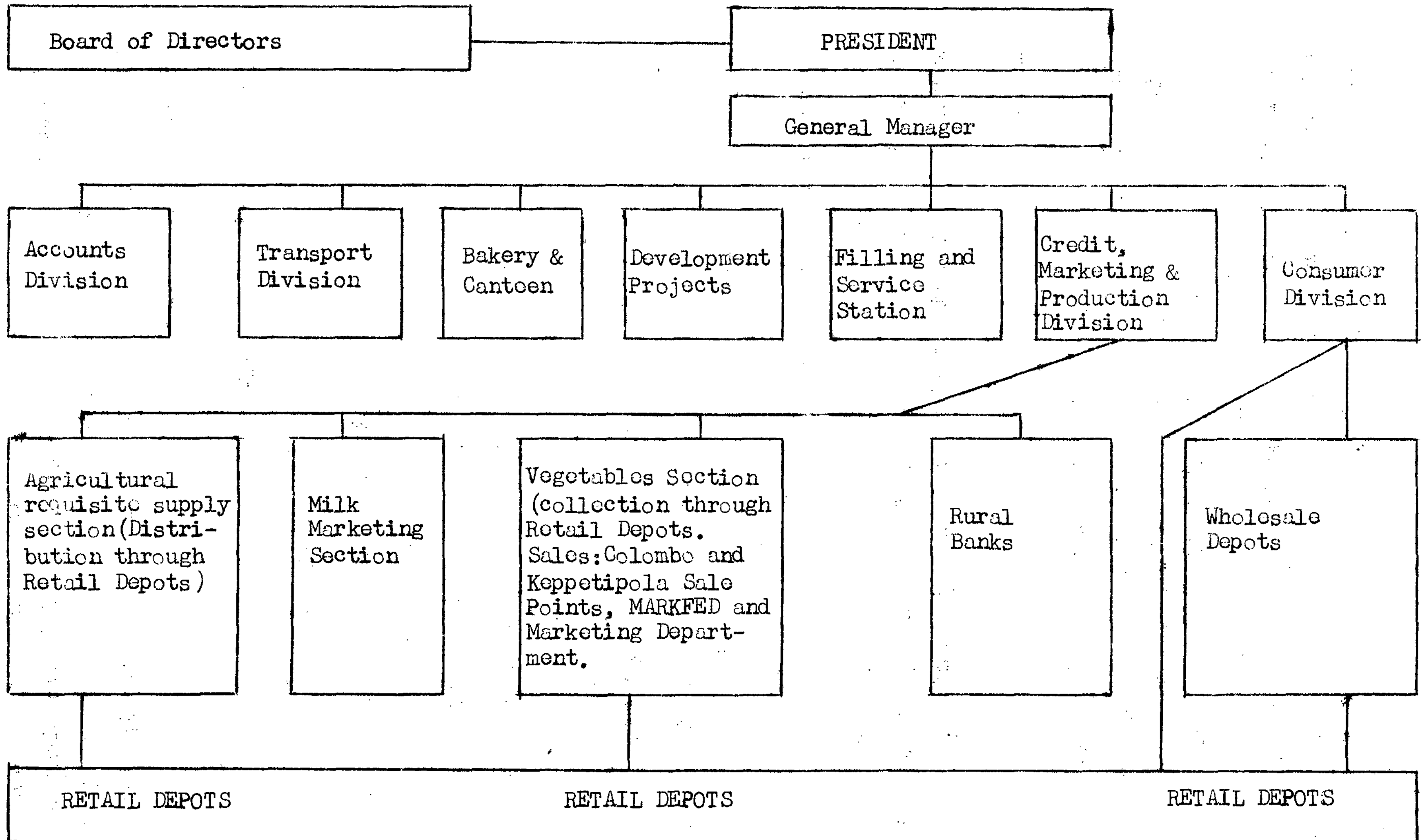
Membership and Share Capital

At the beginning (1971) it had a membership of and by 1974 this has increased to . The membership of the Society consist both of agriculturists and non-agriculturists.

Crops Grown

The Society's operational area is mostly covered by large tea plantations. Acreage under rice in "Maha" season (April-August) is a little over 2300 and in "Yala" season (October-March, a little over 600. Some of the land used for rice growing in "Maha" season is used for vegetable cultivation in "Yala" season. The Acreage under vegetable cultivation in "Maha" is approximately 2,000 and in "Yala" 1,700. The vegetables grown are mostly cabbage, knoh-khal, carrot, raddish and other "upcountry" varieties.

ORGANISATION STRUCTURE OF THE SOCIETY



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ACTIVITIES:

The Society carries out a number of activities.

Supply of Consumer Goods

The Society has twenty three retail depots through which food stuff and other consumer goods including textiles are distributed. It has three main depots through which goods are supplied to these retail shops. The turnover of consumer goods from 01.04.1973 to 31.03.1974 amounted to Rs.10,544,559/-.

Rural Banks

The Society has three rural banks. These banks accept deposits, extend loans and do pawn brokering.

The rural banks had members deposits amounting to Rs.506,889.09 and non-member deposits amounting to Rs.658,416.26 at the end of April, 1975. The three Rural Banks made a profit of Rs.25,639.43 during the year 1974-75.

Development Projects

The Society has a eucaliptus growing project and a brick manufacturing factory. These are run as District Development Projects and are sponsored and assisted by the Government.

Rice Milling

The Society has a rice mill. It mills paddy of the Government Paddy Marketing Board on contract. This activity gives a good income to the Society. The net profit from this activity for 1974-75 was Rs.20,501.55.

Transport

The Society has 13 vehicles - a van, two buses and ten lorries. The lorries are used for transporting consumer goods to main depots and retail points and vegetables to Colombo markets. The Society runs a tour service with its two buses.

AGRICULTURAL SECTION

Purchasing of Paddy

The Society is the sole agent of the Paddy Marketing Board for the purchase of paddy from the farmers in the society area. In Sri Lanka the Government has the monopoly for purchase of paddy. The farmers are paid a guaranteed price when they sell to the Government Paddy Marketing Board which purchases paddy through the cooperatives. The cooperatives are given a commission for the paddy they purchase. The Society purchased paddy amounting to Rs.78,744.74 in the year 1974-75.

Cultivation Loans

The Society extends loans for cultivation of rice, vegetables and other food crops. For this purpose it obtains Credit from the Peoples Bank which is owned jointly by the Government and the Cooperatives.

Since the amalgamation and the establishment of the Multipurpose Society till the 30th April,1974 it has extended loans amounting to Rs.8,605,923.21 for cultivation purposes including cultivation of rice. Out of this amount Rs.8,18,033.09 has been repaid to the Society.

The following table shows loans issued to members for cultivation of potatoes and other vegetables and repayments.

Year	Cultivation of potatoes		Cultivation of other vegetables	
	Extended	Recovered	Extended	Recovered
1973 Yala season	12,12,353.70	11,64,131.00	17,383.70	7,274.13
1973-74 Maha season	29,24,633.42	8,92,607.89	----------	--------
1974 Yala season	8,47,565.00	14,81,348.82	13,891.00	13,891.00
1974-75 Maha season	14,92,723.00	58,936.20	30,730.75	11,285.37

Supply of Agricultural Requisites

The Society supplies to its members various agricultural requisites. They include fertilisers, insecticides, weedicides, seeds and agricultural implements. The Society has supplied in the year 1974-75 these requisites amounting to over Rs.700,000/-.

Milk Marketing

The Society collects milk from the milk producers in the area and supplies to the Ceylon Milk Board. The Society started this activity in August 1974, and it has got the monopoly rights for collection of milk in its area. The amount of milk collected by the Society has increased from 300 pints a day in August 1974 to over 3000 pints a day at present. The Society has divided its area into three collection routes or zones. The vehicles of the Society go round these routes twice a day - morning and evening. There are several collecting centres along the routes and the producers bring their milk to these centres at appointed times and deliver them to the collecting vehicles.

Lactometer test and "taste test" are done before accepting the milk. Quantity supplied by each producer varies from 5 to 100 pints. Most of the producers have only a small quantity of milk. A bill is issued to each supplier in which quantity supplied and the number on the cans to which the milk is poured is marked. This marking of the number of the can is done in order to find out whose milk is rejected if there is any rejection at the delivery point.

At the end of the trip milk is delivered to the collection centres of the Milk Board. Here milk is tested can by can (Lactometer reading, for solid non-fat, adulteration etc.) and those cans that do not meet with the specified standard are rejected.

Fat test is done with a mixed sample of all cans and the payments for the milk to the Society is done according to the fat content. Payment varies from 65 cents for milk with 2.6 per cent fat and 95 cents for milk with 3.6 per cent fat. The Society makes payment equally to all producers irrespective of the fat content of the milk supplied.

Vegetable Marketing

The vegetable marketing activities formally done by the Udapalatha Cooperative Agricultural Production and Sale Society is now carried out by the Agricultural section of the Society. Eighteen of the twenty three branches of the Society function as vegetable collecting centres also. The Society has appointed agents for each of these centres for collecting vegetables. They get a commission for the vegetables they collect. The farmers bring their vegetables to these centres packed in gunny bags or other indigenous containers.

At these centres Society employees weigh the vegetables and issue receipts. The vegetables of each person are separately kept with tags attached for identification.

The vegetables so collected are sold at selling points of the Society in the Colombo Vegetable Market, at Keppetipala (near the Society's headquarters) and through the Sri Lanka Marketing Federation. A small portion is also sold to the Government Marketing Department. Approximately fifty per cent of the vegetables collected are sold at the Society's selling points and fifty per cent through the MARKFED and to the Marketing Department. Out of the vegetables sold at the Society's two selling points the major portion is sold at the Colombo selling point.

The Society charges 10 per cent on the selling price for the vegetable sold at these points. The Society keeps seven and a half per cent and pays two and a half per cent to the collecting agent.

For the vegetables sold through the MARKFED the Society gets 5 per cent of the selling price out of which half is paid to the collecting agent. The MARKFED takes 5 per cent. For the vegetables sold to the Marketing Department the Society charges 5 per cent commission of which also half is paid to the collecting agent.

The payment to the farmers is made after the vegetables are sold and the Society gets the information of the selling price and the quantity sold. After sale a bill is sent to the farmers showing the quantity sold, price and the commission charged. A summary of the bills of the farmers attached to each branch is sent to the respective branch. Payments are made through the respective branches of the Society through which vegetables are collected. Normally the farmers are paid on the 2nd day after the collection. Most farmers, however, collect their payment weekly or biweekly.

VEGETABLES SOLD BY THE SOCIETY - OCTOBER 74 TO MARHC 1975

	Oct.74	Nov.74	Dec.74	Jan.75	Feb.75	March 75
Vegetables sold	383,794.49	127,754.33	65,132.35	31,125.29	39,107.86	39,753.79
Transport charges	26,960.79	12,626.03	7,434.19	5,659.10	5,547.49	5,473.51
Commission	26,185.61	10,281.42	5,494.59	3,019.26	3,888.34	3,792.75
Payment to farmers	330,648.09	104,846.88	52,203.57	22,446.93	29,672.03	30,487.53

DEFECTS AND PROBLEMS

A. In Milk Marketing

Small Scale Production

Due to predominance of the number of small producers who supply only very small quantities of milk, collecting of milk and procedures of payment etc. become cumbersome, time consuming and costly. Due to the long time taken in collecting milk from a large number of producers at many centres, the milk collected at the beginning of the collecting rounds sometimes gets ranced by the time it reaches the delivery point.

Unhygienic Conditions

Hygienic conditions maintained by most of these small producers are not very satisfactory and this contributes to the low keeping quality of milk. Milk supplied by several producers is collected in one can. If one has supplied bad milk the whole can gets rejected.

Unscientific Feeding Practices

Keeping a milk cow being a small side line with these producers, they do not show an inclination to follow scientific feeding and other improved dairy management practices.

Inadequate Pastureland

The producers have to depend for their grass on land bordering public roads or some abandoned land. As most of the area is under tea, it is difficult to open up pastureland. The situation is more acute in the dry season.

High Cost of Feed

Scarcity of cattle feed and lack of a proper distribution system have contributed to the high prices.

Inadequate Insemination and Veterinary Services

Neither the Society nor the Milk Board provides artificial insemination and veterinary services, or guidance on dairy management. The producers have to go to the veterinary surgeons of the Agriculture Department for such services. The well-to-do and more educated producers may be able to obtain these services, but the small and less educated find it extremely difficult to obtain these services.

Absence of a complete Cooperative Milk Marketing System Including Processing

The Society does only the collecting of milk and delivering it to the Milk Board. The Milk Board is interested only in getting the milk either from the societies or from other collecting agents. Services for dairy development have to be provided by the Agriculture Department.

B. In Vegetable Marketing

Lack of Proper Production Plans

The Society prepares yearly plans showing the acreage under cultivation of various vegetables and the expected yield from them for each of the villages in its area of operation. This is more a collection of information than an advance planning. No detailed plans are made based on prediction of future market conditions, etc.

Small and Scattered Production

Land holdings are small. Several kinds of vegetables are grown by each farmer in his small plot. This renders economical cultivation difficult. Collection and assembly of small quantities from scattered farms is costly.

Absence of Proper Grading

The producers do not pay much regard to the need of cleaning and grading their produce. Farmer usually brings to the Society his produce without proper cleaning and grading. This results in low prices.

Bad Packing

Vegetables are packed in gunny bags and other indigenous containers and no scientific methods of packing are employed. Some times they are transported on the roof of lorries exposed to sun and rain. These ways of packing and transporting of vegetables causes wastage in handling and transport.

Lack of Incentive Payment System

There is no system of incentive payment or other methods of rewarding the farmers who make a special effort for production of quality vegetables.

Lack of Arrangement for Provision of Market Intelligence and Farm Guidance

An effective system of market intelligence is not available to farmers.

There are no farming guidance services by cooperatives. Agricultural extension services are handled by the Agriculture Department of the Government. Coordination between different departments of Government responsible for the provision of various services and cooperatives, is lacking.

Inadequate Transport

The Society's transport facilities are inadequate. All the vehicles belonging to this Society now, earlier belonged to the Udapalatha Vegetable Sale Society and were exclusively used for vegetable trade. The Society after amalgamation has the responsibility of distribution of consumer goods among other things. The lorries now have to be used for all these activities and no addition to the fleet has taken place.

Competition

The competition offered by the private trade is in most cases unfair. More often than not it is an uneven struggle. The private traders employ various devious means to entice farmers to sell their vegetable to them.

ICA Marketing Seminar, Tokyo
Lecture 4 Outline

5 September, 1975
Forenoon

Mr. K. Nakazawa
Senior Assistant Chief
Vegetable Section
Horticulture Department
ZEN-NOH

Production and Marketing of Fruits and Vegetables in Japan

1. Planted area and production of fruits and vegetables

   (i) Vegetables

   (ii) Fruits

2. Distribution of farm households by size of planted area

   (i) Vegetables

   (ii) Fruits

3. Change of shipment ratio of fruits and vegetables

(i) Vegetables

(ii) Fruits

4. Conditions of collecting and shipping agencies

(i) Vegetables

(ii) Fruits

5. Marketing turnover of fruits and vegetables of wholesale markets

(i) Vegetables

(ii) Fruits

6. Quantity of food supplied by per capita in a year ....
International Comparison .....

7. System of distribution of fruits and vegetables

8. Outline of the Tokyo Central Wholesale Market and its turnover

9. Conditions of price formation of fruits and vegetables

(i) "Anction" system in the market.

(ii) Marketing system by private negotiations advance order in the distribution out of the market

10. Roles of agricultural cooperative organizations in setting prices of fruits and vegetables

(i) Fixing a standard price which will secure re-production

(ii) Estimating the demand

(iii) Adjusting demand and supply through planned production and planned shipment

11. Organizational movement of agricultural cooperatives

    (i) Competition between producing areas and farmers' intentions

    (ii) Pool accounting movement in marketing of fruits and Vegetables

    (iii) Organizing production techniques

    (iv) Rationalizing distribution between producers and retailers

    (v) Establishment of a information system (marketing price, etc.)

    (vi) Requesting the government to carry on a price stabilization policy for fruits and vegetable producers.

1. Planted Area and Production of Fruits and Vegetables

Table 1. Planted area of vegetables

Year / Crops	Planted area (ha)				Comparison (%)	
	1963	1970	1972	1973	1973/1963	1973/1970
Vegetables total	683,800	687,500	676,100	651,700	95%	95%
Cucumber	34,000	31,500	30,400	28,200	83	90
Tomato	17,600	19,300	19,200	18,800	107	97
Eggplant	30,600	27,700	26,500	25,100	82	91
Watermelon	38,200	39,200	40,100	38,800	102	99
Cabbage	41,400	45,000	44,300	42,000	101	93
Chinese cabbage	46,300	48,200	47,400	45,100	97	94
Welsh Onion	28,800	27,800	26,600	25,300	88	91
Onion	33,800	29,800	30,100	29,000	86	97
Radish	104,100	83,300	79,800	76,000	73	91
Strawberry	8,360	12,800	13,800	13,600	163	106
Field peas	19,500	14,100	12,900	12,100	62	86
Lettuce	-	8,820	11,200	11,900	-	135
Spinach	23,500	24,000	23,600	22,900	97	95
Melon	-	10,700	12,500	12,700	-	119

(Note) from "Crop Statistics" of the Ministry of Agriculture and Forestry (MAF)

Table 2. Production of vegetables

Year / Crop	Production (1,000 t)				Comparison (%)	
	1963	1970	1972	1973	1973/1963	1973/1970
Vegetables total*	13,397	15,507	15,777	15,315	114%	99%
Cucumber	698	965	1,048	1,001	143	104
Tomato	437	790	867	865	198	109
Eggplant	604	722	736	714	118	99
Watermelon	727	1,004	1,131	1,206	166	120
Cabbage	1,084	1,437	1,494	1,387	128	97
Chinese cabbage	1,469	1,739	1,714	1,779	121	102
Welsh Onion	557	614	603	566	102	92
Onion	620	973	1,103	994	160	102
Radish	3,446	2,748	2,827	2,679	78	97
Strawberry	60	133	169	184	307	138
Field peas	69	70	74	70	101	100
Lettuce	29	164	218	226	779	138
Spinach	310	363	370	344	111	95
Melon	-	166	222	226	-	136

(Note) from "Crop Statistics" of MAF

*Major 34 commodities

Table 3. Planted area of fruits

Year / Crop	Planted area (ha)				Comparison (%)	
	1963	1970	1972	1973	1973/1963	1973/1970
Fruits total	310,800	416,200	427,700	431,000	139%	104%
Mandarine orange	89,700	163,000	171,300	173,100	193	106
Summer orange	13,200	18,100	16,900	16,800	127	93
Other citrus	7,600	12,600	14,600	15,500	204	123
Apple	65,300	59,600	58,200	56,900	87	95
Grape	20,900	23,300	25,500	26,800	128	115
Japanese pear	19,000	18,100	18,300	18,700	98	103
Pear	1,800	1,400	1,300	1,200	67	86
Peach	20,700	20,100	18,600	18,100	87	90
Cherry	1,500	1,700	2,600	2,700	180	159
Plum	9,700	15,900	16,400	16,400	169	103
Loquat	3,200	2,600	2,400	2,400	75	92
Persimmon	37,500	35,900	34,500	33,400	89	87
Chestnut	16,100	39,000	41,700	43,200	268	111

(Note) from "Crop Statistics" of MAF

Table 4. Production of fruits

Year / Crop	Production (ton)				Comparison (%)	
	1963	1970	1972	1973	1973/1963	1973/1970
Fruits total	3,518	5,399	6,360	6,415	182%	119%
Mandarin orange	974	2,552	3,568	3,389	348	133
Summer orange	133	254	279	355	267	140
Other citrus	58	105	147	165	284	157
Apple	1,155	1,021	959	962	83	94
Grape	177	234	269	271	153	116
Japanese pear	329	445	447	480	146	108
Pear	12	19	17	16	133	84
Peach	199	279	248	277	139	99
Cherry	7	13	11	16	229	123
Plum	51	68	37	60	118	88
Loquat	18	19	17	14	78	74
Persimmon	384	343	307	347	90	101
Chestnut	24	48	56	63	263	131

(Note) from "Crop Statistics" of MAF

Table 5. Production of fruits in major producing prefectures

Rank / Commodity	First		Second		Third		Fourth		Fifth	
	Prefecture	Production	Prefecture	Production	Prefecture	Production	Prefecture	Production	Prefecture	Production
		(1,000t)		(1,000t)		(1,000t)		(1,000t)		(1,000t)
Mandarin orange	Ehime (1)	608	Shizuoka(2)	424	Wakayama(3)	328	Saga (4)	300	Kumamoto(6)	222
Summer orange	Ehime (1)	104	Wakayama(2)	69	Kumamoto(6)	40	Ohita (7)	24	Shizuoka(3)	17
Apple	Aomori(1)	441	Nagano (2)	202	Yamagata(3)	64	Hokkaido(6)	64	Iwate (4)	61
Grape	Yamanashi(1)	70	Yamagata(3)	31	Okayama (2)	24	Nagano (4)	17	Fukuoka (5)	15
Japanese pear	Tottori (1)	96	Ibaragi (5)	45	Saitama (3)	39	Nagano (2)	39	Fukushima(4)	39
Pear	Yamagata (1)	8	Aomori (3)	3	Nagano (2)	1	Akita (5)	1	Iwate (7)	0.8
Peach	Yamanashi(1)	73	Fukushima(2)	59	Yamagata(3)	41	Nagano (4)	38	Niigata (7)	6
Cherry	Yamagata (1)	13	Aomori (5)	1	Yamanashi(5)	0.5	Nagano (3)	0.4	Akita (2)	0.4
Plum	Wakayama (1)	6	Gunma (2)	3	Miyagi (5)	3	Yamanashi(4)	2	Fukushima(8)	2
Loquat	Nagasaki (3)	3	Kagoshima(4)	1.8	Chiba (3)	1.7	Ehime (2)	1.7	Hyogo (5)	0.8
Persimmon	Yamagata (1)	34	Wakayama (2)	30	Gifu (3)	26	Nara (6)	24	Fukushima(4)	19
Chestnut	Ibaragi (1)	11	Ehime (2)	10	Saitama (13)	2	Hyogo (4)	2	Chiba (5)	2

(Note) Figures in parentheses shown the ranking of planted area in 1968.

2. Distribution of Farm households by size of planted area

Table 1. Distribution of Farm Households by size of vegetable planted area (Agricultural Census,1970)

Items / Region	Number of farm households (1,000 households)										Composition ratio			
	Total		less than 10a		10 - 30 a		30-50 a		more than 50a		Less than 10 a	10-30 a	30-50 a	more than 50 a
	Number	against 1960	Number	against 1960	Number	against 1960	Number	against 1960	Number	against 1960				
National	4,481	82.3%	3,574	85.9%	630	62.1%	138	84.3%	139	130.0%	79.8%	14.0%	3.1%	3.1%
Hokkaido	152	70.8	112	89.4	25	33.7	5	57.0	10	139.7	73.7	16.4	3.3	6.6
Tohoku	672	92.1	529	98.3	119	72.6	15	81.6	9	97.7	78.8	17.7	2.2	1.3
Kanto	732	84.7	487	92.1	148	61.6	43	83.6	54	121.6	66.5	20.2	5.9	7.4
Hokuriku	370	87.2	314	92.2	46	65.6	6	71.3	4	76.9	84.9	12.4	1.6	1.1
Chubu	253	88.4	208	86.4	32	85.0	7	135.4	6	229.6	82.2	12.6	2.8	2.4
Tokai	470	78.9	368	31.4	67	60.4	18	76.8	20	157.5	77.7	14.3	3.8	4.2
Kinki	365	76.6	229	77.0	42	65.7	13	85.1	11	117.7	81.9	11.5	3.6	3.0
Chugoku	486	84.2	441	87.0	35	58.7	6	84.3	4	110.0	90.7	7.2	1.2	0.9
Shikoku	249	73.3	210	71.3	28	76.2	6	114.5	5	161.3	84.3	11.3	2.4	2.0
Kyushu	732	78.3	609	81.6	88	55.7	19	94.2	16	162.5	83.2	12.0	2.6	2.2

Total number of farm households (A) 5,342,000

Number of vegetable producing households (B)..... 4,481,000

Number of vegetable marketing households (C) 1,071,000

Average planted area per farm household .... 8.1 a

(B)/(A) = 83.9%

(C)/(B) = 23.9%

Table 2. Distribution of farm household by size of fruits planted area (Agr. Census,1970)

	Number of farm households						Composition ratio (%)					
	0.3-0.5 ha	0.5-1.0 ha	1.0-1.5 ha	1.5-2.0 ha	More than 2 ha	Total	0.3-0.5 ha	0.5-1.0 ha	1.0-1.5 ha	1.5-2.0 ha	More than 2ha	Total
Total	142,908	131,452	39,696	13,747	10,268	338,071	42.3	38.9	11.7	4.1	3.0	100.0
Apple	27,062	26,268	6,982	1,996	1,562	63,870	42.4	41.1	10.9	3.1	2.4	100.0
Grape	16,260	16,186	3,624	985	737	37,792	43.0	42.8	9.6	2.6	2.0	100.0
Pear	14,532	11,462	2,513	773	826	30,106	47.7	38.1	8.3	2.6	2.7	100.0
Peach	18,758	17,682	3,612	881	374	41,307	45.4	42.8	8.7	2.1	0.9	100.0
Mandarin Orange	63,978	70,920	25,718	9,925	6,988	177,529	36.0	39.9	14.5	5.6	3.9	100.0

Agricultural Census, 1970

3. Change of Shipment Ratio of Fruits and Vegetables

Table 1. Vegetable Shipment Ratio (Unit: 1,000 tons)

Item / Year	Vegetables			Sweet & White potatoes			Total		
	Production	Shipment	Shipment Ratio	Production	Shipment	Shipment Ratio	Production	Shipment	Shipment Ratio
1965	11,646	5,823	50.00%	9,011	5,423	60.18%	20,657	11,246	54.44%
1966	12,375	6,653	53.76	8,193	4,879	59.55	20,568	11,532	56.07
1967	12,437	6,977	56.10	7,669	4,938	64.39	20,106	11,915	59.26
1968	13,491	7,623	56.50	7,650	5,162	67.48	21,141	12,785	60.47
1969	13,221	7,893	59.70	6,430	4,089	63.59	19,651	11,982	60.97
1970	12,863	7,973	61.98	6,175	3,963	64.18	19,038	11,936	62.70
1971	13,388	9,384	70.09	5,312	3,506	56.00	18,700	12,890	68.93
1972	13,404	9,601	71.63	5,599	3,789	67.67	19,003	13,390	70.46
1973	13,148	9,521	72.41	5,026	3,360	66.85	18,174	12,881	70.88

Table 2. Fruit Shipment Ratio

Item / Year	Harvest (a) (1,000 tons)	Shipment (b) (1,000 tons)	Shipment ratio (b)/(a) (%)
1965	4,921	3,833	77.89%
1966	5,608	4,435	79.08
1967	5,962	4,752	79.70
1968	6,959	5,696	81.85
1969	6,438	5,319	82.62
1970	6,728	5,621	83.55
1971	6,808	5,944	87.31
1972	7,904	7,010	88.69
1973	8,087	7,194	88.90

4. Condtions of Collecting and Shipping Agencies

Table 1. Collecting and shipping agencies of vegetables

Items / Classification	Number of agencies			Quantity of shipment			Shipment per agency			Composition ratio of shipment	
	1971	1974	1974/1971 (%)	1971 (1,000t)	1974 (1,000t)	1974/1971 (%)	1971 (t)	1974 (t)	1974/1971 (%)	1971 (%)	1974 (%)
Total	-	-	-	11,141	11,847	106.3	-	-	-	100.0	100.0
Shipping Organization	6,294	5,849	97.9	4,224	4,843	114.7	671	828	123.4	37.9	40.9
out of which											
Multi-purpose agri. coops	3,181	3,579	94.7	3,473	4,141	119.2	918	1,157	126.0	31.2	35.0
Single-purpose agri.coops.	58	58	91.4	127	119	93.7	2,200	2,245	102.0	1.1	1.0
Voluntary producers' org.	2,455	2,217	90.3	623	583	93.6	253	263	104.0	5.6	4.9
Collecting and shipping dealers	1,632	1,646	100.9	1,322	1,340	101.4	810	814	100.5	11.9	11.3
Local collection markets	91	66	72.5	307	279	90.9	3,375	4,224	125.2	2.8	2.4
Individual shipment	-	-	-	5,288	5,385	101.8	-	-	-	47.4	45.4

Table 2. Collecting and shipping agencies of fruits

Items / Classification	Number of agencies			Quantity of shipment			Shipment per agency			Composition ratio of shipment	
	1971	1974	1974/1971 (%)	1971 (1,000t)	1974 (1,000t)	1974/1971 (%)	1971 (t)	1974 (t)	1974/1971 (%)	1971 (%)	1974 (%)
Total	-	-	-	4,570	5,682	124.3	-	-	-	100.0%	100.0%
Shipping organization	3,581	3,392	94.7%	2,744	3,617	131.9	766	1,066	139.2	60.0	63.7
out of which multi-purpose agri. coops.	2,278	2,176	95.5	2,016	2,555	126.7	885	1,174	132.7	44.1	45.0
Single-purpose agri.coops.	113	115	101.8	429	783	182.5	3,793	6,809	179.5	9.4	13.8
Voluntary producers org.	1,190	1,101	92.5	299	279	93.3	251	259	103.2	6.5	4.9
Collecting and shipping dealers	1,555	1,461	94.0	917	1,104	120.4	590	755	128.0	20.1	19.4
Local collection markets	45	27	60.0	68	72	107.5	1,492	2,683	179.8	1.5	1.3
Individual shipment	-	-	-	843	890	105.6	-	-	-	18.4	15.6

5. Turnover of wholesale markets of fruits and vegetables

Table 1. Change of turnover of wholesale markets

Units; Quantity: 1,000 tons
Value : 1 mil. yen

Items / Year	Fruits & Vegetables						Marine Products						Meats					
	Central Market		Local Market		Total		Central Market		Local Market		Total		Central Market		Local Market		Total	
	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value	Q'ty.	Value
1971	6,959	570,313	8,713	587,675	15,672	1,157,988	2,782	791,912	6,121	737,474	8,903	1,529,386	163	82,304	68	29,958	231	112,262
	(45)	(49)	(55)	(51)	(100)	(100)	(31)	(52)	(69)	(48)	(100)	(100)	(70)	(73)	(30)	(27)	(100)	(100)
1972	7,649	624,200	9,912	670,099	17,561	1,294,299	2,963	915,476	6,612	860,967	9,575	1,776,443	180	101,683	73	35,954	253	137,637
	(44)	(48)	(56)	(52)	(100)	(100)	(31)	(52)	(69)	(48)	(100)	(100)	(71)	(74)	(29)	(26)	(100)	(100)
1973	8,520	820,181	10,917	890,465	19,437	1,710,646	3,178	1,171,408	7,480	1,171,907	10,658	2,343,315	184	13,208	101	59,122	285	191,830
	(44)	(48)	(56)	(52)	(100)	(100)	(30)	(50)	(70)	(50)	(100)	(100)	(65)	(69)	(35)	(31)	(100)	(100)

Table 2. Percentage of vegetables distributed through wholesale markets

Items / Year	Consumption	Turnover of wholesale markets			Percentage	
	(A)	Wholesaled Vegetables (B)	Transmitted Vegetables (C)	Through Wholesale Markets (B)-(C)=(D)	(B)/(A)=(E)	(D)/(A)=(F)
1965	21,591	6,955	153	6,802	32.21%	31.50%
1966	21,531	7,712	194	7,518	35.82	34.92
1967	21,104	7,856	300	7,556	37.23	35.80
1968	22,176	8,548	342	8,206	38.55	37.00
1969	20,681	8,989	372	8,617	43.47	41.67
1970	20,058	9,088	400	8,688	45.31	43.31
1971	19,729	9,974	476	9,498	50.56	48.14
1972	20,094	10,671	499	10,172	53.11	50.62
1973	18,984	10,731	572	10,159	56.53	53.51

(Note) Excluding family consumption of their products.

Table 3. Percentage of fruits distributed through wholesale markets

(Unit: 1,000 tons)

Items / Year	Consumption	Turnover of wholesale markets			Percentage	
	(A)	Wholesaled fruits (B)	Transmitted fruits (C)	Through wholesale markets (B)-(C)=(D)	(B)/(A) = (E)	(D)/(A)=(F)
1965	5,380	3,799	302	3,497	70.61%	65.00%
1966	6,192	4,260	298	3,962	68.80	63.99
1967	6,591	4,921	252	4,669	74.66	70.84
1968	7,771	5,449	298	5,151	70.12	66.28
1969	7,417	5,666	309	5,357	76.39	72.23
1970	7,828	5,700	305	5,395	72.82	68.92
1971	8,050	6,657	375	6,282	82.70	78.04
1972	9,367	7,535	391	7,144	80.4	76.3
1973	9,509	8,610	485	8,125	90.55	85.45

6. Per capita food consumption in a year in selected countries

Countries	Year	Cereals	Potatoes & starch	Sugar	Vegetables	Fruits	Meats	Eggs	See Foods	Dairy Products	Oils & fats
U.S.A.	'71	64.4	46.2	53.8	100.1	72.2	115.7	18.5	6.5	262.8	21.9
Sweden	'71	61.2	84.0	43.5	41.5	82.2	52.2	12.5	20.0	357.6	14.8
Canada	'71	69.0	77.6	51.8	82.2	71.4	96.6	14.9	5.2	391.2	16.0
Germany	'71	67.7	102.2	37.5	62.7	118.6	38.7	16.3	7.3	382.3	20.2
Denmark	'71	70.3	76.9	49.7	47.5	58.4	63.3	10.9	35.3	497.4	22.5
France	'71	76.4	97.1	39.6	122.9	71.4	95.6	12.5	16.9	506.7	18.5
Switzerland	'71	80.8	53.6	49.6	97.7	113.7	72.4	11.4	5.0	505.8	16.1
Neterland	'71	66.5	85.1	52.5	87.1	88.5	61.6	11.2	11.6	285.4	31.3
New Zealand	'71	77.2	69.1	44.5	90.8	64.5	110.9	17.2	6.7	613.0	3.9
England	'71	72.3	101.0	49.7	61.6	51.0	75.2	15.0	8.3	426.2	16.0
Japan	'73/'74	124.6	25.9	28.4	128.7	60.6	21.8	16.2	34.3	52.9	11.1
Italy	'71	134.5	39.7	28.6	159.2	112.5	56.5	10.6	9.7	213.7	23.3
Argentine	'69	94.5	108.8	35.4	79.2	96.4	122.3	6.6	2.2	123.4	18.6
Brazil	'70	99.3	196.0	46.7	14.6	54.8	30.7	4.0	2.6	71.2	6.6
Philippines	'69	132.1	32.1	18.3	28.8	47.8	16.1	3.7	19.7	19.7	2.9
Korea	'69	208.8	54.8	7.3	66.4	12.0	8.0	3.7	9.9	0.7	1.5
Pakistan	'69/'70	181.0	17.2	18.3	18.6	29.2	4.0	0.4	1.8	75.9	5.1
India	(69/'70	140.2	17.5	17.9	3.7	17.5	1.5	0.4	1.1	42.3	3.7

7. System of distributions of fruits and vegetables

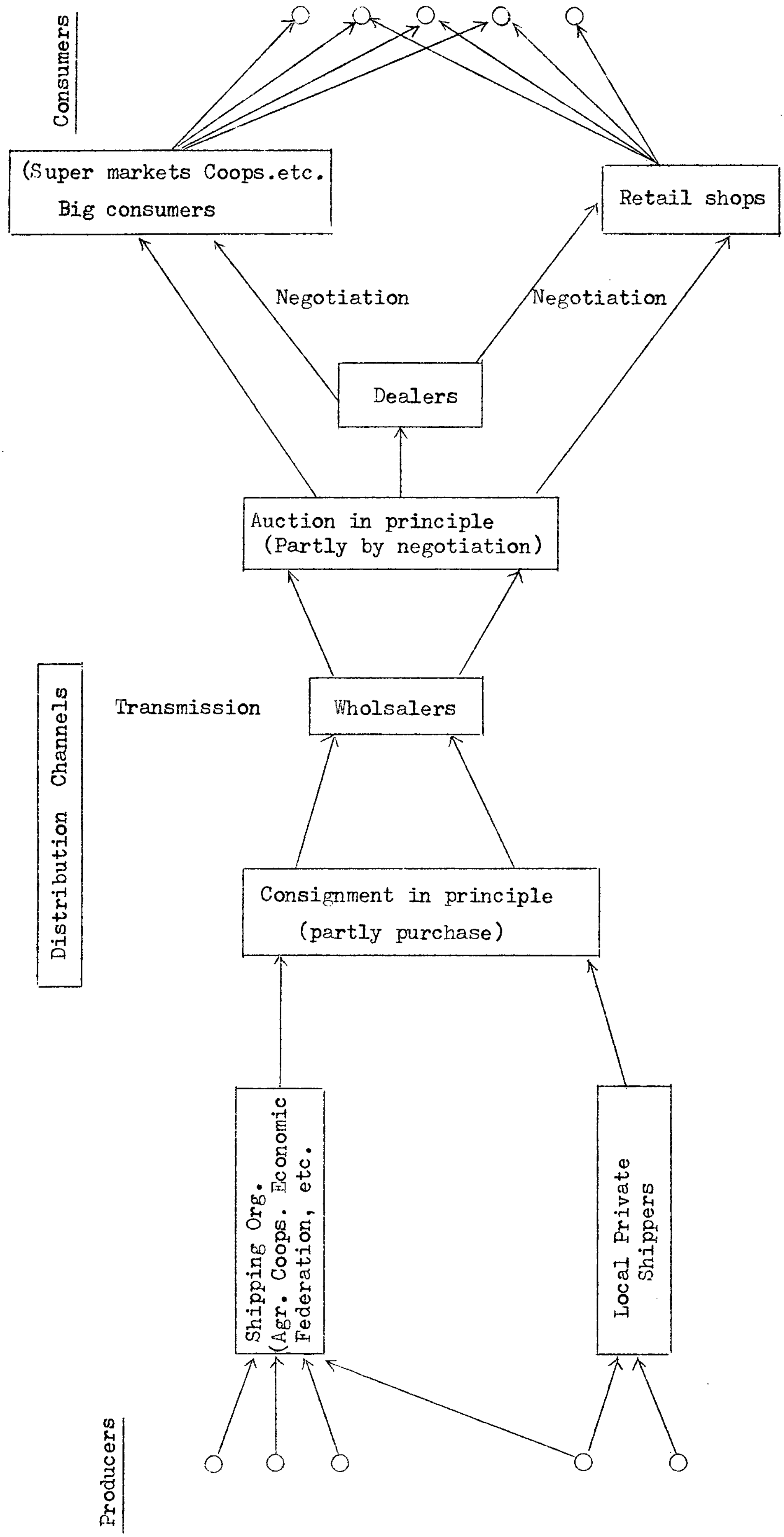
The wholesale market place at Kanda is the oldest and largest of the central wholesale markets instituted by the Tokyo Metropolitan government as far as the handling of fruits and vegetables is concerned. And the ZEN-NOH's wholesale company or the ZEN-NOH A Tokyo Fruits & Vegetable (Wholesale) Market also operates on this premise.

The market greatly exceeds other markets in terms of varieties, and volumes, of produce it assembles and it attracts, therefore, the largest attention of producers, dealers and others concerned tracing every day quotation. In fact, the market plays the role of a nation-wide price setter for fruits and vegetables as well as of a collection and distribution center.

The wholesalers who received the produce from producers under commission marketing basis put label numbers on them according to the kinds of produce and the origin of shipping area, present samples them before the auction participants. Then, dealers (brokers) and other participants (retailers) take a glance at the samples and check the volume coming to the market that day before participating in auction With a sound of silencer, auction-conducters or bidders of wholesale companies step on each bidding platform when the atmosphere of the place suddenly gets vivid or heated. The price of a produce is determined at this stage on the highest quotation level, and the produce goes to the one who offers that price. That price is immediately relayed back to the shipper (producer) through cable or telephone, reported to the Tokyo metropolitan government, and a standard retail price of the day is widely broadcast through radio and television.

The produce bidded is immediately handed over to the purchaser (either retailer or dealers), and when they are taken by a dealer they are transferred to the dealer's shop in the market place where they are cross-traded with retailers and bulk purchasers like factory cafeterias or hospitals.

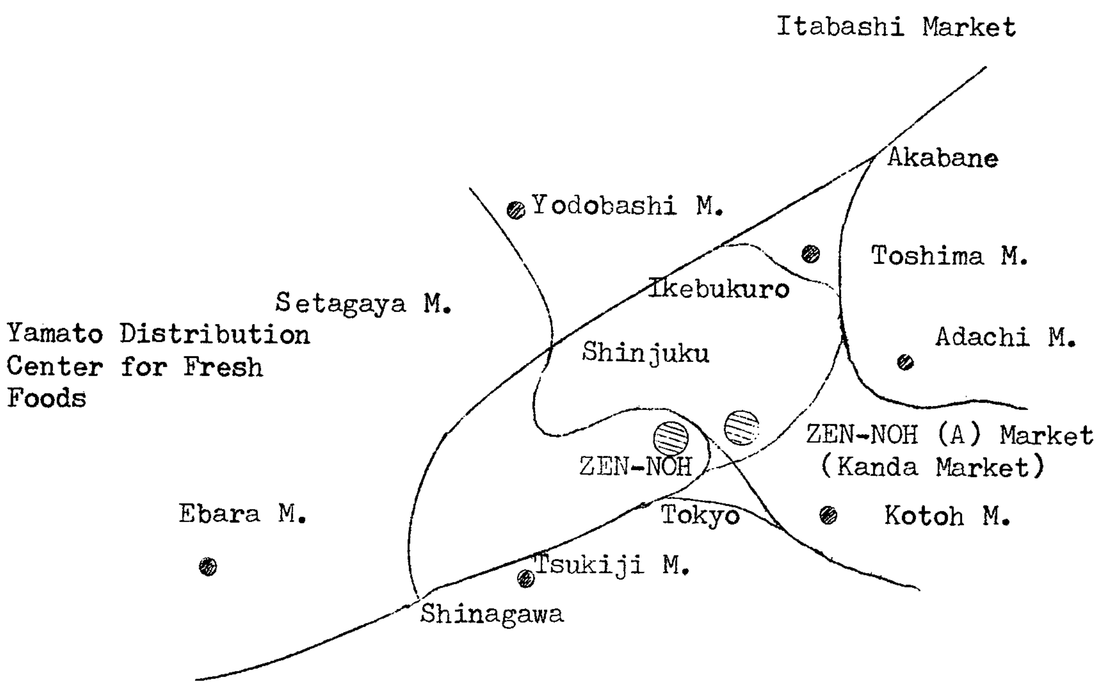
Auction participants take what they purchased to their own shops in their own lorry for supplying to clients.


Consumers
(Super markets Coops.etc.
Big consumers
Retail shops
Negotiation
Negotiation
Dealers
Auction in principle
(Partly by negotiation)
Distribution Channels
Transmission
Wholsalers
Consignment in principle
(partly purchase)
Shipping Org.
(Agr. Coops. Economic
Federation, etc.
Local Private
Shippers
Producers

8. Outline of the Central Wholesale Markets and Main Commodities Received by those markets

(1) Location

Tokyo Distribution Center for Fresh Foods



(2) Number of wholesalers, dealers, and individual groceries registered by Central Markets in Tokyo

	Tsukiji	Kanda	Adachi	Ebara	Kotoh	Toshima	Yodobashi	Itabashi	Setagaya	Total
Wholesalers	2	3	2	2	2	2	2	2	2	19
Dealers	127	233	26	23	30	37	33	20	29	558
Groceries	1,344	2,261	1,861	790	1,258	1,016	2,380	873	863	12,146

(as of April 1, 1974)

(3) Amount of goods received by each Wholesale Markets in 1973

Vegetables

Market	Quantity	Value
T o t a l	1,778,822 tons	165,184,675,000 ¥
Kanda	22 %	25 %
Yodobashi	19 %	17 %
Tsukiji	18 %	20 %
Adachi	9 %	9 %
Toshima	8 %	7 %
Kotoh	7 %	6 %
Ebara	6 %	6 %
Itabashi	6 %	5 %
Setagaya	5 %	5 %

F r u i t s

Market	Quantity	Value
T o t a l	1,195,317 tons	127,286,071,000 ¥
Kanda	30 %	34 %
Yodobashi	15 %	14 %
Tsukiji	12 %	12 %
Adachi	11 %	10 %
Toshima	8 %	7 %
Ebara	7 %	6 %
Kotoh	6 %	6 %
Itabashi	6 %	5 %
Setagaya	5 %	5 %

(4) Quantity and Value of fruits and vegetables received by 9 wholesale markets in Tokyo in 1973 (Unit: ton, 1,000¥)

Items / Commodities	Nine Markets in Tokyo		
	Ranking in value	Quantity	Value
Cucumber	1	131,830	16,951,924
Onion	2	151,779	11,182,105
Potato	4	132,625	8,265,482
Tomato	3	93,040	10,458,746
Lettuce	7	55,349	6,580,986
Eggplant	6	58,996	7,377,441
Mushroom (Shiitake)	9	9,081	5,536,661
Marsh parsley	15	1,952	1,858,170
Cabbage	5	190,907	7,562,535
Radish	8	144,049	5,641,324
Mushroom (Enoki)	14	4,264	2,011,099
Welsh Onion	10	61,550	5,176,611
Pimiento	12	27,724	4,493,511
Carrot	11	75,244	5,014,834
Chinese cabbage	13	209,061	4,304,895
Others		431,371	62,768,351
Total		1,778,822	165,184,675
Orange	1	516,421	37,481,481
Strawberry	2	29,838	11,935,967
Grape	4	22,772	8,320,372
Apple	3	83,584	10,054,223
Peach	8	28,016	4,839,622
Pear	6	61,782	5,762,927
Prince melon	9	33,016	4,631,916
Water melon	5	121,963	7,345,455
Persimmon	11	28,075	2,505,174
Sweet summer orange	7	49,906	5,051,374
Cherry	15	1,155	889,531
Loquat	14	2,636	1,032,210
Grapefruit	10	24,845	3,527,211
Chestnut	13	5,365	1,450,996
Summer orange	12	37,551	1,917,872
Others		148,392	20,539,740
Total		1,195,317	127,286,071

9. Prices of main commodities at each level of distribution

(Price per 10 kg at Osaka Markets in 1973)

Items	Producers' price		Collection & Shipment Exp'se		Wholesale Price (A)		(B) - (A)		Dealer price (B)		(C) - (B)		Retail Price (C)
	Price	Against retail price (%)	Price	Against retail price (%)	Price	Against retail price (%)	Price	Against retail price (%)	Price	Against retail price (%)	Price	Against retail price (%)	
Raddish	171	30.0	168	29.5	339	59.5	48	8.4	387	67.9	183	32.1	570
Chinese cabbage	92	19.7	146	31.3	238	51.0	38	8.1	276	59.1	191	40.9	467
Cabbage	80	20.0	170	42.5	250	62.5	24	6.0	274	68.5	126	31.5	400
Tomato	809	44.9	466	25.9	1,275	70.8	100	5.6	1,375	76.4	425	23.6	1,800
Cucumber	1,880	60.2	557	17.8	2,437	78.0	188	6.0	2,625	84.0	500	16.0	3,125
Pimiento	1,373	52.1	727	27.6	2,100	79.7	100	3.8	2,200	83.5	435	16.5	2,635
Onion	609	44.0	283	20.5	892	64.5	80	5.8	972	70.3	411	29.7	1,383
Lettuce	799	35.8	476	21.3	1,275	57.1	150	6.7	1,425	63.8	810	36.2	2,235
Orange	502	40.6	232	18.8	734	59.4	70	5.7	804	65.1	431	34.9	1,235
Apple	1,022	50.2	478	23.5	1,500	73.7	57	2.8	1,557	76.5	478	23.5	2,035

ICA Marketing Seminar, Tokyo
Lecture 5 Outline

5 September, 1975
Afternoon

Mr. Sukio Imai
Planning Section Chief
Feedstuff & Livestock
Department, ZEN-NOH

Introduction to Production and Marketing of Livestock Products in Japan

1. Food Situation in Japan
   i) Food consumption of the nation
   ii) Declining ratio of the self-sufficiency in food

2. Present Position of Livestock Industry in Japan
   i) Place of livestock sector in Japanese agriculture
   ii) Trends and characteristic features of animal husbandry
   iii) Trends and characteristic features of meat and egg consumption
   iv) Trends in prices of livestock products
   v) Trends in meat imports

3. Production and Distribution of Major Livestock Products
   i) Eggs
   ii) Poultry meat
   iii) Port

4. Trends in the Government Policies on Livestock Industry
   i) Policies for the development of livestock industry
   ii) Price stabilizing policies for livestock products
   iii) Policies on feedstuff
   iv) Other relevant policies and measures
      a. Enviromental measures to lessen livestock nuisance
      b. Measures for animal hygine
      c. Measures for demand expansion for livestock products
      d. Measures for rationalising the livestock products distribution

5. The Roles and Problems in Livestock Business of Agricultural Cooperative Organizations
   i) Present position and problems in cooperative livestock business
   ii) Ways and means of solving the problems
   iii) The attaining of mutual prosperity through collaboration between cooperatives

Table 1 Trend of per capita annual rice consumption

Year	Consumption (Kg)
Pre-war	150
1962	118
1973	93
1985	75

Table 2 Trend of meat consumption (1,000 t)

	1963	1973	73/63
Milk	2,840	4,900	1.7
Pork	270	880	3.3
Poultry Meat	180	710	4.0
Egg	1,030	1,820	1.8
Feed Grain Import	3,810	12,380	3.2

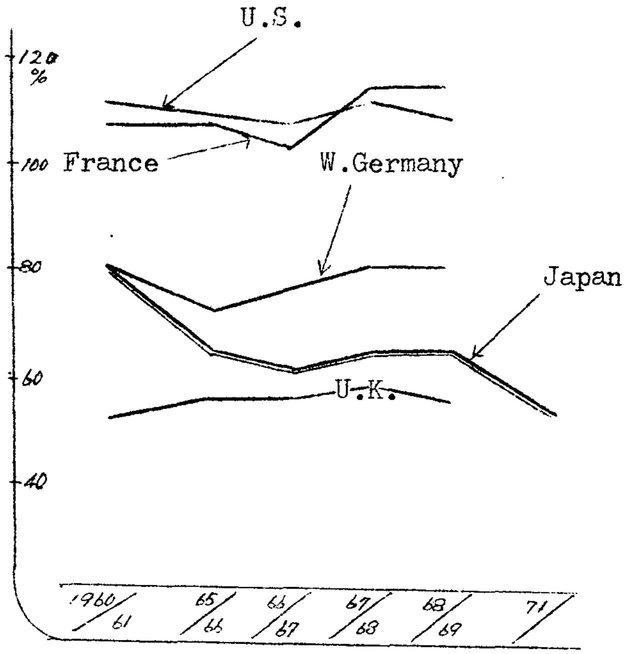
Table 3 International comparison of annual per capita meat consumption (Kg)

Country	Meat	Egg	Milk
Canada	81.7	14.2	371
U. S.	112.0	18.8	261
U.S.S.R.	55.5	11.3	33.4
Japan	14.2	14.6	51.8

Table 4 Trend in the self-sufficiency ratio of agricultural food products (%)

	1963	1973
Over-all	82	71
Grains Cereals	63	41
Food	75	65

Table 5 International comparison of food self-supplies on original calory basis



Source: FAO, MAF

Table 6 Composit ratio of agricultural production in terms of output value by major groups

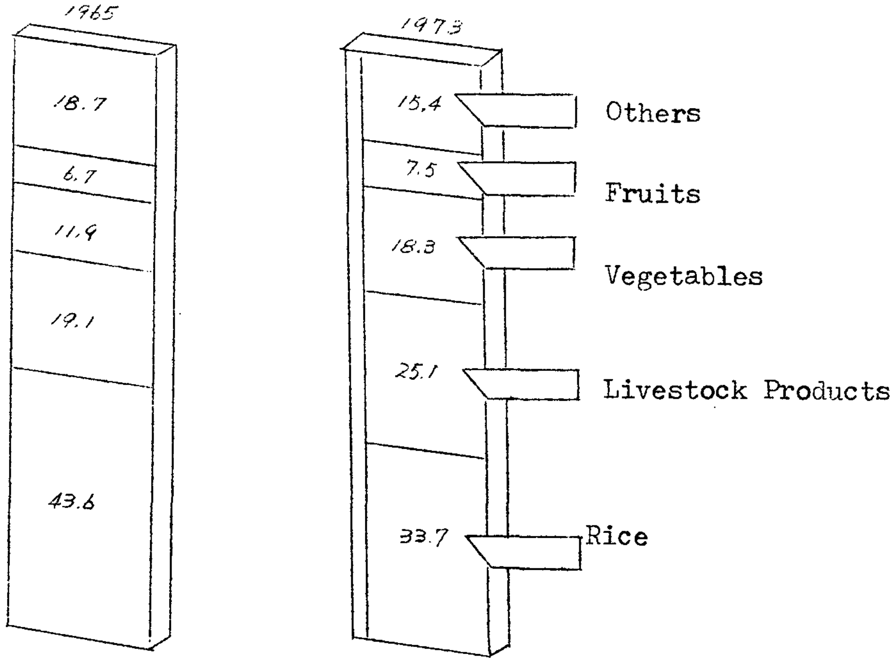


Table 7 Trends in production value of major livestock products and their composit ratio (% ; ¥1,000 million)

	Milk	Beef	Pork	Egg	Poultry meat	Others
1965	22.0%	11.4%	21.3%	34.2%	7.4%	3.7%
626.8	146.1	75.4	141.2	227.0	48.9	24.2
1973	24.8%	10.8%	24.8%	25.8%	11.2%	2.6%
1,544.8	383.4	167.2	382.9	399.0	171.9	40.4

Table 8-1 Trends in animal husbandry

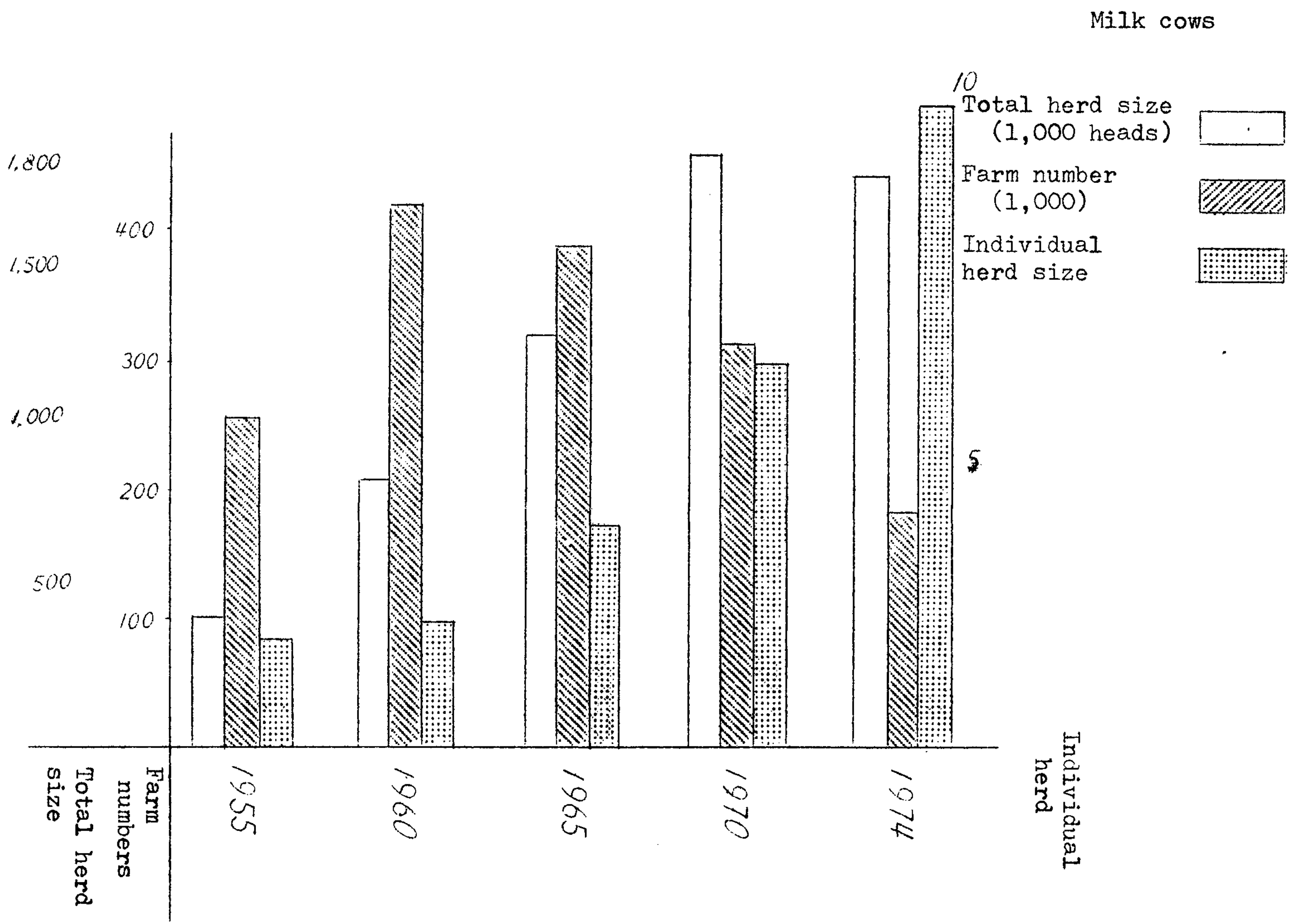


Table 8-2 Trends in animal husbandry

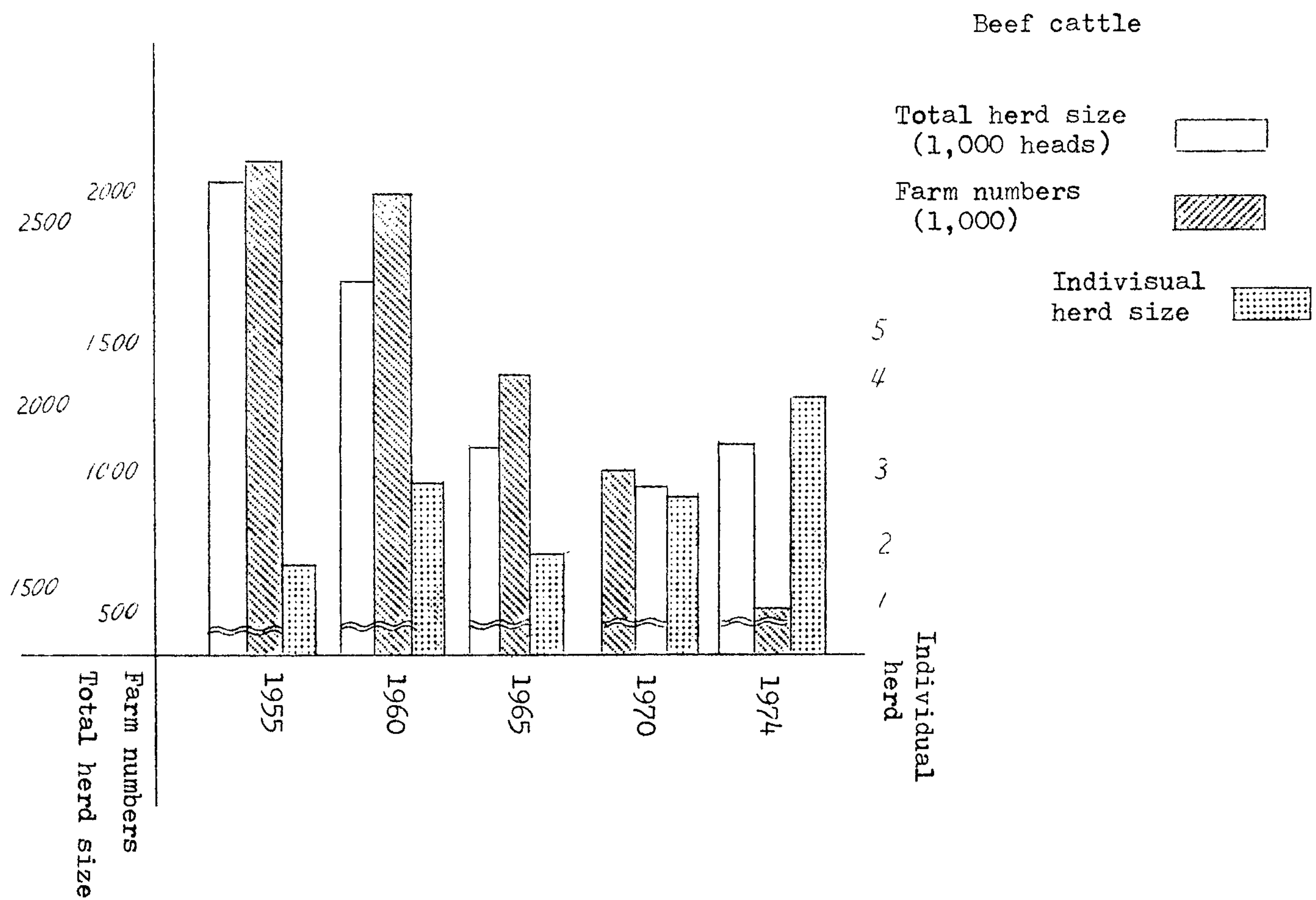


Table 8-3 Trends in animal husbandry

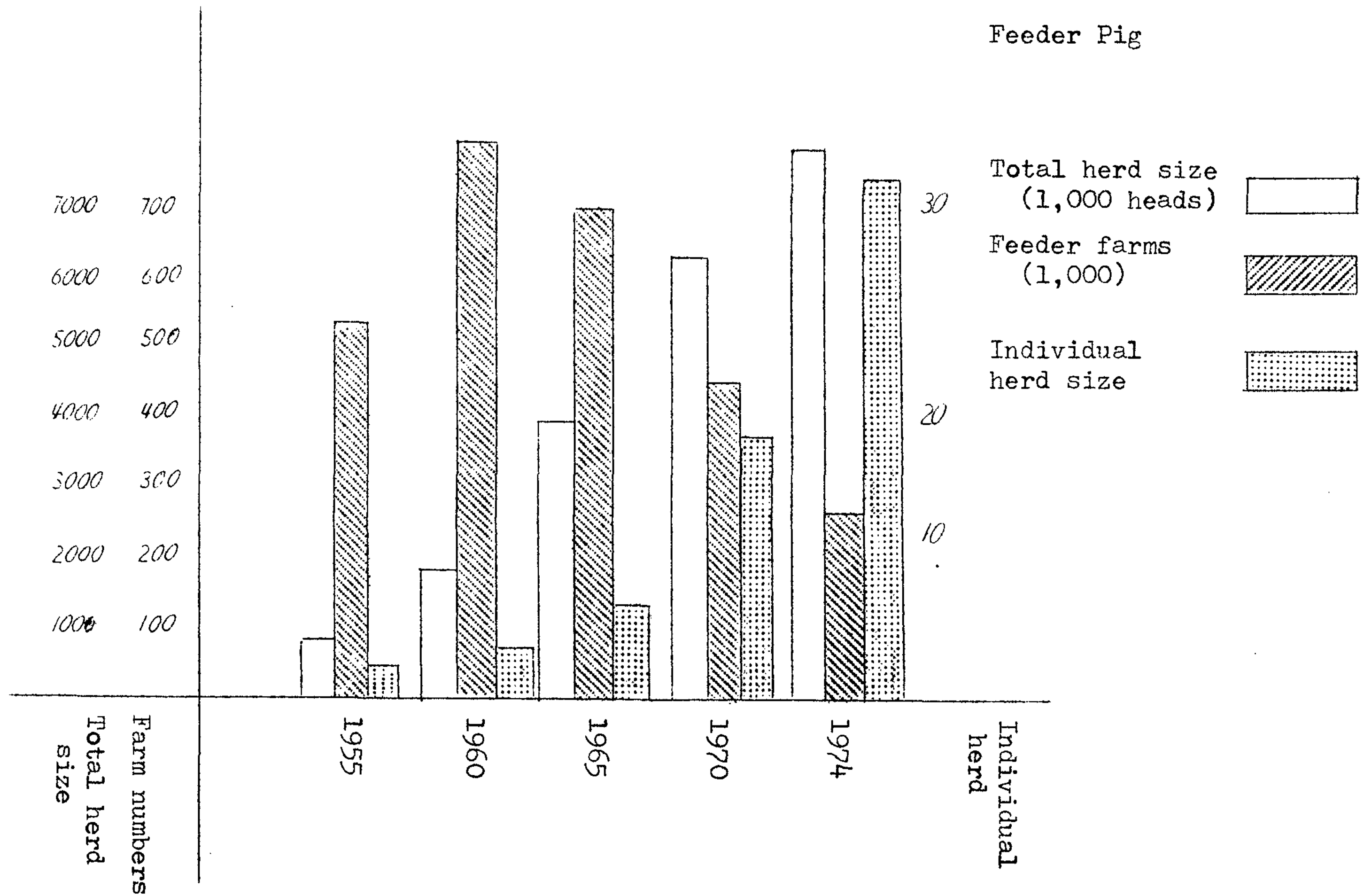


Table 8-4 Trends in animal husbandry

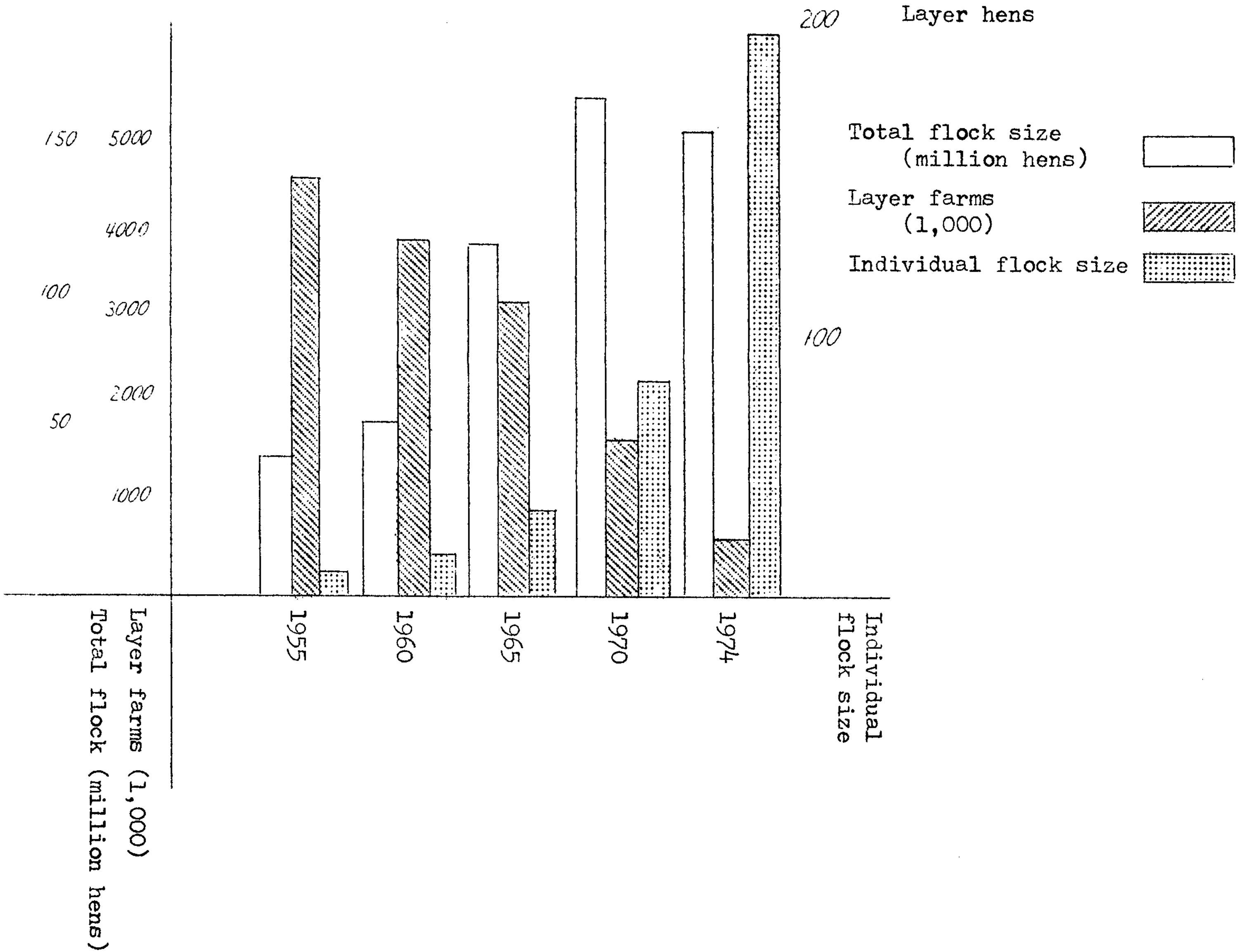


Table 8 Trends in animal husbandry

Broiler chicken

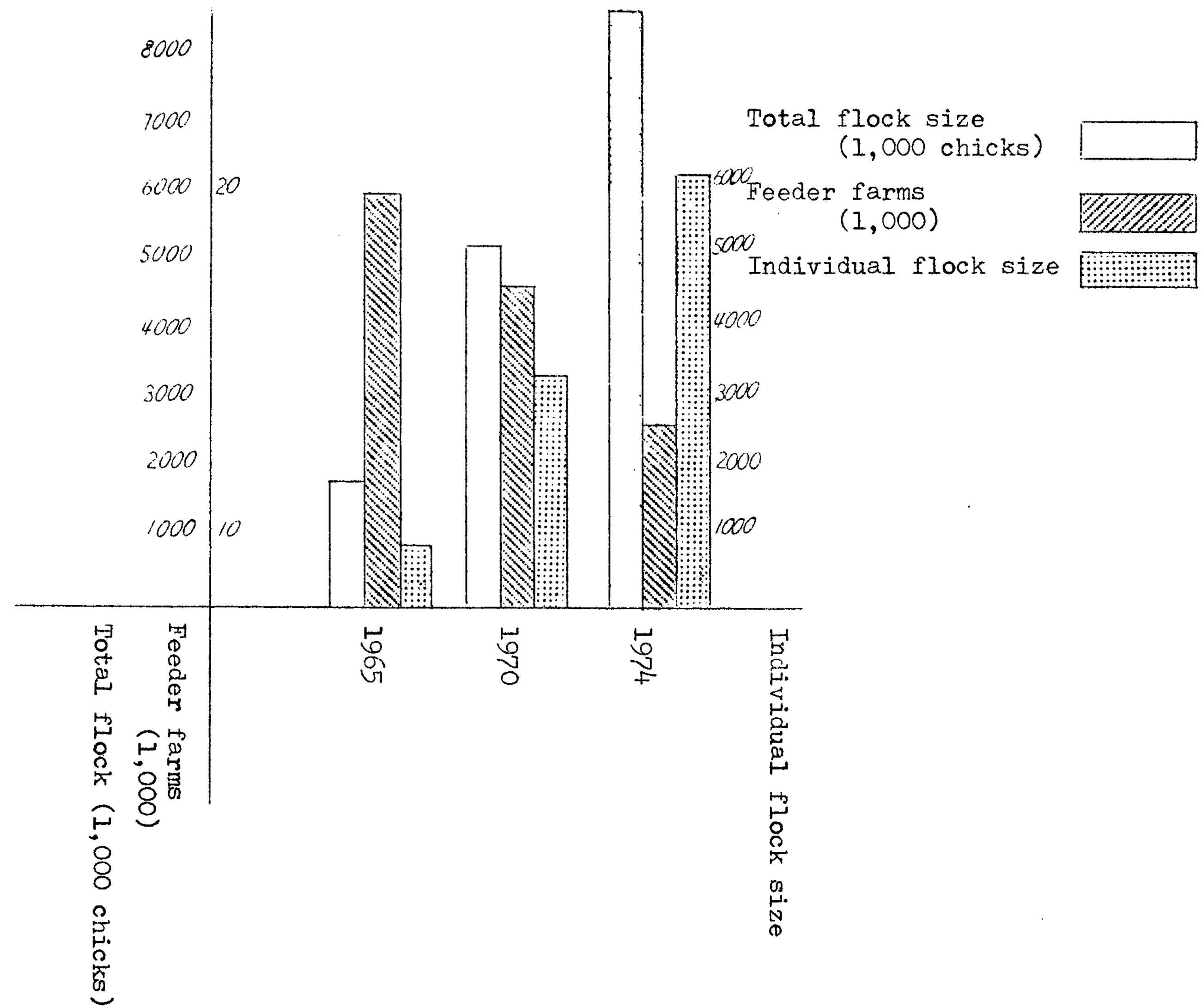
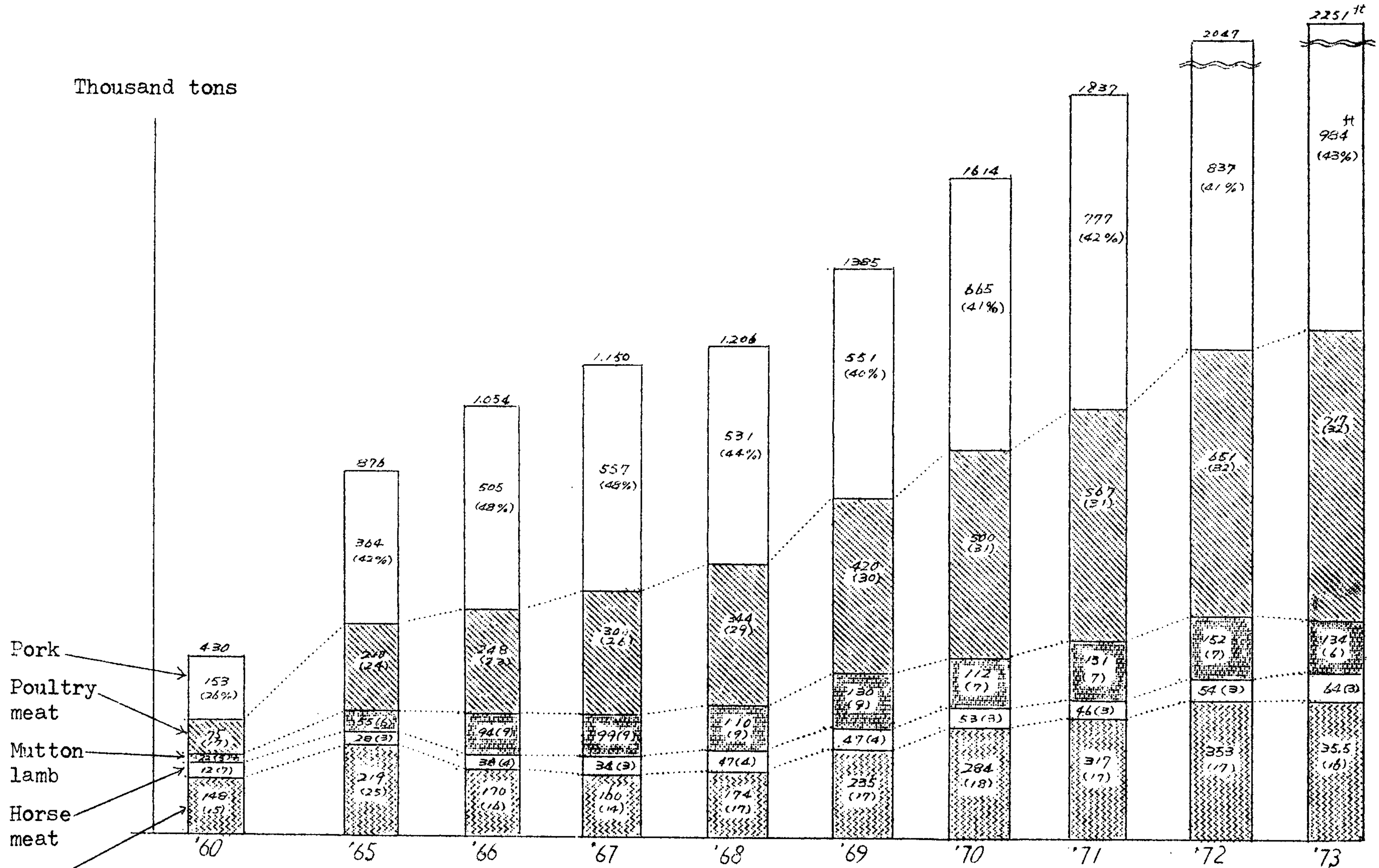


Table 9 Trends in meat and egg consumption (1,000 t)



Amount of consumption = Domestic output + Import - Export
Source: Ministry of Welfare, Ministry of Finance

Table 10 Trends in producer prices for farm products by index

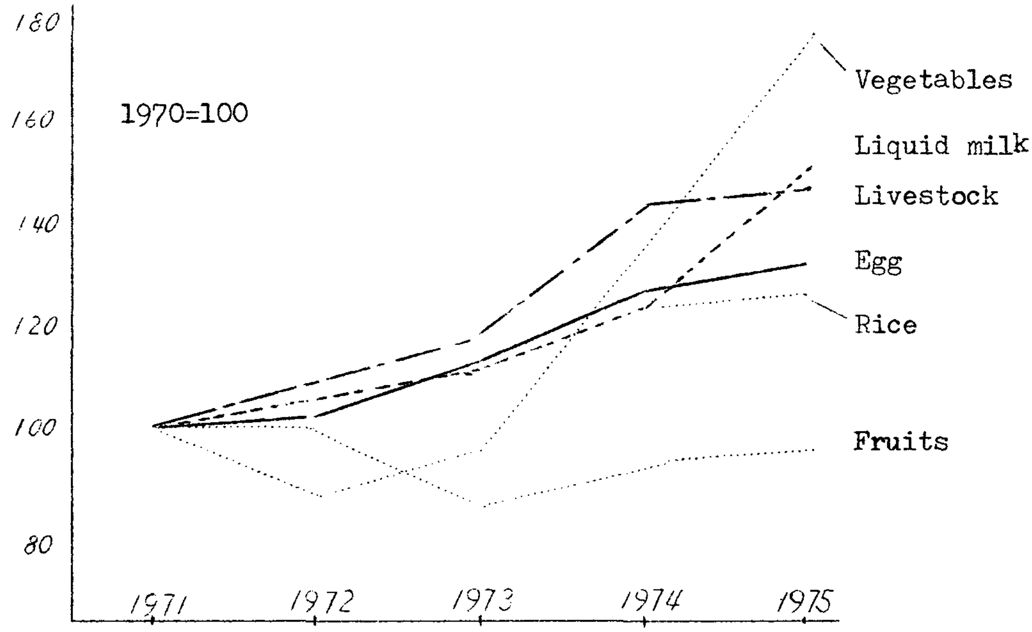


Table 11 Trends in meat imports

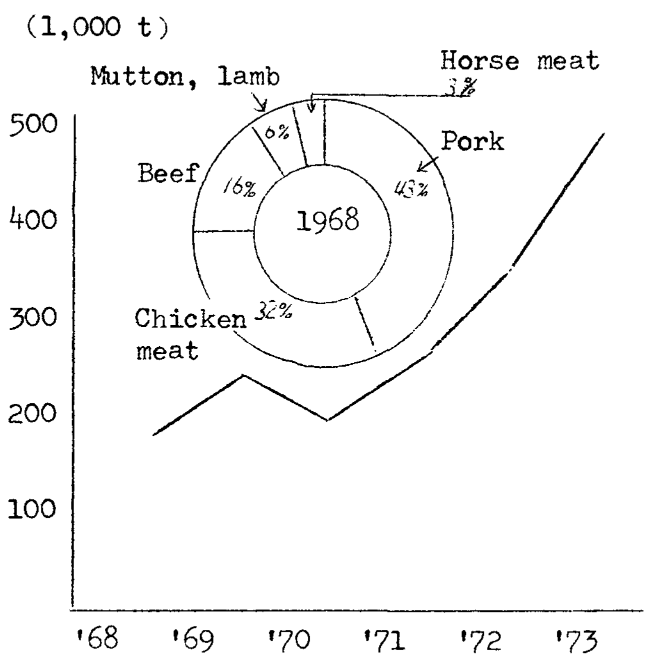
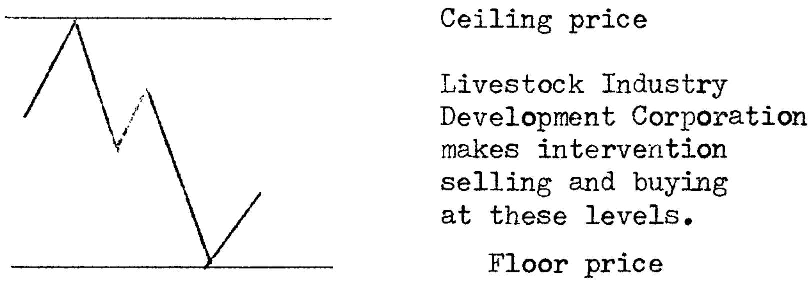


Table 12 Types of livestock prices stabilizing measures

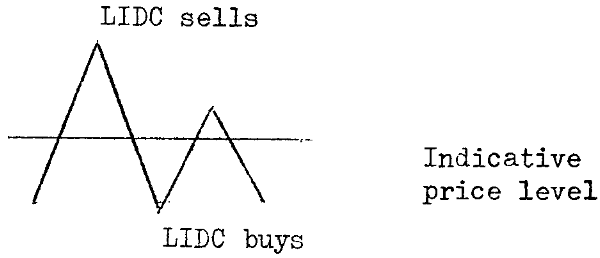
Price belt system

Pork



Indicative stabilization price system

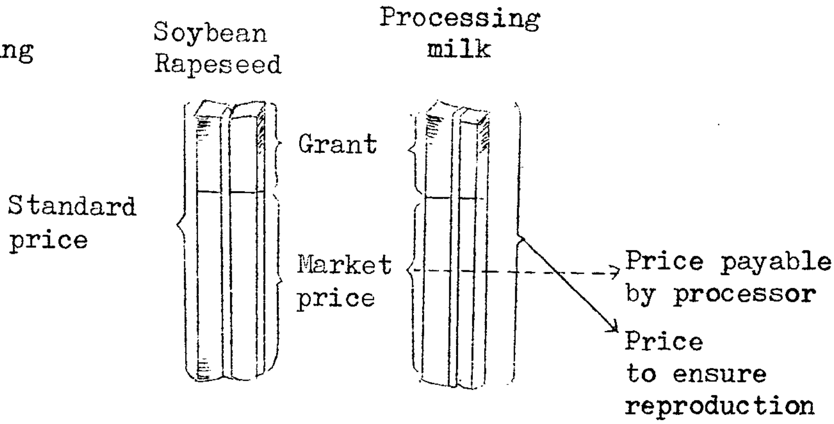
Butter
Condense milk
Skim milk powder



Deficiency payment system

Soybean
Rapeseed

Processing milk



Price Stabilization Fund System

Calves for beef
Dairy calves for feeding

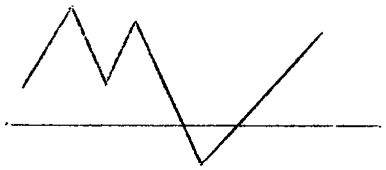
Piglets

Eggs

Processing fruits

1. Production and shipping adjustment

2. Fund saved by producers to which governments and LIDC also contribute



Compensated from the fund

Table 13 Production of compound feeds in 1974
(1,000 t)

Amount / I t e m	Total	Break-down: Coop. plants	Private plants	Coop. share %
Cattle Feed	3,742	2,170	1,572	58.0
Poultry Feed	9,113	2,837	6,276	31.1
Pig Feed	5,155	2,566	2,589	49.8
Other Feed	74	10	64	12.9
Total	18,084	7,583	10,501	41.9

Table 14 Amounts of feeding materials imports by markets (1,000 t) in 1974

Maize	
U.S.	4,858
Thailand	869
China	60
Others	53
Total	5,840

Wheat bran	
Argentine	124
Canada	63
Indonesia	16
Others	26
Total	229

Milo	
U.S.	2,465
Argentine	708
Australia	626
Others	125
Total	3,924

Wheat	
U.S.	332
Australia	292
Others	33
Total	657

Barley	
Canada	651
Australia	343
U.S.	83
Total	1,077

Alphalpha	
U.S.	241
Canada	97
New Zealand	24
Others	22
Total	384

Distribution Channel of Feeds and Livestock Products

Compound Feed

		Remark
Agricultural Cooperatives		
1.	ZEN-NOH → Prefectural Economic Federation → Primary Cooperative Society → Member Farms	Usual cases
2.	ZEN-NOH → Prefectural Economic Federation → Member Farms	Special cases where the farms are very large bulk purchasers
Private Trading Companies		
1.	Maker → Dealer (Primary) — Merchant (Secondary) → Farms	Traditional usual cases
2.	Maker → Dealer (Primary) → Farms	Cases using this route are increasing of late
3.	Maker → Dealer (Primary) — Primary Cooperative Society → Farms	Usual cases where private trades use primary cooperative societies
4.	Maker → Primary Cooperative Society → Farms	Rare case

Flow of Goods

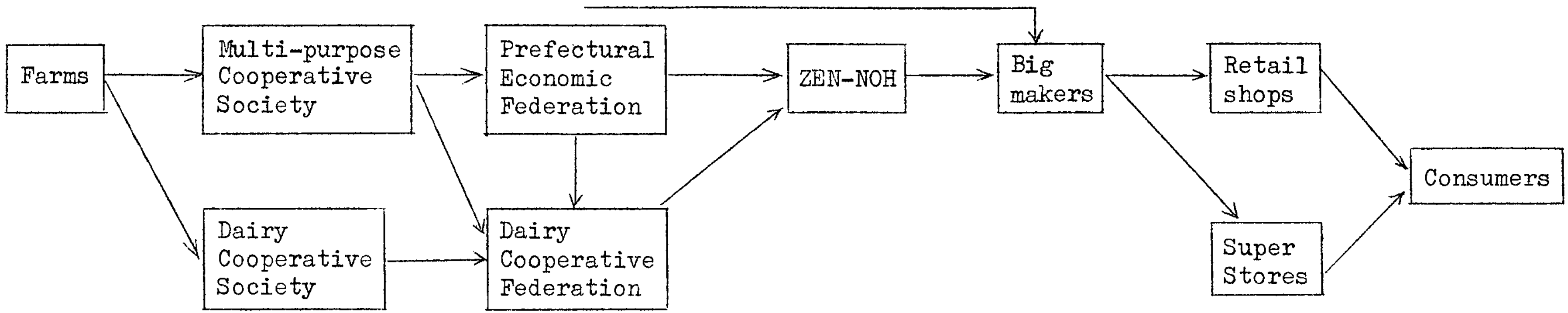
Feed in bags	1.	Feed plant → Primary Cooperative Society → Its Store House → Farms	Usual cases for delivery of small quantity

		Route	Remarks
	2.	Feed plant → Farms	Delivered direct using lorry chartered by the society
	3.	Feed plant → Relay point → Farms	Relayed through primary cooperative society
Bulk feed	1.	Feed plant → Farms	Delivered direct by lorry chartered by prefectural federation
	2.	Feed plant → Relay point → Farms	Relayed through the federation by a lorry chartered by it.

Beef and Pork

		Remark
1.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Market → Consuming Centre Brokers → Buchers → Consumers	Usual route of three tier co-operative structure (1–3)
2.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Consuming Centre Brokers → Buchers → Consumers	
3.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Super Stores → Consumers	
4.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Consuming Centre Brokers → Super Stores → Consumers	
5.	Farms → Primary Cooperative Society → Prefectural Economic Federation → Market → Brokers → Buchers (Supers) → Consumers	Two stage cooperative channelling
6.	Farms → Primary Cooperative Society → Market → Buchers (Supers) → Consumers	Direct marketing by primary society
7.	Farms → Producing Area Brokers → Market → Brokers → Buchers → Consumers	Direct selling by farms

Fresh milk and City milk



		Remarks
1.	Farms → Multi-purpose Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Big makers → Retail shops / Super stores → Consumers	The case where the Economic Federation is the institution designated by the government
2.	Farms → Multi-purpose Cooperative Society → Prefectural Economic Federation → Egg Marketing Federation → ZEN-NOH → 1.2.	The case where the Dairy Cooperative Federation is the institution designated by the government
3.	Farms → Dairy Cooperative Society → Dairy Cooperative Federation → Big makers → 1.2.	-do-

						Remarks
4.	Farms →	Multi-purpose Cooperative Society →	Prefectural Economic Federation →	Big makers →	1.2.	The case where the Economic Federation is the institution designated by the government

Eggs and Chickens

		Remarks
1.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Consuming Centre Brokers → Retail Shops → Consumers in Big City	The cases where the three stage cooperative channel is used
2.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → $\boxed{\text{Super Stores in Consuming Centres — Consumers in Big City}}$ →	
3.	Farms → Primary Cooperative Society → Prefectural Economic Federation → ZEN-NOH → Big Processors	
4.	Farms → Primary Cooperative Society → Prefectural Economic Federation → Brokers in the Prefecture → Brokers in Consuming Centres → Retail Shops → Consumers in Big Cities	Rare case
5.	Farms → Primary Cooperative Society → Prefectural Economic Federation → Brokers in the Prefecture → Retail Shops in the Prefecture → Consumers in the Prefecture	The case where the two stage cooperative channel is used
6.	Farms → Primary Cooperative Society → Consumers of the Area	The case of direct sale by the primary society
7.	Farms → Brokers in the Area — Brokers in Consuming Centres → Consumers in Big Cities	The main route of direct marketing by primary society
8.	Farms — Primary Cooperative Society → Brokers in the Area → Consumer Market in the Area	-do-
9.	Farms → Brokers in the Area → ZEN-NOH → 1.2.3.	The case where ZEN-NOH procures from outside the cooperative channel

Note: The case 9 does not apply to the marketing of broiler chickens.

ICA Marketing Seminar, Tokyo
Lecture 6 Outline
8 September, 1975
Forenoon

Mr. T. Kage
Senior Assistant Manager
Rice Business Department
ZEN-NOH

Production and Marketing of Rice in Japan

I. Production and Supply-demand Situation of Rice

1. Increase of planted area (since 1950)

The policy of food production increase promoted expansion of paddy fields.

Year	Planted area[1] (1,000 ha)	Rice policy
1950	3,011	The policy of food production increase
1955	3,222	
1960	3,308	
1965	3,255	
1970	2,923	Production control[2]
1974	2,724	Production control[3]

(Note) 1) Paddy-field rice and upland rice
2) 320,000 ha
3) 300,000 ha

2. Increased yield of rice per ha

Year	Yield of paddy per ha
1950	3.27 tons
1955	3.96
1960	4.01
1965	3.90
1970	4.42
1974	4.55

(Note) Increase of rice yield is more remarkable especially in Hokkaido, Tohoku (North-east), and Hokuriku (North land) regions.

3. Increased production of rice

Year	Production (1,000 tons)*
1950	9,651
1955	12,385
1960	12,858
1965	12,409
1967	14,453 (Record)
1970	12,689
1974	12,292

(Note) * Hulled rice

4. Recent trend of decrease of rice consumption

Year	Consumption (1,000 tons)
1955	11,750
1960	12,618
1963	13,410 (Record)
1965	12,993
1970	11,948
1974	12,000 (Estimated)

(Note) Diversification of diet habits has promoted a decreasing trend of per capita consumption of rice.

1960 .... 114.9 kg (Cleaned rice)

1973 .... 91.1 kg

5. Unbalance of demand and supply of rice, and production control

(See 1 of I)

(1) Incentive policies succeeded in increasing rice production, while, on the other hand, its consumption was reduced and the unbalanced situation of demand and supply was really actualized. As the result, the surplus of rice increased up to 7.2 million

tons in 1969 and some of which was exported or utilized as feeds for realizing the balance of demand and supply of rice.

(2) Since 1970, the policy of rice production control (restriction) has been carried out for the purpose of balancing the demand and supply. And it reduced rice production by some 2 million tons every year.

6. Improvement of production techniques

—— main factor for production increase ——

(1) Improved techniques of early-season culture

o Cold districts in the northern part of Japan

..... planted earlier so as to extend the growing period of paddy and promote its growth.

o Warm districts in the south-western part of Japan

..... planted earlier in order to avoid the damage by typhoons at the time of flowering.

Rice seedlings are nursed on the seedplot covered by such a material as vinyl, polyethylene, and so on.

(2) Land consolidation measures such as land improvement, establishments of irrigation and drainage systems, etc.

(3) Development of agricultural chemicals (bactericide, insecticide, and weed killer)

(4) Improvement of fertilizing techniques.

(5) Development of farm mechanization

Introduction of small cultivators (tiller), sprayers, etc.
(Since 1955 or thereabouts)

Introduction of tractors and combines
(Since 1960 or thereabouts)

Development of transplanters and harvesters

Introduction of countryelevator, etc.

(6) Varieties which are adapted to heavy application of fertilizer.

(7) Backgrounds

a. Results of experimental institutes have been extended.

b. Establishment of extension works.

c. Farmers' intention to increase production and their efforts for improvements of techniques.

d. Developments of industries of fertilizer, chemical, farm machinery, etc.

e. Protecting rice production with the Food Control Law.

II. Distribution of Rice

1. Characteristic features

Rice crop in this country is under direct control of the government, and its collection, distribution and prices are all regulated by the Food Control Law which was enacted in 1942.

2. Food Control Law

(1) Producers of rice have been obliged to sell their production to the government, by which the government tried to secure food for the people.

(2) Purchasing and selling price of the government should be fixed aiming respectively at securing re-production of rice crop and at stabilizing home economy of consumers.

(3) The government established the Food Control Special Account for purchasing and selling of rice.

3. Rice price requested by agricultural organizations (agricultural cooperatives)

The agricultural cooperative movement calculates the producer's price of rice (selling price to the government), which will secure re-production and supplement their income, and requests the government to realize it.

4. Distribution channel of rice
(See Chart I)

Producers
↓ ---------------- inspection and purchasing (brown rice) in front of agri. coop. warehouses.

Agri. Coops.
Prcf. Economic Fed.
Zen-Noh

Agr. Coop. .... 94% is handled by agri. coops.
(6% by collection dealers)

↓

Government — (Food Agency)

↓

Rice wholesalers

↓

Rice retailshops

↓

Consumers

5. Changed management of the Food Control System

With rice surplus for a background, the government introduced a free marketable system in 1969 in order to balance production with consumption and lessen deficit of the Food Control Account. Since then the quantity of rice purchased by the government has been fixed and voluntary distribution of rice has been promoted. (The Food Control Law ..... limitless purchasing in principle)

6. Difference between producer's and consumer's price of rice, and increased deficit of the Food Control Law (See Table 2.)

(1) There is a difference between calculation systems of purchasing and selling price of rice of the government according to the aim of the Law. As the result, purchasing price has been more than selling price. Those prices in 1975 are as follows;

Purchasing price (a) .... 15,570 yen (per 60 kg)
Selling price (b) .... 12,205 yen
Difference (a) - (b) .... 3,365 yen

(2) This difference between two prices has increased the deficit of the Special Account, which is one of the biggest political problems. "What the Account should be" has been discussed for recent years.

III. Some Problems of Rice Production and Distribution

1. Decrease of the number of Full-time farmers ..... The number of farmers who resign from farming find a new job out of farm, or turn to be part-time farmers has been increasing.

2. There is a trend that farmers are more dependent only on rice farming, mainly because production of rice is relatively more profitable than other crops, while productions of wheats, soybeens, rape-seeds, etc. have decreased remarkably.

3. Production control and purchasing limitation ...... Surplus situation is continuing basically.

4. Food policy of the government has been distorted, while contribution by the agricultural cooperative movement is increasing.

5. Voluntary distribution of rice (free marketable system) has not so developed as expected.

Table 1. Production, Demand-Supply, and Distribution of Rice

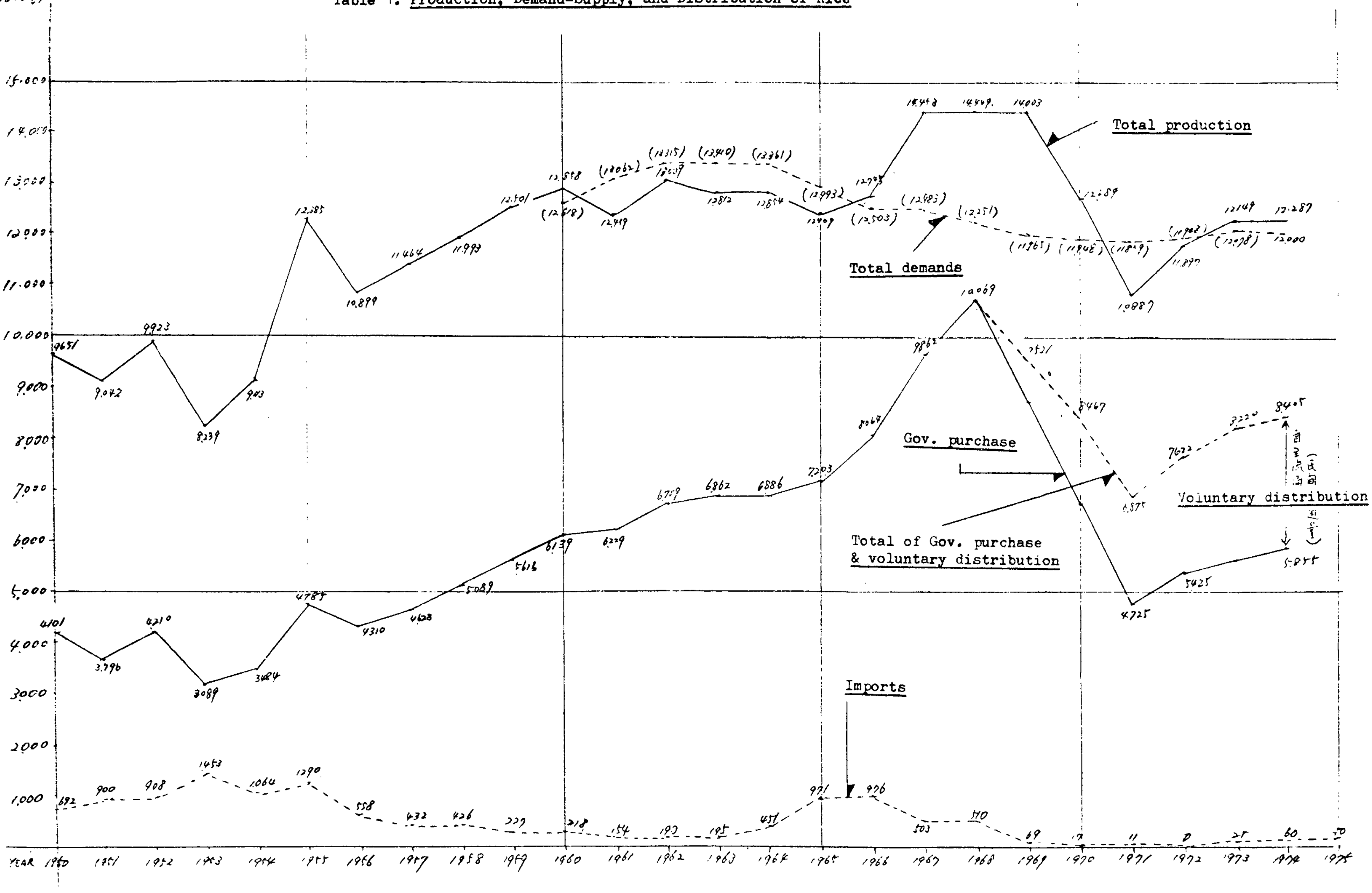


Table 2. Change of Rice Purchasing & Selling Prices of the Government

(Unit: Yen, per 60 kg)

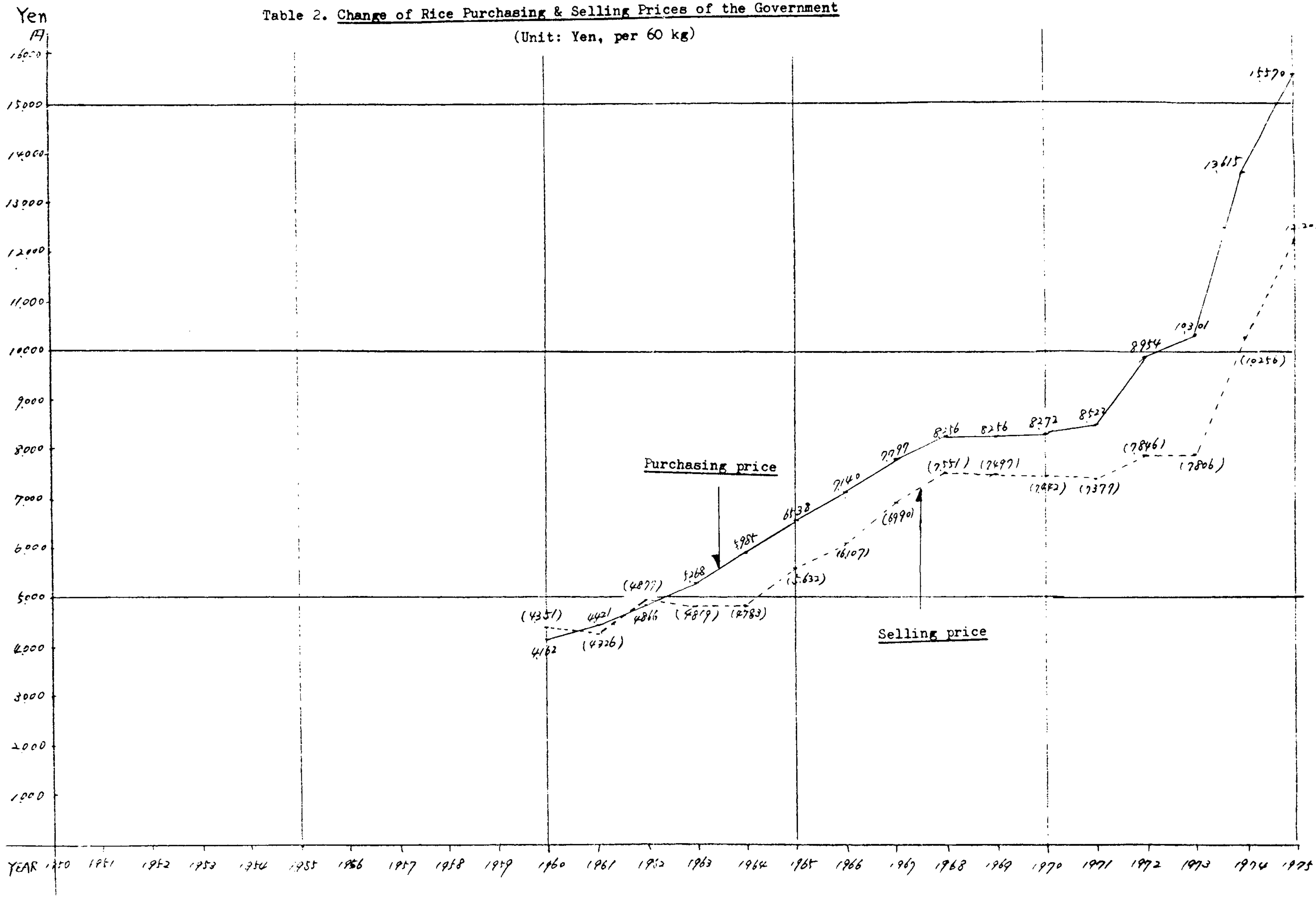
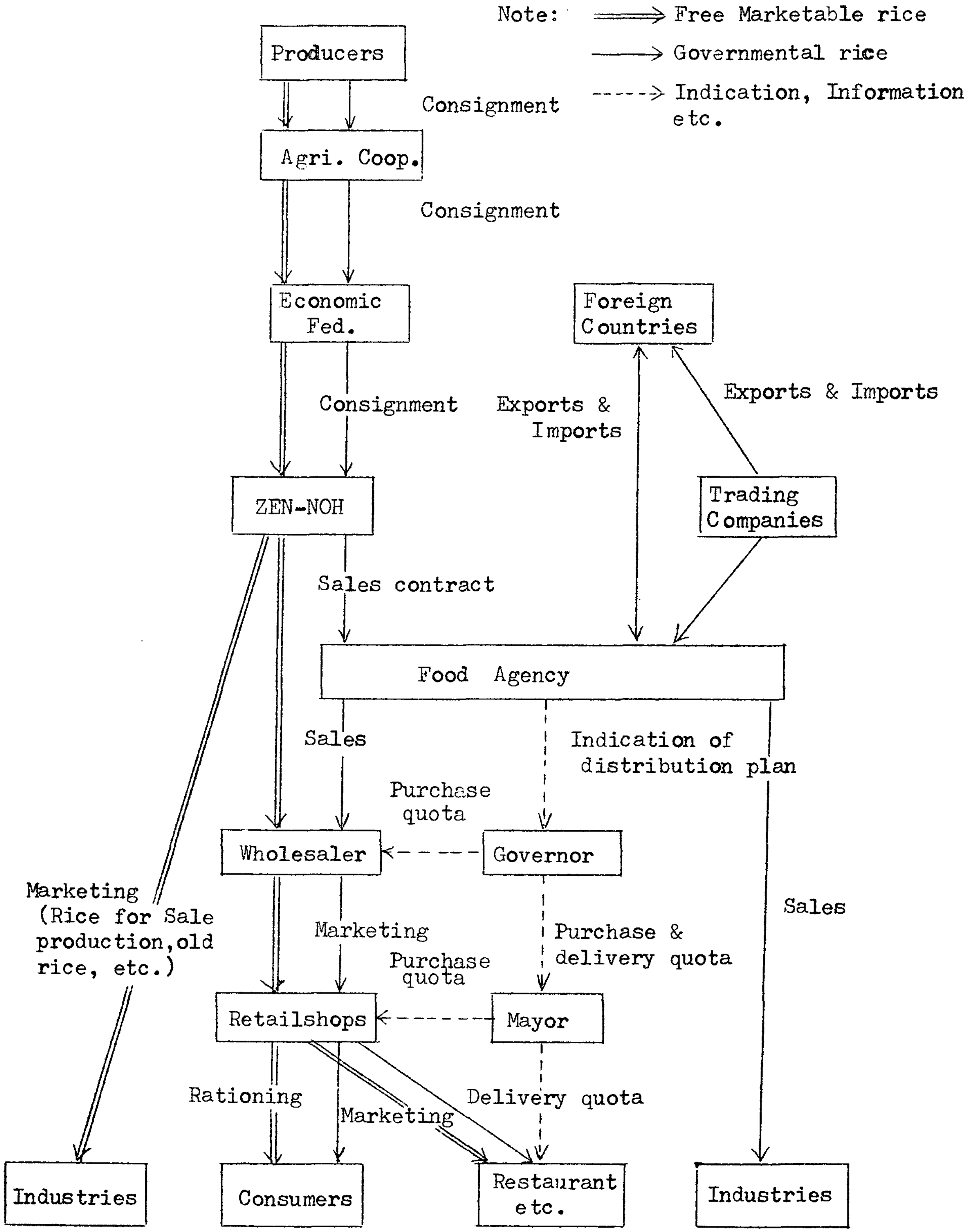


Chart 1. Distribution of Governmental & Free Marketable Rice



ICA Marketing Seminar, Tokyo
Lecture 7 Outline

8 September, 1975
11:00 - 17:00

Mr. Katsuo Nagasawa
Horticulture Specialist
ZEN-NOH

Integrated Cooperative Production and Marketing in Japan (Farming Complex) - centered around vegetables and fruits production and distribution

Foreword

Production of fruits and vegetables has been increasing in Japan, seeking to attain self-sufficiency corresponding to the expanding demand for them. The increase in horticultural production has been pursued based on the efforts to enhance their commercial value and productivity, which have brought about a great progress in the ways of organizing both their production and distribution as will be mentioned hereunder.

1. Historical Review on the Systems of Horticultural Production and Marketing

Japanese agriculture has been given such conditions of fate as it had to feed its large population on the narrow country land which permits again only a highly limited areas for agricultural production. Given this fatal conditions and the mission, agriculture in this country has developed centered around the production of high-calory crops like rice, wheat and barley, and potatoes.

However, farms having only a very small land and especially those in the areas where paddy lands are not available could not maintain firm base for their farm economy, with the mentioned high-calory crops production. Therefore, those farmers chose to develop production of fruits or vegetables in an attempt to increase their farm revenue.

The development of farm economy based on production of fruits and vegetables presumes the existance of an efficient marketing organization, especially because income of horticultural enterprises greatly depend on how profitable is the sale (in the free market unlike rice, for example, which is purchased by the government at a fixed price.) To this end, the horticulturalists organized their voluntary shipping associations to deliver the produce to markets.

The post-war development of the Japanese economy with concommitant rise in people's income standard has brought about a major swing in the demand for food from the traditional starchy produce to such items as livestock products, vegetables and especially fruits. In the light of such development, the government, on its part, decided to encourage horticultural production especially of fruits, set to the so-called Special Assistance Programme for Constructing New Rural, Mountain-area, and Fishing Villages in 1955, got the Law of 1960 for Special Measures on Fruit Culture Development and the Agricultural Basic Law of 1961 enacted to shift the policy emphasis from cereal sector to greater production in livestock and fruit sectors whose demand was expected to expand rapidly.

The government measures under the authority of newly enacted laws were not meant, however, to directly reach individual farms, but were in stead to be received by organizations set up for the purpose of developing livestock and fruit sectors based on regional agriculture development programmes. For this reason, agricultural cooperative organizations, not to mention involving municipal governments, responded to the offers of government measures.

Meanwhile the promoting of greater use of machines was felt necessary for achieving improved productivity, and for this purpose, the cooperative movement diecided to translate extensively what we called the Cooperative Farming Complex Schemes (or the schemes for establishing integrated cooperative systems for agricultural production and marketing.) In this connection, it was decided to institute cooperative regional distribution centres (direct marketing channel by-passing the central wholesale auction markets) to achieve cost reduction in marketing and distribution spheres. These centres aim to develop direct linkage between consumers and producers, and to gear more efficiently farm production under the cooperative farming complex to consumer demands.

2. Present Position and Problems of the Cooperative Farming Complex

Major producing areas of fruits and vegetables in Japan can be classified into those which farmers developed spontaneously, as it were, who took up the enterprise taking account of the locational and other conditions, (traditional producing areas), and those which developed based on plans and taking the government assistance measures at later years (new developing areas).

Though the traditional producing areas are making endeavours to better organize production and marketing of fruits and vegetables under the cooperative complex system just like newly developing ones have been doing, for producing quality and standardized products of higher market value, it is not safe to say that producer organizations to support the effective operation of the complex and other essential elements of the integrated production and marketing system have been fully consolidated.

As the prices of fruits and vegetables depends largely on the volume of output or of shipping, some degrees of control or adjustment must be made (under the cooperative complex systems) at the stages of production and marketing.

It is also important to take account of the locational conditions and the development of consumption demands when introducing specific type and variety of a given commodity in an area.

How to raise the productivity in the face of rising costs of farm inputs and labour, and how to enroll the farms inclined to withdraw their hands from farming into organized joint production efforts under the farming complex: these are some of the major questions for which answers must be found by agricultural cooperatives of today.

Diagram 1. Per capita daily calory intake

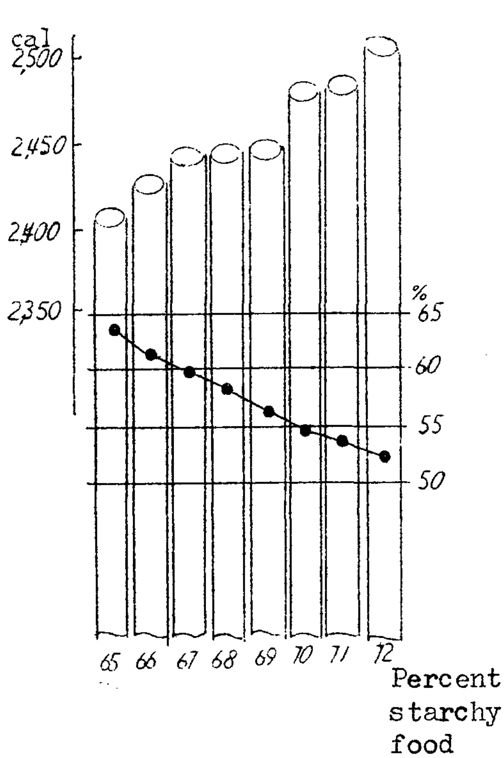


Diagram 2 Per capita Protain intake

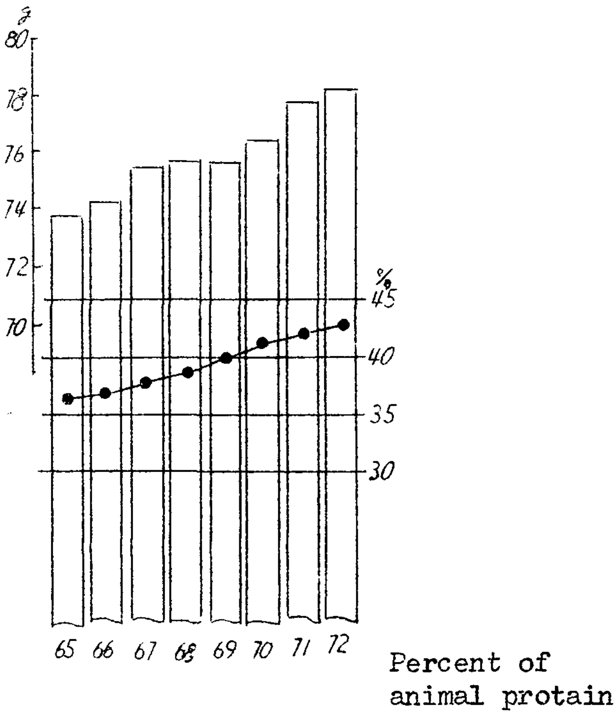


Diagram 3 Growth rate of per capita consumption (72/65)

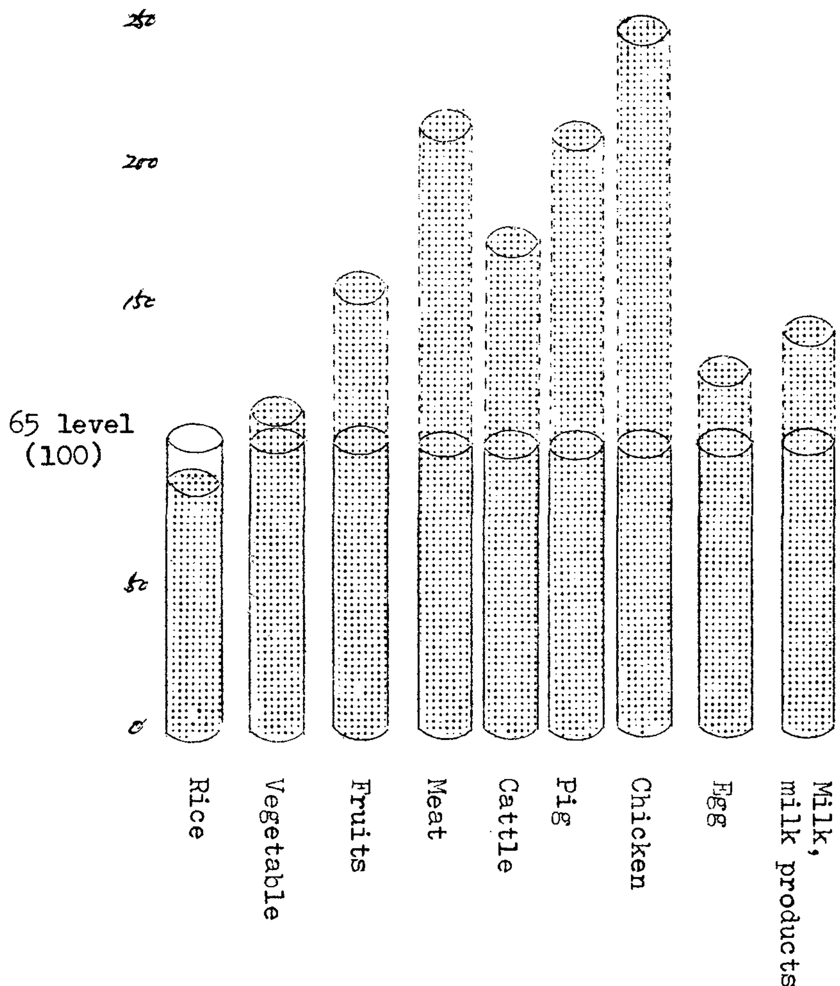
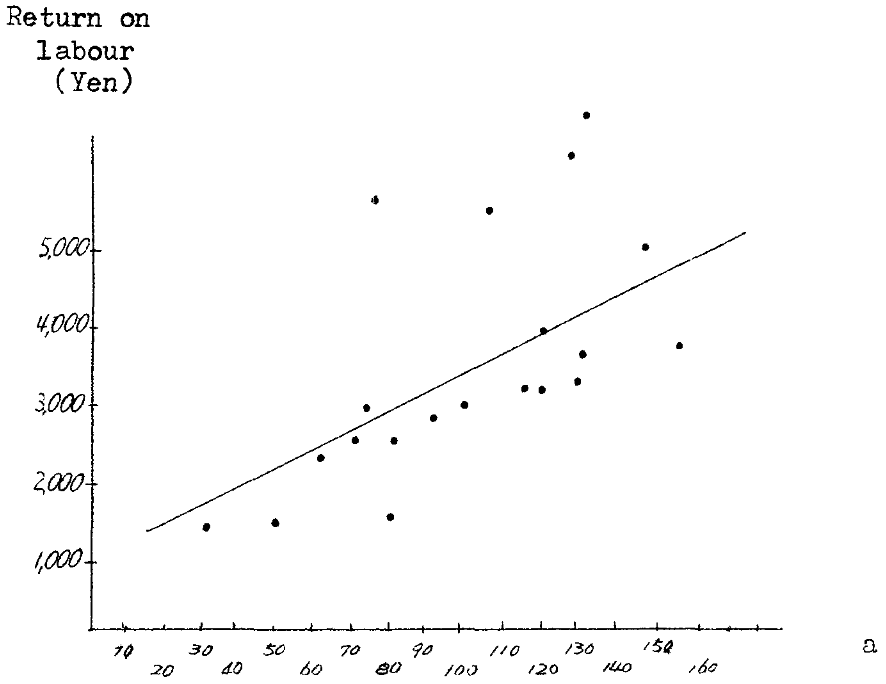
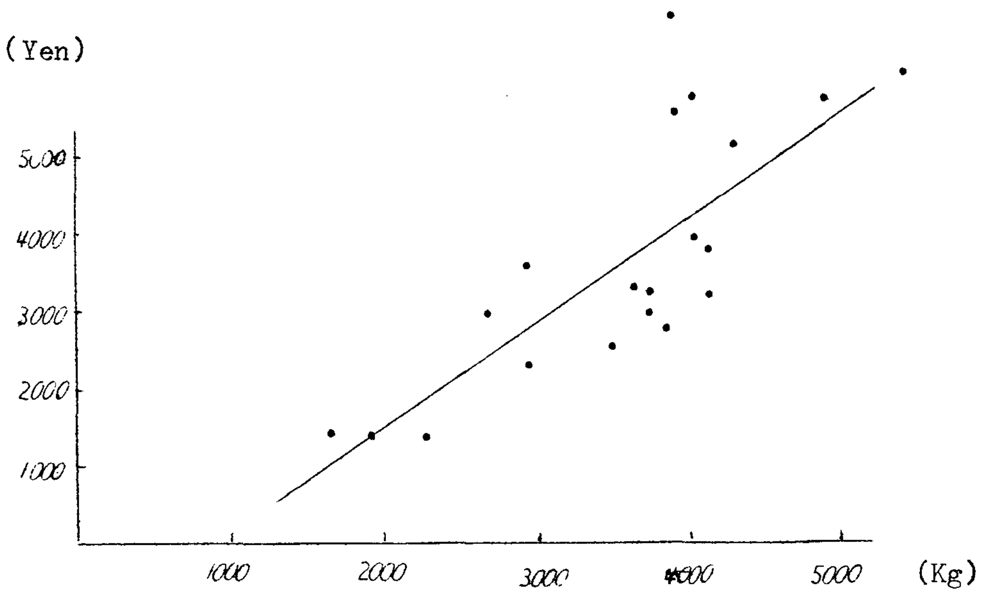


Diagram 4 Relation of the size of pear orchard and return on labour



Chojuhroh variety: Chiba-pref. 1970

Diagram 5 Relation of labour return and yield per 10 a of pear
Chojuhroh variety: Chiba-pref. 1970



Diafram 6 Net income per 10 a and labour return per day from pear production Chojuhroh variety: Chiba-pref. 1970

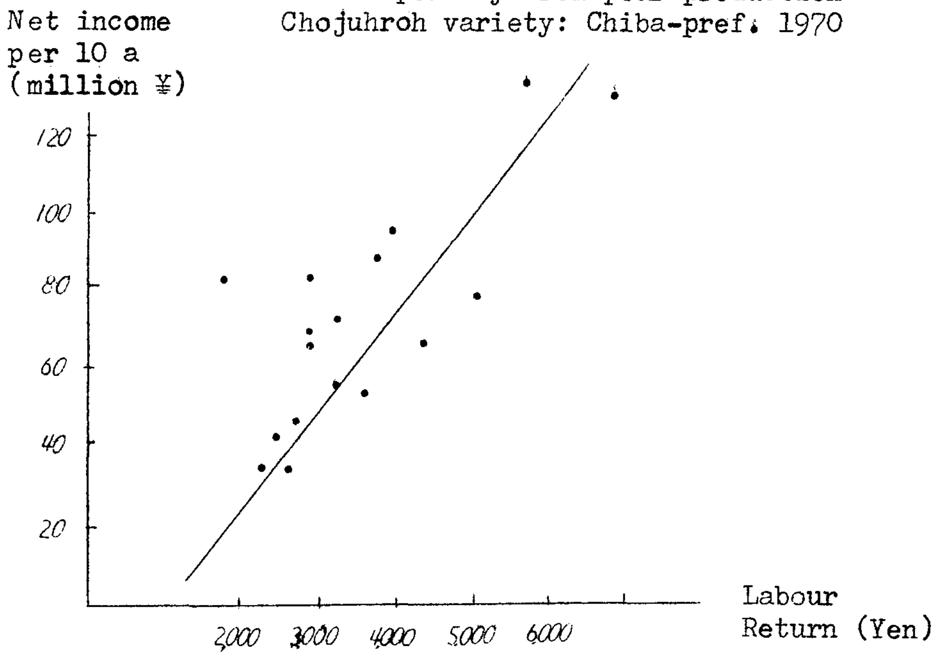


Table 1 Agricultural production: achievements and prospect

		1960	1973	1982	Change % 73/60	82/73
Area under cultivation (1,000 ha) (Rate of utilization)		6,071 (133.9)	5,647 (100.3)	abt.5,200 '77(113.9)	93.0 (-25.1)	92.1 (13.6)
	Paddy	3,124	2,570	2,181	82.3	84.9
	Wheat	602	75	151	12.5	201.3
	Beer barley	83	47	106	56.6	225.5
	Sweet potato	330	74	77	22.4	104.1
	Potato	204	147	143	72.1	97.3
	Soybean	307	88	240	28.7	272.7
	Vegetable	615	676	747	109.9	110.5
	Fruit	254	431	500	169.7	116.0
	Mulberry	166	162	193	97.6	119.1
	Fodder crops	506	756	...	149.4	...
Herd (flock) Size (1,000)	Milk cow	824	1,752	3,080	212.6	175.8
	Beef cattle	2,340	1,898	3,346	81.1	176.3
	Pig	1,918	8,018	16,662	418.0	207.8
	Layer hen	54,627	120,865	194,018	...	160.5
	Broiler chicks		88,996	135,635	...	152.4

Source: MAF

Table 2. Trends in the areas under fruit production (ha)

	1966	1970	1973
Mandarine Orange	126,800	163,000	173,100
Navel Orange	708	797	879
Summer Orange	16,300	18,100	16,800
Other citrus	8,730	11,800	14,600
Apple	65,600	59,600	56,900
Grape	22,900	23,300	26,800
Japanese pear	19,000	18,100	18,700
Western pear	1,940	1,430	1,240
Peach	21,400	20,100	18,100
Cherry	1,690	1,720	2,700
Loquat	2,930	2,570	2,310
Plum	13,400	15,900	16,400
Persimon	38,500	35,900	33,400
Chest-nut	29,800	39,000	43,200
Total	109,700	416,200	425,189

Source: MAF

Table 3. Production of fruits (amount harvested in ton)

	1966	1970	1973
Mandarine Orange	1,750,000	2,552,000	3,329,000
Navel orange	8,730	8,200	-
Summer orange	241,300	253,600	355,000
Other citrus:	88,500	-	-
Hassaku variety	42,600	76,300	-
Iyo variety	10,800	20,800	-
Apple	1,059,000	1,021,000	959,900
Grape	230,300	234,000	271,000
Japanese pear	387,400	444,800	479,900
Western pear	16,400	18,700	15,500
Peach	263,800	279,300	276,800
Cherry	7,380	13,100	16,200
Loquat	11,700	18,600	13,900
Plum	49,700	67,600	60,000
Persimon	419,300	342,700	347,000
Chestnut	33,600	48,300	63,100
Total	4,567,110	5,399,000	6,187,300

Source: MAF

Table 4. Targets of planting and production of fruits based on their long-term projected demand

	Demand project for 1981 (1,000 t)	Target of planting from 1972 to 1981 (1,000 ha)		Target production for 1981 (1,000 t)
		72 - 76	77 - 81	
Mandarine orange	4,099-4,238	15,000	10,000	4,192
Summer and other citrus	602- 690	2,000	1,500	360
		3,500	1,500	295
Apple	1,570-1,601	15,000	7,500	1,472
Grape	489- 519	10,000	10,000	486
Japanese pear	675 - 699	5,000	4,000	571
Western pear	21 - 23	150	150	18
Peach	429 - 439	8,500	5,000	418
Cherry	22 - 24	1,000	500	20
Loquat	24 - 26	300	300	26
Persimon	548 - 552	7,500	4,000	530
Chestnut	85 - 90	11,000	5,500	90
Plum	91 - 97	1,000	500	97
Total	8,655-8,998	79,950	50,450	8,575

Notes: 1. Planting include renewal

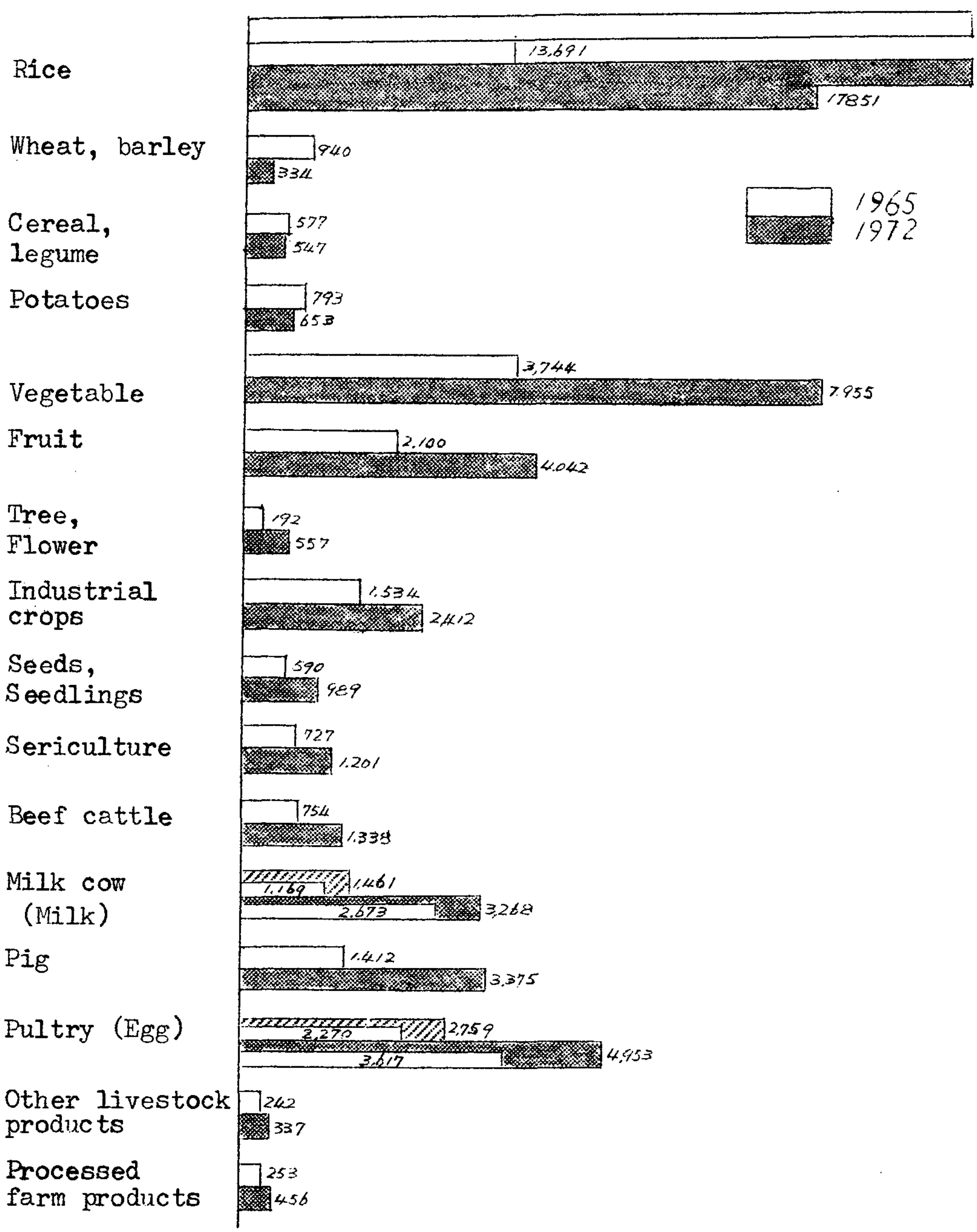
2. Projected demand is for domestic produce only.

Table 5. Guidelines for a modern fruit orchard management

	Area of producing trees (ha)	Production per 10 a (Kg)	Labour hours per 10 a
Mandarine orange	12	3,500	116
Summer orange	12	4,000	89
Apple	18	3,000	116
Grape	15	1,800	109
Japanese pear			
(Green)	10	3,750	282
(Red)	10	3,750	160
Western pear	18	3,800	139
Peach	18	2,600	141
Cherry	18	1,200	217
Loquat	10	1,000	237
Persimon	15	2,500	110
Chestnut	15	320	59
Plum	10	1,100	91

Notes:
- Apple is of Star-king and Delicious varieties.
- Grape is of Delaware variety treated to make them seedless.
- Japanese (green) pear is of 20th-Century variety.
- Japanese (red) pear is of Chojuhroh variety.
- Peach is of Ohkubo variety.
- Persimon is of Fuyuh variety.

Diagram 6. Gross agricultural product by sector (¥1,000 million)



ICA Marketing Seminar, Tokyo
Lecture 8 Outline

9 September, 1975
Forenoon

Mr. Kazuo Kizawa
Deputy Manager
Horticulture Business
Policy Cordination
Office
ZEN-NOH

Rationalisation and Improvement of Marketing System with Special Reference to Regional Distribution Centres

1. The Cooperative Marketing System and the Division of Functions between Different Echelons of Agricultural Cooperative Organizations

   i) The essentials of commodity-handling in marketing business
   - The standards of commodities
   - The collection of commodities under the commissioned (entrusted) cooperative marketing channel
   - The methodology and procedure of collection
   - The methodology and procedure of marketing
   - The account settling
   - The commissions etc.

   ii) The areas of marketing and outlets
   - Sales in the local outlets within municipal areas
   - Sales within the prefecture areas
   - Marketing out of the prefecture, and in big consuming centres
   - Sales to bulk-and-end consumers

   iii) The facilities for marketing
   - The facilities for collection and shipping
   - The facilities for collection and shipping based on wide-range of area coverage
   - The facilities at the big consuming centres

   iv) The cordinated shipping and its supporting systems
   - Commodity-wise producers' organizations under the primary agricultural cooperatives
   - Commodity-wise meetings of cooperative marketing staff
   - The meetings on marketing problems

   v) The technical guidance for better marketing and short seminars

   vi) Intelligence in and public relations for marketing activities

2. Rationalisation in the Cooperative Marketing Business

i) The objective of the cooperative marketing - rationalisation of the marketing system

- Planned marketing
- The expanding of market shares
- Reduction of intermediary costs of marketing
- The realizing of equitable prices for producers
- The farm legislative (policy representational) activities

ii) The collecting activities

- The establishing of organizations and system for collection
- The introducing of the cooperative collection boxes
- The initial pay to cover a part of the expected proceeds
- The facilities for collection (collection depots, warehouses)

iii) Grading and packing

- Standardization
- Commodity inspections
- Mechanization of grading
- Joint purchasing of packing materials

iv) Transport

- Planned shipping
- The developing of transportation facilities
- The systematization of the collection boxes using practices

v) Rationalisation of desk works in marketing business

- The developing of the use of electronic computer for account settling

3. Link-up of Producers and Consumers

i) The significance and problems in producer-consumer link-up

ii) Direct transaction between producers and consumers

- Open (Street) Market
- Marketing based on long-term contract
- Marketing through Regional Distribution Centres of ZEN-NOH

iii) Regional Cooperative Distribution Centres of ZEN-NOH

- The marketing of perishable produce: wholesale market, retailing, consumers
- The role of Regional Distribution Centres

ICA Marketing Seminar, Tokyo
Lecture 9 Outline

9 September, 1975
Afternoon

Mr. T. Goto
Assistant Chief
Planning Section
General Planning Department
ZEN-NOH

Agricultural Marketing and Price Stabilization Measures

I. Situation surrounding price stabilization policies and characteristics of the policies.

(1) Change of food demands during the period of high economic growth.

1 Food demands of the people have changed during the time of high economic growth. The demands for vitamine and protein foods (fruits, vegetables, and livestock products) are now much stronger than those for starchy foods (cereals). However, the prices of these fruits, vegetables, and livestock products have experienced severe fluctuations, stabilization of which was a big problem of the national economy.

2 The demand for rice has been meakened during the period of high economic development. But rice is still a major commodity among foods of the people. So it has been very important to secure rice production according to the demand and stabilize its consumers' price.

(2) Aims and characteristics of price measures for agricultural products.

1 Aims of price policies for farm products are as follows;

i) Maintenance and stabilization of the level of agricultural income.

ii) Stabilization of consumers' prices

iii) Incentives and security of agricultural production

2 Characteristics of price measures for farm products carried by Japanese Government during the period of high economic growth are as follows;

i) The priority of price measures was given to rice and they aimed at stabilization of farmers' income and consumers' price. Then thus policy brought about over-production of rice and the government was obliged to carry out production control.

ii) Price measures for fruits, vegetables, and livestock products were also established during the period. But all of them are very new, and price stabilization is still a very important problem to be solved.

iii) Price measures for wheats, soybeans, etc. had been very poor in comparison with those for rice, which decreased remarkably both of their production and self-sufficient rates.

iv) Financial investment in price policies for farm products has greatly increased. Since the practice of rice production control, many people have insisted on price policies from a viewpoint of demand and supply.

(3) Recent conditions surrounding price measures for farm products

1 The international market of foods has been tight recently. On the other hand, however, prices of raw materials have raised very much since the oil shock. And relation between prices of farm product and agricultural inputs is unfavorable and disadvantageous against producers. Some people are very anxious about the decrease of agricultural production and the government is requested to raise self-sufficient rates of cereals and the like.

2 On the other hand, stagflation has aggravated and consumers are demanding for stopping price hikes. And tax income of the government decreased owing to depression, which makes it difficult to increase the financial investment in price measures for farm products.

3 Recently the government made a long-term prospect for demand and supply of agricultural production, according to which agricultural policies will be carried out in the future.

II. Kinds of price policies for farm products.

(1) In the case of governmental intervention in markets

1 Government-controled price system .... Rice

The government controls all of rice distributed through markets and fixes its price.

2 Systems on the condition of free distribution markets ..... Beef and Pork.

i) Stable price zone system

Maximum and minimum prices are fixed and the government or public agencies maintein a market price between them through market manipulation.

ii) Stable indicative price system;.... Dairy products

An indicative price is fixed and the government or public agencies maintain a market price at this level through market manipulation.

iii) Minimum price guarantee system .... potatoes, starch, processed potato produces.

A minimum price is fixed. If a market price falls below the minimum price, the government manipulates the market through purchasing in order to maintain a market price above the minimum price.

(2) In the case of no governmental intervention in markets

1 Subsidy system

i) Differential between a fixed administrative price and a market price is subsidized by the government. ... Soybeans, Rapeseeds.

ii) A guarantee price and a consumer - payable price are fixed and differential between them is met by public agencies .... Processed milk

2 Stabilization fund system .... Egg, broiler, vegetables, piglet, calf (beef production), breeding cattle, and fruits for procession.

Public agencies, prefectural governments, agricultural cooperative organizations, etc. establish a fund, and producers and the like save up money into this fund. If a market price goes down below the fixed basis price, part of the differntial is paid to producers.

(3) Others ...... Beef, egg.

When a market price falls down remarkably and producers organizations store (keep in warehouses, etc.) some part of products, costs of storage are subsidized.

III Outline of price measures conducted by the agricultural cooperative movement itself.

(1) Requests against the government

The agricultural cooperative movement has requested the government to improve its price policies and administrative price of stabilizations systems which are fixed every year.

(2) Participation in establishment and operation of price stabilization funds.

The movement has participated in establishments of funds with public agencies and prefectural governments, and also installed money into the funds with member producers. As far as broiler is concerned, the movement raised its own fund for stabilizing the price of broiler and is operating the fund.

(3) When the government manipulates the market according to its various price stabilization policies, agricultural cooperatives do purchasing works and pay differentials to producers through its organizational channel for the government.

(4) Shipment control

In order to stabilize a market price, agricultural cooperatives have sometimes controled shipping of farm pruducts, especially vegetables, and stored them with getting a subsidy from public agencies when a market price fell very severely. Not only planned shipment but also planned production are expected in the future.

IV. Outline of commodity-wise price policies

(1) Rice

a) Law: Food Control Law (Feb. 21, 1942)

b) Aim of the 1 aw : to control foods, their prices and distribution in order to secure foods of the people and stabilize the national economy.

c) Purchasing

i) Agency : Government

ii) Quantity: The government purchases the quantity which it considers necessary to buy and control.

iii) A purchasing price is decided during June and July every year.

iv) Growth period of rice : April - Nov.

v) Price fixing: The government fixes a purchasing (producers') price, taking into consideration production costs, prices and other economic conditions, in order to secure re-production of rice. However, producer's price is calculated with a view to compensating production costs and income of rice producers.

d) Sales : Rice is sold to registered dealers (retailshops) according to a distribution plan decided by the Minister of Agriculture and Forestry and an operation plan made by local governor. And the consumer price is decided, considering home expenses, price, and other economic conditions, so as to stabilize the home economy of consumers.

e) Free marketable system

(i) Producer's consignment marketing:

Producers of rice consign their products for voluntary (free) distribution to the central collection organization (registered) through registered collection dealers and prefectural organizations.

(ii) Sales by registered legal person:

A registered legal person sales (free marketable) rice to wholesalers or big consumers registered by the minister according to the plan of rice voluntary distribution approved by the Minister.

(iii) Relationship with a supply (rationing) system:

Distributions of free marketable rice between wholesalers and retailshops and between retailshops and consumers are treated as rationings.

(iv) Price fixing: The government does not take part in price fixing.

(2) Dairy products

a) Law: Livestock Products Price Stabilization Law (Nov. 1, 1961)

b) Purchase and Sole of dairy products.

(i) Agency: Livestock Industry Development Agency

(ii) Standard: "Stable indicative prices" of registered dairy products (butter, skimmed milk, condensed milk etc.) are fixed considering production expenses, consumption trends, and the like. In order to stabilize producers' price around the level of an indicative price, the Agency purchases those commodities for more than 90 % of their stable indicative prices, and sells them by public tender or by other ways when their prices do or will rise up to more than 104 % of their indicative prices.

c) Imports: When the price of a registered dairy product does or will go up over its stable indicative price, the Agency can import the commodity.

d) Subsidy for producers of milk for processing :

Diffential between a guarantee price fixed by the government and a standard market price of a certain amount of milk approved by the local governor is paid to producers through the registered producers' organization.

(i) Guarantee price: This is fixed in order to secure re-production of milk in selected producing areas, taking into consideration production conditions, demand-supply situation, and other economic matters.

(ii) Standard market price : It is fixed on the basis of a dairy industry, excluding standard production and marketing expenses.

(iii) Revenue source of the subsidy; It comes from governmental grants and profits got from imports and sales.

e) Subsidy for voluntary storage:

When a price of a registered dairy product goes down remarkably, subsidy is given for the voluntary storage by producers' organization (agricultural cooperatives, etc.) with the approval of the Minister.

f) Administrative prices are fixed every year. (by 1st April)

(3) Beef and Pork

a) Law: Livestock Products Price Stabilization Law (Nov. 1, 1961)

b) Purchase and sale

(i) Agency: Livestock Industry Development Agency

(ii) Standard: The stable price zone is fixed. When a market price is getting down, the Agency purchases beef or pork by the stable standard price at the time of over-supply and sells it at the time of over-demands in order to lessen the width of price fluctuations in the market.

(iii) Purchasing : The Agency manipulates the market through purchasing at central wholesale markets registed by the Minister and other local markets approved by the Minister and registered by the Agency.

(iv) Selling: In principle, the Agency sells its stork by auction at central wholesale markets.

c) Subsidy for voluntary storage: Almost same with the case of daily products.

(4) Egg

a) Law: Livestock Products Price Stabilization Law (Nov. 1, 1961)

Outline of Guidance Activities for Improving Livestock Management Techniques (Aug. 4, 1969)

b) Funds

(i) Central Egg Price Stabilization Fund:

Established in September, 1966 by Livestock Industry Development Agency, Prefectural governments, Zen-Noh, and Prefectural economic federations of agri. coops.

(ii) Japan Egg Price Stabilization Fund:

Established in March, 1969 by Livestock Industry Development Agency, Prefectural governments, National Federation of Egg Marketing Agri. Coops., Egg marketing agricultural coops., and Poultry Development Association.

c) Outline of operation of the Funds:

The Funds collects reserves from poultry farmers according to the basic contract (3 years) and annual contract (on compensation subsidies) made through agricultural cooperatives of those farmers. And if the standard market price falls below the compensation standard price, the diffential is paid to poultry farmers through member organizations of producers.

d) Price formation

(i) Compensation standard price: The Fund decides the price before the starting of every fiscal year, considering conditions of egg production, demand and supply, and other economic matters. The price should be approved by the Director of Livestock Industry Division of the Ministry.

(ii) Standard market price:

The Fund registers egg markets among those markets of federations of agricultural cooperatives in Tokyo and Osaka which are in charge of consignment marketing of eggs. And the average price of standard eggs at these markets is considered to be a standard market price.

(5) Vegetables

a) Law: Vegetable Production and Shipment Stabilization Law (July 1, 1966)

b) Price compensation system.

(i) Vegetable Production and Shipment Stabilization Fund Association

(ii) Price compensation:

When the price of registered vegetables * falls remarkably in registered consuming areas, the Association gives compensation to farmers who produce those vegetables and have a contract of consignment marketing with member organizations (agri. coops., federations, etc.) through such member organizations.

* Registered vegetables: Cabbage, cucumber, taro, radish, onion, tomato, eggplant, carrot, welsh onion, chinese-cabbage, pimiento, lettuce, and potato.

(iii) Calculation of compensation:

If one of member organization requests the Association to make compensation for the vegetable concerned at the market concerned during the marketing period concerned, the Association gives compensation to producers 80 % (1) of the differential between (2) a guarantee standard price and an average selling price (monthly weighted).

(Note) (1) 100% in the cases of main vegetables in autumn and winter (radish, chinese cabbage, and cabbage), onion (November-March), and cabbage (April - October)

(2) If an average selling price is smaller than a minimum standard price, the differential between a guarantee standard price and a minimum standard price is given to producers.

C) Price calculation:

(i) Guarantee standard price is 85 % (90% for main vegetables in autumn and winter) of a trend price estimated from an average price at registered central wholesale markets in last three years.

(ii) Minimum standard price is 50 % of the trend price.

d) Subsidies for the Fund: The Association receives not only membership fees, but also subsidies for the Fund from the central and local governments. 65% of compensations for general commodities and 75% of those for onions (November - March), cabbages (April - October), and main vegetables in autumn and winter are subsidized by the government.

e) Isolation system

When the price of a registered vegetable * falls down remarkably in a registered consuming area, a certain amount of subsidy is given to producers' organization which isolates ** a certain quantity of the commodity from the market according to its programme approved by the Minister.

* Radish, chinese cabbage, and cabbage in autumn and winter seasons, cabbage in summer and autumn seasons, and onion from November to the next March.

** Storage, processing, utilization for animal feeds, presents to social welfare facilities, etc.

Appendix Table 1. Budgets of Price Policies

Items \ Year	1960	1965	1970	1974
Rice & Wheats control system	29,000	120,500	374,600	585,297
Price measures for important farm products	2,200	6,792	2,499	17,167
Price measures for livestock products	0	335	14,996	12,715
Price measures for vegetables	0	64	680	8,649
Measures for protecting domestic soybeans and rapeseeds	0	552	517	1,803
Total (A)	31,200	128,243	393,292	625,632
Total budget for Agriculture (B)	138,641	345,940	885,059	1,594,106
(A) / (B) (%)	22.5%	37.1%	44.4%	39.2%

Table 2. Average Foods Expenses of one family per month (National average)

(Unit: Yen, %)

	Expenses		Composition ratio	
	1965	1973	1965	1973
Total Foods Expenses	18,454	35,789	100.0	100.0
Main foods	4,294	4,995	23.3	14.0
Rice	3,400	3,459	18.4	9.7
Wheats	29	10	0.2	0.0
Bread	403	683	2.2	1.9
Noodle others'	462	843	2.5	2.4
Subsidiary foods	9,357	19,332	50.7	54.0
Fresh fish	1,337	2,875	7.2	8.0
Salted & dried fish	483	1,294	2.6	3.6
Meats	1,614	4,266	8.7	11.9
Milk & Egg	1,528	2,380	8.3	6.7
Vegetables	1,426	3,093	7.7	8.6
Dried foods	341	580	1.8	1.6
Processed foods	1,546	3,122	8.4	8.7
Condiments	1,082	1,721	5.9	4.8
Others	3,542	7,631	19.2	21.3
Candies	1,075	1,993	5.8	5.6
Fruits	1,007	2,239	5.5	6.3
Liquors	877	1,670	4.8	4.7
Drinks	583	1,728	3.2	4.8
Eating out	1,261	3,831	6.8	10.7

Table 3. Total consumption of main farm products

(Unit: 1,000 tons)

	Consumption			Index (1960 = 100)		
	1960	1965	1972	1960	1965	1972
Rice	12,618	12,993	11,847	100.0	103.0	93.9
Vegetable	11,739	13,516	15,966	100.0	115.1	136.0
Fruits	3,296	4,456	7,777	100.0	135.2	236.0
Meats	617	1,136	2,250	100.0	184.1	364.7
Eggs	689	1,332	1,832	100.0	193.3	265.9
Milk and dairy products	2,176	3,815	5,672	100.0	175.3	148.7

(NOTE) Fiscal Year from April to next March.

ICA Marketing Seminar, Tokyo
Lecture 10 Outline

10 September, 1975
Forenoon

Mr. M. Hira-ike
Senior Assistant Chief
Material Import Section
Feedstuff Department
ZEN-NOH

Inter-Cooperative Trade - Retrospect and Prospect

I. History of Development

1. Beginning

(1) Rapid increase of demand for compound feeds in the first half of 1960s.

(2) The demand-supply situation of feed grains had been tight periodically in the international market.

These two factors brought about an idea to promote a direct trade with cooperatives in the producing country with a view to securing imports of feed grains and stabilizing its price.

2. Period of Genesis

(1) March, 1964

Argentine: ACA (Association De Cooperativas Argentinas)
FACA (Federation Argentina De Cooperativas Agraria)
Contract: 45,500 tons of corn and milo.

(2) September, 1965

Thailand: Bangkok Cooperative Society
Contract: 41,500 tons of corn.

These were the first experience of Zen-Noh, inter-cooperative trades.

(3) August, 1965

Zen-Noh established an office in New York and started to make preparation for spot-purchasing of feed grains in U.S.A.

3. Period of Development

(1) Establishment of cooperative relationships with agricultural cooperative organizations in the biggest producing country, U.S.A.

(i) April, 1967
PGC (Producers Grain Corp.)
Imports: Milo, 125,000 tons

(ii) October, 1968
FEC (Farmers Export Co.)
Imports: Corn, 49,000 tons

(iii) o Launching of a grain bulk carrier chartered by Zen-Noh
o Operation of high-efficient and large-lized grain silos.
o Annual agreements with PGC (1968) and FEC (1969)

(2) Development in an international scale

In 1970, the production of corn and milo reduced much in America. Taking this opportunity, Zen-Noh has promoted importing from plural producing countries as its basic trade policy, that is, "pluralized importing of feed grains centering in inter-cooperative trade and expansion of stable supplies".

(i) Argentine .... Milo
Expansion of agreements with ACA and FACA

(ii) Thailand ....Corn
Conclusion of the agreement with CMPF (The cooperative Marketing and Purchasing Federation of Thailand) in August, 1969.
51,000 tons ...... in the first year.

(iii) Australia .... Oats

- o Agreement with VOP (Victorian Oatsgrowers Pool and Marketing Co.) in February, 1969
  81,000 tons .... in the first year
- o QGGA (The Queensland Grain Growers Association) in April, 1971
  51,200 tons .... in the first year
- o WA of GP (The Grain Pool of Western Australia) in January, 1972
  15,000 tons .... in the first year

(Note) Agreements with 8 cooperatives in 4 countries including U.S.A. have been made during nine years from 1964 to 1972.

(3) Characteristics of cooperative organizations in producing countries

(i) Supports of producers to their cooperative and guidance activities for its member farmers.

(ii) Abilities to collect, market, and export.

(iii) Facilities such as warehouses, ports, etc. and financial power of cooperative organizations

(iv) Great influences on the Government.

II Present Situation of Inter-cooperative Trade

1. In 1974, about 50% of total feed grains imported by Zen-Noh was shipped by 8 cooperative organizations in four countries.

2. Contents of the agreements

(1) In a statement of the basic agreement, it is confirmed jointly to strengthen and develop direct transactions continuously.

(2) The annual agreement is concluded on transactions in the next year by the end of every year.

(3) The annual agreement concludes trade conditions such as quality, standards, quantity, price formation, settlement of accounts, and so on.

(4) Terms of delivery are all FOB at port of shipment in the producing country.

3. Problems :

III The Future of Inter-Cooperative Trades

1. Strengthening of cooperation with cooperative organisations with which agreement have already been made.

The contents of an agreement should be more substantial, and the permanency and stability of the agreement must be promoted.

(Example)
- o Re-examination of the price formation system.
- o Equalization of loading times.
- o Smoothness of delivery
- o Improvement of quality
- o etc.

2. Promotion of new cooperation with other cooperatives

In order to promote stable imports of commodities, which our member farmers need, new cooperation should be opened with other cooperatives which have possibilities already or in the future.

3. Agricultural development projects should be promoted as joint ventures with cooperative movements in developing countries with a views. to expanding trades between cooperatives.

- o Promotion by the Law of Japan International Cooperation Agency (Aug. 1, 1974)

Appendix I.

Table 1. Imports of Corn and Milo for Feeds in 1974

(Unit: 1,000 M/T)

		Total Imports		Out of which imported by Zen-Noh		Share of Zen-Noh	Share of inter-Coop. Trade in "B"		
	Exporter	A		B		B/A	C		C/B
Corn	U. S. A.	5,211	88%	1,909	85%	37%	900	88%	47%
	Thailand	640	11	333	14	52	120	12	36
	Others	74	1	18	1				
	Sub Total	5,925	100	2,260	100	38	1,020	100	45
Milo	U.S.A.	2,305	67%	979	54%	42%	550	51%	56%
	Argentine	706	20	548	30	78	320	29	58
	Australia	379	11	293	16	77	220	20	75
	Others	61	2						
	Sub Total	3,451	100	1,820	100	53	1,090	100	60
	Total	9,376		4,080	44		2,110	52	52

(Note) A: Jan.-Dec.,1974 (Trade statistics of the Finance Ministry)
B: July, 1974 - June, 1975 (Contracted quantity)
C: Jan. - Dec.,1974 (Oct. - May in case of Thailand) Agreed quantity.

Table 2. Delivery Plan of feed grain carriers chartered by Zen-Noh in 1975

	Name of carriers	Capacity	Annual number of voyages	Annual Quantity
Long-term chartered carriers	Hagoromo Maru	17,000	4	68,000
	No.1	38,000	4.5	171,000
	No.2	48,000	4.5	216,000
	No.3	43,500	4	174,000
	No.6	48,000	4.5	216,000
	No.7	53,000	4.5	238,500
	Hourai Maru	22,000	6	132,000
	Karen	23,500	1	23,500
	Sub Total			1,239,000
Middle-term Chartered carriers	No.1 TBN	28,000	4	112,000
	Total			1,351,000

(Note) 1. Long-term .... 10 years

Middle-term ... 5 years

2. Importing plan of feed grains in 1975

Corn .... 2,310,000 tons (Mixing ratio 33%)

Milo ....2,030,000 tons (" " 29%)

Total ...... 4,340,000 tons

* Production (planned) of compound feeds ...7 millions tons

3. o 28.5% of total imports by long-term chartered carriers

o 2.6% of total imports by middle-term chartered carrier.

Appendix II

Table 1. Japanese Agricultural Production

	1960		1965		1970		1972		1973	
	Million Dollar	%	Million Dollar	%	Million Dollar	%	Million Dollar	%	Million Dollar	%
Rice	2,468	48.5	3,705	43.8	4,848	38.4	5,956	34.7	7,029	32.9
Wheat	294	5.3	261	3.1	140	1.1	112	0.7	38	0.4
Vegetable	423	8.3	994	11.8	1,989	15.7	2,771	16.1	3,565	16.7
Fruits	319	6.3	581	6.9	1,181	9.3	1,386	8.1	1,658	7.7
Livestock	739	14.5	1,667	19.7	2,776	21.9	4,458	26.0	5,310	27.2
Egg	253	(34.3)	536	(32.2)	729	(26.2)	1,210	(27.1)	1,328	(22.9)
Pork	154	(20.8)	389	(23.3)	699	(25.2)	1,135	(25.5)	1,678	(28.9)
Milk	133	(18.0)	321	(19.3)	640	(23.1)	397	(20.1)	1,026	(17.7)
Beef	107	(14.5)	217	(13.0)	355	(12.8)	436	(9.8)	663	(11.4)
Chicken	38	(5.1)	125	(7.5)	236	(8.5)	395	(8.8)	576	(9.9)
Others	54	(7.3)	79	(4.7)	117	(4.2)	385	(8.7)	539	(9.2)
Silk	156	3.1	202	2.4	312	2.5	400	2.3	645	3.0
Others	686	13.5	1,044	12.3	1,403	11.1	2,083	12.1	2,583	12.1
Total	5,087	100	8,454	100	12,649	100	17,166	100	21,378	100

N. B. Year Fiscal year starting April 1 and ending March 31 of the next year.

US Dollar/Yen conversion at 360 yen equal to One US Dollar until 1970 but 300 yen for 1972/1973.

M O A F

Table 2. <u>The Structure of Food Life in Japan</u>

Calory intake per head per day (UNIT:CALORY)

	starch food	vegeta-ble fruit	animal protein			fish	sugar	oil&fat	others	Total
			meat	egg	milk					
1960	1580 (69.0)	217.4 (9.5)	27.5 (1.2)	26.9 (1.2)	35.9 (1.6)	86.6 (3.8)	157.2 (6.9)	105.0 (4.6)	53.2 (2.2)	2289.7 (100.0)
1965	1527.5 (63.4)	225.7 (9.4)	50.4 (2.1)	49.4 (2.0)	60.7 (2.5)	89.8 (3.6)	196.3 (8.1)	161.0 (6.7)	46.9 (2.2)	2407.7 (100.0)
1970	1351.3 (54.6)	251.2 (10.1)	76.9 (3.1)	63.5 (2.5)	81.0 (3.3)	91.3 (3.7)	282.7 (11.4)	228.9 (9.3)	45.1 (2.0)	2471.9 (100.0)
1972	1319.7 (52.6)	259.3 (10.3)	93.1 (3.7)	62.2 (2.5)	83.8 (3.3)	95.2 (3.8)	294.6 (11.7)	257.9 (10.3)	44.2 (1.8)	2510.0 (100.0)
1973	1313.9 (52.0)	252.6 (10.0)	99.4 (3.9)	61.8 (2.4)	85.5 (3.4)	98.7 (3.9)	297.5 (11.8)	270.7 (10.7)	45.4 (1.8)	2525.5 (100.0)

N.B. MOAF

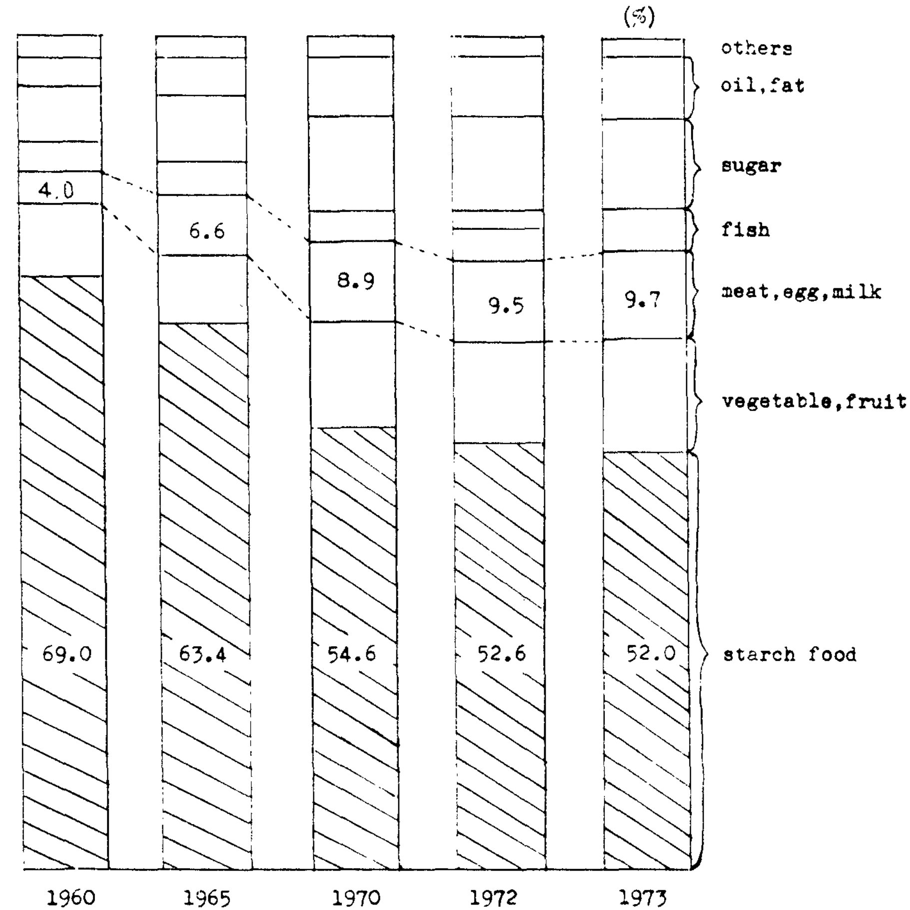


Table 3. Supply Source of protein

	Animal protein						Vegetable protein	grand total
	meat	egg	milk & milk product	sub-TTL	fish	TTL		
1960	2.7 (3.9)	2.2 (3.2)	1.7 (2.4)	6.6 (9.5)	14.6 (21.0)	21.2 (30.5)	48.3 (69.5)	69.5 (100.0)
1965	4.7 (6.4)	4.0 (5.4)	3.0 (4.1)	11.7 (15.9)	15.1 (20.5)	26.8 (36.4)	46.9 (63.6)	73.7 (100.0)
1970	6.5 (8.5)	5.2 (6.8)	4.0 (5.3)	15.7 (20.6)	15.8 (20.7)	31.5 (41.3)	44.7 (58.7)	76.2 (100.0)
1972	8.0 (10.2)	5.1 (6.5)	4.1 (5.2)	17.2 (21.9)	16.6 (21.1)	33.8 (43.0)	44.8 (57.0)	78.6 (100.0)
1973	8.4 (10.6)	5.0 (6.3)	4.2 (5.3)	17.6 (22.2)	17.0 (21.4)	34.6 (43.6)	44.8 (56.4)	79.4 (100.0)

(1) unit per head per day

(2) percentage in parentheses

(3) M O A F

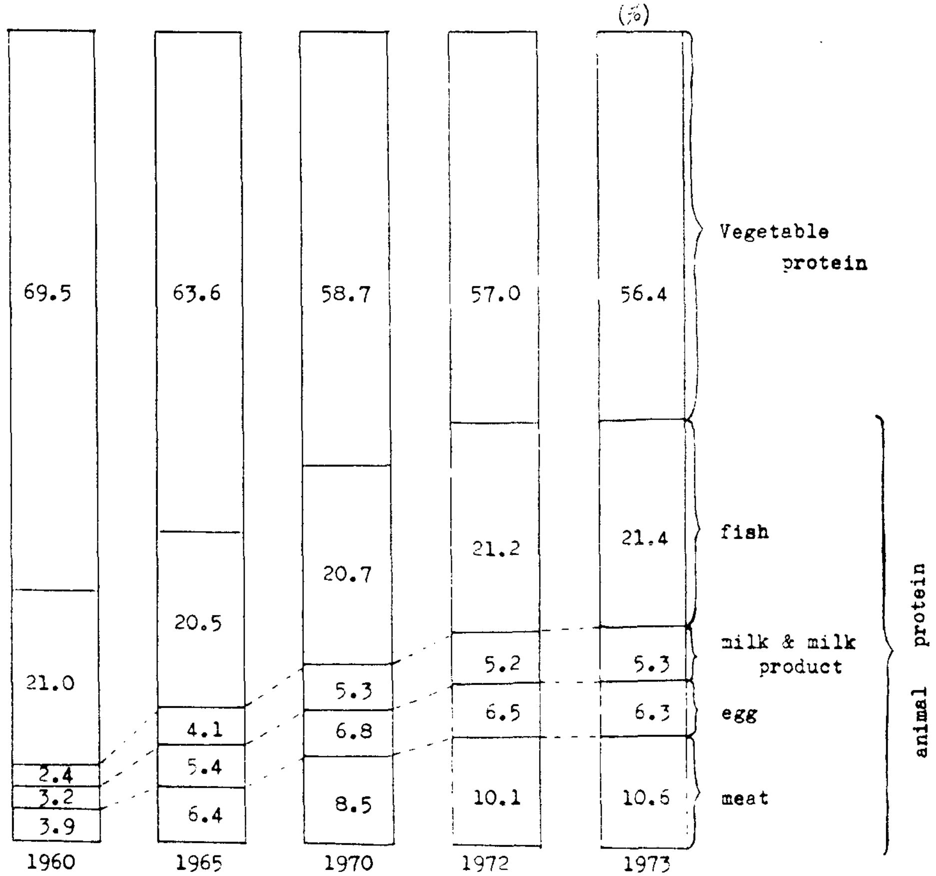


Table 4. Development of livestock products in Japan

(UNIT : 1,000 M/T)

	1970			1971			1972			1973			1974		
	Domestic Production	Import	TTL	Domestic Production	Import	TTL	Domestic Production	Import	TTL	Domestic Production	Import	TTL	Domestic Production	Import	TTL
meat	1,410	204	1,614	1,575	263	1,838	1,694	353	2,047	1,782	471	2,253	1,990	260	2,250
(beef)	261	23	284	275	42	317	295	58	353	227	127	354	293	53	346
(pork)	648	17	655	750	27	777	769	68	837	858	126	984	964	42	1,006
(chicken)	490	11	501	540	27	567	622	29	651	691	25	716	728	25	753
(mutton/horse flesh)	11	153	164	10	167	177	8	198	206	6	193	199	5	140	145
chicken egg	1,063	3	1,066	1,734	28	1,762	1,801	27	1,828	1,794	27	1,821	1,804	22	1,826
milk	4,762	506	5,268	4,830	561	5,391	4,938	569	5,507	4,896	705	5,601	4,340	*	*

N. B. (1) M O A F

(2) * Unknown

Table 5. Change in Number of Animals

(UNIT : 1,000 heads)

	1960	1965	1970	1973	1974
Dairy Cow	824	1,289	1,804	1,777	1,749
Beef Cattle	2,340	1,886	1,789	1,792	1,870
Pig / Hog	1,913	3,976	6,335	7,313	7,779
Layer	54,627	120,197	169,277	161,978	159,231
Broiler	-	18,279	53,742	80,177	88,226

N.B. (1) Ministry of Agriculture & Forestry in Japan

(2) As of Feb. 1st of the years

Table 6. Formula Feed Production & Zen-nohs Market Share

Fiscal Year	Japan Total		Zen-Noh		
	1,000M/T	% of Preceding year	1,000M/T	% of Preceding year	Zen-nohs share
1960	2,882	155.0	511	172.0	17.7
1965	8,150	108.7	2,747	116.0	33.7
1966	9,898	121.6	3,480	126.7	35.2
1967	10,324	104.3	3,687	105.0	35.7
1968	11,357	110.0	4,249	115.2	37.4
1969	13,362	117.7	4,999	117.6	37.4
1970	15,076	112.8	6,060	123.3	40.2
1971	15,693	104.1	6,435	106.1	41.0
1972	17,345	110.5	7,076	110.0	40.8
1973	18,084	104.3	7,583	107.9	41.9
1974	17,018	94.1	6,895	90.1	40.5

N.B. Fiscal year starting April 1 and ending March 31 of the next year.

M O A F

Table 7. Formula Feed production by Animal

(UNIT - 1,000 M/T)

Fiscal year	1965		1970		1971		1972		1973		1974	
		% of Proceding year		% of Proceding year		% of Proceding year		% of Proceding year		% of Proceding year		% of Proceding year
Layer	4,857	96.2	6,944	106.4	6,828	98.3	7,118	104.2	6,063	85.2	6,461	106.56
Broiler	455	118.8	1,506	107.5	1,745	115.9	2,045	117.2	2,196	107.4	2,171	98.9
Pigs/Hogs	1,774	153.3	3,932	27.1	4,032	102.5	4,699	115.8	5,155	109.7	4,860	94.3
Dairy Cow	804	113.1	1,741	114.4	1,811	104.0	1,945	107.3	1,907	98.0	1,792	94.0
Beef Cattle	77	140.0	876	145.9	1,203	137.3	1,453	120.8	1,835	126.3	1,665	90.7
Others	183	128.6	77	38.7	74	96.1	85	116.4	74	87.1	69	93.2
Total	8,150	108.7	15,076	112.8	15,693	104.1	17,345	110.5	18,084	104.3	17,018	94.1

N. B. MOAF

Table 8. Formula Feed Production by Animals
(for the fiscal year starting April 1, 1974)

	ZENNOH		OTHER		TOTAL	
	Production	%	Production	%	Production	%
Layer	2,026	29.4 (31.4)	4,435	43.8 (68.6)	6,461	38.0 (100)
Broiler	585	8.5 (26.9)	1,586	15.7 (73.1)	2,171	12.8 (100)
Pigs / Hogs	2,343	40.0 (48.2)	2,517	24.9 (51.8)	4,860	28.5 (100)
Dairy Cow	763	11.1 (42.6)	1,029	10.1 (57.4)	1,792	10.5 (100)
Beef Cattle	1,169	17.0 (70.2)	496	4.9 (29.8)	1,665	9.8 (100)
Others	9	0.0 (13.0)	60	0.6 (87.0)	69	0.4 (100)
Total	6,895	100 (40.5)	10,123	100 (59.5)	17,018	100 (100)
Nomber of Mill	58	26.2	163	73.8	221	100 %

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Table 9. Usage of Major Ingradients for Formula Feed

(UNIT : 1,000 M/T)

	CORN	MILO	other grains	wheat bran	other bran	soybean meal	other seed meals	fish meals	other animal protein	others	Total
1 9 6 5	2,859 (34.9)	1,594 (19.5)	291 (3.6)	554 (6.7)	754 (9.2)	623 (7.6)	378 (4.6)	346 (4.2)	131 (1.6)	658 (8.1)	8,188 (100.0)
1 9 7 0	4,417 (29.2)	3,972 (26.3)	735 (4.9)	500 (3.3)	1,379 (9.1)	1,469 (9.7)	684 (4.5)	474 (3.1)	222 (1.5)	1,245 (8.2)	15,097 (100.0)
1 9 7 1	3,949 (25.1)	3,615 (22.9)	2,027 (12.9)	495 (3.1)	1,398 (8.9)	1,596 (10.1)	665 (4.2)	511 (3.2)	201 (1.3)	1,292 (8.3)	15,749 (100.0)
1 9 7 2	5,232 (30.0)	3,621 (20.8)	1,908 (10.9)	555 (3.2)	1,468 (8.4)	1,778 (10.2)	661 (3.8)	559 (3.2)	234 (1.3)	1,409 (8.2)	17,425 (100.0)
1 9 7 3	6,332 (34.9)	3,395 (21.5)	1,166 (6.4)	596 (3.3)	1,468 (8.1)	1,776 (9.8)	635 (3.5)	587 (3.2)	254 (1.4)	1,431 (7.9)	18,140 (100.0)
1 9 7 4	6,093 (35.7)	4,197 (24.6)	496 (2.9)	509 (3.0)	1,414 (8.3)	1,709 (10.0)	522 (3.1)	552 (3.2)	243 (1.4)	1,340 (7.8)	17,075 (100.0)

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Table 10. Japanese Import of Maize for Feed by Country of Origin

(UNIT : M/T)

Fiscal year / Country	1967		1968		1969		1970		1971		1972		1973		1974	
		%		%		%		%		%		%		%		%
U. S. A.	1,722,736	52.1	2,253,486	54.6	3,425,309	78.7	2,744,889	68.3	1,941,142	54.4	3,752,520	78.9	5,212,384	88.0	4,748,968	84.2
South Africa	654,136	19.8	980,060	23.7	207,164	4.8	23,032	0.6	308,626	8.7	280,048	5.9	19,458	0.3	49,660	0.9
Thailand	509,564	15.4	659,369	16.0	492,018	11.3	661,275	16.4	774,214	21.7	589,349	12.4	639,543	10.8	758,076	13.4
Indonesia	92,096	2.8	25,629	0.6	18,499	0.4	40,709	1.0	21,143	0.6	10,227	0.2	12,896	0.2	860	0.0
Romania	62,420	1.9														
Mexico	62,374	1.9	142,993	3.5	19,823	0.5			896	0.0	5,000	0.1				
P. R. China	61,268	1.9	48,584	1.2					70,923	2.0	64,524	1.4	20,469	0.3	63,705	1.1
Brazil	54,171	1.6			12,974	0.3	117,533	2.9	168,166	4.7	13,322	0.3	417	0.0		
Argentina	48,922	1.5			169,586	3.9	426,276	10.6	262,028	7.3	19,526	0.4	18,248	0.3	17,499	0.3
Cambodia	14,562	0.4	9,145	0.2	6,354	0.1	678	0.0								
Mozambic	13,271	0.4	6,195	0.2							3,264	0.1				
Korea	10,902	0.3							2,305	0.1						
Burma											19	0.0				
Others			2,318	0.1	673	0.0	5,869	0.1	18,415	0.5	16,370	0.5	2,448	0.1	2,374	0.1
Sub total	3,308,196	100	4,127,719	100	4,352,400	100	4,020,261	100	3,567,858	100	4,755,169	100	5,926,363	100	5,641,142	100
Non-feed	885,503		1,139,536		1,375,710		1,626,904		1,680,024		1,654,099		2,094,747		2,095,924	
Total Import	4,193,699		5,367,255		5,728,110		5,647,165		5,247,882		6,409,268		8,021,110		7,737,066	

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Table 11. Japanese Import of Grain Sorghum (MILO) for Feed by Country of Origin

(UNIT : M/T)

Fiscal year / Country	1966		1967		1968		1969		1970		1971		1972		1973		1974	
		%		%		%		%		%		%		%		%		%
U. S. A.	2,171,212	89.7	2,154,195	85.2	1,397,562	83.4	1,973,922	68.0	2,428,289	59.4	1,205,567	33.3	2,098,310	64.4	2,583,562	74.9	2,114,958	55.6
Argentina	132,084	7.5	112,671	4.5	2,036	4.0	873,340	30.1	1,337,237	32.7	1,214,806	33.6	346,018	10.6	434,165	12.6	807,238	21.2
Mexico	12,663	0.5	108,907	4.3	24,703	1.1	27,728	0.9	17,894	0.4	26,496	0.7						
South Africa			101,472	4.0	170,697	7.5			26,804	0.7	116,491	3.2	116,276	3.6	2,378	0.1	81,533	2.2
Thailand	33,035	1.4	32,298	1.3	21,631	1.0	26,511	0.9	13,685	0.3	9,246	0.4	19,134	0.6	37,053	1.1	46,350	1.2
Australia	13,510	0.6	18,686	0.7	66,723	2.9	2,657	0.1	263,595	6.4	1,039,244	8.7	667,299	20.5	378,635	11.0	739,329	19.4
P. R. China			730	0.0			743	0.0					8,852	0.3	599	0.0		
Others	1,302	0.1	10	0.0	93,354	0.1	100		2,069	0.1	2,112	0.1	978	0.0	14,995	0.3	15,686	0.4
Sub total	2,414,306	100	2,528,969	100	2,276,706	100	2,904,901		4,089,573	100	3,617,654	100	3,256,867	100	3,451,387	100	3,805,094	100
Non-feed	17,561		22,896		7,267		7,447		19,401		45,397		259,492		540,049		548,532	
Total Import	2,431,367		2,551,865		2,283,973		2,912,348		4,108,974		3,663,051		3,516,359		3,991,436		4,353,626	

M O A F

REGIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS", Tokyo (Japan): 2-22 Sept., 1975

PROGRAMME OF

FIELD STUDY VISITS IN SAITAMA PREFECTURE

Friday, 12 September 1975

5.45 a.m.	Leave IDACA
7.00 - 8.00 a.m.	Observe the facilities of ZEN-NOH's Tokyo Perishable Produce Distribution Centre
8.00 - 8.30 a.m.	Breakfast at the Centre
8.30 - 12.30 a.m.	Visit SHOBU-CHO Primary Multi-purpose Agricultural Cooperative Society to observe the organisation and activities of Japanese multi-purpose agricultural cooperative society: - Briefing at its office. - Visit pear orchards. - Observe the Cooperative Pear Grading Plant.
1.00 - 2.00 p.m.	Lunch at Restaurant Pira run by the Economic Federation
2.00 - 3.30 p.m.	Visit Kuki (Eastern) Operational Station of the Economic Federation. - Rice Polishing mill - Cold store house for rice - Supplies warehouse
5.00 p.m.	Return to Urawa city for overnight stay at the Urawa Plaza Hotel.

Saturday, 13 September

9.00 a.m.	Leave Plaza Hotel
9.30 - 12.00 a.m.	Visit the head office of the Economic Federation of Agricultural Cooperatives of Saitama Prefecture.
12.00 - 1.00 p.m.	Lunch at the Federation
1.30 p.m.	Leave for Nikko National Park
5.00 p.m.	Arrive at the Chuzenji Hotel Youth Palace. Stay in Japanese style rooms for one night.

Sunday, 14 September, 1975	Sight-seeing of the Nikko National Park
	Proceed to Utsunomiya city for overnight stay at the Utsunomiya Royal Hotel.
Monday, 15 September	Sight-seeing and shopping in Utsunomiya city; then return to Urawa city.
Tuesday, 16 September	
8.15 a.m.	Leave hotel
9.00 - 10.00 a.m.	Visit Kawagoe (Western) Operational Station of the Economic Federation to observe its market for plants and flowers.
11.00 - 4.00 p.m.	Visit MOROYAMA-CHO Primary Multi-purpose Agricultural Cooperative Society for briefing and discussions on its egg marketing activities supported by facilities like grading plant and the organisations of egg producers.
	Return to Plaza Hotel
Wednesday, 17 September	
8.30 a.m.	Leave Plaza hotel
10.00 - 4.00	Visit MOROYAMA-CHO Society for observation of facilities. - Central board of cable communication system - Supplies warehouse - Direct marketing shop run by vegetable growing members in housing complex area - Lunch - Egg grading plant - Poultry slaughter house - Cold and Freezing storage - Tea processing plant - One or two farms
4.00 p.m.	Return to IDACA

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PREPARATORY STUDY

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo (Japan); 2-22 September, 1975

Introduction to cooperatives to be visited during Study Tour in Saitama Prefecture

By

M.V. Madane,
Joint Director, TA&T
ICA Regional Office & Education Centre
for South-East Asia,
New Delhi-110-014 (India)

and

H. Nishido,
International Department
Central Union of Agricultural Cooperatives,
Tokyo (Japan)

Jointly organised by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia,
43, Friends Colony, New Delhi-110-014

CENTRAL UNION OF AGRICULTURAL COOPERATIVES
8-3-1 chome, Otemachi, Chiyoda-ku,
Tokyo, Japan

and

THE INSTITUTE FOR THE DEVELOPMENT OF AGRICULTURAL COOPERATION IN ASIA (IDACA), 24-9-6 chome, Funabashi,
Setagaya-ku, Tokyo, Japan

REGIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING WITH SPECIAL ON DISTRIBUTION METHODS", Tokyo (Japan) : 2-22 September, 1975

Introduction to cooperatives to be visited during Study Tour in Saitama Prefecture

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1. SAITAMA PREFECTURAL MARKETING AND SUPPLY FEDERATION OF AGRICULTURAL COOPERATIVES (Also known as the Prefectural Economic Federation of Agricultural Cooperatives).

2. SHOBU TOWN MULTI-PURPOSE AGRICULTURAL COOPERATIVE SOCIETY SHOBU TOWN - SAITAMA PREFECTURE.

3. MOROYAMA TOWN MULTIPURPOSE PRIMARY AGRICULTURAL COOPERATIVE SOCIETY LIMITED.

Introduction to

SAITAMA PREFECTURAL MARKETING & SUPPLY FEDERATION
OF AGRICULTURAL COOPERATIVES

(Also known as the Prefectural Economic Federation of Agricultural Cooperatives)

Urawa City (Saitama Pref.)

Membership (as on March 31, 1975) 184 cooperatives.

Amalgamation: In 1965, there were 380 cooperatives in the prefecture and at present the number of cooperatives is 168. Of these, 100 are yet to amalgamate. The ultimate target as a part of the 3-year Cooperative Plan for Cooperative Development (2nd Plan), is to have only 24 cooperative for the Prefecture.

The main problems faced in getting the 100 remaining cooperatives amalgamated was that these cooperatives were located very near Tokyo. These cooperatives had large deposits from members earned mostly from non-agricultural business. However, the financial situation of these societies is not very strong and mergers are being planned to attain a viable size.

Elected Officials

Full-time Directors	3
Directors	7
Internal Auditors	3
	13

Employees	Male	Female	Total
Managers	2	-	2
Office workers	238	54	292
Technicians	43	1	44
Adviser (Non-regular employees)	14	1	15
	297	56	353

Branch Offices - Three - one in each section (zone) of the Prefecture.

1. Western Section: Kawagoe Branch (Urawa sub-branch): Rice mill, 2 agricultural warehouses, supply goods distribution depot, flower and garden tree distribution centre.

2. Northern Section: Kumagai Branch (Chichibu sub-branch): Supply goods distribution depot, agricultural warehouse.

3. Eastern Section: Kuki Branch - Rice mill, agricultural warehouse, supply goods distribution depot, consumers' goods supply centre, gasoline station, LPG filling station.

Besides the above-mentioned facilities, the Federation owns the following additional facilities in the Prefecture:

1. Agricultural machinery and automobile supply and repairing shop.
2. Broiler dressing plant
3. Pig auction market
4. Eight agricultural warehouses
5. Cold storage
6. Supermarket
7. Used plastic reclamation plant
8. Pig breeding centre
9. Coop store
10. Slaughter houses
11. Market intelligence office for vegetables and fruit auction market (central wholesale market) in Tokyo city.

Marketing

1. The Federation is actively engaged in the marketing of rice, eggs, vegetables and livestock products.

2. Most of the marketing done is on a consignment basis except occasional purchases of pigs and potatoes.

3. The Federation operates warehouses. But it stores only the surplus products which cannot be stored at warehouses of primary cooperatives. So, no duplication.

4. Also in case of pig and livestock processing, there is no duplication of activities between the Federation and the primary cooperatives.

5. Price of rice is pre-determined and does not fluctuate.

6. In case of vegetables, attempts are being made to bring the marketing of different vegetable associations under one brand. Successful experiment has been carried out in the case of cucumber. Formerly 10 different voluntary associations marketed them under 10 different brands. Efforts are being made to extend this practice to other fruits and vegetables such as egg plant, cabbage, strawberry, etc.

7. Saitama eggs are fresher than those of other provinces. But in the nationwide system of egg marketing, these eggs get the same price. So, producers are not very happy. Direct marketing of eggs has been initiated with Zen-Noh's consent in limited areas of the local market. Members of consumer cooperatives were willing to pay higher price if the eggs were fresh.

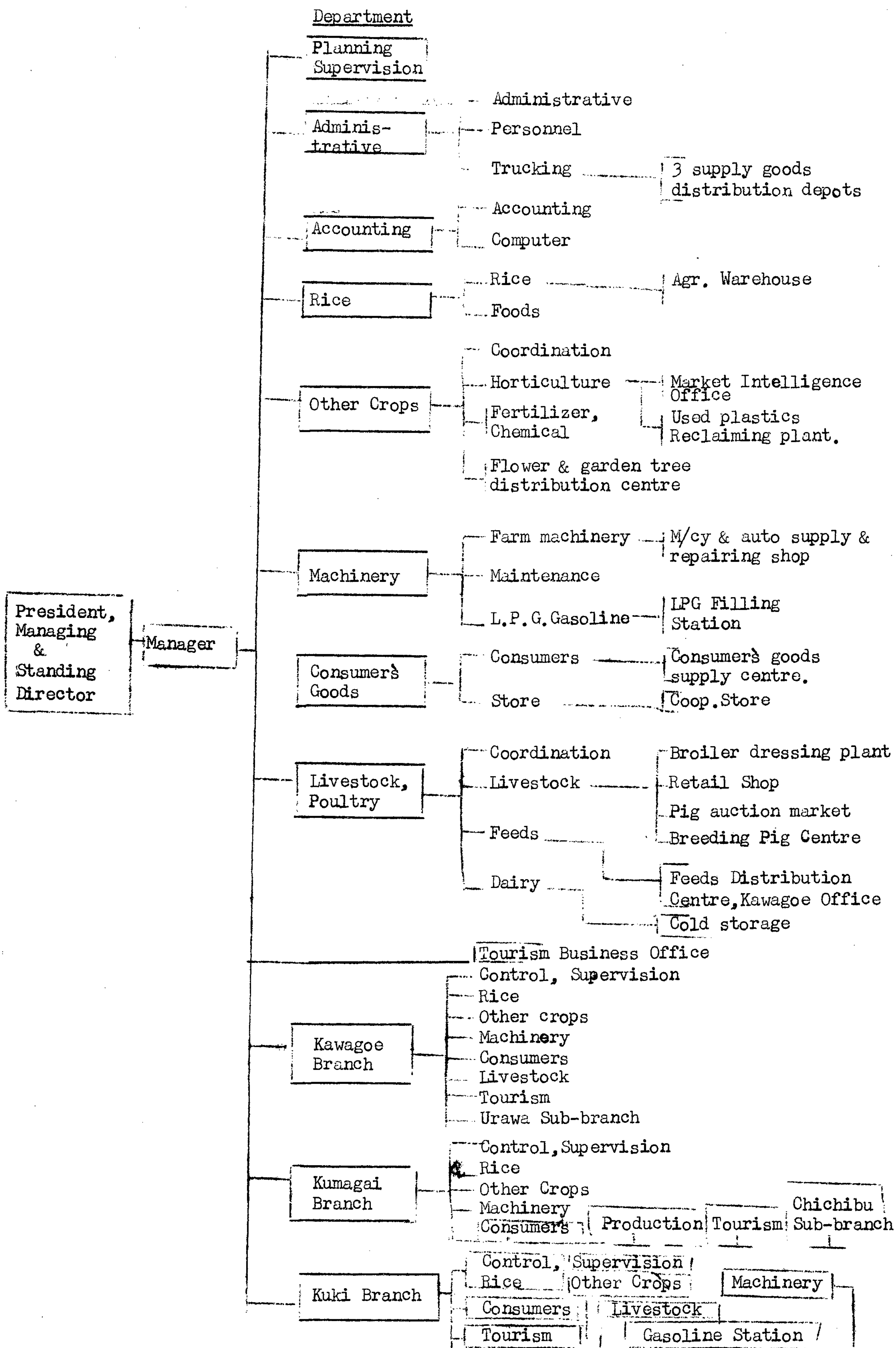
8. Rice polished at the Federation's Rice Mill and at the primary cooperatives is sold under the brand name of "Pasu Rice".

9. No advance is paid to farmers for goods delivered for marketing on a consignment basis except in the case of rice for which funds are provided by the Government.

10) Annual contracts are made with consumer cooperatives to deliver agricultural produce thereby directly linking the producer and consumer cooperatives.

11) All accounts are settled with primary cooperatives within four days from the date of delivery of products.

INTERNAL ORGANIZATIONAL SET UP OF THE FEDERATION



MARKETING AND SUPPLY HANDLED IN THE LAST 5 YEARS

(a) Marketing (Unit: Million Yen)

Classification	Fiscal Year '70	Fiscal Year '71	Fiscal Year '72	Fiscal Year '73	Fiscal Year '74
Rice, Wheat, Barley	21,963	16,701	18,858	22,617	30,750
Horticultural crops	8,610	9,269	11,754	14,804	19,084
Livestock, Poultry	3,251	3,786	4,412	4,007	5,915
Dairy	6,548	7,017	7,476	8,628	10,538
Total	40,374	36,774	42,501	50,057	66,289

(b) Supply (Unit. Million Yen)

Classification	Fiscal Year '70	F.Y. '71	F.Y. '72	F.Y. '73	F.Y. '74
Fertilizer, Chemical.	3,734	3,847	4,253	5,046	6,783
Horticulture material.	1,108	1,239	1,162	2,335	1,674
Rice	359	267	313	334	646
Other Foods	2,488	3,231	4,292	5,451	7,092
Farm Machinery	1,137	946	1,342	1,800	2,164
Facility material	1,125	1,625	1,431	1,767	2,317
Gasoline, LPG etc.	987	1,285	1,638	2,107	3,350
Consumers Goods	1,518	1,835	2,508	3,634	4,747
Livestock Products	425	453	622	792	615
Feeds	6,614	6,654	6,314	8,803	10,302
Dairy Products	87	121	147	287	171
Total	19,586	21,508	24,027	32,360	39,886

HANDLING COMMISSION OF THE FEDERATION BY ITEMS

(a) Marketing Handling Commission (Unit, Amount ¥1000)

Items	Unit	Volume & Amount Handled: Volume	Volume & Amount Handled: Value (A)	Of which from Pri. Coop.	Handling Commission (B)	Net proceeds payed (A)-(B)
1. Rice, Grain Uncontrolled						
Rice	Bag	301,471	1,678,009	1,678,009	11,793	1,666,216
Others	Bag	8,213	26,757	26,757	246	26,510
Wheat, Barley	"	1,107	1,528	1,528	16	1,512
Total		310,791	1,706,296	1,706,296	12,056	1,694,240
2. Horticultural products						
Vegetable			14,391,488	2,782,986	94,023	14,297,464
Fruits			4,577,318		24,699	4,552,618
Special products			114,641		818	113,822
Flower Garden Tree			965		5	960
Total			19,084,414	2,782,986	119,547	18,964,866
4. Livestock, Poultry						
Meat Cow	Heads	4,265	1,257,704	1,237,272	17,342	1,240,362
Pig	"	46,825	1,796,176	803,208	20,325	1,775,851
Others	"	28,847	576,666	957	12	576,654
Broiler	"	42,637	17,260	16,980	175	17,085
Egg	Kg.	8,006,644	2,267,753	2,209,117	18,320	2,249,433
Total			5,915,562	4,267,537	56,175	5,859,386
Raw Milk	Kg.	116,150,418	10,538,947	664,712	20,440	10,518,506
Grand Total			37,245,220	9,421,533	208,221	37,036,999

(b) Supply Profit (Unit. ¥1000)

Classificiation	Procurement Cost	Amount of Sales	Profit
1. Materials Related with Rice.			
Rice Seeds	225,323	229,818	4,494
Rice Bags, etc.	391,820	396,741	4,920
Materials for Rice Warehouse	18,403	20,294	1,891
Total	635,547	646,853	11,306
2. Foods.			
Controlled Brown Rice	1,972,232	2,022,826	50,593
Controlled White Rice	2,586,991	2,702,550	115,559
Uncontrolled Rice	2,243,286	2,299,491	56,204
Misc. Foods	64,772	67,224	2,452
Total	6,867,282	7,092,092	224,809
3. Horticultural Use Materials.			
Seeds, Seedling	297,851	311,232	13,380
Packing materials	751,901	775,923	24,022
Green House materials	502,824	526,769	23,945
Misc. Items	58,286	60,335	2,049
Total	1,610,864	1,674,262	63,397
4. Fertilizer, Chemical.			
Compound	3,703,561	3,785,858	82,296
Single	751,195	762,643	11,448
Chemical	2,115,922	2,234,960	119,038
Total	6,570,679	6,783,462	212,733

Contd....

Classification	Procurement cost	Amount of Sales	Profit
5. Farm Machinery, Automobile.			
Farm Machinery	1,370,484	1,437,152	66,668
Auto obile	711,528	727,332	15,803
Total	2,082,012	2,164,484	82,471
6. Building	2,545,355	2,611,440	66,085
7. Gasoline, LPG	3,221,855	3,350,379	128,524
8. Consumers Goods			
Foods	2,545,355	2,611,440	66,085
Non-Food	2,040,844	2,135,906	95,061
Total	4,586,199	4,747,347	161,147
9. Livestock, Poultry			
Pigs, Other Animals	427,033	440,559	13,525
Broiler	107 233	107,059	- 174
Material for Livestock and Poultry	65,822	68,162	2,340
Total	600,089	615,780	15,691
10. Feeds			
Mixed Feed	8,483,270	8,658,081	174,811
Single Food	1,621,660	1,644,838	23,177
Total	10,104,930	10,302,919	197,988
11. Dairy			
Milk Cow	81,316	84,704	3,387
Cattle Feed Seeds	34,102	35,503	1,401
Material for Dairy Business	48,442	51,085	2,642
Total	163,861	171,293	7,431
Grand Total	38,713,246	39,866,584	1,153,338

FINANCIAL STATEMENT

(As on March 31, 1975)

(a) Balance Sheet (Unit. ¥1000)

Assets		Liabilities & Capital A/c	
I. Liquid Assets		III. Liquid Liabilities.	
1. Cash on Hand	3,741	1. Short-term Borrowing	25,582
2. Deposits	1,033,893	2. Bills Discounted	789,707
3. Bond, Debenture, Stock.	1,974	3. Business A/c payable.	
4. Bills Receivable	894,217	Supply A/c	2,203,494
5. A/c Receivable		Marketing A/c	269,120
Supply A/c	2,404,400	Tourism A/c	12,809
Marketing A/c	2,228	Utilization A/c	387
Processing A/c	6,089	Store A/c	18,721
Utilization A/c	6,956	4. Supply A/c	
Store A/c	5,614	Suspense Receipt	2,111,982
6. Supply A/c		5. Marketing A/c	
Suspense payment	1,974,009	Suspense Receipt	709,396
7. Marketing A/c		Dairy promotion Fund	5,864
A/c Receivable	35,240	6. Tourism	
Suspense payment	641,774	Suspense Receipt	51,879
8. Tourism A/c Suspense payment	32,958	7. Misc. Liabilities	
9. Inventory		A/c payable	25,105
Supply Goods	589,805	Money Deposited	61,951
Supply Goods in Store.	34,570	Guaranty Money	4,875
Material	1,256	Suspense Receipt	4,729
Finished Goods	73	Expenses payable	175,517
Inventory of Own use	2,309	Profit Received in Advance	97
Pigs & other Animals	5,390	Employees' Deposit	48,566
10. Misc. Assets.		Total	6,519,700
Ready money	105		
A/c Receivable	6,092		
Money Deposited	9,988		
Guaranty money	2,939		
Suspense payment	15,469		
Profit Receivable	7,311		
Loans to employees	41,287		
Total	7,860,562		

Contd... Financial Statement

Assets		Liabilities & Capital A/c	
II. Fixed Assets		IV. Reserves	
1. Tangible Assets	1,789,202	Retirement Allowance	767,782
Depreciation	- 536,195	Non-payment	80,000
2. Intangible Assets	2,021	Depreciation	9,500
3. External Investment		Bonus payment	37,489
Share-Capital of National Feds.	302,679	Change of Value	18,993
Share-Capital of Non-Coop Organizations	256,268	Tax payment	168,191
4. A/c Receivable	32,621	Total	1,081,957
Total	1,846,597	V. Fixed Long-Term Borrowing	
		Borrowing	163,810
		Modernization Borrowing	368,689
		Agriculture, Forestry and Fishery Finance Corporation (AFFFC)	138,580
		Total	671,079
		VI. Capital A/c.	
		1. Share Capital	796,500
		2. Revolving Capital	36,004
		3. Legal Reserve	115,000
		4. Capital Reserve	2,474
		5. Special Reserve	237,000
		6. Current Profit	247,444
		Total	1,434,422
Grand Total	9,707,159	Grand Total	9,707,159

(b) Profit and Loss Statement (As on March 31,1975)

Unit . ¥ 1000)

Classification	Profit (Earning)	Loss (Expenditure)	Balance
I. Business Profit & Loss			
1. Supply Profit			
Supply Items sold	39,866,584		
Misc.Earning	379,046		
Total	40,245,630		
2. Supply Loss.			
Cost (procurement) of Supply Items		38,713,246	
Supply promotion Exp.		167,066	
Incentive		38,601	
Total		38,918,913	1,326,717
3. Marketing Profit			
Handling Commi.	208,221		
Paper Work Charge	72,605		
Misc.Earning	92,862		
Misc.Handling Comm.	68		
Total	373,757		
4. Marketing Loss (Direct Expense)			
Promotion Exp.		53,944	
Incentive		39,210	
Total		93,155	280,602

Contd.... (b) Profit & Loss Statement.

Classification	Profit (Earning)	Loss (Expenditure)	Balance
5. Warehousing			
Storage Fee	14,480		
In & Out charge	1,848		
Labour Charge	35		
Misc. Earning	9,875		
Total	26,240		
6. Warehousing (Direct Expense)			
Labour charge		58	
Material Cost		23	
Supervision		5,067	
Damage Indemnity		371	
Maintenance		5,819	
Depreciation		4,478	
Misc.Exp.		1,795	
Total		17,615	8,624
7. Trucking, Material Storage			
Trucking Business Income	241		
Storage Fee	75		
Warehousing Misc.Income	25,221		
Total	25,538		
8. Trucking, Material Storage (Direct Expense)			
Trucking Exp.		128	
Supervision		5,400	
Maintenance		2,419	
Depreciation		4,563	
Total		12,511	13,027
9. Tourism Comm.			61,042

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Contd... (b) Profit & Loss Statement.

Classification	Profit (Earning)	Loss (Expenditure)	Balance
10. Rice Mill			
Processing charge	46,045		
By-product	60,716		
Misc. Earning	14,632		
Total	121,393		
11. Rice Mill (Direct Expense)			
Labour Charge		2,763	
Power Exp.		8,609	
Processing Exp.		198	
Total		11,571	109,821
12. Used Plastics Reclaiming Profit.			
Finished Product sold.	45,016		
Total	45,016		
13. Used Plastics Reclaiming (Direct Expense)			
Used Plastics purchased		15,914	
Other materials		1,168	
Power Exp.		3,341	
Labour Exp		570	
Misc. Exp.		1,552	
Total		22,547	22,469
14. Farm Machinery			
Machinery sold, Service charge	96,799		
Utilization charge	14,294		
Misc. Earning	2,090		
Total	113,183		
15. Farm Machinery (Direct Exp.)			
Farm Machinery purchased		85,211	
Parts		4,565	
Power Exp.		312	
Misc. Exp.		1,917	
Total		92,007	21,175

Contd... (b) Profit & Loss Statement.

Classification	Profit (Earning)	Loss (Expenditure)	Balance
16. Broiler Dressing			
Utilization Fee	32,412		
Misc.Earning	1,569		
Total	33,982		
17. Broiler Dressing			
Labour Exp.		9,732	
Power Exp.		3,008	
Total		12,740	21,241
18. Pig Auction Market			
Utilization Fee	13,269		
Misc.Earning	1,410		
Total	14,680		
19. Pig Auction Market (Direct Exp.)			
Labour Charge		1,690	
Power Exp.		102	
Misc.Exp.		2,733	
Total		4,525	10,154
20. Cold Storage			
Utilization Fee	1,749		
Misc.Earning	150		
Total			
21. Cold Storage (Direct Exp.)			
Labour Charge		240	
Power Exp.		964	
Misc.Exp.		469	
Total		1,673	225

Contd..... (b) Profit & Loss Statement.

Classification	Profit (Earning)	Loss (Expenditure)	Balance
22. Gasoline Station			
Gasoline sold	91,215		
Utilization charge	579		
Misc.Earning	989		
Total	92,784		
23. Gasoline Station			
Gasoline purchased		73,126	
Parts		185	
Labour charge		122	
Power Exp.		345	
Misc.Exp.		342	
Total		74,122	18,662
24. Coop.Store			
Total Sales	869,614		
Utilization charge	1,316		
Misc.Earning	1,504		
Total	872,436		
25. Coop.Store			
Merchandise purchased		705,976	
Material Exp.		9,310	
Labour Exp.		2,008	
Power Exp.		7,460	
Misc.Exp.		8,212	
Total		732,968	139,467
26. Pig Breeding			
Piglet sold	21,122		
By-products	25		
Total	21,147		
27. Pig Breeding (Direct Exp.)			
Feeds, material		18,087	
Labour Charge		1,566	
Power Exp.		1,172	
Misc.Exp.		2,430	
Total		20,828	319

Contd..... (b) Profit & Loss Statement.

Classification	Profit (Earning)	Loss (Expenditure)	Balance
28. L.P.G.Filling Charge	7,006		
29. L.P.G.Filling (Direct Exp.)		5,246	1,760
30. Milk Collection and Shipment	12,517		
31. Milk Collection & Shipment (Direct Exp)		14,593	(-) 2,075
32. Dairy Business Subsidy	28,614		
33. Dairy Business Exp. (Direct Expense)		28,614	0
Total Business Profit			2,033,538
II. Administrative Expenditure			
1. Personnel Exp.		1,078,575	
2. Travelling Exp.		33,653	
3. Business Exp.		122,811	
4. Taxes		114,020	
5. Maintenance		133,444	
6. Depreciation		159,257	
7. Misc.Exp.		13,317	
Total		1,655,082	378,455
III. Other Profit & Loss			
1. Other profit			
Interest Received	431,177		
Non-Business profit	253,909		
Reserve Reversed	140,007		
Non-Current Term Profit	649		
Total	825,743		
2. Other Expenses			
Interest payed		267,383	
Non-Business Loss		450,189	
Reserve		245,444	
Non-Current Term Loss		4,407	
Total		967,424	(-)141,681
Current Profit.	.....	....	236,774

(c) Appropriation of Profit

(March 31,1975) (Unit: ¥ 1000)

I.	Current Profit	
	Profit Brought Forward	10,669
	Current Profit	236,774
	Total	247,444
II.	Appropriation	
	Legal Reserve	30,000
	Special Reserve	62,000
	Dividend (8% p.a)	62,773
	Patronage Dividend	80,042
		234,816
III.	Supplies to be carried	12,627

(of the above surplus 11,850 thousand Yen is for information and education).

Note: Basis of patronage dividend payment:

Rice,Wheat Delivered,	¥ 0.25	per ¥1000
Foods "	1.90	per ¥1000
Horticulture crops "	0.21	per ¥1000
Fertilizer chemical purchased,	3.15	per ¥1000
Machinery,Automobile purchased,	1.89	per ¥1000
Gasoline, LPG purchased,	4.15	per ¥1000
Consumers Goods,	1.29	per ¥1000
Feeds purchased,	1.25	per ¥1000

Introduction to

SHOBU TOWN MULTI-PURPOSE AGRICULTURAL COOPERATIVE SOCIETY

SHOBU TOWN - SAITAMA PREFECTURE

The present Shobu town was established after the merger of four townships covering 2,700 ha. in the area. It has a population of 16,000 inhabitants in 3,000 households. Unlike Moroyama, the population of Shobu has not been affected by the influx of people working in Tokyo city; it has hardly changed since the merger of four towns in 1944. The people in the area have, therefore, mainly remained as a farming community. The number of farm households at present is 1,800 covering 1,680 ha. of farmland divided into 1,280 ha. of paddy fields and 400 ha. of upland.

Under the City Planning Law certain areas of the town (225 ha.) have been demarcated as urbanization area in which construction of houses & factories can be undertaken without the sanction of the Agricultural Committees of the Prefecture and of the town. However, under the Agriculture Developing Area Consolidation Law enacted in 1973, most of the farmland in the remaining areas (called "Adjusted Area") have been designated exclusively for farming purposes. Farmers in the area, therefore, feel secure and are able to concentrate on their farming activities.

Big Change in Product Mix

The product mix in the area has undergone a big change due to the introduction of Vinyl-house cultivation of various types of vegetables. Due to this change the volume of production of wheat, barley and silk cocoons has been greatly reduced and has been replaced by off-season vegetables. This has helped a great deal in increasing farmers' income in the area.

The present day Shobu Town Multi-purpose Agricultural Cooperative Society was established in 1954 after the merger of five existing agricultural cooperatives. The basic statistics of the Society are as follows :

1. Membership:

Regular members	1,860
Associate members :	
Individuals	508
Organisations	5
Total	2,375
Note: Regular member households	1,806

2. Elected Officials:

Full-time Directors	3
Part-time Directors	17
Internal Auditors	4
Total	24

3. Employees:

	Male	Female	Total
Manager	1	-	1
Administrative Staff & Chief Accountant	14	-	14
Clerks	14	29	43
Farm Adviser	1	-	1
Telephone Operator	-	4	4
Warehouse, Collection Centre, Tel-Broadcasting, etc.	6	-	6
Manual Workers	-	4	4
Total	36	37	73

4. Facilities, Equipment and other properties

Office Building	Main Office, 4 Branch Offices.
Coop.Store	1 Store (Direct sales to Consumers)
Agricultural Warehouse	11 Warehouses in town
Collection Centre	2 Centres
Storage	9 Storages
L.P. Gas Storage	1
Pear Grading Centre	1
Trucks, Cars, Motor-bikes	20

Machinery:

Tractors	7
Trencher	6
Speed Sprayer	2
Tillers	2
Telephone Broadcasting	1,683 families receive this service.

Grading Machine, Bel-Conveyer, etc.

Financial Position

The financial position of the Society at the end of the year (as on March 31,1975) was as follows :-

Financial Statement (As on March 31,1975)

(a) Balance Sheet (Unit: ¥1000)

Assets	
I. Banking	
(1) Cash on Hand	5,966
(2) Deposits	
Pref.Credit Fed.	2,853,538
Non-Coop.Banks	18,637
(3) Bonds,Debenture,etc. on Hand.	274
(4) Loans	
Loans Against Promissory Notes	22,220
Loans Against Deeds	546,499
(5) Insurance Loans	300
(6) A/c Receivable	
Interest Receivable	179,052
Insurance Premium Receivable	1,054
II. Marketing & Supply	
(1) A/c Receivable	
Supply Receivable	36,386
Warehousing Receivable	945
(2) Consignment Marketing Suspense Payment	80,070
(3) Inventory Supply Goods	468,301
(4) Misc.Assets	
Revenue Stamps	41
Suspense payments	469
Payments for Other	1,624
A/c not yet settled	6
Guaranty Money	500
(5) Expenses payed in Advance	709
III. Reserve for Non-payment	-8,768
Total	4,207,828

Liabilities	
I. Banking	
(1) Deposits	
Cheque A/c Deposits	551
Pass-Book	1,583,281
Special Deposits	3,707
Time Dep.	2,244,545
Instalment saving	38,045
(2) Borrowing	6,431
(3) Misc.Liabilities	1,100
(4) Insurance Borrowing	300
(5) Insurance Fund	9,962
(6) A/c payable	
Interest payable	105,619
Interest payed in advance	700
Accrued Insurance premium	7,700
II. Marketing & Supply.	
(1) A/c payable	
Supply A/c payable	9,265
(2) Consignment Marketing	
Suspense Receipt	82,927
(3) Borrowing for Facilities.	3,214
(4) Misc.Liabilities	
Reserve for tax payment	10,573
Suspense Receipt	72,995
(5) Expenses payable	20,002
Total	4,201,044

Contd... (a) Balance Sheet

Assets		Liabilities	
IV. Fixed Assets		III. Reserves	
Buildings	197,533	Retirement	41,741
Depreciation	-87,532	Change of Value	14,049
Land	8,392	IV. Capital A/c	
Construction (Suspense A/c)	25,462	(1) Share-Capital	101,912
External Investment Investment	54,008	(2) Reserves	
		Legal Reserve	9,098
		Special Reserve	11,600
V. A/c Receivable.	119	Retirement Allowance for Officials	1,356
		Current Profit	25,011
Grand Total	4,405,813	Grand Total	4,405,813

(b) Profit & Loss Statement (April 1,1974 - March 31,1975).
(Unit: ¥1000)

Loss (Expenditure		Profit (Earning)	
(1) Banking		(1) Banking	
Deposit Interest	192,531	Deposit Interest	226,608
Incentive to be Reversed	1,319	Bond, Debenture Interest	61
Borrowing Interest	1,554	Loan Interest	40,832
Misc. Expenses	7,008	Interest Subsidy	5,627
Total	202,413	Handling Comm.	332
		Annuity Comm.	272
(2) Insurance		Misc. Income	349
Misc. Expenses	17,092		
Total	17,092	Total	274,083

Contd.... (b) Profit & Loss Statement.

Loss (Expenditure)

(3) Supply	
Supply cost (procurement)	864,671
Supply Exp.	5,829
Misc.Exp.	7,273
Total	877,774
(4) Marketing	
Marketing Cost (procurement)	729,356
Marketing Exp.	2,982
Total	732,338
(5) Warehousing	
Labour charge	1,165
Misc.Exp.	1,196
Total	2,361
(6) Special A/c Activities	
Contribution to Tel-Broadcasting A/c.	4,144
Contribution to Agr. Technics Unit	174
Total	4,318
(7) Guidance	
Agri.Technics	5,055
Coop.Vitalization	20
Total	5,075
Administrative Exp.	154,786
Reserve Reversed	39,478
Special Loss	372
Grand Total	2,088,599
Current Profit	24,023

Profit (Earning)

(2) Insurance	
Premium	37,488
Loan Interest	14
Misc.Income	128
Total	37,632
(3) Supply	
Supply Items sold	1,000,721
Misc.Income	6,171
Total	1,006,892
(4) Marketing	
Marketing Items Sold.	729,356
Handling Comm.	8,383
Misc.Income	366
Total	738,106
(5) Warehousing	
Storage	5,296
Total	5,296
(6) Utilization	
Utilization Fee	2,813
Total	2,813
(7) Special A/c Activities	
Agr.Technics Unit	179
Total	179
(8) Guidance	
Allotment	976
Total	976
Non-Business Income	21,238
Reserves Reversed	22,828
Special Profit	2,208
Grand Total	2,112,623

(c) Appropriation of Profit (March 31,1975) (Unit: ¥1000)

1.	Current Profit	
	Profit Brought Forward	987
	Current Profit	24,023
	Total	25,011
2.	Appropriation	
	1. Legal Reserve	2,402
	2. Special Reserve	2,500
	3. Dividend (7% p.a.)	6,184
	4. Patronage Dividend	11,511
	5. Retirement Allowance Reserve for Elected Officials	953
	Total	23,552
3.	Profit to be carried	1,459

of which 1,201 thousand Yen is for information and education.

Note: Basis of patronage dividend payment (regular members only).

1. Deposit: ¥ 10 per ¥ 1000 balance
2. Supply : ¥ 10. per ¥ 1000 purchase (joint purchase only).
3. Marketing: ¥ 10 per bag on the marketing of rice, wheat and barley.

Activities

Following are the main activities of the Society :

1. Accept deposits from members
2. Issue loans
3. Farm and consumer supplies
4. Marketing and processing
5. Mutual (cooperative) Insurance Business.
6. Joint facilities utilization activity
7. Warehousing

Supply of Agricultural Inputs

Most of the farm supplies such as fertilizers, chemicals are bought by members from their society. It also supplies gasoline, heavy oil, kerosene and L.P.Gas through its gasoline stations. 80% of the supplies are bought by the society through ZEN-NOH and the Economic Federation and 20% are bought from local suppliers. Following statement gives the commodity-wise supply activity during the last year.

(b) Supply (Unit: ¥1000)

Items	Balance Brought Forward from preceding Term.	Amount received in this Term.	Of which from Upper Fed.	Supply Cost (A)	Handling Comm. (B)	Amount of Supply (A+B)	Inventory (End of this Term).
Agr.Input Fertilizer	54,444	157,302	157,302	87,217	14,167	101,384	124,529
Feeds	114	4,527	4,527	4,591	249	4,840	50
Farm machinery	2,322	120,688	8,950	120,745	4,649	125,394	2,265
Chemical	53,989	104,055	74,786	80,894	16,389	97,283	77,150
Seeds, Seedling	2,253	3,345	2,454	5,036	588	5,624	562
Misc.	172,493	538,068	235,437	465,066	51,401	516,467	245,495
Total	285,615	927,985	483,456	763,549	87,443	850,992	450,051
Consumers' Goods							
Foods	2,891	24,829	22,346	25,011	3,247	28,258	2,709
Daily necessities	11,396	80,256	43,506	76,111	45,360	121,471	15,541
Total	14,289	105,085	65,852	101,122	48,607	149,729	18,250
Grand Total	299,902	1,033,070	549,308	864,671	136,050	1,000,721	468,301

Per Member: 538 thousand Yen.

Marketing

The value of agricultural production of the area is as follows :

Commodity	Year	Value in ¥ (Million)	Value in US$ (Million)
Rice	1974	700	2.3
Pear		600	2.0
Strawberry		1,200	4.0
Vegetables		300	1.0
Wheat, Barley		6	0.02
Total		2,706	9.32

The Society owns a pear grading plant and a catering shop in the plant compound. The catering shop supplies hand-made noodles as its main preparation.

The plant was established under the Agricultural Structure Improvement Project with a total cost of about ¥40 million. 65% of the cost was met by subsidies from the national, prefectural and town governments and the balance by the Society. The plant has the grading capacity of 150,000 cases (of 15 kg.of pear per case) during the two-month period from early August to early October. Daily grading capacity is 10,000 cases at peak time. Pear grading is done according to weight. About one-third of the pear growing farmers (200 out of 580) make use of the plant. In terms of volume, the plant grades about 30% of the pears produced in the area.

It is run by 180 labourers at peak time and the labour is supplied by the plant users, each growing farm second one labourer in turn.

Establishing of the plant has greatly facilitated the marketing of pear. Before this facility was started, the farmers had to market their produce individually. Now, the bargaining position of the farmers had greatly improved due to grading of the fruits. The produce is delivered by the farmer to the society in bulk.

Although the plant is not self-sufficient, it has provided a very important service to the producer member. Profit was not the ultimate motive of the Society.

Graded fruits are packed in boxes and sent to markets in Tokyo and Yokohama. Marketing is done through the Fruit Marketing Federation in the Prefecture. Financial settlements are done through the Prefectural Economic Federation.

Large size fruits do not get good price. So farmers are advised to produce medium size fruits.

Direct marketing is done through the voluntary associations formed by the farmers. So, 100% marketing through cooperatives not possible. Also standardisation of products is difficult.

Small quantities are sold in the local market. Deformed shapes are sold to catering establishments.

The Society is planning to increase the capacity of its warehouse for storing rice. It has invested ¥5,000,000 for its expansion. The new warehouse will have controlled temperature. Like Moroyama Society it is also planning to open centres for selling fresh vegetables in the new housing areas of the town.

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Introduction to

MOROYAMA TOWN MULTIPURPOSE PRIMARY AGRICULTURAL COOPERATIVE SOCIETY LTD.

Moroyama, Saitama Prefecture

Moroyama Town

Saitama Prefecture is located north of Tokyo Prefecture and Moroyama town§§ is just 50 km. from the centre of Tokyo town. The total area of Moroyama is 33.7 sq.km. and the altitude is 80 fee above sea-level. The town is well-connected with Tokyo by railway and road network. Due to its location in the vicinity of Tokyo, Moroyama town and many part of Saitama have an influx of the people working in Tokyo. The town has also its own pace of industrialisation and urbanisation which has contributed to the population growth. In addition, therefore, to the farmlands and farm houses, the town has a number of housing estates built to accommodate the rising urban population.

The present Moroyama town was divided into three villages - Moro, Yamane and Kawakado - until these were merged into one unit on April 1, 1955.

The farm population is continuously on the decrease whereas the number of non-farming families is on the increase. According to figures of the 1970 census, the total households and the population in Moroyama town was 4,483 and 20,006 respectively.

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§§ Town includes urban as well as rural areas. Town refers to a compact geographical unit.

Wholesale and Retail Stores in Moroyama Town

1972 (Unit: ¥1,000)

Classification	No. of Stores	No.of Workers	Annual Sales	Annual Sales per store.
			¥	¥
Wholesale	19	77	722,580	38,030
Cloth and Clothing Retail Store.	32	74	246,610	7,700
Food Retail Store	124	314	1,312,260	10,580
Restaurant	76	168	221,850	2,910
Bicycle Retail Store	13	32	142,710	10,970
Furniture, Fixture, Retail	44	109	523,320	11,890
Other Retail Stores	58	198	828,860	14,290
Total	366	972	3,998,190	10,920

(Source: Commerce Statistics.

Factories in the City of Moroyama

(Turnover Unit: ¥ 1,000)

Year	No.of Factories	No.of Workers	Annual Turnover
1966	51	1,050	1,900,120
1967	53	1,053	1,973,430
1968	57	1,240	2,748,210
1969	58	1,471	3,787,270
1970	57	1,446	4,669,990
1971	59	1,401	5,336,460
1972	75	1,621	6,825,450

(Source :Manufacturing Industry Statistics)

Agriculture in the Town Area

a)	Total farmland	802 ha.
b)	Cultivated Farmland classified by crops:	
	i) Upland §x	44.5%
	ii) Paddy	29.2%
	iii) Mulberry	20.8%
	iv) Fruits	4.0%
	v) Miscellaneous	1.5%
	Total	100%

§x In the early days, wheat and barley were cultivated in the upland. However, due to heavy imports of wheat and barley, it is not profitable to produce these crops; the present crops are tea, mulberry and vegetables. Some lands remain uncultivated.

(c) Farm families classified by Income Status and Farm Population

Year	Total	Farm-families Full-time	Part-time§ (Category 1)	Part-time §§ (Category 2)	Population
1950	1,329	866	265	198	8,247
1960	1,304	388	571	345	7,544
1965	1,240	245	498	497	6,544
1970	1,144	141	377	626	6,154

Note: § Agricultural income is greater. §§ Non-agricultural income is greater.

(d) Farm families engaged in Livestock and Poultry and Number of animals in the Town.

Year	Milk Cow Family	Milk Cow No. of Cows	Draft Cows Fami-ly	Draft Cows No. of Cows	Horse Fami-ly	Horse No. of Hor-ses.	Pigs Fami-ly	Pigs No. of Pigs	Sheep Family	Sheep No. of Sheep.
1950	42	43	266	266	75	75	350	362	44	56
1960	130	180	234	237	12	12	567	940	153	222
1965	62	173	95	133	-	-	480	2,767	21	27
1970	24	180	38	231	1	1	266	3,220	1	1

Goat Family	Goat No. of Goat	Poultry Family	Poultry No. of Chicken
266	279	647	2,879
241	244	532	44,487
126	126	314	84,243
40	43	208	191,433

e) Forest land distribution (Unit: Hectare)

Classification	National Govt.	Munci-pal Forest	Private Forest	Total
Needle Leaf Tree	23	17	1,100	1,140
Broad Leaf Tree	-	1	600	601
Bamboo	-	-	2	2

Moroyama Town Multipurpose Agricultural Cooperative

The present Moroyama Cooperative has been formed as a result of the merger of the following three agricultural cooperatives :

a) Yamane Agricultural Cooperative;

b) Moro Agricultural Cooperative; and

c) Moroyama Telephone and Broadcasting Agricultural Cooperative.

Although the cooperative merger followed the merger of villages, there were independent economic reasons for amalgamating the three cooperatives. As a result of the merger, Moroyama cooperative was able to expand its business in many directions although it faced many a problems in tackling development problems. The comparative position of members, directors and employees before and after the merger is as follows :

(i) Membership before and after merger

Membership	Before Merger (March 1961)	At present
Regular members	1,415	1,272
Associate members	303	1,337
Total	1,718	2,609

(ii) Elected Officials and Employees

Classification	Before Merger (March 1961)	At present
Elected Officials	-	2
Directors	49	13
Internal Auditors	12	3
Total	61	18
Employees	23	84

The details of various categories of members, directors and employees are as follows :

(1) Membership.

Regular members	(Individuals)	1,268
-do-	(Farmers' Associations)	4
Associate members	(Individuals)	1,327
-do-	(Agri.Coop.)	1
-do-	(Other organizations)	9
	Total	2,609

(2) Elected Officials

Full-time Directors	2
Directors	13
Internal Auditors	3
Total	18

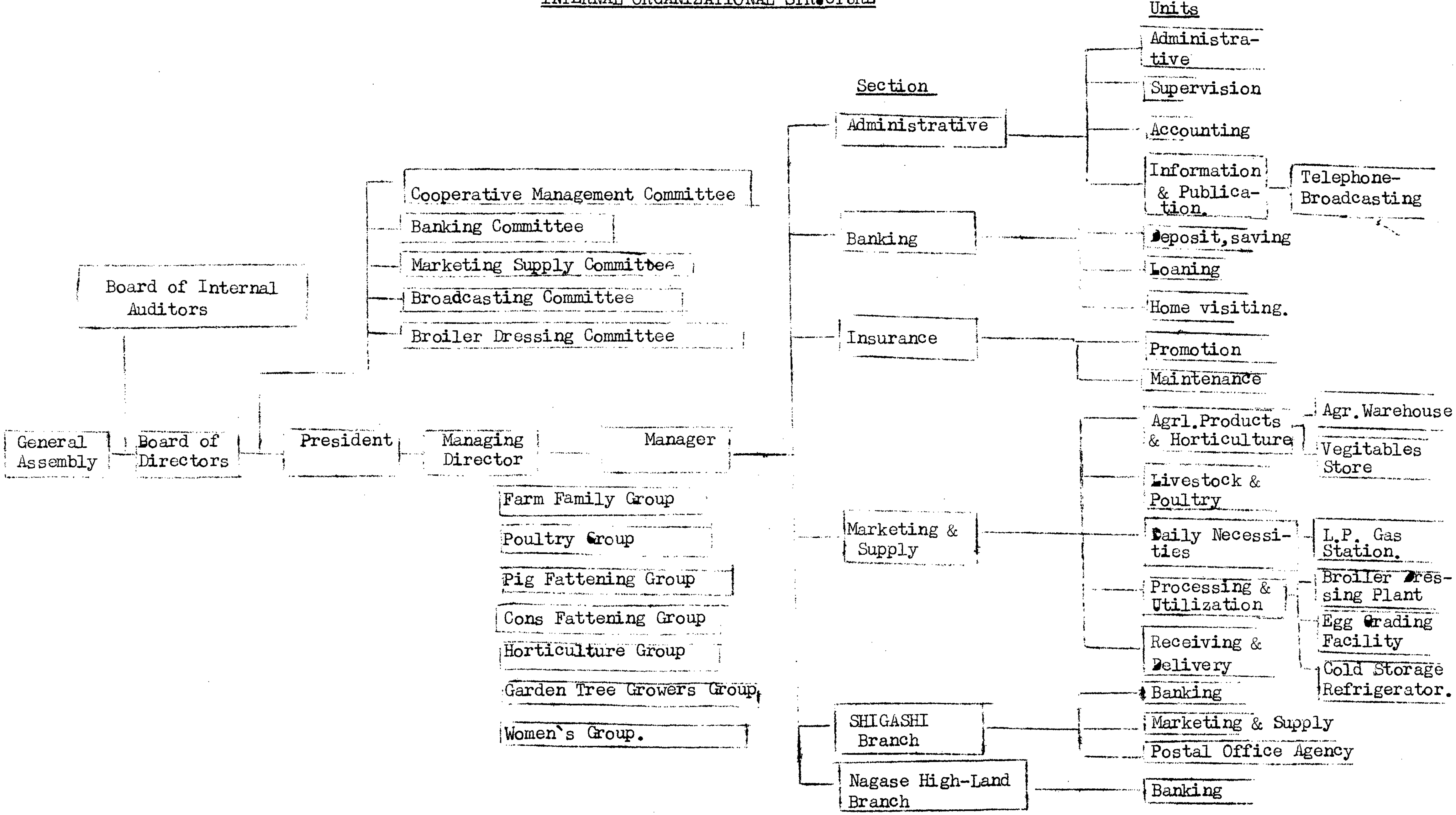
(3) Employees:

	Male	Female	Total
Manager	1	-	1
Section Chiefs and Chief Accountant	8	-	8
Clerks	6	28	34
Telephone Operators	-	5	5
Plant workers	19	1	20
Non-Regular Workers (full-time)	5	11	16
Total	39	45	84

Contd....

Following is the organizational structure and the facilities owned and operated by the enlarged society.

INTERNAL ORGANIZATIONAL STRUCTURE



Marketing and Supply

Supply

Cooperative Supply Turnover 1970-1974

Unit: 1000¥

Commodity	Year				
	1970	1971	1972	1973	1974
Consumer Articles	13,804	20,605	34,771	52,285	75,174
Fertilizer	26,640	25,680	29,677	39,638	48,245
Other Farm Inputs	35,553	30,089	30,601	44,697	47,972
Feeder Stocks, etc.	121,569	119,678	112,167	107,624	118,050
Feedstuff	367,166	415,615	401,893	549,298	809,076
Total	564,732	611,667	609,109	793,542	1098,517

Marketing

Marketing Turnover of Major Projects

1970-74. (Unit: 1,000¥)

Commodity	Year				
	1970	1971	1972	1973	1974
Eggs	425,124	631,719	768,087	839,056	1,137,248
Pig	173,514	168,351	161,200	131,203	178,329
Cattle (Beef)	34,547	24,268	30,890	47,694	48,183
Rice	27,825	7,214	11,672	29,303	30,598
Barley	17,858	10,374	5,522	3,351	2,553
Fruits & Vegetables	4,925	4,420	5,157	3,604	5,062
Others	1,571	815	584	192	--
Total	684,824	847,221	983,112	1,054,403	1,401,973

Egg Marketing

Due to Moroyama Town's close proximity to Tokyo, the farmers started poultry farming in the last Twenties. In 1951, they formed the Moroyama Engg Producers' Cooperative Society (with a total flock of 4,500 layers and the then largest individual flock of 300) and initiated joint egg and marketing and feed purchasing. The cooperative egg producers participated in a Egg Quality Contest in 1955 in which they got the Agriculture and Forestry Minister's Award, which gave a fillip to egg production and gained a firm ground. By this time, the total flock of the area had expanded to 18,800 layers.

The Egg Producers' Society merged with other agricultural cooperatives in the area in 1963 as a result of promotional efforts since 1961 and was re-organized as the Egg Producers' Organization under the newly amalgamated Moroyama-cho Multi-purpose Agricultural Cooperative Society, which became the first cooperative in the Prefecture to undertake bulk handling of feedstuff.

With the support of the Egg Producers' Organization, an Agricultural Structure Improvement Project was introduced in 1963-65 to benefit egg producers and breeders, and the cooperative society equipped with modern facilities became the base of egg production and marketing. The Project helped in installing 3 hen houses of 10,000 layers each, one house of 5,000 hens, a joint incubation plant with a capacity of 30,000 chicks, egg collection depots and a livestock centre comprised of the following :-

		¥
a)	A building for egg grading plant and a warehouse covering a floor space of 702 sq.m.	6,300,000
b)	Ancillary facilities (electricity,water, etc.)	1,163,000
c)	Machinery and equipment (for grading,medicine application, etc.)	1,920,000
d)	Aged hen processing plant - area 104 sq.m.	4,416,000
e)	Livestock Farmers' Consultation Office Building (Area 99 sq.m.)	1,739,000

For installing these facilities, the national Government contributed half the cost, while the remaining was met partly through an Agriculture Modernization Loan and partly from owned funds of the cooperative society.

The total flock in 1965 increased to 55,000.

In 1968, the Cooperative Society installed additional washing-cum-grading plants to make the total of 3 plants in order to deal with larger flocks and expanded to accommodate 95,000 hens with annual shipping capacity of 1,225 tons. In 1969, drying facilities for hen droppings were installed at 13 places in the area as a counter-pollution measure by the egg producers.

In 1970, the cooperative society installed a cold storage with a floor space of 162 sq.m. at a cost of ¥ 13.3 million under an Agricultural Structure Improvement Project. The egg cold storage facility enables the society to store both eggs and the liquid from broken eggs and release the desired quantity for sale keeping in mind the price structure in the market.

In 1971, two of the three washing-cum-grading equipment were replaced by a new one with a capacity of 15,000 pieces of eggs per hour.

In May 1973, the Cooperative Society reorganized its internal organizational structure and established a Livestock Business Section with a view to strengthening the activities of its livestock sector.

In August 1974, the Society installed a new and efficient egg disposal system FMC 463 under their Egg Collection and Shipping Rationalization Facilities Installation Project.

The total cost for installing the system was ¥40,230,000. In addition to the cost of the plant, the cost of installation of ancillary facilities was ¥6,941,000. Financial assistance was obtained from the National Association of Local Horse Racing Institutions and related authorities and organizations.

FMC 643 system is of American make using local equipment only for packing in vinyl-chloride containers with a capacity of disposing 24,000 eggs per hour, 10 tons of egg washing, grading and packing per day. Equipped with blood egg detection section, automated weighing and memorizing section, oil-coating section, marketing section, traywasher and package sealing section.

Egg Broiler Plant.

	1973	1974
Egg Grading	2053 Tons	2844 Tons
Broiler Dressing	91,457 broilers	81,867 Broilers.

Financial Position

Balance Sheet (As on March 31,1975) (Unit: ¥1,000)

Assets		Liabilities	
I. Banking Activity		I. Banking Activity	
1. Cash on hand	4,208	1. Deposits.	
2. Deposits		Cheque A/c.	31,510
Pref.Credit Fed.	951,795	Pass-Book Deposits	373,937
Non-Coop Banks	13,956	Tax Payment Deposits	3,466
3. Bonds,Debentures, etc.on Hand	640	Deposits for Future Increase of Share-Capital of Coop.	195
4. Loans		Time Deposits	1,900,850
Loans Against Promissory Notes	83,517	Instalment Saving	123,769
Loans Against Deeds	1,540,183	2. Borrowing	29,999
Overdrafts	134,730	3. Misc.Liabilities	
5. Insurance Loans	2,000	Reserve for Incentive	5,143
6. Insurance payment for Pref.Insurance Fed.	656	Suspense Receipt	2,985
7. A/c.Receivable		4. Insurance Borrowing	2,000
Interest Receivable	82,582	5. Insurance Fund	14,789
Insurance Premium Receivable	1,751	6. A/c payable	
II. Marketing & Supply Activities		Interest payable	78,202
1. A/c Receivable		Interest received in Advance	61,017
Supply A/c Receivable	23,059	Accrued Insurance Premium	7,228
Marketing A/c Receivable	84,096	II. Marketing & Supply Liabilities.	
Misc.A/c Receivable	1,010	1. Marketing & Supply Activities.	
2. Inventory		Supply A/c payable	12,942
Supply Items	43,448	Marketing A/c payable	6,244
Goods Stored	1,351	2. Suspense Receipt on Consignment marketing	360
Entrusted Animals	57,447	3. Borrowing	34,877
3. Misc.Assets.		4. Misc.Liabilities	
A/c Receivable	26,157	a/c payable	723
Payments for Others	1,421	Tax payment Reserve	6,889
Revenue Stamps	117	Suspense Receipt	2,054
Guaranty Money	500		
III. Reserve for Non-payment.	-25,607		
Total	30,29,027	Total	3,199,188

Contd... Balance Sheet.

Assets		Liabilities	
IV. Fixed Zssets		III. Reserves	
Land	11,812	1. Retirement Allowance	42,499
Buildings	163,763	2. Change of Volume	3,033
		3. Bonus payment	3,639
Depreciation	- 67,548	4. Real Estate Business	6,133
V. External Investment	28,899	IV. Special Account Activities.	
VI. Special A/c Activities.		1. Telephone and Broad Casting	6,116
Post Office Agent A/c.	215	2. Broiler Dressing	5,532
Refrigerator A/c	701	V. Marketing & Supply Expenses Payable	3,005
Real Estate A/c	269,423	Total	69,959
VII. Marketing and Supply A/c.		VI. Capital Account	
Expenses payed in Advance	785	1. Share Capital	114,254
		2. Reserves	
Profit Receivable	3,813	Legal Reserve	22,654
		Special Reserve	18,386
		Retirement Allowance for Elected Officials	844
		Net Profit	15,605
Grand Total	3,440,894	Grand Total	3,440,894

Profit & Loss Statement

(April 1,1974 - March 31,1975.)

(Unit: ¥1000)

Loss (Expenditure)		Profit (Earning)	
1. Banking		1. Banking	
Deposit Interest	152,800	Deposit Interest	71,037
Incentive	5,017	Bond,Debenture Int.	57
Borrowing Interest	6,205	Loan Int.	165,934
Misc.Expenses	3,978	Misc.Profit	678
Total	168,001	Total	237,708
2. Insurance		2. Insurance	
Promotion Exp.	9,966	Insurance Premium	32,237
Misc.Exp.	497	Misc.Income	830
Total	10,463	Total	33,068
3. Supply		3. Supply	
Supply Cost (procurement)	1,058,875	Supply Items sold	1,098,516
Misc.Exp.	19,916	Supply Income	19,941
Total	1,078,791	Total	1,118,458
4. Marketing		4. Marketing.	
Marketing Cost (procurement)	1,370,736	Marketing Items sold	1,401,973
Misc.Exp.	24,068	Marketing Income	3,226
Total	1,394,804	Total	1,405,199
5. Warehousing		5. Warehousing	
Material	14	Storage	505
Misc.Exp.	17	Total	505
Total	31		
6 Trucking		6. Trucking	
Trucking Exp.	3,856	Trucking Income	25,916
Total	3,856	Total	25,916
		7. Processing	
		Tea Processing Charge	4,943
		Total	4,943

Contd... Profit & Loss Statement. (Unit: ¥1,000)

Loss (Expenditure)		Profit (Earning)	
7. Processing		8. Special A/c Activities.	
Tea Processing Exp.	2,827	Tel.Broadcasting Fee	10,889
Total	2,827	Post Office Agent Income	389
8. Special A/c Activities		Broiler Dressing Charge	55,382
Tel.Broadcasting Exp.	1,533	Refrigerator Charge	2,007
Post Office Agent Exp.	4	Real Estate Business Income	39,418
Broiler Dressing Exp.	48,061	Total	108,085
Refrigerator Exp.	672	9. Guidance Fee	507
Real Estate Business Exp.	34,401	Total	507
Total	84,672	Grand Total (Business Income)	2,934,393
9. Guidance Exp.	4,119	Non-Business Income	44,195
Total	4,119	Reserves Brought-in	33,058
Administrative Exp.	183,858	Special Income	1,072
Non-Business Exp.	24,558	Grand Total	3,012,720
Reserves to be Reserved	44,078		
Special Loss	671		
Grand Total	3,000,735		
Current Profit	11,984		

APPROPRIATION OF PROFIT

(March 31,1975) (Unit:¥1,000)

1. Current Profit	
Profit Brought Forward	3,621
Current Profit	11,984
	15,605
2. Appropriation.	
Legal Reserve	1,500
Special Reserve	1,000
Dividend (7% pa)	7,739
Reserve for Retirement Allowance of Elected Officials	1,136
Total	11,375
3. Net Profit to be Carried of which 1,000 thousand Yen is for information and education.	4,229

Appendix A

What is Japanese Multi-purpose Agricultural Cooperative Society like?

A briefing to be made by

Mr. Toku-ichi Shimada
President,
The Shobu-cho Agricultural
Cooperative Society

Explanations in brackets are by the translator.

According to recent statistics, the agricultural production of the area is as follows: (Round figures)

Rice harvested in 1974	¥700 million	$2.3 million
Pear harvested in 1974	¥600 million	$2.0 million
Strawberry in 1975	¥1,200 million	$4.0 million
Vegetables in 1975	¥300 million	$1.0 million
Wheat, barley in 1974	¥6 million	
Total	¥2,706 million	$9.0 million

These production will amount to ¥1,500 thousand or $5,000 in terms of each of the 1,800 individual holdings. Each holding covers land area of 90 a . on an average, and therefore, it means an earning of ¥170,000/10 a or $570.

Japanese agricultural cooperatives are Multi-purpose Nokyo except for a specific commodity sectors, and the Shobu-cho Nokyo is also a multi-purpose agricultural cooperative society. What kind of business the Nokyo is engaged with you will be able to learn from the English material which is a translation of the report of business during the fiscal 1974 submitted to the regular general assembly. The Nokyo conducts the credit business for deposit taking and loan providing, the supply business dealing with farm supplies and consumer articles, the marketing business, the mutual (cooperative) insurance business, the joint facilities utilization business, and warehousing business etc.

The amount of deposit made by the members with the Nokyo was ¥__________ million as at the end of August 1975 or ¥_________thousand per member household. The members have great trust on the Nokyo, and deposit their marketing proceeds with it rather than putting the money with commercial banks. Most of the farm supplies like fertilizer, farm chemicals, etc. the members buy through the Nokyo. As part of the economic business, the Nokyo has installed and operates gasoline station which supplies gasoline, heavy oil, kerosene, and L.P. Gas. However, the members are not making full purchasing from the Nokyo's station as there are private suppliers in the area.

The Nokyo also runs a pear grading plant and a catering shop built at the site of the plant. About the plant I will explain toward the end of my briefing, so now something about the catering shop. The shop supplies noodles as the main. Noodles are like Italian spagetti in sight, and to be dipped in a bowl of special soup when eaten. You will find them sold in food stores, made by machine and packed dry. But the noodle supplied at our shop is different in that it is hand-made: you knead wheat flour with a bit of salt and water, get it stretched with a rolling bar, fold the streched flour and cut it like threads, boil and cool it in a cold water so it's ready for eating. The noodles so made are called 'hand-made or hand-stricken'. People in the age of mechanization and sophistication like to appreciate anything made by hand, and the noodle is making a good sale. The cost of building construction and equipments was ¥30 million when the shop was installed in 1972, but the shop earned a net profit of ¥4 million during 1973, and some ¥10 million in the next fiscal year. During the fiscal 1975, we anticipate the turnover of ¥60 million or $200,000 and the net profit amounting to ¥12 million or $40,000.

On the same of site of the plant, a new rice-cold storage-house has been built just two months ago with the cost of some ¥50 million, covering the floor space of 500 square meters. It has a capacity of 40,000 bales, and the Nokyo has the total ware-housing capacity of 100,000 bales including warehouses built around the four branch stations. Each bale contains 30 kg rice and it means that almost all the rice grown in the area can be stored in the Cooperative warehousing facilities. The new store house will be taking in the harvest of coming autumn.

After the Oil Shock the general consumer prices have increased by 50% and yet the increase for agricultural products has been 20%, according to some observers. This is a clear indication of the fact that farmers are not easily making money. It is also said that whereas farm mechanization has been making a good headway as seen by the wide propagation of rice seedlings transplanting machine, tractors, combine harvester etc., it is the machinery makers who are making profit and what is left with the farmers is indebtedness. In view of this, the Nokyo is helping farmers in machinery purchase through taking low interest loan and joint purchasing.

Lastly about the Pear Grading Plant; The plant was installed under the Agricultural Structure Improvement Project with the total cost of some ¥40 million or $133,000, of which the construction cost was ¥26 million or $86,000 and the plant and equipments ¥14 million or $46,000. 65% of the total cost was met by subsidies from the national, prefectural and town governments while the remaining the Nokyo itself has met. The plant has the grading capacity of 150,000 cases (each containing 15 kg of pear) during two months period from early August to early October. About 1/3 of the pear growing farmers or 200 out of 580 pear growers make use of this plant. Also in terms of volume, the plant does about 30% of the pears produced in the township area.

The pears are graded according to weight. It is run by 180 labours at its peak time, and the labour is offered by plant users, each growing farm seconding one labour in turn. Daily grading capacity is 10,000 cases at the peak, and the plant shipped 120,000 cases in 1974 or some ¥170 million worth, which is about 30% of the value of produced pears that year. The plant operation is decided by a special (plant) management committee established under the Nokyo , and the plant operation is looked after by the plant manager, deputy plant manager, the marketing manager, the labour coordinating manager, the shipping manager and the treasurer etc.

The objectives of the plant installation and operation are to help growers save the labour of shipping whereby the created redundant labour can devote in other sectors of farming, and to improve market fame through product standardization and variety unification. The plant is making a long way in achieving the desired goals.

The organizational structure and employees of the Nokyo etc, are described in the report to the Nokyo's general assembly. Only I would add that an average monthly pay of the employees is ¥120,000 or $400.

The area you are visiting today is the town of Shobu or the Shobu-cho as it is called in Japanese language. This town underwent a municipal merger in 1944 involving four townships of the day. The main features of the town are as follows:

Total area of the town	2,700 ha
Town population	16,000 inhabitants
Number of households	3,000 households
Number of farm households	1,800 households
Area of farm land:	1,680 ha
paddy field	1,280 ha
upland	400 ha

The pure farming community character of the town can be proven by the fact that the population of the town in 1975 is neither more nor less than it was at the time of township merger some thirty year ago. (There has been population expansion in farming communities near urban centers, and a sharp drop in remote or deep farming communities during the past years, generally speaking.)

There used to exist 5 agricultural cooperatives in the township area, and these merged in 1954 to establish the present day Shobu-cho Agricultural Cooperative Society (or Nokyo as we call it.) Only some five years ago what is known as the City Planning Law was revised, and the area of this town was divided into two sections under the authority of the law: 225 ha was demarcated as so-called 'Urbanizing Area' (where the constructing of houses and factories etc. is allowed i.e. the land can be brought under use for non-agricultural purpose without sanction by the Agricultural Committees of the prefecture and the town); the remaining area demarcated as so-called 'Adjusted Area' (the land cannot be diverted to non-agricultural use purpose at least for a certain period of years). Furthermore, under the authority of the Agriculture Developing Area Consolidation Law, which was enacted in 1973, (some observers say that this law is a roll-back by agriculture-based parliamentarians who understood the dissatisfaction of the farming circle with the City Planning Law), most of the farm lands in 'Adjusted Area' of the town were designated exclusively for farming purpose, and it became virtually impossible to divert these farm lands to other use purposes except under very exceptional conditions. Thanks to such a clear demarcation or sealing of farm lands, farmers in this area are very much attached to farming and have strong production drives.

These farmers grow rice, pear, strawberry, melon, egg plant and tomato etc. The product mix of agriculture of the area has changed drastically during the past decade. In other words, the production of wheat, barley and cocoons sharply dropped while those mentioned above have expanded their area. This switch in the product mix has been facilitated thanks to development of Vinyle-house vegetable culture, which has made it possible to produce during off-season bringing about greater income (because the markets pay high prices for scarce commodities, though shipping should be made regular and in bulk so as to get strong bargaining position).

OUTLINE OF SAITAMA PREFECTURE

1. Population as of July 1st, 1975 4,778,076

   Growth rates: 65-70: 59% 70-75: 24%

2. Number of households as of July 1st, 1975 1,443,474

   Population per households: 3.3

3. Land area 379,932 ha.

Farm land	128,300 ha	Composit ratio	33.8%
Housing site area	40,976	Composit ratio	10.8%
Wood and wild lands	86,914	Composit ratio	22.9%
Road, rivers etc.	123,742	Composit ratio	32.5%

4. Industries and economy of the prefecture

   1) Working population in 1970 1,906,079

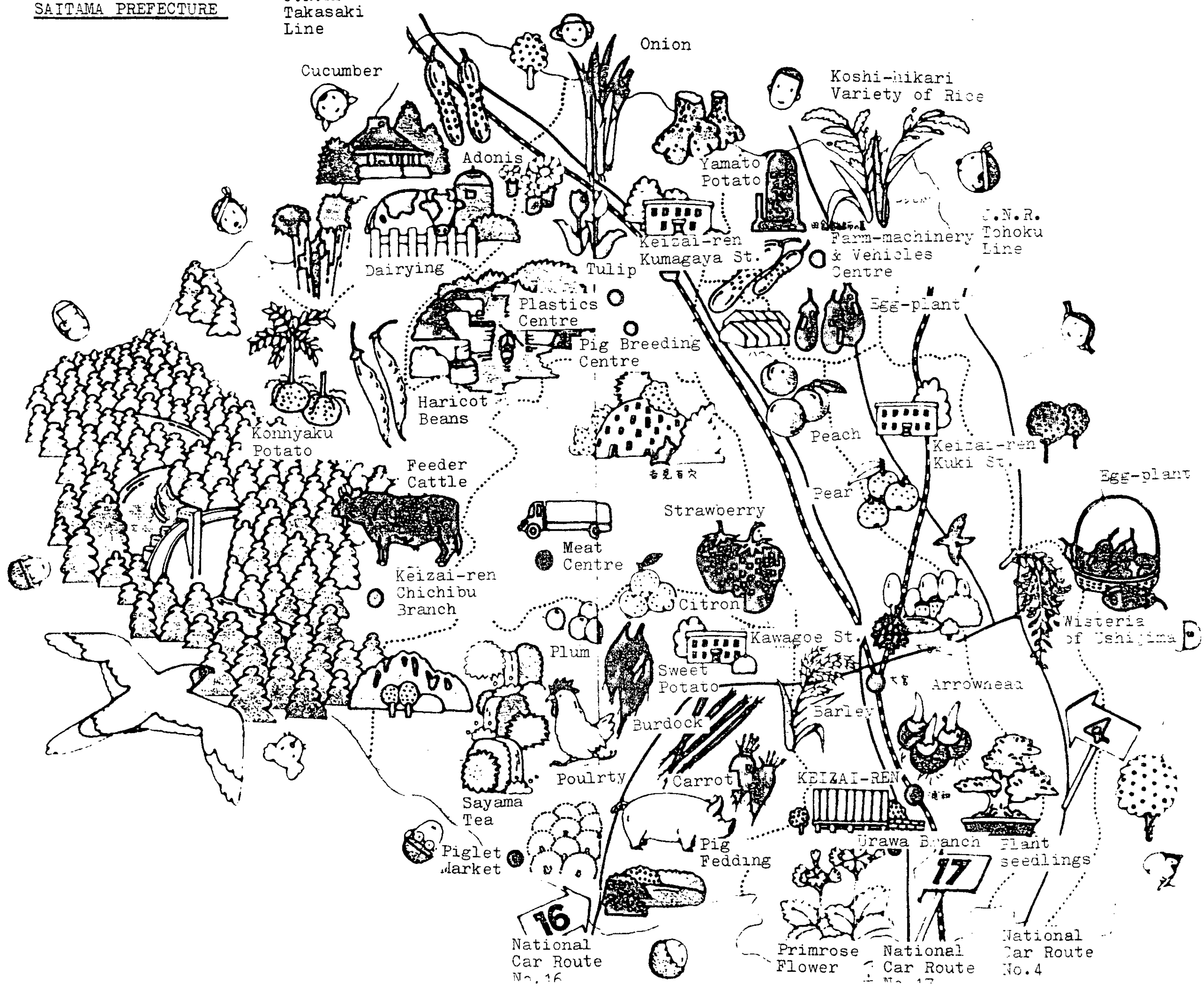
   2) Working population by industry sectors in 1970

Primary	278,897	Composit ratio	14.7%
Secondary	793,915	" "	41.7%
Tertiary	832,267	" "	43.6%

   3) Net Prefectural Product by industry sectors in 1970

	¥ million	Composit ratio
Primary	92,255 ($307,517,000)	3.7%
Secondary	1,210,035 ($4,033,450,000)	48.5%
Tertiary	1,193,878 ($3,979,593,000)	47.5%
Total	2,496,168 ($8,320,560,000)	100.0%

AGRICULTURAL MAP OF
SAITAMA PREFECTURE



OUTLINE OF AGRICULTURE IN SAITAMA PREFECTURE

1. Agricultural work force in 1974		241,970	
			Composit ratio
Male	93,460		38.8%
Female	148,510		61.4%
2. Number of farms in 1974		138,400	
Full-time	17,360		12.5%
Part-time	121,040		87.5%
Type I			26.8%
Type II			73.2%
3. Farm household population in 1974			736,230
Population per farm family:			5.3

4. Gross Agricultural Product and the share of cooperatives in their marketing
(Unit: ¥million; Figures in paran. $1,000)

	Output value	Cooperative marketing share
Rice	40,714 (135,713)	96%
Wheat, barley	2,214 (7,380)	
Fruits, vegetables	60,578 (201,927)	39%
Trees, flowers	5,702 (19,007)	
Other crops	7,210 (24,033)	
Sub-Total	116,418 (388,060)	
Livestock Products	49,573 (165,243)	33%
Sericulture	20,137 (67,123)	99%
Processed produce	1,138 (3,794)	
Total	187,266 (624,220)	

Notes: The cooperative marketing shares by kind of livestock products:

Liquid milk	92%
Pig	8%
Beef cattle	46%
Egg	12%

5. Areas sown to and production of major farm produce (Unit: ha; ton)

Produce	Area sown	Harvest Amount	Produce	Area sown	Harvest Amount	Produce	Area sown	Harvest Amount
Rice	61,800	242,500	Cabbage	1,090	31,300	Other vegetables	4,935	83,249
Wheat, barley	9,311	32,188	Chinese cabbage	1,630	59,300	Pear	1,250	39,200
Sweet potato	2,300	37,500	Spinach	2,410	34,800	Chestnut	1,360	2,450
Potato	2,730	44,500	Onion	2,920	79,600	Grape	174	1,230
Ground-nut	736	1,410	Raddish	2,410	83,200	Plum	656	2,110
Soybean	951	941	Carrot	2,140	48,600	Persimon	401	5,230
Red beans	919	579	Burdock	1,600	25,900	Other fruits	128	1,567
Cucumber	1,490	64,900	Taro	1,190	11,100	Konnyaku root	808	3,810
Egg plant	1,460	56,100	Strawberry	1,140	16,100	Tea	3,320	12,561
Tomato	258	12,400	Lettuce	913	17,484	Fodder grass	3,805	207,740

6. Livestock Herd and flock size

	Herd or flock size
Milk cow	43,100
Beef cattle	13,750
Pig	291,970
Layer hen	6,040,000
Broiler chicken	1,038,000

7. Farm economy as of 1973 (Average per farm)

(¥1,000; Figures in paran.$)

Gross farming revenue	(A)	1,622	(5,407)
Cost of operation	(B)	863	(2,877)
Income from farming	(C)=(A)-(B)	759	(2,530)
Non-farming income revenue	(D)	1,907	(6,357)
Non-farming expenditure	(E)	163	(543)
Non-farming income (F) = (D) - (E)		1,744	(5,814)
Farm household income (G) = (C) + (F)		2,504	(6,347)

AGRICULTURAL COOPERATIVE ORGANIZATIONS IN SAITAMA PREFECTURE

1. Union and Federations

Organization	President
Union of Agricultural Cooperatives of Saitama Prefecture	Mr. Shizuka Saito
Credit Federation of Agricultural Cooperatives of Saitama Prefecture	Mr. Toshio Matsumoto
Economic Federation of Agricultural Cooperatives of Saitama Prefecture (Keizai-ren)	Mr. Haru-ndo Idei
Mutual-insurance Federation of Agricultural Cooperatives of Saitama Prefecture	Mr. Soichiro Takemasa
Welfare Federation of Agricultural Cooperatives of Saitama Prefecture	Mr. Yoshio Murata
Sericultural Marketing Federation of Agricultural Cooperatives of Saitama Pref.	Mr. Matsushige Sudo
Federation of Settlers' Agricultural Cooperatives of Saitama Prefecture	Mr. Hitoo Sawada
Dairy Marketing Federation of Agr. Coop. of Saitama Pref.	Mr. Bunji Okuno
Chichibu Specialty Product Marketing Fed.of Agr. Coop.	Mr. Teruo Kasawara
Chichibu Konnyaku root Marketing Fed.of Agr. Coop.	Mr. Hayashi Machida

2. Agricultural Primary Cooperative Societies

		Numbers	Remarks
Multi-purpose agricultural		159	of which 3 are inactive, 66 are merged 93 yet to merge
Single-purpose agricultural:	Sericultural	158	of which 8 are inactive
	Dairy	21	of which 2 are inactive
	Poultry	5	of which 2 are inactive
	Livestock	7	of which 5 are inactive
	Horiticultural	6	of which 2 are inactive
	Settlers'	12	
	Sub-Total	209	of which 19 are inactive
Total		368	of which 22 are inactive

PROFILE OF KEIZAI-REN

Name of the Organization :	Economic Federation of Agricultural Cooperatives of Saitama Prefecture (Keizai-ren)
Location:	Urawa
Annual Turnover:	$353,852,188.
No. of Employees:	Total: 384. Male: 315, Female: 69
Capital :	$3,956,595.

A. Outline of the business in fiscal 1974 ending March 31st, 1975.

1. Organization Structure

1) The President:	Harundo Idei
2) No. of Member Cooperatives:	156
3) No. of Farmer Households:	138,400
4) No. of Directors:	10
(of which Full-time Directors:)	(3)
5) Term of Directorship:	3 years
6) No. of Auditors:	3
(of which Full-time Auditors)	(0)
7) Term of Auditorship:	3 years

A. 2. Branch Offices & Facilities

1) No. of Branch Offices:	3
2) No. of Warehouses:	1
3) No. of Distribution Centers:	3
4) No. of Machinery & Automobile Repairshops:	1
5) No. of Processing Factories:	5
6) Others:	7

3. Financial Status

	As of fiscal 1974
1) Paid-up Capitals:	$2,655,000
2) Debts:	$2,322,204
3) Fixed Assets:	$4,183,427
4) External Investments:	$1,863,158
5) No. of Campany Invested:	27
(of which Invested over 59% Capitals)	(4)
6) Current Surplus	$ 789,249
7) The Rate of Interest on shares	8%
8) Sum of Patronange Dividend	$ 266,809
(% to the Annual Turnover)	0.076%

4. Annual Turnover — During fiscal 1974

-Marketing Business -

1) Rice Sold to the Government:	$	96,812,839
2) Free Marketing Rice:	$	5,593,367
3) Fruits & Vegetables:	$	63,614,713
4) Livestock:	$	12,159,362
5) Poultry:	$	7,559,179
6) Milk:	$	35,129,824
7) Potatoes:	$	-
8) Others :	$	94,287

-Purchasing & Supplying Business -

1) Feed:	$	34,343,065
2) Fertilizer:	$	15,161,671
3) Agricultural Chemicals:	$	7,449,869
4) Agricultural Machinery:	$	4,568,281
5) Packing Materials:	$	3,908,883
6) Green house Materials:	$	2,783,135
7) Oil :	$	10,739,518
8) Automobiles:	$	2,371,761
9) Foodstuffs:	$	31,375,460
10) Daily Neccessities & Clothings:	$	6,442,946
11) Home Electric Apparatus:	$	676,740
12) Others :	$	13,067,281

Study visit material

13 September 1975

REGIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING" WITH SPECIAL EMPHASIS ON DISTRIBUTION METHODS", TOKYO

Briefing on the Economy, Agriculture and Cooperative in Saitama Prefecture

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Good morning ladies and gentlemen,

The other day, I had the pleasure of meeting you as the executive director of ZEN-NOH at our reception. Today, I have the privilege of welcoming you, participants of ICA Regional Seminar on Agricultural Cooperative Marketing, to our Saitama prefecture, particularly to the Economic Federation of Agricultural Cooperatives of which I am the President.

The Prefecture

Our prefecture of Saitama is located at about the central part of Kanto plain to the north of Tokyo metropolis, covers some 380 thousand ha of land, inhabited by some 4.8 million people. In terms of population and economy, Saitama ranks 7th or 8th of all the 47 prefectures in the country. Notable features of the prefecture these days are the rapid increase of its population and the concommitant progress of urbanization, and such development is particularly eminent in its southern section or areas bordering with Tokyo.

Economy

As regards economic activities in the prefecture, the primary industry of agriculture and mining occupies 14.7% of the prefectural work force, the secondary industry of transportation and communication etc. takes 41.7% and the third industry sector of service and education etc. 43.6%. Under these distribution of labour the primary sector produces $307,517 or 3.7% of Net Prefectural Product, the secondary contributes $403,345 or 48.5%, and the third industry $398,959 or 47.5%.

Agriculture

Now for the general picture of our agriculture. There are 241,970 people engaged in farming, but when you see the composition of farming labour, you will find, for one, that farming is predominantly done by female labour (house wives and grandmothers) which constitutes as much as 61.4% and male workers meeting the balance or 38.6% only; and for second, that these farm labour is characterised by the substantial proportion of higher age component: i.e. the labour below 30 year of age constitutes only 7.6% whereas those over 50 years old makes up as much as 43.7%, the balance made by middle age farmers.

In our prefecture, there are 138,400 farms. But again, when you look at the structure of these unit holdings, you will find that only 12.5% are what we call full-time farms making their both ends meet from agricultural income alone. Category I part-time farms, which earn non-agricultural income also but less than agricultural income, occupy 26.8%, and category II part-time farms, which earn larger income out of agriculture than from farming, occupy as much as 60.7% of the total. Viewed from labour composition on the farms, therefore, agriculture in our prefecture is subject to general trends of ageing labour, increasing role played by female labour, and the majority of farms drawing back to part-time farms.

Under such conditions, agriculture in our prefecture produces the following list of items :

			Co-op's share
Rice	242,500 tons (brown)	$135,713,000	(96%)
Wheat, barley	32,183 tons	$7,380,000	(92%)
Fruits, vegetables	201,927 tons	$201,927,000	(39%)
Livestock products		$165,243,000	(33%)
Seriuculture		$67,123,000	(99%)
Others		$46,334,000	

The share of agricultural cooperatives in handling them is as given at the right end of the above table in bracket.

The next table will give you a general idea about the status of an average farm management:

Gross agricultural revenue (A)	$5,407
Cost of production (B)	$2,377
Agricultural income (A)-(B)=(C)	$2,530

Non-agricultural revenue (D)	$6,357
Non-agricultural expenditure (E)	$543
Non-agricultural income (D)-(E)=(F)	$5,314
Total farm income	$6,347

Agricultural Cooperatives

Almost all the 133,400 farm households in our prefecture are affiliated to multi-purpose agricultural cooperatives. There are 368 primary agricultural cooperative societies in the prefecture, and 159 of them are multi-purpose agricultural cooperatives handling multi-commodities and doing multi-businesses. The remaining 209 are single-purpose societies like poultry cooperatives, dairy cooperatives, sericulture cooperatives, livestock cooperatives and settlers' cooperatives etc.

These primaries organise 8 prefectural federations and a union: Prefectural Union, Prefectural Credit Federation, Prefectural Economic Federation, Prefectural Mutual-insurance Federation, Prefectural Welfare Federation, Sericultural Cooperative Federation, Settlers' Cooperative Federation, Dairy Cooperative Federation, Chichibu Specialty Produce Marketing Federation, Chichibu Konnyaku (Arum root) Marketing Federation.

It is the Prefectural Economic Federation or Keizai-ren which handles agricultural marketing, supplying farm inputs and consumer goods, house construction etc., and details of its organisation, activities and present business position etc. you might hear from my staff.

I have told you that the southern section of the prefecture is urbanized area, but the northern half is more agricultural. Therefore, one might safely say that seeing our Saitama prefecture is seeing miniature of Japan, where in all the characteristic features of Japanese agriculture can be observed: namely farming being done in urbanized or suburban areas, small size of unit holdings, high rate of small scale farm mechanization or the use of small farm machinery, labour intensive type of farming, aged and female dominant farm labour, predominance of part-time farms. Indeed, therefore, the observing of our agriculture is observing features of Japanese agriculture.

This concludes my briefing on our prefecture and its agriculture, and I hope that you will add your knowledge about them through questions you might like to have.

GROUP A

Members of the Group

1. Mr. Abdus Sattar Ahmed, Bangladesh
2. Mr. Mahendra Shastri, India
3. Mr. Jung In Lee, Republic of Korea
4. Mr. Mohd Anwar B Mohd Kap, Malaysia
5. Mr. Nadarajah Kumaresapasupathy, Sri Lanka
6. Mrs. Prakobsri Pecharasawang, Thailand
7. Mr. Imam Chourmain, Indonesia
8. Mr. Thavil Larsprasert, Thailand

GROUP B

1. Mr. V.I. Rajagopal, India
2. Mr. Eun Sung Lee, Republic of Korea
3. Mr. Chandreshwar Prasad Sinha, Nepal
4. Mr. U.S. Appuhamy, Sri Lanka
5. Mr. Root Suwanraks, Thailand
6. Mr. In Joon Seol, Republic of Korea
7. Mr. M.G. Siriwardana , Sri Lanka

GROUP C

1. Mr. Hidayet-ul Islam Khan, Bangladesh
2. Mr. S.S. Athwal, India
3. Mr. Bukhari Bin Mohd Sawi, Malaysia
4. Mr. Toh Tuck Foo, Singapore
5. Mr. Prapas Limpabandhu, Thailand
6. Mr. R. Thirunarayanan, India
7. Miss. Rosa L. Niduza, Philippines

GROUP QUESTIONS

1. (a) Please enumerate and discuss the problems faced by agricultural cooperatives in the South-East Asian countries in marketing of fruits and vegetables and live-stock products.

   (b) Please discuss ways and means of improving and expanding the cooperative marketing activities of the above commodities.

2. Please discuss various ways the government should assist the agricultural cooperatives including the manner these assistance should be extended, the type of supervision or controls the government may have during the period these assistance are utilized and the way the assistance should be withdrawn as the cooperatives become self-sufficient.

3. Please discuss the need for price stabilization systems for agricultural produces, especially, fruits and vegetables and live-stock products and the ways such systems should be established. Also discuss the roles the cooperatives, the government and other agencies should play in implementing them.

September 9, 1975

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods, Tokyo

Report of GROUP A

Chairman : Mr. M. Shastri, India
Secretary: Mr. A.S. Ahmed, Bangladesh

I.(a) Problems that are being faced by the agricultural cooperatives of the developing countries in South-East Asia in marketing of fruits and vegetables and live-stock products are enumerated below :-

a) There is no organised, competent and strong co-operative organisation at the national level to play important role to support production activity and in building up a marketing structure for the entire country.

b) There is no agency to survey the potential market including determination of total agricultural production in the area and assessment of the total marketable surplus as well as the quantity marketed by the farmers.

c) There is absence of specialised cooperatives in the field of production in particular area and marketing of the commodities.

d) There is lack of transport facilities and effective communication for collection and delivery of the products.

e) There is lack of adequate finance for the production and also absence of efficient and systematic marketing system. The farmer suffers in the hands of middlemen in both production and marketing process. Inadequate finance by the cooperatives or by the concerned agencies (Agricultural Development Banks) often compells the farmers to seek additional finance from the traders which results in binding the farmers to sell their produce to the traders.

f) There is lack of price information mechanism both for the producers and the consumers and absence of proper market research and market intelligence.

g) Properly organised facilities do not exist for collection, storage, grading, packaging, transportation and distribution of goods.

h) Marketing is not supported by required number of processing facilities. This prevents cooperatives from converting the fruits and vegetables and livestock products into marketable finished products, specially when there is surplus over the production.

i) There is lack of professional managerial cadre with experience and also trained personnel for marketing operations, such as, grading, transportation, market intelligence, cold storage, processing units etc.

j) There is lack of training facilities on agricultural technology. Programme to facilitate farmer education for development and to encourage them to experiment a new method or cultivate an improved variety is not adequate and properly carried out.

k) Marketing outlets through cooperatives are not well organised. Activities of the national, regional and cooperatives at the base as well as farmer groups are not effectively integrated on a unified basis and a nation-wide scale having clear cut division of functions and responsibilities among them and coordination for avoiding misunderstandings, delays and overlappings.

l) There is also competition by the Government/nationalised agencies and private traders in the field of marketing.

m) Members receiving credit and other facilities quite often avoid selling their produce through their cooperatives due to lack of sanctions against them. Lack of proper member education is another reason for their apathy towards the cooperatives.

n) There is no guaranteed minimum price for intensive cultivation of products on a commercial basis.

I (b) For improving and expanding the marketing activities by the agricultural cooperatives the following steps should be taken:

a) In order to overcome the small size farm holdings, jointly managed holdings or highly efficient joint production groups should be organised in the areas of primary cooperatives to get better production which is the pre-requisite of effective marketing of produce.

b) Areas should be selected for intensive cultivation of particular items of products on a commercial basis and an assurance should be given to the farmers that the items so produced will be marketed and a guaranteed minimum price will be offered.

c) Necessary assistance in the form of working capital, ware-houses, transport and grading and cold storage facilities should be provided to undertake an enlarged marketing activity..

d) It is necessary to prepare a potential for meeting the domestic requirement and then to build up an export surplus for countries where co-ops. are interested in the purchase of the products.

e) Attention to organising planned production by assisting the members through budgeting, farm guidance and farm management should be given. Along with intensive production programme the farmers or their groups should also be trained in quality control and grading, in the use of equipment for protecting the products from deterioration and spoilage and also about improved packaging before despatch for sale.

f) Direct contracts with institutional outlets, such as, hospitals, schools, prisons, cantonments,etc. for providing bulk supplies should be made.

g) Regulated markets should be introduced in the country. Marketing should be organised for supply to cities and terminal markets..

h) Commodity groups among the members should be formed for coordinating the activities of the groups with the cooperatives and also for extending farm guidance and extension advice.

i) A floor price should be worked out before the commencement of the harvesting season so that the farmer has the opportunity of knowing the approximate returns likely to be received by him after sale.

j) A net work of transport system should be organised and cooperatives should have their own trucks and vans for collection and delivery of the products.

k) Telephone links or other easy communication system should be established between the apex/secondary cooperatives and all the primary cooperatives/groups to inform about the daily market and price situation and to guide them to send the produce as per programme or as per shipping adjustments.

l) In big cities and also in convenient places cold stores should be operated in order to store the surplus quantity so that it will be possible to regulate the supply of the commodities to the markets. It would also enable the farmers to store their produce in order to avoid sending the entire produce to the market at a time.

m) If the market falls below the level of floor price efforts should be made to compensate the producers on the possible losses out of Price Stabilization Fund.

n) Attempts should be made to bring the marketing of different cooperatives under one brand for better marketing. Marketing in bulk with equal quality and equal standard helps in getter better price.

2. Government assistant alone cannot bring any overall development in the agricultural cooperative movement without the efforts of the cooperative leaders and persons engaged in cooperative activities and connected with their cooperatives. In the developing countries, however, at the initial stage, some sort of assistance from the Government for the development of agricultural cooperatives and reconstruction of old societies are needed till the societies become self-sufficient. Maintaining the democratic structure and autonomy, Government can assist the movement in the following ways :-

i) Government can play an important role in accelerating and improving the production and in building up a marketing structure for the entire country by enacting legislation, encouraging amalgamation of small cooperatives, re-organising old cooperatives, giving farm guidance and extension service, implementing development plans and programmes and giving legal support for promoting agricultural cooperative movement as a national cause.

ii) Government should utilise the cooperative credit service in advancing loans to the farmers and provide necessary assistance in the form of working capital, ware-houses and other key facilities to enable the cooperatives to undertake an enlarged marketing activity.

iii) Government should organise training facilities for both technical and non-technical personnel working in the cooperatives, member education and also provide farm guidance and extension services in collaboration with the national and regional organisations.

iv) Government should grant subsidies as a means of encouragement to increase share capital and to create Price Stabilization Fund.

v) Government should allow the cooperatives to enjoy certain privileges in taxation.

vi) The responsibility of channeling production credit and agricultural inputs and marketing of products should be entrusted on agricultural cooperatives alone.

vii) Government should have a positive marketing policy aimed at making substantial purchases of the products which can be stored for longer periods and releasing them in the markets as and when conditions are favourable for doing so.

viii) Government should have purchased monopoly on certain items relating to the agricultural inputs and also distribution monopoly in the agricultural outputs through cooperatives.

ix) When asked for by the Cooperative Movement to promote any policy for the improvement of farmers' economic situation, agriculture as a whole, Government should take action accordingly.

Government should have the following supervision or control during the period the assistances are utilized :-

a) Government should enforce inspection and should have the right to audit the accounts and enforce strict supervision of the cooperatives.

b) Government should enforce control to regulate the division of credit account from other account, such as, savings of the members, thereby limiting the utilisation of the fund saved by them. This will encourage the members to put their surpluses as deposits in the societies and supervision of the government becomes stronger.

Government assistance should, however, be withdrawn gradually as soon as the cooperatives become self-sufficient in different fields of activities or cooperatives achieve a stage in managing the whole operation of increased production and marketing of produce.

3. Price stabilization systems which tend to make prices more stable or at least minimises their fluctuations help in ensuring normal profits to producers. The need of the system, therefore, is to protect the producers against any unfavourable or adverse price changes and to secure normal profits to them.

Price Stabilization Fund, if established, enables the agricultural cooperatives to pay compensation to the farmer members who incur losses due to fluctuation of prices of fruits and vegetables and live stock products.

Creation of such fund should be made by the farmer members through their cooperatives. But initial contribution to this fund should be made by the Government and Agricultural Development Banks/Agencies concerned with the development of agriculture and marketing of produce. The rest should be through small deductions made from the sale proceeds of produce sold by the cooperatives on behalf of the farmers.

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9 September 1975

GROUP DISCUSSION NO. I

Report of GROUP B

Chairman : Mr. V.I. Rajagopal, India
Secretary : Mr. Root Suwanraks, Thailand

I

The major factors relevant to the consideration of the problems faced by agricultural cooperatives in the developing countries of South-East Asian Region in marketing fruits and vegetables and live-stock products are as follows :

i) The size of the country and the special geo-economic and geo-political factors relevant to it.

ii) Government policies regarding trade, specially international trade.

iii) The pattern of local food consumption.

iv) General taboos and traditions governing food habits.

v) Available infrastructure facilities and

vi) The present stage of development of cooperatives, particularly the marketing tiers.

2. Specifically the following problems are generally common to these countries :

i) Poor transportation facilities. There is need for new and better roads.

ii) Inadequate marketing arrangements organised on modern lines, suitably regulated to secure for the farmer maximum return for his produce

iii) Small farms inhibiting development on modern lines.

iv) Lack of adequate finance for production efforts.

v) Absence of effective and continuous farm guidance arrangements.

vi) Inadequate modern storage facilities and their high cost.

vii) Higher proportion of cereals in daily food consumption.

viii) Weak cooperative structure at all levels.

ix) Inadequate professional managerial expertise at different tiers of the cooperatives.

x) Inadequate market research and market intelligence and absence of an aggressive approach towards creation of new markets.

xi) Share of the cooperatives in the marketing of fruits and livestock items is but a small proportion of the total trade such as it is.

The following steps will have to be taken to overcome above-enumerated constraints :

i) Improved national highways should be laid and better rail-road coordination established.

ii) Suitably regulated markets should be established.

iii) Joint farming on cooperative lines should be encouraged to get over the difficulties arising out of the smallness of the size of the farms.

iv) Suitable financial support, in the form of subsidies and loans, should be provided to the weak cooperatives by Government or the national level federation of cooperatives.

v) Agricultural and animal husbandry including provision of better inputs, extension efforts should be strengthened by Government.

vi) Better warehousing and cold storage facilities consistent with generated and anticipated demand should be created as part of a national effort by Government, either directly or through cooperatives. The national level cooperative marketing federations will have to assume a major role in this regard.

vii) Managerial subsidies for a period of three to five years, in a tapering scale, should be available to the cooperatives, particularly at the primary and the middle level so as to strengthen their management capabilities The source of such subsidies should be Govt, in case the national level cooperative bodies are not in a position to bear or share in the burden.

viii) Encouragement through incentives should be given to farmers who respond to new ideas and adopt modern practices.

ix) There should be better horizontal and vertical coordination amongst cooperative institutions as also between government on the one hand and cooperative bodies at the appropriate levels, on the other.

x) Price support/stabilisation policies should be enforced by Government to insulate the farmer from the shocks of seasonal or annual market fluctuations in prices of his produce.

II

Government assistance to agricultural cooperatives should manifest itself directly through its participation in the strengthening the financial base of the societies as also their managerial capabilities. Provision of repatriable share capital to the cooperatives can be a pattern capable of acceptance. Term loan assistance will help the societies in securing/augmenting their fleet of societies.

Indirectly government assistance can take, in the main, the following forms :

i) Overall area development schemes should be formulated and implemented, with due recognition given to the development and strengthening of cooperative bodies.

ii) Technical know-how should, as necessary, be obtained from developed countries.

iii) School curricula should have as compulsory subjects - Agriculture and Cooperation.

iv) Adoption of price stabilisation measures.

III

PRICE STABILISATION PROGRAMME

Problems

Seasonal and annual price fluctuation of agricultural products, especially, fruits, vegetables and livestock products is one of the most critical problems facing most developing countries in the South-East Asian Region.

(1) Seasonal Price Fluctuation

i. Production of fruits and vegetables is mostly seasonal. Moreover, small-scale farms sell most of their surplus products to markets immediately after harvesting so that farm prices of the produce during the harvest season become too low, causing low farm income.

ii. Most of the fruits and vegetables are highly perishable so that special types of storage facilities are needed and consequently storage of the produce is costly.

(2) Annual Price Fluctuation

(i) Annual consumption of fruits and vegetables are relatively stable, but annual production of the produce fluctuate over a wide range. In other words, price elasticity of demand for fruits and vegetables is not consistent with price elasticity of supply of the produce with the result that the annual prices of the produce fluctuate divergently every year, causing uncertainty of price variation.

(ii) It is almost impossible to store the fruits and vegetables for a year in order to stabilize the annual price of the produces because of high perishability of the produces.

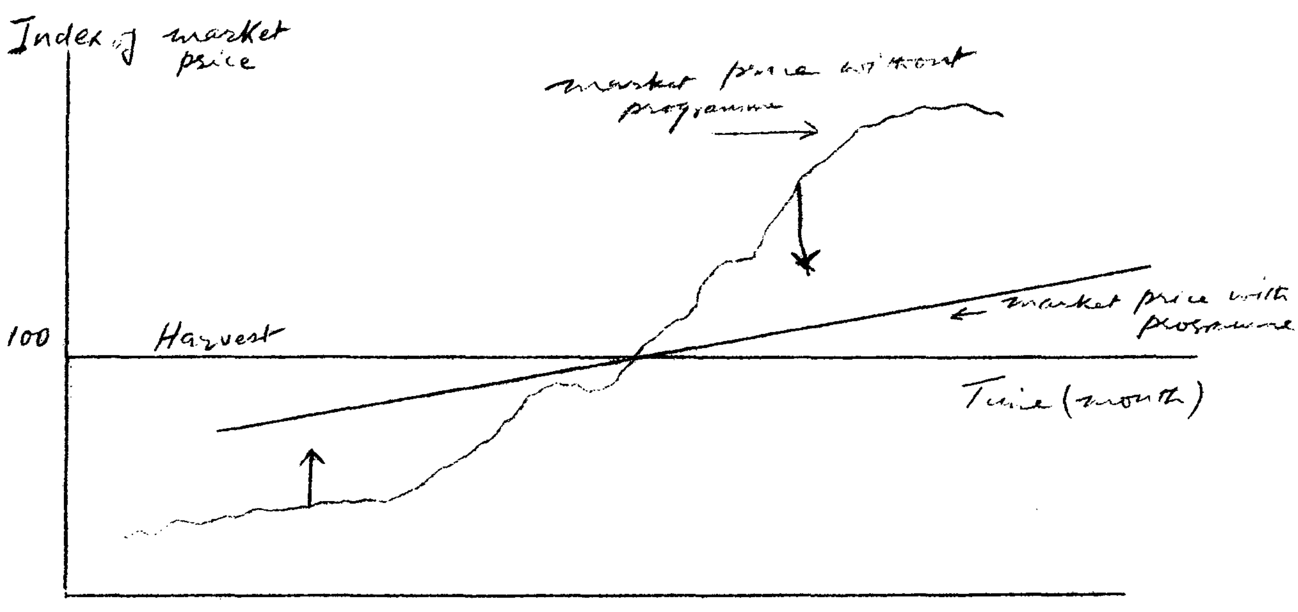
Solution

(i) Seasonal Price Stabilization Programme

Seasonal price stabilization does not mean fixed price of the produce throughout the year. The level of price at a certain time (Pt) should be as follows :

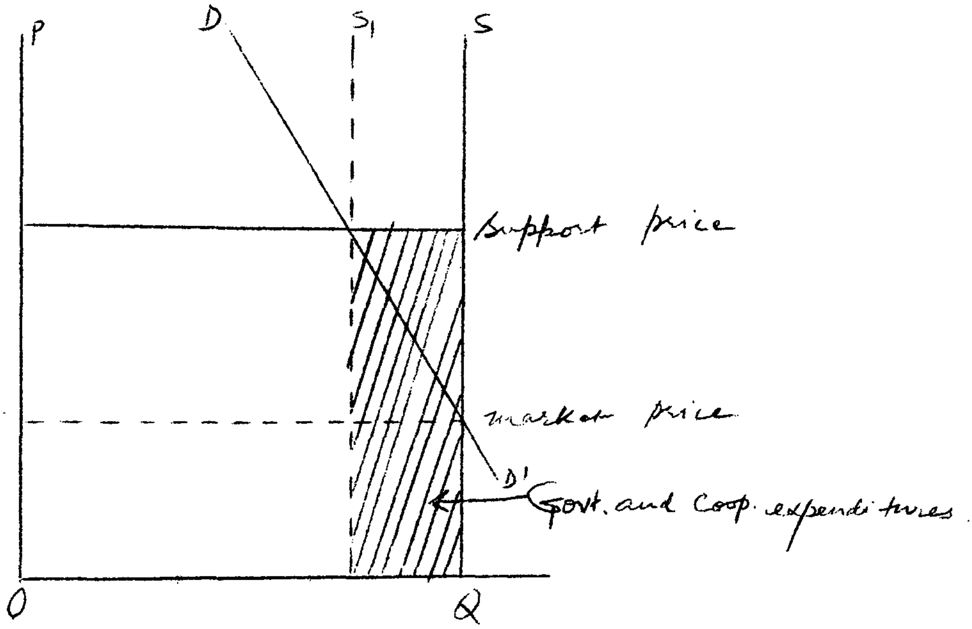
Pt = Po plus Ct

Pt : market price at t-time
Po : farm price at harvest time
Ct : storage costs from harvest time to t-time.

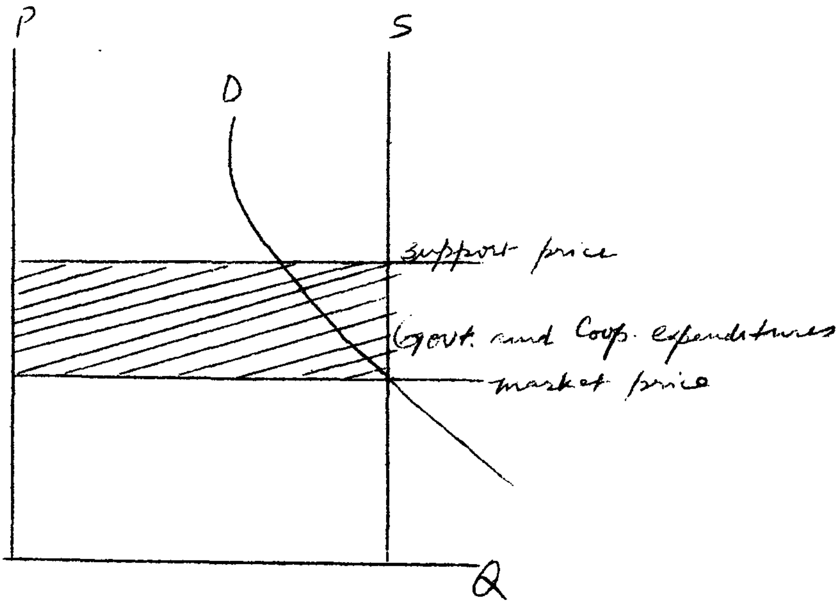


At harvest time, farm prices should be decided at first by taking into account costs of production and/or parity price by either government or cooperatives. And then responsible agency can use following techniques to support farm price at harvest time.

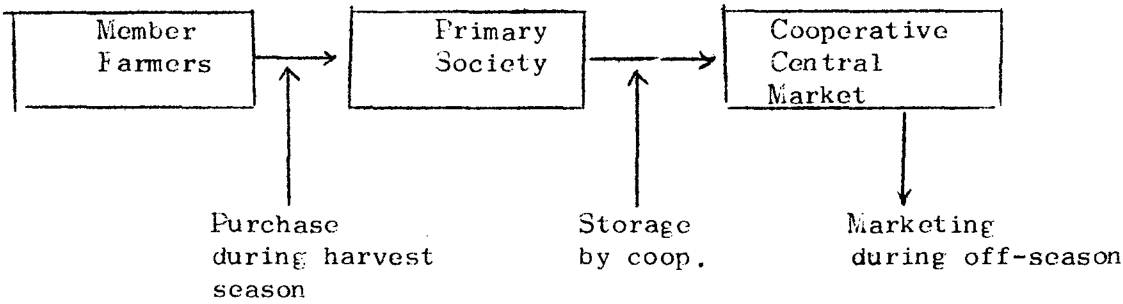
Programme I



Programme II



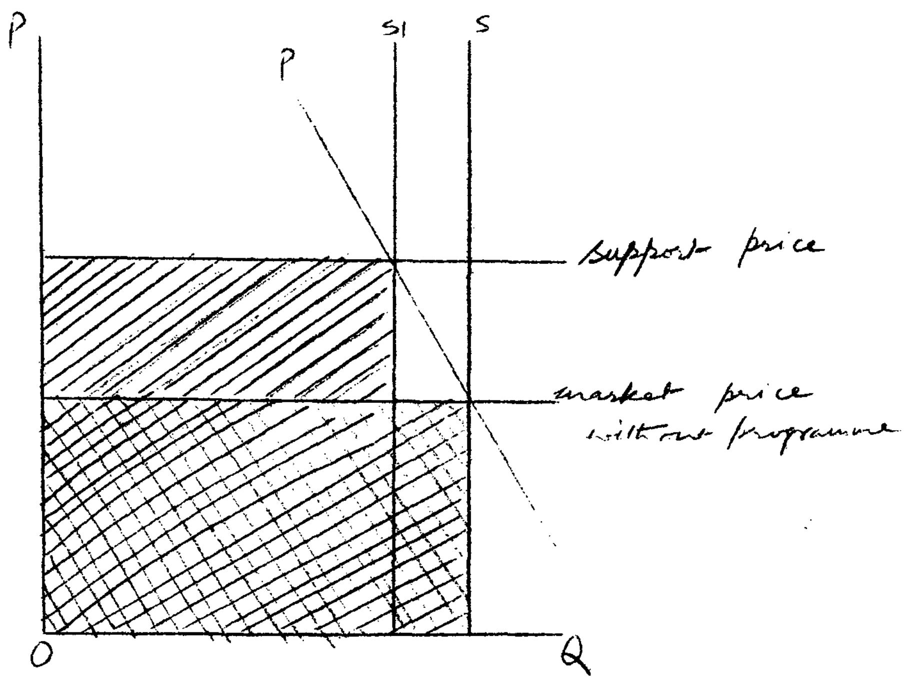
Government of the Republic of Korea has adopted the first programme in order to increase farm prices of fruits and vegetables and livestock products and to stabilize market price of the producers since 1974. Five commodities are included in this programme : apple, red pepper, garlic, sesame, and eggs. However, government's marketing shares of the produces are limited at about 5% of the total. Therefore, this programme has not been successful to meet the objective mentioned above. This programme has been carried out by NACF on the commission basis, on behalf of the government. From this year NACF started carrying out its own programme along with government programme. This programme also includes some commodities as government programme. Total amount of the commodities is planned to be about 73,500 M/tons in 1975, which is about 20% of the total marketing of the produce. Cooperative marketing channel of the programme is



This programme carried out by NACF is supported financially from the government (50% of the total operating funds from Government).

(2) Annual Price Stabilization Programme

In order to stabilize annual price fluctuation of fruits and vegetables and livestock products, the following techniques would be adopted.



NACF has adopted above programme for vegetable (for use of Kimchi) since 1974. At first NACF estimates total demand for vegetables and decide the area of land to be cultivated necessary to meet estimated demand for the vegetables. And NACF decides upon the percentage of land to the total (20%) and support the selected market farms financially and technically on contractual basis. In 1975, NACF will provide about 50% of the total operating costs to the selected member farmers. In this case, all vegetables produced should be sold to cooperatives on consignment basis.

September 9, 1975

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods, Tokyo

Report of Group C

Chairman : Mr. S.S. Athwal, India

Secretary : Mr.H.I. Khan, Bangladesh

Production of fruits and vegetables in the South-East Asian countries is characterised by small operational holdings each growing a variety of fruits and vegetables in a cropping season. The harvesting of each crop extends upto two to three months where the supplies are made almost regularly on daily or weekly basis in very small lots. The transport arrangements with the farmers are also not adequate and vegetables/fruits are carried as headloads, slink baskets or pack animals. Where good roads are nearby facilities of transport by trucks and lorries is also made use of. These crops are highly perishables and cannot be kept even in the fields when matured. They are also capital intensive and required large funds to be invested in fertilizers, seeds, irrigation and cultural operations.

I. Problems faced by Agricultural Cooperatives

Cooperativisation in the field of marketing of fruits and vegetables in most of the South-East Asian countries is only at the infant stage. It is only in Japan, Korea and in certain parts of India that a significant impact has been made in this respect. The structure for marketing societies in Japan comprises multi-purpose/specialized societies at county level, federations at prefectural and national levels. In South Korea the societies at county levels are affiliated to national federations. In India while there are a number of fruits and vegetable societies in various States at primary market level, only in a few States they are federated at the central or regional level and there are only two federations at State level.

There is no specific national level federation for these societies. In Bangladesh some marketing of fruits is being handled by the multipurpose societies acting finally through the general purpose national level federation. In Thailand two societies in the district level to sell some fruits through contractors are there. In Malaysia there is no cooperative handling of fruits and vegetables but a Farmers' Association is functioning at the area level since last year. In Singapore the main emphasis has been on consumer cooperative movement and only one producer society for grains, vegetables, fruits and livestock has recently been organised while in Philippines a cooperative marketing society has been organised to handle all types of farms products including fruits, vegetables and livestock.

Arising out of this background there are number of problems faced by the cooperatives in their performance and in meeting out the obligations of their members. These are dealt below. These problems, by and large, are common to all South-East Asian countries.

(i) Finance

The agricultural cooperatives require two types of finance, one relating to production requirements of the member farmer and the other to support the business activity of the societies themselves. In so far as production credit is concerned, no significant attention has so far been given in these countries except in Japan and South Korea, to supply credit to the member farmers for raising crops. These crops being highly capital intensive they required huge funds to be provided by the societies to the members. To be able to manage for such funds they need a strong banking structure to support, which in some of these countries, is far from satisfactory.

For marketing finance these societies have to build a strong capital base in order to draw substantial credit limits from the banks for the working capital. Since the membership of most of the societies is very small the societies have remained financially weak and could not expand their business.

It is therefore necessary to bring more of the fruits and vegetable growers within the cooperative fold and if necessary the area of operations of the societies might be increased. Perhaps for this purpose branches may have to be set up at the nearby marketing centres.

Where the societies undertake to set up fruits and vegetables processing units as adjunct to their marketing business, they will need still larger funds to invest in block capital. This would necessitate selling out larger number of shares to individual growers.

(ii) Business techniques

A marketing society is expected to handle produce of the members either as commission agents in the local market or in the intra-state and inter-state or the society itself may undertake to make outright purchase of the produce. from the members in the village or in the marketing centre for handling upto the retail level. Since in the marketing of fruits and vegetable, there are lots of fluctuation in the prices from day to day, the societies have preferred to operate as agents of the members in almost all the countries. It is only in the export trade that the societies venture to operate on their own by making outright purchases through the primary level agricultural cooperatives.

Due to lack of expertise with the marketing societies they always prefer to sell member's produce as commission agents in the local market while for the farmers the advantage would lie if the sale is made in the terminal markets.

There is a much greater need for integrated marketing from the primary level to the national level. There is, however, some lack of coordination among the societies and the federations particularly on the contractual arrangements between them and due to lack of proper planning. Neither the primaries know what their members are producing nor the federations can indicate the consumption pattern and demand in different markets.

iii) Transportation

Very few societies have their own transport facilities for the collection and assembling of members' produce. The provision of this facility would promote the growth of cooperative marketing. It will also encourage other members to join the cooperatives.

iv) Management

The Directors of the Societies who are expected to know to project the growth of the movement are generally uninformed and are not conversant with the business methods. There is, therefore, no initiative with them for taking to modern marketing techniques.

The managerial staff of the societies is generally drawn from the State Cooperative Departments. They do not possess adequate skills in marketing business and, therefore, try to follow the conventional methods of marketing. Where the managers are recruited from the open market the salaries paid are too small to attract experienced and talented persons.

Efforts have been made to train the staff in certain countries in various techniques of cooperative marketing but, there is some lack of orientation towards practical business dealings. If a regular cadre of managerial personnel and the accountancy staff is built up in each country it would go a long way in promoting the growth of cooperative marketing movement.

v) Processing and Storage

Processing is an important service in stabilising markets for perishables like fruits and vegetables and in utilising the unpresentable off-type surplus with the farmers. Most of the fruits and vegetables of the South-East Asia barring Japan and South-Korea do not have such arrangement as adjuncts to their business. One of the reasons for this is the difficulty in the sale of processed products manufactured by the small units. The solution to this would lie either by pooling the products of a number of societies under one brand name for advertisement and sale or in setting up a processing unit by a state/national federation.

For perishables, cold storage facilities are a must. These are generally lacking in most of the developing countries. The major constraints in developing cold storage is the financial stringency. In certain countries the machinery and equipment for cold storages are not locally available.

vi) Marketing Intelligence

This is a field which has not received due attention from the cooperators. The most important media for dissemination of marketing information between the members of cooperatives is only the direct contact while between the cooperatives at different levels the approach is through post and telegraph facilities. For certain fruits and vegetables the prices are broadcast on radio and television system. It would be advantageous to utilise the radio and television facilities and the newspaper in a much larger way for disseminating market information.

vii) Government policies

According to the taxation policies followed in different countries income tax and sales tax are levied. While the societies would happily meet the requirements, they are facing an uneven competition from the private trade which manipulates to evade payment of taxes. It is therefore suggested that the governments may exempt cooperatives from the payment of taxes or giving them a rebate to the extent of taxes paid.

The cooperatives are being utilised as an instrument for social regeneration and in some cases they have to carry on their obligations without any extra remuneration and even undergoing losses. It is, therefore, necessary for any activity in which cooperatives are required to participate should include in its operational margins the costs incurred by the society.

viii) Marketing Research & Extension

Very little work has been done on research in marketing of fruits and vegetables. The national level cooperatives may create such cells to carry on these services. They may also carry the results of these research through the primary societies for the benefit of the members.

11. GOVERNMENT ASSISTANCE REQUIRED

1. Subsidy towards managerial expenditure.
2. Loan and subsidy for storages and cold storages.
3. Loans for block capital of processing units.
4. State participation in share capital of the cooperatives.
5. Assistance for the preparation of projects.
6. Provision of training facilities.
7. Assistance towards creation of price fluctuation funds.
8. Loan and subsidy for transport facilities.
9. Crop insurance facilities and
10. Assistance in creation of technical and promotional cells in the state/national federations.

The Government has to play an active part in regulating and supervising the performance of cooperatives through rules and bylaws under the cooperative societies act. These rules should make adequate provision for deofficialisation of the cooperative movement. However, as the government will have provided financial assistance of various types to the societies, they may nominate upto a maximum of 3% on the Board of Directors of the assisted societies to see that the society proceeds on the desired lines. The government may consider withdrawing the nomination when the society has formally established itself.

Audit is the statutory obligation of the government in some countries and of the Unions in others. Both these authorities need to strengthen their audit organisations so that audit of each society is completed every year. The government should also see that vested interests are weeded out from cooperatives. For this purpose adequate provision should be made in the Act and they should be effectively implemented.

As regards loans for processing units, godowns, cold storages etc. they may be provided for a minimum period of 14 years with a moratorium for three years so that the first instalment is repayable only after the construction work is completed and the facility is utilised. Similarly the share capital given by the government may be redeemed only when the total paid up share capital of the society reaches a minimum level. The government contribution may also be conditional on societies' collection of additional share capital from its members. The ratio between members' share capital and the government contribution could be 1:1 in developed areas and upto 1:5 in the backward pockets.

III. STABILISATION OF PRICES

Stabilisation of prices of fruits and vegetables needs no emphasis. It is essential that the producers continue to get a fair average price for his produce through the harvest season as abrupt depressions due to gluts of supplies act as big disincentives to increase the production. One of the systems by which stabilisation could be achieved to some extent is the provision of adequate cold storage facilities, more appropriately near the consuming centres.

The prices can also be stabilized through effective control of production as well as supplies by some statutory bodies at the national level like the Marketing Boards. The national level cooperative federations handling fruits and vegetables should have an effective say in such a Board. It is also urgent for the government to improve its statistics of areas and the production of fruits and vegetables and also start making forecasts of production so that they could be utilised for determining the policies for inter-state movement, if not exports.

IV. MARKETING OF LIVESTOCK PRODUCTS

The observation and suggestions made for fruits and vegetables would equally apply to the perishable livestock products. For these products, much greater attention will have to be devoted in countries other than Japan and Korea as the organisation of societies has only been taken up recently. In so far as marketing of liquid milk and its products are concerned, the South-East Asian countries other than Japan and Korea can adopt the pattern of milk marketing and processing followed by the Anand Milk Union Limited (AMUL) in India.

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10 September, 1975

GROUP DISCUSSION NO. II

Questions

1. Please discuss the merits and demerits of different marketing methods e.g. consignment method, outright purchase method.

2. Please discuss various price support measures that can be adopted for fruits and vegetables and livestock products in the Asian countries by cooperatives and the governments and also discuss the influence they may have on stabilising prices.

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo

GROUP DISCUSSION NO. II

Report of Group A

Chairman : Mr. M. Shastri, India

Secretary: Mr. Imam Chourmain, Indonesia

1. The merits and demerits of different marketing methods.

A) Consignment method

a) Merits

1. No risk for producer (member farmers) and also for cooperative society, especially for fruit and vegetables products.
2. Producer can gets price according to the market rate.
3. Member farmers can have full attention on production activities itself.
4. Cooperative society do not require much capital in marketing agricultural product of member farmers.

b) Demerits

1. Risk can arise if prices fluctuate in the market.
2. The producer (member farmers) can not get the benefit from the good price.
3. If the price in the market were too low it can not cover the cost of production.

B) Outright purchase method

a) Merits

1. Member farmers get cash immediately and there is no financial difficulty to continue the activities of production, especially in case of many Asian countries where the member farmers are too poor and was in position as group of low income earners.
2. No risk for producer or member farmers.
3. Non perishable commodity can be profitable for Cooperative society, if the society has the capacity for storage.
4. Member farmer are benefitted through patronage dividend against sale.

b) Demerits

1. Is the opposite of the merits of consignment method.

Some conditions should be noticed for consignment method i.e.

1. Member farmers continously and regularly informed about the market price, so they have full trusted to the society (Therefore price information mechanism and organisation of existing marketing institution should be perfected).

2. Marketing instituion are well organised.

3. Marketing facilities, efficient transportation system and communication, credit facilities and banking system should be existence.

4. More working capital is needed for the cooperative society to handle the commodities.

B. Various Price Support Measure that can be adopted for Fruit and Vegetables and Livestock Product in the Asian countries.

1. Floor Price System adopted by Government.

This system can make influence on the stabilization of production level by member farmer or it can be higher, because there is guarantee of price in which farmer can make it as a guidance in their operational cost.

2. Price subsidy by Government

The member farmer could be guarantee for their product, that they can get suitable price even the market price decrease.

3. Price stabilization fund create by Cooperative society.

This fund could enable cooperative society to help the member farmers that their income will be guaranteed at the appropriate level. This fund also can make the price of products, was conformity with the law of supply and demand that would exist in the market.

4. Create market by Government support or by Apex society.

If the market (local or domestic) have satisfied, there are always some tendency that the prices will go down, So to overcome this situation the other market and other area or abroad) should be created.

5. <u>Create storage, packaging and grading</u> facilities by society or Government.

Over production, low quality or product or unfinished goods always not possible to allow the member farmers can get suitable price for their product. By creating storage, packaging and grading facilities this situation can be overcome and the product can be conformed according the suitable price to the member. Moreover the market price can be influenced by arranged supply.

6. <u>Limitation of imported product</u> that has been produced by Cooperative society. Competition with the private company in many Asian countries faced up by Cooperative Society is very hard. So to avoid unnecessary products that can influence the market price for member farmer, some limitation of imported some kind of product should be enacted by government.

September 19, 1975

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo

GROUP DISCUSSION No. II

Report of Group B

Chairman : Mr.V.I. Rajagopal, India

Secretary: Mr. Root Suwanraks, Thailand

I. Merits and Demerits of different marketing methods - Consignment and Outright purchase methods

Agricultural cooperative is an organisation of member farmers, all produce marketed through the cooperative should, therefore, be done, in principle, on consignment basis. However, much of cooperative marketing, as it has developed, in the South-East Asian countries is being done on an outright purchase basis. In Korea, considerable efforts have been made to improve and expand cooperative marketing based on consignment method. Consequently in recent years the proportion of marketing based on consignment method to the total cooperative marketing has gradually increased. Nevertheless, approximately 60% of the total cooperative marketing in terms of market value is done on the basis of outright purchase method.

Merits and demerits consignment and outright purchase methods can be summarised as follows :

Consignment Method

Merits

1. All marketing functions are carried out by cooperatives so that farmers can concentrate their efforts on productivity.

2. Volume of cooperative marketing can be expanded by introductory systems of circuit collection by trucks, full accounting, and joint grading so that marketing costs are reduced.

3. Operating funds needed to carry out cooperative marketing can be reduced compared with outright purchase method.

4. Cooperatives can transfer the physical and economic risks to the member farmers and also reduce them by improving various marketing activities.

Demerits

1. Most of farms are too small in size and they sell their products in order to meet urgent cash needs, with the result that such farmers are not interested in consignment method.

2. Farmers believe that cooperatives cannot get high prices for them compared with prices paid by middlemen because marketing shares of cooperatives are not big enough to control the supply of the produce.

3. Farmers do not like "full accounting system which is a pre-requisite for consignment method because they usually believe that their produce is of better quality than that of others.

4. Lack of adequate cooperative marketing facilities including storage and processing facilities is one of the big constraints.

Outright Purchase Method

Merits

1. Farmers can get money whenever they need it.

Demerits

1. Farmers have to carry out some part of the marketing functions by themselves; this results in waste of time and efforts.

2. Considerable funds are required to purchase produces directly from member farmers.

3. Cooperatives have to take over the physical and economic risks involved during the handling of the produce.

In summary, cooperative marketing activities should be, with greater advantage, carried out on the basis of consignment method. Member farmers' trust in cooperatives is an essential pre-requisite for the successful cooperative marketing based on consignment method. However, in the short run, outright purchase method can be partly adopted if there is any difficulty in adopting consignment method.

II. Price Support Measures

Production of fruits and vegetables and livestock products is highly seasonal. Moreover, most of the small-scale farms in the S-E Asian countries sell most of their marketable produce immediately after harvest, when market price is lowest, to meet of urgent cash needs for consumption expenditure, pay back debts and so on. In general, market price is remarkably low during the immediate post-harvest season compared with the cost of production, leading to low level of agricultural income and inefficient agricultural production.

On the other hand, seasonal and annual price fluctuation of fruits and vegetables and livestock products is one of the most crucial problems facing most of the developing S-E Asian countries.

It is very important, therefore, to secure and support the farm prices and stabilize seasonal and annual price fluctuations of the produce. Such support prices should be determined at reasonable levels, taking into account the costs of production and/or parity prices. Price support measures that can be adopted for fruits and vegetables and livestock products in the S-E Asian countries by cooperatives and the government and the influence of the price support measures on stabilizing seasonal and annual price fluctuations are explained in the following paragraphs :

1. <u>Price Compensation Programme</u>

In the case of highly perishable produce such as chinese-cabbage, radish, lettuce, potatoes,etc., price compensation programme can be adopted for the purpose of securing and supporting the farm prices of the produce. When farm prices of the produce during the harvest season is lower than the support price level, the differential can be supported by Govt. according to the volume of marketing done by the farmers.

In other words, farmers would sell their all marketable produce at the market price which is determined by the market supply of and demand for the produce in the free market, and then they should receive the differential between support price and market price in cash from the government so that prices received by the farmers can be equal to the cost of production or parity price.

On the other hand, consumers also can get benefits from the programme as they can buy the produce at market price which is lower than the support price. However, this programme requires considerable government expenditure, hence may not be widely utilized except in special cases and that too with only part of differential being given to the farmers.

If this programme is adopted by agricultural cooperatives, it is desirable for cooperatives to establish "Price Compensation Fund" of which the primary source is reserve funds from member farmers according to the contract made through cooperatives. In Korea, about 5% of total gross revenues made through cooperative marketings is reserved for price compensation funds, but the funds are not big enough to cover the all produces so that it has not been actually functioning well. In Japan, this programme has been successfully utilized : Vegetable Production and Shipment Stabilization Fund Association gives compensation to farmers about 80% of the differential between a guaranteed standard price and an average selling price. In other countries in the S-E Asian region, such a programme has not been introduced.

This price compensation programme has influence on stabilizing annual average prices received by farmers, but annual and seasonal market prices (wholesale and retail prices) cannot be effectively controlled and stabilized by adopting it.

2. <u>Purchasing Price Programme</u>

Purchasing price programme can be adopted for the relatively storable produce such as red pepper, sesame, garlic,etc. When this programme is adopted by either government or cooperatives, support price should be determined, taking into account the costs of production or parity price in order to secure at least reproduction of the produce.

During the harvest season when small-size farms sell most of their marketable produce, government purchases a certain amount of the produce from the farmers at support price level in order to reduce heavy market supply at the time. And then government stores the produce purchased for several month and sell them to the market when market prices of the produce go up remarkably. In general, government's selling prices of the produce should be determined at the level at which the storage costs can be covered in order to avoid any burden from extra expenditures.

By adopting this programme, not only producers but also consumers can get benefits because consumers' total utility could be greatest when prices are stabilized and also consumers can spend more efficiently their consumption expenditures for those commodities, even though the annual total expenditure for the produce may not be reduced by stabilizing the seasonal price fluctuations.

This purchasing price programme can be adopted by agricultural cooperatives. From this year, the National Agricultural Cooperative Federation in Korea adopted this programme in order to support farm price during the harvest season and stabilize seasonal price fluctuation for the selected commodities such as red pepper, sesame, garlic, apple and eggs.

3. Land Retirement Programme

Two kinds of price support programmes mentioned above can be effectively utilized in the case of the produce which is in short production compared to the demand for them in order to give production incentives to farmers and increase agricultural incomes. However, in the case of the produce which is under the conditions of over supply, these programmes may not be functioning well because supply of the produce would be expanded and consequently expenditures of responsible agency are greatly increased year by year. Therefore, in the case of over production, land retirement programme can be adopted. This programme is aimed at planned production. According to the programme, all producers have to retire a part of land under cultivation and utilize the land retired for other purposes in order to reduce total market supply and increase the prices of the produce. In this case, market supply may not exceed market demand for the produce so that reasonable prices can be determined in the free market. With this programme, farmers would produce smaller amount than before because of a part of the land is retired for other purposes, but farmers can earn more money because of the inelastic demand for the produce. That is, total gross agricultural income with the programme for the produce is greater than that without the programme and the total costs of production can be reduced, leading to higher net incomes for farmers.

However, even though farmers can get benefits, by retiring a part of land, they may not be willing to follow this programme unless higher income, with the programme are secured by the responsible agency. Therefore, it can be recommended that the retired land is also compensated at the level of net incomes stemming from using the land retired.

4. Stable Price Programme

In the case of the produce which does not have any strong seasonality of production but can be produced throughout the year such as livestock products, stable price programme, including "price zone system" and "indicative price system", can be adopted by agricultural cooperatives and the government. Maximum and minimum or an indicative price is fixed and cooperatives and the government maintain a market price at the certain desirable level through market manipulation. In this case, in order to reduce heavy burden from expenditures of a responsible agency, it is desirable that selling prices cover the costs of storage as well as purchasing prices.

September 18, 1975

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo

GROUP DISCUSSION NO. II

Report of Group C

Chairman ; Mr.S.S. Athwal, India
Secretary: Mr. Toh Tuck Foo, Singapore

1. Merits and demerits of different marketing methods

a) Consignment methods - from the point of view of the producer

(i) Merits

(i) The producer hopes to get the maximum price of his produce paid by the retailer by elimination of intermediaries.

(ii) In a boyant market, the producer gets a better price.

(iii) The producer can withdraw his produce for a particular market for sale in another market which offers a better price.

Demerits

(i) This involves great risk for the producer on account of (a) decline in prices (b) shortages in transit (c) possibility of loss for perishable produce.

(ii) Involves investment by the producer as he gets the full sale proceeds after the final sale is made.

b) Consignment Methods - from the point of view of the Coop.Society

Merits

(i) Very little capital is required.

(ii) Relatively less cost on establishment.

Demerits

(i) Lesser incentive for efficiency in marketing.

(ii) The cooperative may not be interested to provide additional facilities in the marketing centre for storage,etc.

2. <u>The merits and demerits of Outright purchase/Sale method</u>

<u>Outright Purchase Method - from the point of view of the Producer</u>

<u>Merits</u>

(i) He gets immediate cash on sale of produce.

(ii) No risks involved on account of decline in prices, spoilage of produce or any shortages.

<u>Demerits</u>

(i) The Cooperative may offer a lower price.

(ii) The sales are made only in the primary market at a much lower price than the price ultimately paid by the retailer.

b) <u>Outright Purchase - from the point of view of the Coop.Society</u>

<u>Merits</u>

(i) Society can introduce improved techniques in marketing system, such as grading, packaging,etc.

(ii) Bring about economy of large-scale marketing and better bargaining power.

(iii) Promotion of marketing intelligence.

(iv) Society may also sell the produce after processing.

<u>Demerits</u>

(i) More capital is required.

(ii) Greater risk of declining prices, shortage of produce and spoilage of perishable.

(iii) Producer will be free to sell to any agency thus creating a sort of disloyalty.

3. <u>Price Support Measures</u>

(i) Creation of statutory agencies by the government for purchasing commodities at rate below a particular floor price and undertaking distribution when the prices tend to go above the ceiling.

(ii) Creation of suitable storage facilities like warehouses, cold rooms, etc. by cooperatives.

(iii) Statutory regulation of area and production of different crops and commodities.

(iv) Introduction of crop and livestock insurance.

(v) Construction of roads and communication.

(vi) Estimates of area production should be made for all major crops.

(vii) A wider net work of marketing intelligence should be created by the government and the cooperatives.

(viii) Provision of pledge credit to producers by the cooperatives.

September 11, 1975

GROUP DISCUSSION NO. III

Questions

1. Please discuss, in the context of the observation you have made in Japan, the ways and means of integrating production and marketing and the importance of providing farming guidance and market intelligence to farmers in bringing about this integration. Please also discuss the methods you recommend for providing these services by cooperatives in your countries.

2. Please list the salient features you have observed in the cooperative marketing system for fruits and vegetables and livestock products in Japan.

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo

GROUP DISCUSSION NO. III

Report of Group A

Chairman : Mr. M. Shastri, India

Secretary: Mr. N.K. Pasupathy, Sri Lanka

In the context of observation made in Japan, the ways and means of integrating production and marketing and the importance of providing farm guidance and market intelligence to farmers in training about this integration may be summarised as below :-

(a) Improved techniques of early season culture by planting earlier in order to extend the growing period of paddy and promote its growth and thereby avoid the damage of crops by typhoons or other natural calamities at the time of flowering.

Rice seedlings are nursed on the seed plot covered by materials, such as, vinyl, polythene,etc.

(b) Land consolidation measures, such as land improvement, establishment of irrigation and drainage facilities.

(c) Proper use of agricultural chemicals, such as, pesticide, insecticide,etc.

(d) Proper use of manures and fertilizers.

(e) Farm mechanisation through the use of tillers, transplanters, sprayers, tractors and combines, harvesters, thrashers,etc.

(f) Extension work and farm guidance activities.

(g) Credit facilities - both long and short-term at low interest.

(h) Improved marketing methods, such as :

(1) Establishment of wholesale markets, distribution centres and supermarkets,etc.

(2) Sale through auction to fetch better rice.

(3) Market research and market intelligence.

(4) Warehouses and stores to keep surplus products.

(5) Collection of commodities through proper coordinated shipping arrangements.

(6) Grading, packaging, standardization, commodity inspection, joint purchasing of packing materials,etc.

(7) Bringing the marketing of different cooperatives under one brand for better marketing.

(8) Proper member education and effective wire communications.

(i) Protecting production with Food Control Law.

The farm guidance provided to the farmers have made them to imrpove their production both in quantity and quality and the supply of market intelligence and informations have given them better price for their produce.

The following methods are recommended for providing the services by cooperatives in developing countries.

(a) Improvement of production techniques, such as use of better hybrids, mechanization in farming, farm guidance, extension works, member education and market intelligence.

(b) Credit facilities - both long and short-term at low interest.

(c) Improvement in marketing methods, by contralising at national level.

(d) Employing professional managerial cadre in business management.

(e) Grading, packing and shipping facilities.

(f) Protection by law by the Government and finance assistant for processing facilities.

2. Salient features which have been observed in the cooperative marketing system for fruits and vegetables and livestock products in Japan are noted below :-

(a) Farm management with all modern techniques and appliances has been set to a standard for planned production and effective marketing.

(b) Jointly managed holdings or highly efficient joint production groups - commoditywise have been organised in the areas of cooperatives.

(c) Farm guidance for planned production and effective marketing in all respects has been properly established and ensured.

(d) All key facilities from production to marketing have been provided.

(e) Adequate and timely finance for production have been ensured. Against purchases on consignment basis farmers are provided with 75% of the guaranteed minimum price in advance.

(f) A net work of efficient transport system has been organised for collection and delivery of products.

September 19, 1975

Regional Seminar on "Agricultural Cooperative Marketing with Special Emphasis on Distribution Methods", Tokyo

GROUP DISCUSSION NO. III

Report of Group B

Chairman : Mr. V.I. Rajagopal, India
Secretary: Mr. Root Suwanraks, Thailand

The important features in the cooperative marketing system for fruits and vegetables as also livestock products are separately being listed out.

Countries in the South-East Asian region have different levels of agricultural development. Within the framework of programmes of reconstruction of the rural structure, taking into consideration also matters of local relevance and the levels of development already reached, improvement on the lines already registered in Japan is capable of being repeated elsewhere too. This would take time. Basically the issue is one of reverse integration - tailoring production of primary commodities to harmonise with market demand, excess production, if any, being syphoned off to cold storage or, in extreme cases, to destruction. Such an integration depends naturally on transmission of proper market intelligence to the farmers and providing them with constant and continuing farm guidance.

One approach that can be suggested is that, on a pilot basis the methods and techniques developed in Japan should be tried out by identified cooperatives for identified commodities/fruits/livestock products in different countries of the South-East Asian Region. Any discussion in greater detail on this approach is inhibited by the absence of detailed relevant data.

The salient features in the cooperative marketing system of Japan as could be visually appreciated during visits to cooperatives are listed out below :

1. Reorganisation through amalgamation and revitalisation of cooperatives and modernisation of agricultural and animal husbandry practices constitute the main plank of agricultural regeneration.

2. Size of holdings of the Japanese farmers is small.

3. There are two kinds of members attached to the multipurpose cooperative society. Majority of them are full-time farmers, and the rest part time farmers. The society collects the produce of the farmers who do not own vehicles; others transport by their own vehicles. The society charges a nominal fee from the farmers producers for transport.

4. Farmers send their agricultural produce to the society even at short notice. Their interests are protected by the society.

5. The vegetables and fruits received by the society are being graded at the primary level or at the pre-fectural level. Auction takes place thereafter.

6. By this system of marketing, the farmers get the maximum price for their produce.

7. The society charges more percentage of commission for vegetables than for fruits.

8. In certain societies they sell their agricultural produce to the wholesalers by the system of advance booking.

9. The member farmers are informed immediately through an effective system of communication about the sales effected.

10. Activities of guidance supplying and marketing are carried out in the same department, under the control of one chief.

11. Societies are publishing weekly or monthly bulletins and having broadcasting system. This helps the members to receive information on marketing methods and market intelligence.

12. At the prefectural level cold storage facilities are generally available for storage of agricultural products.

13. Farmers are organised on commodity basis.

14. From the point of production to the point of consumer the channels are well organised and well established e.g. machinery, transportation, shipping, grading,etc.

15. Cultivation of wheat, barley and cocoons has sharply dropped yielding place to vegetable culture like growing of rice, pear, strawberry melon, egg plant and tomato etc. This switch in the product mix has made it possible for off season production of items which would fetch higher market price.

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GROUP DISCUSSION No. III

Report of Group C

Chairman : Mr. S.S. Athwal, India

Secretary :Mr. R. Thirunarayanan, India

In Japan significant progress has been made in linking agricultural and livestock production with the wholesale markets in the metropolitan cities and other towns through a network of cooperatives functioning in an integrated manner. The cooperative structure in Japan comprises multi-purpose societies at the primary level, prefectural federations at the prefecture level and the ZEN-NOH at the National level. In certain areas, where a particular commodity is predominantly grown, special types of commodity societies have also been organised at the primary level. Some of the P.E.F. have established wholesale markets and distribution centres to provide marketing facilities to the members. The general practice among the farmers is to send their produce to the societies for sale on consignment basis. While auction system is commonly followed, in some of the distribution centres, prices are settled through negotiations between the cooperatives and the super markets. In this way the farmers' produce is sold right up to the retail level through an integrated marketing system.

The cooperatives at various levels have engaged experienced staff to guide and advise the producer-members, both in improved production techniques as well as in adopting innovations in marketing techniques. As a result, where the farmers have achieved a very high level in quality production, they have also taken up on a large-scale the practices of grading and packaging. The societies are providing all facilities in these regards to the members and have also undertaken to provide warehousing and cold storage facilities for stocking the produce. Even refrigerated transport has been provided for haulage of perishable produce.

Most of the farmers in Japan have telephone facilities and are thus in direct touch with the cooperatives for purposes of marketing intelligence. Some of the cooperatives have established communication system on P.B.X. lines through which they broadcast information of prices and supplies thrice in a day.

While the facilities offered by the cooperatives to their members regarding grading, packing, transport, storage and marketing, and marketing intelligence as provided in Japan have gone a long way in promoting integration between production and marketing and in improving marketing efficiency, it may not be possible to follow quite a few of these practices in the developing countries of South-East Asia where cooperative marketing has not yet developed to any significant extent. However, some of the practices may progressively be introduced with modification suiting the systems followed in different countries. It may perhaps be better to introduce the improved marketing techniques in selected markets on pilot basis with full financial support from the Government and other concerned agencies.

In the developing countries a greater emphasis may have to be laid on marketing extension work, strengthening of the cooperative marketing societies, promoting better functional linkage between the credit primaries in the villages and the marketing societies in the marketing centres, coordinating the working of the marketing societies and their federations for intra-state and inter-state movement of the produce for sale in the consuming markets and for developing marketing intelligence through broadcast of production, supplies and prices in the radio bulletins in the rural areas. Much will also be required to be done for building up expertise in the marketing societies by recruiting experienced and trained staff. Once efficiency of the marketing societies is improved, loyalty of the producer-members to their societies will automatically improve which will help to promote a sense of confidence which is so essential for promoting marketing on cooperative lines.

Salient features in cooperative marketing system in Japan with reference to fruits, vegetables and livestock products

(a) Marketing is done on consignment basis. The payment to the farmers are done within three days of the sales. The producers also get incentive rebate of one percent for assembling the produce in the market. Similarly the traders also get a rebate of 1.5% out of 8.5% for fruits and 7.5% for vegetables.

(b) The producers market their produce in a graded form.

(c) Good quality packaging material is used so that the produce is not spoiled in transit.

(d) All possible steps are taken for quicker movement of the produce so that it reaches the consumer in garden fresh state.

(e) The sales are made by open auction. However, in certain centres sales by negotiations are also made.

(f) Cold storage and refrigerated transport facilities are available on a large-scale.

(g) Adequate credit is made available by multipurpose and special societies for raising crops. Credit facilities are also available for farm machinery and equipment to the farmers.

(h) The Government subsidises in a substantial way the societies in providing facilities of processing and storage.

(i) The societies undertake to supply all types of agricultural inputs and consumer goods required by the farmers.

(j) The cooperatives are manufacturing livestock feed for supply to the members.
