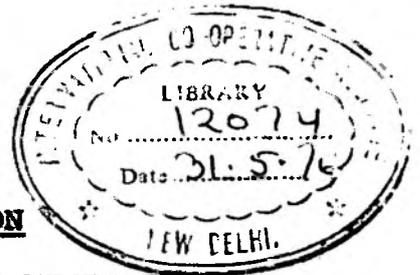


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EXPERTS' CONSULTATION
ON
TRENDS, PROBLEMS AND CHANGING NEEDS OF
COOPERATIVE MOVEMENTS IN SOUTH-EAST ASIA AND THE ROLE OF
THE ICA IN THIS REGION

Manila, the Philippines - 5-6 December 1975

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International Cooperative Alliance
Regional Office & Education Centre for
South-East Asia
43 Friends' Colony, New Delhi-14 (India)

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6 December 1975

RECOMMENDATION OF THE EXPERTS' CONSULTATION ON TRENDS,
PROBLEMS AND CHANGING NEEDS OF COOPERATIVE MOVEMENTS
IN SOUTH-EAST ASIA AND THE ROLE OF THE ICA IN THIS REGARD

I. RECOMMENDATIONS ON THE ROLE OF THE ICA IN THE FIELDS OF
COOPERATIVE LEADERSHIP AND MANAGEMENT

1. In view of the intrinsic importance of cooperative leadership and management, ICA has already been active in these fields as evidenced by organisation of a series of seminars on cooperative management and conferences on cooperative leadership. These activities need to be intensified and extended. In particular, there is a need for more frequent regional conferences of top-level cooperative leadership followed by national level conferences.
2. In Malaysia, ICA has assisted in the organisation of a series of national and sub-national level seminars on cooperative leadership and management. Such assistance may be provided by ICA to other countries as and when they undertake such seminars.
3. ICA may undertake and publicize in-depth case studies of cooperatives in which problems of cooperative leadership and management have been successfully tackled.
4. ICA may formulate and supply to member-organisations detailed guidelines about the respective functions and powers of chief executives and board of directors so as to suggest their incorporation in the relevant bye-laws of various cooperatives.
5. ICA may arrange to document the experiences of training seminars on cooperative management organised by various institutes in different countries and thereby help to transfer the experiences from one country to another.
6. Measures taken by some countries such as Korea and the Philippines to insulate cooperatives from politics may be studied by ICA and the information circulated to various other countries for their consideration.
7. ICA may organise a Regional Seminar on the relationship between chief executives and the Board of Directors in Cooperative institutions.
8. ICA may disseminate detailed information about cooperative management system recently developed in the Philippines and a number of other countries.
9. ICA may establish liaison with universities and other organisations involved in cooperative management training and help to improve capabilities of their trainers.

II. RECOMMENDATIONS OF THE DRAFTING COMMITTEE ON COOPERATIVE EDUCATION

- 1. The overall objectives of the I.C.A. R.O. & E.C. as given in the Appendix to the report on assessment of the organisation are comprehensive and need to be followed in future as well. But with the changing status and activities of cooperative organisations in the region, greater emphasis will have to be placed on technical assistance and promotion of international cooperative trade. However, in respect of the last objective, the relation between I.C.A. and the ICTO will have to be very clearly defined to avoid confusion.
- 2. Educational activities of the I.C.A should carry out educational activities.
 - (1) For influencing the policy makers - like Ministers, Members of Planning Commissions, Boards, Senior Secretaries to Government, not only in charge of Cooperatives but in other department activities of which affect directly or indirectly policies and programmes of cooperative development and other opinion leaders at the higher levels.
 - (a) by arranging their visits to successful cooperative movements so that any prejudices or scepticism or difference towards cooperative system might be removed.
 - (b) by personal contacts by the I.C.A. Council Members and Officers.
 - (c) Conferences of policy makers and opinion leaders.

In order to perform this particular function effectively the I.C.A. should work its way to give a position comparable to that of other world organisations. Since the I.C.A. does not have the influence of monetary strength it should develop its influence through its programmes and project its achievements in all quarters that matter.

- (2) The I.C.A should help the national movements in their educational programmes -
 - (a) by making indepth studies of the existing programmes in different countries.
 - (b) suggesting improvements in the programmes - the contents and technique.
 - (c) documenting information about educational programmes and making it available to member organisations to promote development through exchange of information and experience.
 - (d) undertaking or commissioning Cooperative Training and Educational Institutions and Universities to undertake case studies of cooperatives and to arrange for publication and wide distribution of such publications not only among the cooperatives but also among other organisations like Governments, Universities, Trade Unions, Farmer Organisations etc.

- (e) organising programmes of training and refreshing faculties at the National Level Cooperative Training and Education Institutions who will be engaged in training the trainers and educators at the lower tiers of the training and education complex. This should be in addition to the present Teacher Exchange Programme, which itself will have to be expanded and extended to cover cooperative educational and training institutions in the more developed countries even outside the region.
- (f) advising and collaborating with the member organisations in the designing and conduct of programmes for University, College and Schools.
- (g) organising exchange programmes for executives in large cooperatives enterprises.
- (h) organising study visits for cooperative leaders to movements outside their own countries.
- (i) organising exchange programmes for professional managers of large cooperative enterprises with similar enterprises in the more developed cooperative movements, with opportunities for in-plant attachment and study.
- (j) collaborating with national movements in organising pilot projects in the field of member relation and education using the experience gained from the Indore Project (India). But the laboratory success in the pilot project should be followed by multiplication projects in the normal field situations with the constraints and resources in finance and personnel.

In respect of all the programmes, these must be systematic evaluation and follow up, the results of which must be made available to all member organisations. The Consultation, however felt that this is a very exhaustive list and therefore ICA should decide on priorities depending on the needs and available resources.

4. ICA should conduct a project in Teachers' Training in one of the countries of the Region.
5. The Consultation noted the educational work by the ICA for Women's participation in cooperative movement and recommended that more emphasis should be placed in future on the work in this field.
6. The Consultation noted the CEMAS has been established and recommended that its work should be intensified.
7. Mr. Malte Johnson suggested that the ILO and FAO Programmes assisted by SIDA and SCC will be coordinated with the ICA. The Consultation welcomed this and recommended that the ICA collaboration with international organisations such as the ILO and FAO in educational activities be intensified.
8. Mr. Malte Johnson of the SCC suggested that training in Sweden should be based on specific requests from the Region and the Regional Council. The Council agreed with this view and recommended that these training programme in Sweden be project-oriented.

III. Recommendations on Cooperative Production and Trade

1. ICA should undertake surveys and action-oriented researches on the organisation and management of cooperative production movement in the member-nations and disseminate the results to member cooperatives, keeping pace with the need of development.
2. The exchange programme of experts and cooperative leaders should be expanded and strengthened to facilitate inter-change of experiences and dissemination of know-how on institutional innovations.
3. ICA should coordinate with international organisations and financing institutions to mobilize resources for building up cooperative ventures in the field of production.

The Role of ICA and ICTO

1. ICTO should undertake adequate responsibilities in monitoring market intelligence and disseminating the information among the cooperative organisations concerned.
2. Promotion of regional integration in trade and finance including Asian Cooperative Common Market, inter-regional trade, commodity agreement, suitable pools for technology, trade and commercial data, etc., should be explored by ICTO.
3. Bilateral agreement for trade between the cooperatives of member countries should be encouraged by ICTO.
4. ICA should help the member cooperatives to establish a foreign trade department within their organisations specialized in cooperative trade. Further, member cooperatives may be helped in achievement of horizontal and vertical integration of trade operation.
5. ICTO should help cooperative organisations in getting adequate credit facilities for trading and exports.

IV. Recommendations on the Role of the ICA in regard to Financial Resources

1. ICA should recruit or arrange for experts on financial management to be sent to member cooperative movements.
2. ICA should intensify researches and surveys on financial management in the Region and circulate information to member co-operative movements.
3. ICA should stimulate member movements to engage in research in their own countries regarding financial management and also stimulate promotion of systematic production, through scientifically organized cooperative enterprises, cooperative projects based on project

feasibility studies, including economic, marketing, management, technical, financial feasibilities and social as well as economic desirabilities.

4. ICA should organise regional seminars and assist in national seminars on the subject of financial management in all aspects and particularly regarding mobilisation of financial resources, modern methods of financial management and the importance of financial results.
5. ICA should endeavour to promote an Asian Cooperative Development Bank as soon as possible.

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6.12.75

International Cooperative Alliance
Regional Office & Education Centre
for South-East Asia
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22 November 1975

EXPERTS' CONSULTATION ON
TRENDS, PROBLEMS AND CHANGING NEEDS OF COOPERATIVE
MOVEMENTS IN SOUTH-EAST ASIA AND THE ROLE OF ICA
IN THIS REGARD

Manila, Philippines - December 5-6, 1975

P R O G R A M M E

December 5, (Friday)

9.00 - 9.45 a.m.

1. Trends, problems and needs of Cooperative Movements in South-East Asia in the Leadership and Managerial Field and the Role of the ICA in this regard.

Presentation of paper by :

Mr. S.S.PURI
Additional Secretary
Department of Civil Supplies and
Cooperation, Govt. of India
Krishi Bhavan, New Delhi (India)

9.45 - 10.30 a.m.

2. Trends, problems and needs of Cooperative Movements in South-East Asia in the field of Cooperative Education and the Role of the ICA in this regard.

Presentation of paper by :

Mr. R.B.RAJAGURU
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10.30 - 12.30 p.m.

Discussion

(11.00 - 11.15 a.m. - Tea break)
(12.30 - 2.30 p.m. - Lunch break)

2.30 - 5.30 p.m.

Discussion (continued)

(3.30 - 3.45 p.m. - Tea break)

December 6, (Saturday)

- 9.00 - 9.45 a.m. 3. Trends, problems and needs of cooperative movements in South-East Asia in the field of Cooperative Production and Trade and the Role of the ICA in this regard.

Presentation of Paper by :

Mr. JU IN SONG
Vice President
National Agricultural Cooperative
Federation, Seoul (Rep. of Korea)

- 9.45 - 10.30 a.m. 4. Trends, problems and needs of cooperative movements in South-East Asia in regard to financial and other resources and the role of the ICA in this regard.

Mr. N.A.KULARAJAH
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- 10.30 - 12.30 p.m. Discussion
(11.00 - 11.15 a.m. Tea break)
(12.30 - 2.00 p.m. Lunch break)
- 2.00 - 4.00 p.m. Meeting of the Drafting Committee
- 4.00 - 5.30 p.m. Final Plenary
Adoption of the Report
Chairman's Remarks
Vote of thanks.

- 7.30 p.m. Dinner by Advisory Board, Management and Training Assistance Programme, Philippines.

NOTE : A Drafting Committee will be constituted for each subject and it will prepare its recommendations immediately after discussion on a subject is concluded.

Av.
22.11.75

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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
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NEEDS AND PROBLEMS OF COOPERATIVE LEADERSHIP
AND MANAGEMENT IN SOUTH-EAST ASIA

by

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Krishi Bhavan, New Delhi.
India.

ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT

Manila, Philippines

1st - 4th December, 1975

organised by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre for South-East Asia
43, Friends Colony, New Delhi-110014. India

in collaboration with

The Advisory Board, Management
and Training Assistance Programme
Manila, Philippines

Central Cooperative Exchange, Inc.,
Manila, Philippines.

Grains Marketing Cooperative
of the Philippines.

and

Filipino Cooperative Wholesale Society Inc.,
Manila, Philippines

NEEDS AND PROBLEMS OF COOPERATIVE LEADERSHIP
AND MANAGEMENT IN SOUTH-EAST ASIA

by

S. S. Puri
Additional Secretary
Department of Civil Supplies & Cooperation
Government of India

Introduction

This paper seeks to analyse some of the broad aspects concerning cooperative leadership and management in South-East Asian countries. This analysis is subject to a significant limitation. The South-East Asian countries, while having a measure of similarity in their general approach towards cooperative development, do not have a homogeneous picture in so far as the present cooperative structure and level of cooperative operations is concerned. Hence any specific statements about the problems and cooperative leadership and management are not free from difficulties. What can be attempted must necessarily be in the nature of some broad generalisations.

The manner in which the subject matter has been presented in this paper may be indicated here. Firstly, there is a discussion about the role of cooperators within the functioning of cooperatives. This is followed by a description of some of the problems of cooperators who are at the helm of cooperative affairs. Next follow observations about the importance of professional management for cooperative institutions. This is succeeded by a discussion of some of the problems of cooperative managerial personnel. The last section of the paper seeks to deal with the role of ICA in some of these aspects.

Cooperators within Cooperatives

Military history is replete with instances of large armies which appeared invincible and spectacular on the parade ground but which suffered ignominious defeat on the battle field. The explanation offered is that these were essentially armies of uniforms without any soldiers inside the uniforms. This analogy is not entirely out of place while dealing with cooperative institutions. It is possible for a country to muster a large network of cooperative institutions without any cooperators inside

of them. Statistically, such cooperatives may present a massive picture but, in the realm of cooperative operations, their impact may be very poor and their casualty rate may be very high..

In developing countries, a cooperative devoid of cooperators is a phenomenon to which many factors are apt to contribute. The first factor is the possibility of over-sponsorship by government officials. It is sometimes opined that the main function of cooperative departments is to register cooperative societies in haste and liquidate them at leisure. This is apparently an exaggerated and uncharitable view. However, there is no denying that even when a cooperative department official is reasonably conscientious, he may find himself under pressure to comply with certain official targets.

Apart from the zeal of an individual government official, there is the allied factor that sometimes cooperatives may be made to order as a sort of bye-product of land reform programme or some other economic policy of the State. In such a situation, the formation of a cooperative apparently precedes the making of cooperators. Another factor which may contribute to creation of cooperatives without cooperators emerges with the development of cooperative bureaucrat. A modern general manager, who may be strong in business management but weak in cooperative ideology, when called upon to deal with a sugar cooperative, may be inclined to say: "let me have a suitable site, optimum size machinery and adequate working funds and I shall find you members to deliver the cane". This may not be an altogether idle boast but it obviously reverses the natural order. Here you first create a cooperatively owned viable business and thereafter persuade the patrons to become members.

Whether cooperators arrive before or after the cooperative, it is necessary to underline the role and place of cooperators in the working of cooperative institutions. A cooperative business, if it is to retain its genuine character, must necessarily be a business primarily with its members. An active cooperative membership is thus a necessary condition for the continuation of a cooperative enterprise. If, over a period of time, an active membership does not emerge or the membership, which was initially active, ceases to be so, the cooperative institution is apt to

lose its significance. It is hardly surprising that, in several countries, special measures are devised to maintain active members on the rolls of a cooperative. These measures may include compulsory refund of share money of inactive members as in New Zealand or provision of a revolving capital plan as in U.S.A. In Denmark, in the case of agricultural marketing societies whose complexion of active membership is apt to change in the course of time, the institutions are automatically dissolved after twenty years and reorganised afresh with active members.

The place of cooperators in the working of a cooperative institution is also intimately coupled with the fact that the latter is expected to be an association characterised by the principle of democratic control. This principle cannot obviously be brought into play without a body of enlightened and interested cooperative members. As cooperative business becomes large and more complex, professional managers naturally come to occupy a crucial position in the operations. If, however, it is not to generate into a purely employee controlled activity, the lay cooperators have to assert their right to be informed and, in suitable cases, to decide about major matters affecting the affairs of their cooperative. A well informed board of directors and an alert general body are a necessary counter-poise to any authoritarian trends in cooperative bureaucracy.

As in any democratic organisation, in the ultimate analysis, it is quality of men composing the cooperative that matters. External factors can provide stimulus and help but, in the long run, the organisation will grow to the extent to which there is inner momentum. For those who are framing a strategy of cooperative development, it is necessary to remind themselves constantly that the cooperative movement cannot be built for the people - it has to be built by them.

Cooperators at the Helm

In his monumental report which led to the introduction of Cooperation in India, Sir Fredrich Nicholson wrote: "The future of rural credit lies with those who, being of the people, live among the people and yet, by their intelligence, prescience and energy are above all people the whole report might be summed up in two words, Find Reiffeisen".

The assumption underlying the observations made by Nicholson is to the effect that cooperative leaders are there but only to be discovered.

Whatever may have been the merits of such a proposition in the early years of cooperative development, it is difficult to subscribe to this view at the later stage of cooperative activity. Cooperative leaders no doubt are the back-bone of the cooperative movement. It is impossible, however, to visualise that these cooperative leaders can somehow be unearthed. As a matter of fact, a lot of training and education has to go into the making of cooperative leaders.

In developing countries, one of the peculiar problems in cooperative leadership arises from the stratification of the community. Consequently, cooperative leadership, instead of springing from the grass roots, is sometimes a product of social welfare and philanthropic sentiments on the part of urban intelligentsia. While, in several developing countries, cooperative leadership of a high order has been provided by cooperators emerging at the secondary or tertiary levels of cooperative structure, this is apparently a very unsatisfactory situation. In the first place, the number of such leaders is a very small and, as soon as they move out by death or retirement, there is an almost total vacuum. Secondly, such leadership cannot, in the long run, remain attuned to the sentiments and aspirations of the grass-root cooperators. Hence it is necessary that the cooperative system must have a process of obtaining fresh blood from the younger generation of cooperators. In this context, there are some interesting controversies whether there should be any legal compulsion on an individual cooperator from holding office beyond a certain number of terms or holding office simultaneously in a number of cooperatives. In recent years, in some cases, legal restrictions have been imposed in this regard. It is, however, more necessary that there should be an arrangement whereby a second line of cooperative leadership is all the time being trained and developed so as to effectively step into the shoes of first line of cooperative leaders. In some ways, the problems here are analogous to that of political democracy. The solution in either case is not easy.

Need of Professional Management for Cooperatives.

In one of his Reith Memorial Lectures, John K. Galbraith made the following characteristically provocative remark: "If we are to have capitalism, it must be without capitalist interference." In making this remark, Galbraith was having in view the need for a modern industrial enterprise being left to be run by group decisions of managers and

technicians without the amateurish intervention of owners of the enterprise. By way of elaboration he added: "It is part of our modern faith that democracy is both good and omnipotent. Like the family and truth and sunshine and Florence Nightingale, democracy always stands above doubt. But it cannot be brought to bear in any meaningful way on the decisions of a modern large scale industrial enterprise. This has become the autarchy of its managers and technicians by its very nature. It is, to repeat, by its nature, if it is to be efficient, somewhat authoritarian."

What Galbraith said in relation to a modern large scale industrial enterprise has also a bearing on what has in fact happened to highly developed cooperatives in Western countries. Beginning as small institutions with a large degree of member participation in control and management, the cooperatives have grown into giant enterprises with their business decisions virtually centring in the managerial groups. The cooperatives still yearn and strive for a broadbased member involvement in their affairs. But it is the professional employers, trained in business management, which have come to be the linchpin of the cooperative aspirations. Today cooperative technocracy constitutes, above all, the decisive factor in the success and progress of Western cooperatives. It is, therefore, not surprising that the burden of recent cooperative thought in several Western countries has been that if cooperatives are to survive and grow, they must be saved from cooperators. A sample of such thought is to be found in the following extract from the report of the Cooperative Independent Commission: "No layman today, however able and assiduous, can have a proper grasp of the more complex techniques of unit stock-control, scientific stock-assortment, budgetary control and forecasting, modern accounting systems, and so on indefinitely. Of course this trend is not confined to retailing. It reflects a wider change, common to all economic activity, and caused by the constantly increasing scale, complexity and technical intricacy of modern business. As a result, the gifted amateur is everywhere more and more at a discount. The layman gives way to the specialist; and management, in retailing as elsewhere, becomes an expert and scientific profession. Under these circumstances, active management by cooperative lay committees becomes, in our view a dangerous anachronism."

In most developing countries, where often the cooperatives are small institutions at a rather nascent stage, the role of cooperative employees may not strike as significant. However, as the development proceeds beyond the rudimentary stage, the path of cooperative growth will inevitably lie along the direction already made familiar by the Western cooperatives. Cooperatives will grow in size, functions and operations and will require increasingly professionally competent and cooperatively oriented men charged with the conduct of their affairs. For a developing country, it would be a sound strategy to anticipate these changes and to take advance action to foster the growth of cooperative technocracy suited to its requirements. If this is not done, the non-availability of managerial personnel in right numbers and of right quality may prove to be the single most important bottleneck in the growth of Cooperative Movement.

Problems of Cooperative Personnel Management

One of the crucial problems of cooperatives in developing countries relates to what may be described as the lay-out of cooperative technocracy. Recruitment of personnel, with requisite calibre and in sufficient numbers, retaining such personnel in cooperative service and their deployment in the best possible manner - these are a set of tasks which pose a serious challenge. Even in Western countries where Cooperative Movements have sought to build up a reservoir of manpower, personnel continue to be scarce input. In the United Kingdom, the Cooperative Independent Commission noted that "the future recruitment of cooperative staff and officials poses, in our view, a most serious problem."

In developing countries, the ability of cooperatives to attract suitable personnel is severely inhibited. There is, in the first place, the inhibition resulting from a lack of an established image on the part of cooperatives as employers. In many Western countries, cooperatives have striven to be model employers. The conditions of service offered by them to their employees have usually been among the best. Further-more cooperatives in the West have tried to exploit their superiority as economic enterprises,

commanding relatively assured value of business on account of loyal patronage of their members. This has enabled cooperatives to maintain a steady level of employment and even attract talent from private business. In developing countries, cooperatives have still to acquire such a status in the economic field. Their image as employers has yet to be firmly established.

There is another problem facing the cooperatives in developing countries in attracting personnel to their services. Apart from the competing demands of private sector, there is often a growing demand from a large and expanding public sector. Both private firms and public undertakings require a substantial and continuing intake of talent. The former have the advantage of being able to offer attractive remuneration while the latter can dangle carrot of security. Cooperatives, in the initial stages, are thus constrained to be content with the third best.

The personnel problem of cooperatives in developing countries is compounded by the fact that ordinarily it is sought to be tackled in a rather fragmented manner. Traditionally each cooperative seeks to exercise its privilege by hiring and firing its own personnel. Obviously the situation, while preserving the autonomy of the societies, is hardly conducive to cooperative being able to cast a wide net for talent. In India, the Rural Credit Survey Committee recognised "inadequate, ill-qualified and poorly paid staff" as a very serious weakness of the Cooperative Movement and added: "It is obvious that the position is bound to remain the same as long as each of a number of societies and banks, many of them weak and most of them un-coordinated, has to find for itself its managerial, technical, and other staff."

The task of facilitating intake of adequate and quality personnel into cooperative service is not an easy one. The strategy in tackling this task primarily consists of devising arrangements which would help to pool and integrate the employment potential of cooperative institutions. Broadly speaking, two sets of arrangements are possible. The first set of arrangements would envisage a pool of personnel being recruited, trained and maintained by the State with a view to loaning such personnel to different cooperative

institutions. Such an arrangement was specifically recommended by the All India Rural Credit Survey Committee which envisaged that the State should maintain two types of cooperative services, namely, Cooperative Administrative Service and Cooperative Technical Service. While the former type of service would be responsible for carrying the normal administrative duties of the cooperative department, such as, administration of cooperative law, the latter service was to consist of specialised staff who could be deputed to cooperative institutions.

While, in those countries where Cooperative Movements are still at a rudimentary stage, the role of the State in providing personnel to cooperative organisations can be of significance, it is desirable that increasingly the cooperative system should aim at becoming self-sufficient in this matter. For this purpose, the federal cooperative organisations must assume a substantial responsibility. These federal cooperatives are meant to facilitate the working of their constituent primary societies. Apart from facilitating such working by undertaking business activities, the federal cooperatives can play a valuable role by helping their affiliated organisations in the matter of personnel.

The role which federal cooperatives can play in regard to personnel is broadly of four types. In the first place, a federal society can maintain a pool of personnel, and, on demand, make the personnel available to their member societies. The second type of service which federal organisations can render, relates to provision of training facilities. This is a very large field where cooperative unions in particular and functional federations in general can play a valuable role. The third type of role which federal societies can play is to organise an employment advisory service. In this case, federal cooperative society can maintain a panel of suitable names and, from time to time, it can help their member societies by suggesting names for their consideration. This is a kind of service which is specially appropriate for functional federations.

Most significant and advanced role which a federal society can play in the matter of personnel lies in the constitution and maintenance of a common cadre for key-personnel with a view to manning posts in the federal society and its affiliated societies. Such a cadre presupposes a large measure of collaboration between the federal society and the primary cooperatives. In the initial stages, it is capable of running into several difficulties. However, if it is imaginatively operated, the common cadre can confer a very significant benefit on the cooperative structure by pooling the employment potential and by ensuring optimum deployment of available man-power. It is, however, necessary that such cadre must be operated with due regard to the sensitivity of local cooperatives. For this purpose, the federal society needs to constitute a standing machinery for involvement of local cooperatives in the process of initial recruitment and also in decisions regarding deployment.

Cooperative Employees and Board of Directors

One of the areas offering scope for different permutations and combinations is that related to the issue where cooperative employees should or should not be represented on the board of directors. In the U.K., history and tradition has been strongly against such representation. In the Rochdale society, the appointment of the first full time salaried staff in 1851 was accompanied by resolution that "no paid officer be a member of the board or a member of the board a paid servant." A few years later, this was followed by a resolution that "no officials should vote in board elections." This approach has been the governing factor for almost a century. In 1939, the executive of the British Cooperative Union maintained that it is not to the advantage of the cooperative societies to permit employees to occupy seats on the management committees. If cooperative societies still feel that there should be an opportunity for employees to serve on the management committees the number should be restricted to two and the candidate should be restricted to and elected by employees themselves." This still remains the official view in U.K.

On the other hand, in several European countries, major deviations have taken place. In Sweden, cooperative employees have been freely allowed to sit on the board of directors. On the merits of the issue the Cooperative Independent Commission in U.K. came to the following conclusion: "We have certainly felt individual cases where employee controlled has led to reactionary and inefficient management policies. We have also found such policies being pursued in societies with no employees on the board. No generalisation is possible; indeed if efficiency can be correlated with any single factor, it is probably with the calibre of the chief official."

In India the policy regarding inclusion of cooperative employees in the Board of directors has been in the process of evolution. Earlier, generally speaking, cooperative employees had no place on the Board of management. In recent years a different view has been steadily gaining ground. Currently it is almost an accepted policy that the Chief Executive of each cooperative organisation should invariably be a member of the Board of directors. In addition it is generally agreed that in cooperatives which run industrial enterprises such as cooperative sugar factories, workers should be admitted as a separate class of members and these members should be treated as a separate constituency for the purpose of electing a workers' representative on the Board of management. These are healthy trends and deserve to be further encouraged.

Board of Directors vis-a-vis Professional Management

It is customary to refer to demarcation of functions between the board of directors and paid management, the former being concerned with the policy direction and the latter with detailed administration. Such demarcation is obviously helpful in promoting the creative aspects of management. However, it is pertinent to stress that this formulation is subject to obvious qualifications. In the first place, there is a sort of no man's land between area of direction and area of management. Secondly it needs to be recognised that, in a cooperative institution, the board of directors invariably

need assistance and guidance in arriving at policy decisions. It has been aptly observed that "in the last resort, the best can be made out of lay directors only if they are wisely led and wisely fed." The above aspect is of special importance in developing countries. The committee or the board of lay directors is often unlikely to have even the minimum expertise to be able, on its own to grapple with any significant policy decisions. It has been suggested that an official must at times to be a committee's nurse, at times its tutor, at times its candid friend. This suggestion has been made in the context of public administration, but it is equally relevant to cooperative administration and management in South-East Asian countries.

One of the sensitive problems in the field of cooperative management concerns the relationship between the Chief Executive and the Board of Directors. In various cooperative organisations, the prevailing relationship presents a variety of situations. In some organisations, the Chief Executive virtually runs the show not merely in the matters of day-to-day administration but also in matters concerning broad policies and programmes. On the other hand, there are cooperatives where the Chief Executive is virtually a cipher and the Board of Directors is in effect managing the affairs of the society. It is necessary that a neat balance is struck between these two extreme positions. The functions of the Chief Executive need to be clearly defined and these functions and their related powers should be vested in the Chief Executive by virtue of legislative provisions. The present arrangement under which, in several cooperatives the powers of the Chief Executive exclusively depend on delegation of powers by the Board of Directors, is apparently not satisfactory. At the same time law should clearly specify certain major matters on which the Board of Directors alone should be competent to decide and for which the Chief Executive should have clear obligation to seek a mandate from the Board of Directors.

Role of ICA

The role of ICA in the field of cooperative leadership and management is obviously of great significance. In various ways the ICA has already taken note of the importance of these fields and has been actively pursuing various activities connected with the subject. For instance in October, 1971, the ICA organised a Regional Seminar on Personnel Management on Cooperatives. Again in January, 1973, a Regional Seminar on Management was held. Such Seminars are of obvious utility. However, these Seminars need to be supplemented by case studies in the field of cooperative management based on successful cooperative societies. The ICA has a tremendous scope for undertaking such studies and thereby helping in the evolution of suitable policies and programmes in the field of cooperative leadership and management.

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TRENDS, PROBLEMS AND NEEDS OF COOPERATIVE
MOVEMENT IN SOUTH EAST ASIA IN THE FIELD
OF COOPERATIVE EDUCATION AND THE ROLE OF
THE I.C.A., IN THIS REGARD

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TRENDS, PROBLEMS AND NEEDS OF COOPERATIVE MOVEMENT
IN SOUTH EAST ASIA IN THE FIELD OF COOPERATIVE
EDUCATION AND THE ROLE OF THE I.C.A., IN THIS REGARD

1. The Economic Background :

The Cooperative Movements in most South East Asian Countries are colosely linked with the national policies for economic development. In trying to identify the problems of the movements therefore, it becomes necessary to examine the problems facing the econimics of these countries as these problems have a significant influence on the concerned cooperative movments. It is not my intention to examine in detail the numerous factors that affact the economics of the countriess of the region. However, I shall try to enumerate the broad trends. These may be briefly enumerated as follows:-

- (1) Problems arising out of a rapidly increasing population this factor being complicated further in some countries by having a large percentage of the population in the younger age groups - e.g. Sri Lanka 40 % under 15 years.
- (2) Increasing unemployment, especially, among the educated.
- (3) Problems in regard to maintaining adequate food supplies.
- (4) Severe shorfall in foreign exchange incomes.
- (5) Unfavourable prices for primary products.
- (6) Wide disparities in income - the gap between the rich and the poor being very wide.
- (7) Landlessness, land hunger and the drift from Rural to Urban areas.
- (8) The brain drain.
- (9) Rising Cost of living.
- (10) Energy crisis.

These and many other factors adversely affect most efforts made by the countries of the region to achieve rapid economic development. In trying to face up to these problems many countries have resorted to :-

- (a) planning economic growth in terms of national plans - 3 yr, 7 yr as the case may be ;
- (b) nationalization of basic industries and strategic economic functions;
- (c) setting up of public sector corporations in various fields of economic activity;
- (d) introduction of far reaching agrarian reforms accompanied by ceilings on lands;
- (e) introduction of legislation to protect tenancy rights of cultivators;
- (f) introduction of schemes for the protection of the small farmer with a view to achieving accelerated results through the green revolution ;
- (g) introduction of schemes for the development of intermediate technology;
- (h) setting up of political authorities at national, district and village levels to involve a large number of persons in the planning and plan implementation processes.

It is in the context of serious economic problems and increasing involvement of Governments in economic activity that many of the cooperative movements in the region are called upon to play a vital role. In some countries as in Sri Lanka, the cooperative sector has been accepted as a distinct sector in the economy of the country and the Government has sought to implement many of the proposals in the current Five Year Plan through the cooperative form of organisation.

EC - BP (SRILANKA)

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Trends, Prob. & Needs of Co-op.
Movement in SEA in the field of
Co-op. Education and the Role of etc.

It therefore, become relevant to examine briefly the ways in which cooperative movements have sought to fulfil the new roles assigned to them.

2. Developments in the cooperative sector:

In most countries of the region the cooperative movements commenced with the cooperative credit society of unlimited liability and most cooperative legislation was influenced by the Indian Cooperative Laws. These beginnings have to a considerable extent influenced the growth of cooperatives and the trend has, till very late in the middle of the century, been towards the establishment of small sized societies often of the single purpose type. As is well known this small organisation functioned at a leisurely pace, often managed by dedicated leaders who supplied their services in an honorary capacity. This necessarily meant that though cooperatives often bred good cooperators, they did not build up a coterie of supporting staff adequately knowledgeable to take on higher responsibilities of management when the occasion arose. Thus, when the movements began shifting to in some cases due to government fiat as in Sri Lanka, from the small sized society to larger organisations and eventually to multi purpose societies, these new organisations were left to the poor mercies of persons knowledgeable about by-laws and the law, but sadly lacking in management skills. In many cases an attempt has been made to fill this gap by the release of Government officers from the Cooperative Department and elsewhere to take on the management function - thus leading to Government involvement in the internal affairs of societies. This trend which began almost surreptitiously has assumed considerable significance in some countries - e.g. Sri Lanka.

The acceptance by Government of the existence of a cooperative sector, the assignment of specific roles for the cooperatives and the decision by Governments to use the cooperative form of organisation to implement national policies have all cast a heavy burden on the cooperative movements in the concerned countries causing severe problems in all areas of cooperative activity. I shall try to enumerate some of these problems drawn from my experience in Sri Lanka:

- (1) The failure to recognize the cooperative society as a socio-economic organisation which depends for its success on its own internal strength and disciplines;
- (2) The acceptance of the cooperative system as a panacea for all economic ills - if any economic venture fails make a cooperative of it;
- (3) The belief that a cooperative society is only an economic organisation, which once organised can function effectively in any economic field without much effort in other fields;
- (4) The need to organise cooperative societies over night - the sponsors, officials or members not knowing much about the particular characteristics of the organisation;
- (5) New structures being imposed on the membership at local, district and national levels with very many participants not aware of the implications;
- (6) The undertaking of complicated economic functions through cooperatives without adequate supporting staff in the form of book-keepers, accountants, managers, technicians etc;
- (7) The involvement of several development oriented Ministires and organisations in the development of new cooperatives often leading to inter ministry rivalries, and the attempt to build up hierarchies on a ministry basis and the desire to maintain ministerial control trough a system of nomination;

- (8) The absence of knowledgeable leaders with dedication at all levels so necessary for health, growth in cooperatives;
- (9) The lack of trained personnel and even the resources and capacity to undertake massive training and extension programmes;
- (10) Above all the need to function against a background of national urgencies and limited time.

These and many more complex every day problems have to be faced by the cooperative systems in countries where cooperatives are looked upon as instruments for the implementation of national economic policies.

3. Background to Cooperative Education:

" The Rochdale Pioneers included education in their famous Principles. That cooperative education is vital for the very survival of the Movements has been stated with the strongest possible emphasis by the Principles Commission in its report to the Vienna Congress of the I.C.A. in 1966 .

In recommending the adoption of education as a Principle of Cooperation to be embodied in the rules of the ICA, the Principles Commission says that ' all cooperative societies should make provision for the education of their members, officers and employees and of the general public in the principles and techniques of Cooperation, both economic and democratic ' and this recommendation was unanimously accepted by the Vienna Congress ' " (Weeraman)

Time was, when the formation and the commencement of operation of a cooperative society were protracted over a considerable length of time,

registration taking place only after the Registrar was satisfied that there was a knowledgeable set of persons both in regard to cooperative principles, their significance and the by-laws of the society and their relevance in day to day operation.

Time definitely now is not and possibly time shall be no more for the leisurely approach. The approach to education has to be fundamentally different and has to be undertaken on a massive scale - and possibly all this has to be done after registration. There are few fortunate countries in the third world like the Philippines, Nigeria, Kenya, Tanzania, e.g. where a pre cooperative stage has been experimented with and where an attempt is made to form cooperatives with persons who have a desire for and believe in the cooperative form of organisation. But one is never sure whether this approach will be possible in all countries of this region.

4. Needs of the movements

- (A) The questions that necessarily arises are (1) if the type of cooperative education we have been hitherto used to is not practicable in the modern context what alternatives should we devise to meet the needs of the present and (2) Can we depend on cooperative education alone to produce the knowledgeable members for the cooperatives of tomorrow ?

Taking the latter question first it is my view that the time is ripe for a concerted effort to initiate a large proportion of the younger generation into the principles and practices of cooperation.

This we can effectively achieve by introducing the subject of Cooperation into the curricula of

- (a) Teacher Training Colleges.
- (b) Primary and Secondary schools.
- (c) University Graduate and post Graduate courses.
- (d) All courses geared to achieve integrated rural development.

Hitherto in most countries we have been satisfied with the setting up of school cooperatives and with these cooperatives performing limited supply services in the school. Some Universities have offered degree and post graduate courses in Cooperation - but unfortunately the approach has been mostly theoretical and the impact on the general economy has been very limited.

In many countries today, the curricula of formal education has been given a vocational orientation and hence, children are being conditioned to look on learning as a means of gaining the knowledge to do a job rather than one of gaining the qualifications to get one' (Seers). In Sri Lanka e.g., the subject of Cooperation has been included in the ~~School~~ curricula from Grade Six onwards in the environmental and vocational study courses. At Teacher Training Colleges, though the subject has not been included in the training curricula, provision has been made for trainee teachers to be exposed to the Cooperative doctrines during their training period. At the University, the subject of Cooperation has been introduced as a core subject in the course in Development Studies and it is also possible to specialize in several fields related to cooperation.

In the present context of cooperative growth, it is my view that this approach to the education of youth is a must if the shortcomings of today are to be over come at least in the future.

- (B) Today, more than ever before, there is a need for a hard core of trained and dedicated persons, adequately oriented to perform the very onerous task of friend, philosopher and guide and depending on the structure of the particular cooperative movement, the hard core could come either from the Cooperative departmental sources or from cooperative institutions.
- (C) While admitting the fact that the objective of Cooperative education must be " to give members the will and the means to shape their own futures ", we have to find ways and means to spread this education to all persons at all levels to enable them to understand the scope, content and the unique characteristics of the cooperative system.
- (D) As time is limited and the urgencies are great we got to devise new approaches to cooperative education at all levels so that a massive impact can be made in a short period.

5. The role of the ICA:

While not belittling the achievements of the ICA over the past few years in directing and influencing the course of cooperative activity on a global context it is my view that the ICA must play a more positive role by actively getting involved with national movements in various fields. The capacity of the ICA for such involvement would depend in addition to other factors, on the availability of finances and personnel. I will briefly enumerate below some of the areas in which ICA activity can be more intensive and positive:-

- (1) Influencing policy maker -- either through national movements or directly -- the Regional Office did launch on this aspect by organising the Top level Cooperative Seminar in Tokyo in 1973 - but I believe this type of approach should be more persistent and intensive.
- (2) Getting involved in the study of trends in Cooperative development in the countries of the region and making available the results of such studies to the elitist policy makers universities, national movements etc., with a view to creating vocal public opinion effective enough to influence policy determination in respect of cooperatives;
- (3) Involving policy makers and those influencing cooperative activity in meaningful Seminars and study tours to high light both cooperative successes and failures;
- (4) Making available to national movements comparative studies of cooperative organisations within the region and outside;
- (5) Getting involved with national movements in projects geared to the promotion of member relations and farm guidance;
- (6) Assisting national movements in the production of suitable literature for formal education and for other member relations programmes;
- (7) Providing for the exchange of cooperative teachers and cooperators on a larger scale than at present;
- (8) Making arrangements for the exchange of experts within the region to meet the demand of particular movements;

- (9) Promoting and assisting Universities in the region in the field of research on cooperative activity and assisting Universities to publish this research for the use of national movements etc.;
- (10) Assisting national movements with audio visual and other equipment and helping the movements to set up field laboratories at society level to develop new approaches to cooperative education.

6. Conclusion:

The need exists more than ever before for a massive effort to get all persons involved with cooperatives to understand the nature and content of cooperation. All too often all else but the economic organisation is forgotten and what emerges is only an apology for a self reliant virile organisation able to make a positive contribution to national progress. A Cooperative without a well informed membership, a well trained set of employees and without dedicated leadership built on conviction in the cooperative philosophy, is bound to wither flounder under numerous stresses or to assume the status of a state managed or an individually managed enterprise.

" The characteristic of mutuality and voluntariness that form the basis of cooperation cannot exist without conviction " - and it should be the aim of the ICA and the national movements in the concerned countries to make all those involved with cooperatives both at the policy making level and at the level of implementation, realise the inherent strength that lies within the accepted principles of Cooperation.

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COOPERATIVE PRODUCTION AND TRADE
IN THE SOUTH-EAST ASIAN COUNTRIES
AND THE ROLE OF ICA

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I. INTRODUCTION

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The economy in most of the South-East Asian countries is largely dependent on agriculture, which shares common features of dense population, scarcity of capital and backward technology. These lead to low productivity which in turn causes low income, hence "vicious circle".

Further a new threat of hunger haunts human beings in many countries and some countries of the region either halted exporting farm products or are forced to import them rather. Thus, attention has been centered on the urgency of agricultural development to accelerate food production in the World Conferences on the subject.

In this light, systematic actions are increasingly needed than ever to break up the vicious circle for higher agricultural productivity and greater farm income. To achieve this end, cooperative production and trade may be one of the efficient measures. The agricultural cooperatives under the leadership of ICA are, thus, called upon to play a vital role in the movement by promoting cooperative production and trade.

In this paper, therefore, the nature and need, the problems and requirements for efficient cooperative production and trade will be discussed with special reference to Korean case. Then

II. COOPERATIVE PRODUCTION

1. The Conception of Cooperative Production

In view of the variety in the forms of cooperative production organization, it is hardly possible to find a definition of the term which is valid for all countries. The evolution of a particular form is mainly determined by the factors like the system of land tenure, the stage of economic development and the existing political order along with the natural conditions of the region concerned. As these factors change, the character of the cooperative production group is also undergoing some change.

In general, the existing cooperative production organizations may be classified into three categories : (1) the "collective farm" type developed in Israel, (2) the original "agricultural production cooperative " originated in some European countries, and (3) the Korean type production organization.

The first one can be distinguished from the others by its collective nature in production and daily life as well as in the ownership of production means including land. It may not be seriously erroneous if one claims that the cooperative movements tend toward the type where independent status of members in the ownership

of production means and daily life is preserved.

Thus, a cooperative production organization may be defined as a voluntary association of farmers serving the purpose of promoting the economic interests of the members by mutual help and common enterprise on the basis of the principles of self-help and self-administration, self-responsibility as well as the equal rights of members and open membership.

To a large extent, the cooperative production organizations in Korea conform to the above principles in terms of management and functions. Thus, the discussion will be in line with the Korean type of cooperative production hereafter.

2. The Need and Merits of Cooperative Production

The development of cooperative production is needed for elevating productivities hence farmers income by modifying the disadvantages of small holding of land and technical backwardness, i.e., by transforming the subsistence farming into commercial farming without changing the basic structure in ownership of land and other production means.

The need for food and the extremely low level of efficiency in agricultural production demand that substantial part of labor force and land

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resources be engaged in agriculture. In many countries of the South-East Asian region, agriculture commands 50 percent or more of the total population, and over 30 percent of national income is generated in the agricultural sector.

From the foregoing, it may be expected that the task of agriculture would be essentially one of mobilizing and increasing the efficiency of the vast quantity of agricultural resources which are already available. In contrast, to develop other sectors of the economy, not only must efficient process of production be introduced, but also most of the basic resources themselves need to be created or transferred to those sectors.

However, the intrinsic characteristics of agriculture in the region generate difficulties in achieving the end. In general, dense and rapidly increasing population generates small holdings of land and working capital, which in turn restricts the scope of production. Further, modern technologies such as motor tillers of farm tractors are often not utilized at their maximum capacity or out of use.

Thus, the major advantages of the Korea type cooperative production may be the economies of scale arising from purchasing and utilizing of farm inputs, and from the operational works done in common. A cooperative production organization may have an easier access to the financial and

technical services provided by the governmental institutions or agricultural cooperatives. Further, farmers within a group can have more chances of learning modern techniques from their neighbour.

In demographic viewpoint, however, some may argue that cooperative production is not appropriate in some Asian countries where rural population is abundant. This question arises in relation to the nature of cooperative production of labor saving.

Even in that case, however, cooperative production would be desirable in that physical hardship of farm works can be reduced. Moreover the saved labor would be used for other purposes or activities to better-off rural life.

Particularly in the areas where the people's traditional mentality makes them bound to the small piece of land they cultivate, hence the necessary process of migration is strongly impeded, the personal ties may have to be cut by the transition to cooperative farming to ensure sufficient mobility of rural manpower.

Percentage of Agricultural Population,
Production and Land Holdings of
East-Asian Countries

Country	Percent of Agri. Popula- tion	Percent of Agri. Pro- duction		Land Area per Farm Household	
	(1970)	year	%	year	ha
Bangladesh	70.5	-	-	-	-
Taiwan	66.5	-	-	-	-
India	67.7	1969	45	1960	2.51
Japan	20.7	1971	6	1970	1.0
Korea	58.0	1971	29	1970	0.85
Malaysia	56.5	1971	31	1961	5.7
Pakistan	70.5	1971	34	1960	2.35
Philippines	69.5	1971	29	1960	3.59
Thailand	76.5	1972	30	1963	3.47
West Germany	9.3	1972	3	1960	12.1
U.S.A.	4.0	1972	3	1969	157.6
World Total	51.0	-	-	-	-

Source : Percentage of population and land area
per farm - Production Year-book, FAO, 1973

Percentage of agricultural production -
Statistical Year-book, United Nations, 1973

44.
3. Cooperative Production in Korea

1) Chronology of Cooperative Production

Cooperative production in Korea, represented by the "Commodity Group" in the villages, has been promoted in line with Saemaul Movement (New Village Movement), which was inaugurated by the government early 1970. The movement was initiated in order to improve the living environment in the villages and to solicit farmers self-help attitudes. But since 1974, the main direction of the movement has been reoriented toward the expansion of production bases such as construction of irrigation systems, consolidation and reclamation of land and programmes to boost up farmers' income.

For the mean time, the agricultural cooperatives launched a specific programme called "Cooperative New Village Movement" to build up "Commodity Groups" in the villages, which could be a basic body for cooperative production and for the activities of agricultural cooperatives. Also, the cooperatives have implemented various supplementary programmes for greater production, cooperative marketing, rural savings and cooperative education.

As a result, a total of 7,029 commodity groups have been organized around the country with membership of 253 thousand farm households by the end of 1974.

2) Organization and Functions of a Commodity Group

A commodity group is organized by 20-50 farmers on the basis of the locality of their lands or residences in order to produce a commodity or livestock, which best suits to the natural conditions of the village.

In general, the members of a commodity group, first, draw a plan for farming and record their daily operations for a "scientific management". Second, they build up cooperative production bases such as seed beds or hog raising houses and adopt new technologies like improved seeds at the same time as a way of "cooperative management". Third, farming tasks from planting to harvesting are done in common, and farm implements like tillers or tractors are purchased and utilized cooperatively for "cost saving". Fourth, for "efficient marketing", the products are sorted, standardized and marketed cooperatively through the cooperative channel.

3) Policies of the Cooperatives to Foster Cooperative Production

On the basis of the stages of development, the commodity groups are classified into three categories : (1) the "basic or infant" group, (2) the intermediate group, and (3) the "successful or self-functioning" group. Then the

cooperatives provide concentrated supports to the well-functioning groups or to the groups having significant potential to become a successful one, by deleting the "inferior" groups.

The cooperatives have adopted multiple programmes to foster the staple food-producing group as a "scientific type", the livestock-producing group as a "cost-saving type" while the vegetable or fruit-producing group as a "efficient marketing" type.

4) Problems in the Cooperative Production Movement

The first problem is the lack of leadership and passive attitudes of the members partly due to the short period in existence of the groups. The groups have been organized since 1972, so that both the leaders and members have only few years of experience in management. Further, few young, potential leaders remain in agriculture due to the heavy migration of the juvenile group, to take over the managerial positions. Majority of the leaders are unexperienced or less educated. What makes the matter worse is the fact that many of them do not deeply commit themselves to the group activities as they are tied to the other pre-existing groups or institutions.

On the other hand, it has been seen that member farmers generally expect instant benefits

or put higher priority on their individual interest, so that they are reluctant to participate actively.

The second problem arises in line with the supervisory capacity of the agricultural cooperatives. The cooperatives are in position to lead the group. But the cooperatives have not had enough time either to achieve qualified staffs. Rather, the staffs in many cases are too busy in handling their own internal works to go out to the villages. Also, they tend to neglect unprofitable businesses or rather pursue businesses of potential profits in short period of time.

4. Conditions for Effective Cooperative Production

A cooperative production society represents, from the standpoint of farm management science, an agricultural unit like any other agricultural enterprise e.g., farms belonging to a single owner or farms owned by joint stock companies. The production is geared to the market and profit seeking. Thus, for effective management of a cooperative production organization the following questions arise :

- (1) how to distribute daily work,
- (2) how to motivate members to work earnestly,
- (3) how to achieve effective management by

insiders and outsiders, and

- (4) how agricultural cooperatives avail financial and technical supports.

1) Distribution of Daily Work

As there are certain limits in man/land ratio, the daily work has to be planned and managed on the basis of the principle on the division of labor. On a cooperative farm, this principle poses a difficulty when the members are not interested in such specialization because of the diverse nature of the activities involved. Moreover, the members are often not sufficiently skilled to take over the typical functions of specialists.

In case of Korean type cooperative production, however, such problems as above do not often occur. Rather, the difficult problem is to determine an order of work of the members and how to do equal amount of work for every member. This problem often causes internal frictions because of the diverse nature of work conditions like the size and location of their land. It is also difficult to get every member farm to delegate equally-qualified labor to the cooperative activities.

2) Employment of Managers

Development of a cooperative production organization largely depends upon managerial

capability of the leader. If managers are elected from among the members, historical experiences show that a differentiation arises between the two groups of members in line with the separate functions of giving and carrying out orders. But if the manager position rotates among several members the necessary qualifications are often not ensured.

Thus, in some cases (in Latin America and Africa) managers are nominated or delegated by the interested government department or agricultural cooperatives extend assistance in electing the managers. When the government intervenes, however, there exists a danger of discord between the members and the manager. Also remuneration of managers sometimes heightens the danger of internal friction.

3) Motivation and Attitude of the Members

In Asian countries, most of the farmers were (or are) exploited by proprietors, so they would be contented with the independence they gained as a cooperative members. But there is a danger of the single member's tendency to rely on others when the member's work coincides with the cooperative work in time. Also when the cooperative group is organized by the members of diverse family backgrounds, their interests can hardly be integrated for a solid unity.

Therefore, it can be concluded that the fundamental requirements to bring forth active participation of the members are the similarity of interests as well as the working conditions of each member.

4) Support from Agricultural Cooperatives

By systematic actions, a cooperative production organization should see to it that all yield-increasing measures are carried out simultaneously in the member holdings to reach a higher level of yields.

To achieve this end, adequate supports from agricultural cooperatives are essential in management of a cooperative group because of the fragile nature of organization and lack of resources and experiences in management. In particular, the external assistances are needed because of the timeliness of farming operation.

Above all, the necessary means and techniques of production should be available within reach and in sufficient quantity. This implies that the respective infra-structural measures have to go hand in hand with promotion of cooperative production.

In addition, credit should be provided in order to procure the production means on time.

Further provision has to be made to ensure that the additional production is mainly used not for consumption but for sale. The members have to commit themselves to sell their entire surplus production through the cooperatives, thereby the supervised credit for production purposes can be linked to cooperative marketing. Finally, it is one of the most important prerequisites to educate the members on cooperative spirit and cooperative action.

III. COOPERATIVE TRADE

1. The Need for the Development of Cooperative Trade

The need for cooperative involvement in the trade is implied from the intrinsic features of supply, demand and marketing of farm products.

The trade of farm products may be termed as a process to bridge the domestic producers and the buyers abroad. But in the process a complex set of activities are included to achieve the end. The trade body, be it an individual or an institution, collects and analyses information on the prices, potential production and demand for the particular products concerned both in the domestic and international markets. On the basis of these data, merchandising plans are to be drawn on the trade route, counterpart countries including costs. Also possible actions like advertisement are taken to expand the trade.

Thus, a strong body or institution is called for to assume the above functions. The functions are too formidable for an individual farmer to take over due to the peculiar nature and character of production, demand and marketing of farm products as follows :

First of all, the farm product markets are governed by the infinitesimally small farmers and

consumers. Any individual action of supply or demand does not affect the price or the market at all. Those features lead to the inelasticity of the goods. Thus, even a slight change in total production or demand results in a drastic fluctuation of prices.

Second, farm products are marketed through multiple stages, hence incurs high marketing costs, partly influenced by the bulkiness and perishability of the goods. The multiple-stage market channel is inevitable due to the competitive nature of the market and because farmers bring their products to the market to meet the irregular demand for cash.

Finally, the trade policies of each country could be a barrier to the free trade of farm products. Usually, high tariff or non-tariff barriers have been built up between the countries in an effort to protect the domestic consumers and producers or to keep the balances of international payments. Particularly the tariff or non-tariff barriers are the favorite tool to safeguard the foreign exchange in the developing nations.

Therefore, a non-profit seeking authority like agricultural cooperatives with its well-established trade facilities as well as personnel, should play a vital role in bolstering the trade by abolishing the trade barriers and modifying the intrinsic problems of farm product marketing.

2. Cooperative Trade in Korea

1) The Trade System and Its Role

The National Agricultural Cooperative Federation(NACF) has a Foreign Trade Office at the main office in Seoul. The NACF has a "trade representative office" in the United States and a "sales representative" in West Germany. Furthermore, a similar representative office in Japan will be established in 1976.

The NACF conducts export business in an effort to increase farmers' income and in compliance with the export promotion policy of the government. On the other hand, the NACF engages in import business in order to support farming activities and to develop the livestock industry. Thus, the NACF has put emphasis on the export of farm products and handicrafts produced by farmers during the off-seasons, and import of feed grains, farm chemicals, and fertilizer.

2) Trade Performance of the NACF

The trade business has grown rapidly not only in total turnover but also in the number of trade items. The total import expanded from 1,499 thousand dollars in 1964 to 196,711 thousand dollars(130 times) while exports from 36 thousand dollars in 1966 to 12,230 dollars(340 times) in 1974.

The major export items are processed mushrooms, dried mushrooms, pork, salted vegetables, handicrafts, while the leading import items are food grains, feed grains, fertilizer, and farm machineries.

The NACF imports various items such as feed grains, fertilizer, farm chemicals and food grains on behalf of the government. So the NACF has been allowed a monopolistic authority in importing feed grains, which shares substantial parts in the total trade.

The rapid growth in trade business can be attributed to the programmes taken to link the trade to the cooperative farming. In order to produce standardized farm products of high quality, the NACF has adopted contract farming system in cooperation with farmers. The NACF has also implemented series of measures to improve packaging and design and to develop new items of high trade potential.

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Growth in Trade during 1964-1974

In thousand dollars

Year	Imports	Exports
1964	1,499	-
1965	902	9
1966	540	36
1967	279	179
1968	2,509	158
1969	10,995	423
1970	8,309	566
1971	11,608	1,777
1972	56,345	5,950
1973	117,061	10,596
1974	196,711	12,230

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NACF's Major Imports by Country of Origin

In 1974		In thousand dollars	
Item	Country	Quantity	Amount
Wheat	U.S.A.	16,500 M/T	US\$ 3,200
Barley	U.S.A.	430,000 M/T	US\$ 72,240
	Australia	40,000 M/T	US\$ 6,720
Corn	U.S.A.	221,000 M/T	US\$ 35,000
	Thailand	103,000 M/T	US\$ 18,200
Fertilizer	Canada	175,400 M/T	US\$ 10,019
	U.S.A.	143,065 M/T	US\$ 20,466
	Tunisia	53,000 M/T	US\$ 13,481
	Moroco	18,000 M/T	US\$ 2,892
	Mexico	7,500 M/T	US\$ 939
Farm Chemical	Japan	120 M/T	US\$ 1,270
	U.S.A.	5 M/T	US\$ 60
Import Total			US\$ 184,487

NACF's Major Exports by Import Country

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In 1974

Item	Country	Quantity	Amount
Pork	Japan	367.2 M/T	US\$ 795,823
Ginseng	Japan	19,500 Keun	US\$ 220,662
Canned Mushroom (US\$ 15.00 per can)			
	U.S.A.		US\$2,611,890.88
	Canada		US\$2,410,840.87
	West Germany		US\$2,083,109.54
	Belgium		US\$ 534,674.21
	Swiss		US\$ 884,546.50
	Sweden		US\$1,228,721.45
	Australia		US\$ 239,190.00
			(US\$9,992,973.45)
Export Total			US\$11,009,458.45

3. Conditions for Efficient Trade and the Role of Agricultural Cooperatives

For more trade of farm products at cheaper costs, agricultural cooperatives should achieve well-trained personnel and facilities and pursue

the following functions efficiently.

1) Investigation and Analysis of Foreign Markets

The primary task may be to examine the factors determining or influencing the demand for the particular goods concerned in the foreign markets. They are the tastes or preferences and its variation, usage of the goods, and the channel through which the market is supplied. Also, the competing goods and their suppliers should be investigated accurately. The trade policies of the partner countries are no less than important factors to be considered.

These functions may be accomplished either by the branches established abroad or by utilizing the information medias. Nonetheless, the costs are usually so high that a trading institution like agricultural cooperatives should be involved.

2) Reorientation of the Domestic Markets

Under no circumstances, trade of farm products can be accelerated without rational measures reconciling the domestic markets to the foreign ones. They include the reorientation in the domestic production and marketing systems toward the demand in the markets abroad along with technical as well as financial assistances.

Practically, the potential goods can be introduced to the domestic producers under a firm guarantee of reasonable return and provision of technical and financial supports from farm-planning to marketing. The cooperative production system may be best suited to this end.

3) Improvement of Marketing Techniques

The diverse nature of farm products in volume and quality necessarily entails multi-stage and in turn high costs in marketing. Thus, efficient strategies or techniques should be innovated for trade promotion in such operations as transportation, sorting or standardizing and financing etc.

The acceptable techniques within easy reach of a trading body may be enlargement of trade volume or operation unit to ensure economies of scale. A rational allocation of facilities such as warehouses, ports and shipment courses and specialization of each operation may be prerequisite condition for cost saving.

Yet no technique may contribute more to the trade efficiency than the horizontal and vertical integration of the operations. A horizontal integration implies the performance of each operation in common, while does the vertical one the control of every operation under a trading body or institution.

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Ideally, a best form of horizontal as well as vertical integration may be feasible if an agricultural cooperative undertakes both production and trade jointly.

4) Acceleration of Sales Promotion

The another important task in trade promotion may be to stir up the demand for the goods concerned in the foreign markets. According to the informations on the markets, reasonable investments should be made for advertisement, ideal design of levels or trade mark etc. Once again, these tasks may be too costly for a farmer or a trade body to carry out.

Therefore, the cooperatives united under the leadership of ICA, are faced a new challenge of tackling the problems ahead in cooperative production and trade.

VI. THE ROLE OF ICA IN PROMOTION OF COOPERATIVE PRODUCTION AND TRADE

ICA and ROEC (ICA Regional Office and Education Center for South-East Asia) have accomplished appreciable roles in promoting cooperative production and trade so far.

Most of all, ICA and ROEC have brought the people of interest to the series of seminars for discussion and exchange of informations on cooperative production and trade. They have also provided the member organizations with technical as well as financial assistances, for instance, in recruitment of technical experts to advise the member organizations on specific projects.

Moreover, ICA and ROEC have undertaken or assisted the projects to collect and disseminate informations on markets. They helped member cooperatives carry out detailed marketing surveys and played a key role in initiating efforts to establish the International Cooperative Trade Organization in Singapore. Furthermore, they have done valuable researches and publications on the cooperative movements.

These activities are needless to say, essentially conducive to the conditions for efficient cooperative movement. The contributions were, however, restricted to some extent because resources were limited in relation to the need.

Thus, the future roles of ICA and ROEC in promoting the cooperative movements may be the expansion of the activities undertaken so far and initiate actions in the new fields geared to the modification of the problems and conditions elaborated earlier. They may be detailed in the order of priority as follows.

1. The Role of ICA in Cooperative Production

The activities of ICA and ROEC so far have been hope-sidely concentrated on the other areas than on cooperative production. So arises a need for ICA to invest more resources on the promotion of cooperative production.

First of all, ICA is called upon to intensify researches and surveys on the organization and management of cooperative production movements in the member nations and disseminate the results to the member cooperatives in a fast fasion. As the socio-economic conditions for the cooperative movement in each country differ in some degree, the researches will have to be directed to lay down principles valid for specific nations.

Second, ICA should stimulate the member organizations to engage in researches on their own cooperative movement. The research results can be exchanged among the member organizations as valuable references for the cooperative movement in each country. In a rather expensive way, ICA

should bring the experts more often to the seminars for an exchange of experiences in the movement.

Third, ICA should recruit more experts on the cooperative production to be sent to the member cooperatives which need them mostly. At least, ICA should provide administrative assistances in arranging the exchange of the experts.

2. The Role of ICA in Cooperative Trade

As a matter of fact, the prospect for cooperative trade has been brightened since the inauguration of the International Cooperative Trading Organization in June 1975. The expectation is that this organization will eventually take over the activities of ICA and ROEC regarding the trade. Considering the importance and the difficulties of trade promotion, ICA and ROEC should continue their contribution toward the trade promotion among the member organizations within Asian region as well as non-Asian region.

Particularly, ICA and ROEC should concentrate their efforts to expand trade between the member cooperatives of Asian countries and western nations. Most of the countries in Asian region are endowed with economic environments favorable for the production of labor-intensive goods, which command higher prices in the western countries.

First, ICA and ROEC should expand their activities in monitoring the markets and disseminate the informations to the member organizations. As indicated above, a cooperative may not be able to afford the establishment of branches or sales representatives in the foreign markets.

Second, ICA and ROEC should play the intermediary role in making bilateral agreements for trade between the member cooperatives. Especially, trade may be significantly expanded if ICA and ROEC are involved in arranging barter-trade among the members. This is so because the trade has often been handicapped due to the shortage of foreign exchange.

Third, ICA should help the member cooperatives to establish an annex within the organization to be specialized in the cooperative trade. Further, they should extend help to the member cooperatives in achieving the horizontal and vertical integration of trade operations.

In conclusion, ICA and ROEC are imposed on a greater responsibility for mobilization of resources to conduct the roles. Therefore, the member cooperatives are required to unite under the central organization by extending further cooperation to achieve our common goal in production and trade promotion.

... END ...

TRENDS, PROBLEMS AND NEEDS OF CO-OPERATIVE
MOVEMENTS IN SOUTH EAST ASIA IN REGARD TO
FINANCIAL AND OTHER RESOURCES AND THE ROLE
OF THE ICA

By N. A. Idulayah

The co-operative movements throughout Asia today are highly conscious of their functions as economic entities. Consequently, they are pushing towards results in the form of economic services to members. Co-operatives have begun to concentrate on promoting and developing commercial, industrial and agricultural ventures with a view of providing their members services and of participating in the economic activities of their respective countries. Often the governments of the countries in the region have come out strongly suggesting to co-operatives that they should go into business and other enterprises and that they should participate in a greater form in the economic development of the country. Opportunities have been presented to co-operatives towards participation.

Co-operative leaders have been quick to act and to seek support from their members and other co-operatives to venture into these areas. However they have faced problems. These problems are primarily financial and related to the resources available in the co-operative movement itself. Up to this time throughout Asia most co-operative movements have been built on small institutions providing basic services to members essentially in the area of thrift and credit. National institutions functioning with very strong financial bases are very rare. Only recently have there been developments towards institutions on a national scale which are able to mobilise or have within their organisation the resources to venture into business, trading or other activities needing much capital deployment. Even these institutions have faced difficulties because their resources have become stretched and they cannot do anything beyond their resources to serve the movement. The cry definitely is towards more activities in all areas of business in the country. Co-operatives are being pressured to compete on equal footings with private enterprises and not to confine themselves to definite areas adhering strictly to co-operative concepts and precepts. In pursuing the desire to enter into business and industry and to be able to do so without restrictions and limitations or other handicaps which prevent the competitive basis, co-operatives have or are forming subsidiary companies which enable them to scope and potentials for widespread participation. When I talk of competition it is in terms of competing with the private sector to match them in all areas particularly management effectiveness and quality of service. In forming subsidiary companies capital needs are great and to mobilise capital is a difficult problem because other co-operatives are not necessarily keen on subscribing capital to new ventures without being assured of a quick return. There is still this mentality in the co-operative movement that the dividends declared by each society is the measure of the success of that society. A new commercial or industrial

venture cannot definitely provide a return in the first two or three years and therefore many co-operatives are not willing to place or subscribe funds into ventures which do not assure them an immediate return on their investment. The problem of finance is therefore the major factor limiting co-operatives in Asian Movement to expand. One must remember that co-operatives have to depend on their membership and other co-operatives for funds.

Since the emphasis has been on credit societies in the region their own activities tend to take away the resources and there is very little surplus available to the movement to diversify into the various branches of the economy. Added to this problem of limited finance and resources is the question of proper financial management. This is a problem related to management and the lack of financial expertise. Proper and sound financial management to maximise resources and its utilisation has generally been absent. I can say as a matter of fact that if there has been proper financial management by co-operatives or even basic management activities, the co-operatives in the Asian movements would have been able to develop their resources which would have been very useful in the present situation. However, this has not been possible and financial management is still not in a highly developed state in the movements. Co-operatives also tend to confine themselves to their local situations and needs and are always not thinking of the national interest or wanting to play a role in the national scheme of things. This again makes it very difficult for national co-operatives to draw or mobilise the necessary resources to expand their activities or to venture into newer ones. Co-operative financial institutions in the region are also not sufficiently strong to meet the new needs of co-operatives and this again is a limiting factor.

Co-operative banks are small in nature or character and their financial bases are again sufficiently not liquid to provide the necessary impetus for co-operatives with ambitious schemes and plans. The problem therefore with co-operatives in regard to financial resources centers on the fact of their previous history of growth. Most movements are not built on sound financial structure. Within the movements there lacks the financial infra structures to mobilise financial resources. Unlike private sectors which have very strong financial markets, the co-operative movements do not have a semblance of the type of financial institutions serving the private sectors. Co-operative movements need to have financial markets able to offer ready finance and the different types of finance which are necessary and sufficient to promote commerce, industry and agriculture.

Let us for a moment look at the various facilities and instruments available both for financing and investments in the private sector. A wide range of loan schemes and financing techniques are available from overdraft loans,

trade finance, discounting of bills, fixed and floating term loans, private placements and public issuance of equity. A wide range of savings account deposits and other means of raising funds are available also. To top these is the fact that for the investor, there is free transferability of his investment as they are negotiable at any time in the stock market or in the financial institutions at hand. In the Co-operative Movement we do not have such facilities and instruments available which will allow on the one hand co-operatives wanting resources or financing to avail of funds immediately and on the other hand, those who wish to invest their funds the facility of free transferability whenever they wish to liquidate. Many co-operatives in the region have consequently sought finance outside the movement from financial institutions but the price they have to pay is rather high and there are many difficulties encountered as they need to have the necessary guarantees to acquire such financing. There must be a concerted move by movements in the region to develop various and suitable financial institutions to meet their own requirements and needs. Without such financial institutions it is going to be well impossible for co-operatives to expand or grow as they would like to. Within the movement itself it should be made possible for shares and investments of co-operatives to be freely negotiable. On what basis it is to be done should be decided upon or thought of by the respective movement. I am not able to give any definite answer at this stage.

In some movements the resources are available but the difficulty is in tapping them. These resources are available in many societies in small forms but together they become substantial. Unfortunately, these individual co-operatives having the funds are reluctant to part with them to other societies because of the lack of faith and confidence. This is in addition to other reasons given earlier like that they would want to have an immediate return. Though by placing these funds in co-operative banks they would be able to receive a return on such fund, some of these societies will still prefer to keep their funds within their own area in commercial banks.

As more and more opportunities present to co-operatives in the economies of the various movements, the need for capital and financial resources increase which I think will not be met from within the movement itself. This is a tragedy and a handicap because the resources within the movement are unlimited. Tapping them and mobilising them seems to be the immediate problem. Co-operative banks and other financial institutions, like insurance organisations can only play a role up to a point. Other type of financial institutions along the lines of borrowing or finance companies have to be formed with a central financial institution or the co-operative bank playing the

main role. Credit societies which have the main bulk of funds in their hands should also be motivated to channel their funds to the central institutions for deployment into the various other sectors for co-operative development.

Now let me come to this question of what should be the role of ICA in this regard. The Asian Co-operative Development Bank could serve one aspect of the financial requirements of co-operatives i.e. in the area of financing trade between the various movement. Providing loans and other kinds of finance would be a very difficult problem for the Asian Co-operative Development Bank initially because the needs of the various movements will be tremendous and I do not believe or think that the Asian Co-operative Development Bank would be able to acquire the funds from the movements within the region. In the initial stages, the funds would have to come from ICA members in the west and the ICA itself.

There is another thing that the ICA could do. The ICA could assist co-operative movements in the region with financial assistance by encouraging its member organisations in Europe and in other developed countries to provide such financial assistance on a bilateral basis. Very few co-operatives have gone into joint ventures with co-operative institutions in Europe, America and other advanced countries. These movements have the financial resources and the know how. They have also developed techniques and inventions in the area of industries are highly successful manufacturers of products. They are leaders in other industries. I feel it is obligatory on these movements to share their know how, resources and other facilities with the movements in Asia. We can assure them that they will gain from participating with us. Movements in Asia would certainly like to and prefer joint venture enterprises with other co-operatives rather than with the private sector. To date there has been no development in this direction and probably the ICA could take the lead and play a role. It is regretted also that the International Co-operative Bank has so far not even made a token gesture towards determining the financial needs or a role for itself in the development of the Asian movements. We do appreciate their problems and how important it is for them to succeed commercially. However, it should be remembered that they have expertise and the know how to create or develop some kind of a financial institution in Asia supported by the Asian Movements to assist the Asian Movements.

In conclusion, I would like to state that finance will always be a key factor in our development. If we do not develop our own financial institutions and in turn our own financial resources, it will not be possible for us to effectively compete for the various opportunities available in our respective countries.

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

EXPERTS' CONSULTATION
Philippine Village Hotel
Manila, Philippines
5-6 December 1975

Questions Posed by Rana

- (1) Do the objectives of the Education Centre need change? If so, what should be the objectives?
- (2) What should be the balance between various activities of the Education Centre?
- (3) What sectors of co-op activity should be given priority in the future.
- (4) Suggestions for Teacher training and Co-op Management education.
- (5) Should the ICA adopt a selective approach of concentrating educational work in a few countries? Question of Field Projects in this Regard.

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RECOMMENDATIONS OF THE EXPERTS' CONSULTATION
ON THE ROLE OF THE ICA IN THE FIELDS OF
COOPERATIVE LEADERSHIP AND MANAGEMENT

1. In view of the intrinsic importance of cooperative leadership and management, ICA has already been active in these fields as evidenced by organisation of a series of seminars on cooperative management and conferences on cooperative leadership. These activities need to be intensified and extended. In particular, there is a need for more frequent regional conferences of top level cooperative leadership followed by national level conferences.
2. In Malaysia, ICA has assisted in the organisation of a series of national level seminars on cooperative leadership and management. Such assistance may be provided by ICA to other countries as and when they undertake such seminars.
- ✓ 3. ICA may undertake and publicize in-depth case studies of cooperatives in which problems of cooperative leadership and management have been successfully tackled.
- ✓ 4. ICA may formulate and supply to member-organisations detailed guidelines about their respective functions and powers of chief executives and board of directors so as to suggest their incorporation in the relevant bye-laws of various cooperatives.
- ✓ 5. ICA may arrange to document the experiences of training seminars on cooperative management organised by various institutes in different countries and thereby help to transfer the experiences from one country to another.
- ✓ 6. Measures taken by some countries such as Korea and the Philippines

- ✓ to insulate cooperatives from politics may be studied by ICA and the information circulated to various other countries for their consideration.
7. ✓ ICA may organise a Regional Seminar on the Relationship between Chief Executives and the Board of Directors in Cooperative Institutions.
8. ✓ ICA may disseminate detailed information about cooperative management system recently developed in the Philippines and a number of countries.
9. ✓ ICA may establish liaison with universities and other organisations involved in cooperative management training and help to improve capabilities of their trainers.

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INTERNATIONAL COOPERATIVE ALLIANCE
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December 6, 1975

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RECOMMENDATIONS OF THE DRAFTING COMMITTEE
ON COOPERATIVE EDUCATION

- I The overall objectives of the I.C.A., R.O. & E.C. as given in the Appendix to the report on assessment of the organisation are comprehensive and need to be followed in future as well. But with the changing status and activities of cooperative organisations in the region, greater emphasis will have to be placed on technical assistance and promotion of international cooperative trade. However, in respect of the last objective, the relation between I.C.A. and the ICTO will have to be very clearly defined to avoid confusion.

- II Educational activities of the I.C.A. should be on the following lines in the order of priority:
 - (1) Influencing the policy makers - like Ministers, Members of Planning Commissions, Boards, Senior Secretaries to Government, not only in charge of Cooperatives but in other departments activities of which affect directly or indirectly policies and programmes of cooperative development, and other opinion leaders at the higher levels.
 - (a) by arranging their visits to successful cooperative movements so that any prejudices or scepticism or difference towards cooperative system might be removed.
 - (b) by personal contacts by the I.C.A. Council Members and Officers.
 - (c) Conferences of policy makers and opinion leaders.

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6 December

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Philippine Village Hotel
Manila, Philippines
5-6 December 1975

RECOMMENDATIONS OF THE DRAFTING COMMITTEE
ON COOPERATIVE PRODUCTION AND TRADE

A cooperative production organisation may be defined as a voluntary association of members serving the common purpose of promoting the economic interests of the members by material help and common enterprise on the basis of the principles of self-help and self-administration, self-responsibility as well as the equal rights of members and open membership.

In view of the variety in the forms of cooperative production organisation, it is hardly possible to find a definition of the term which is valid for all countries. The evolution of a particular form is mainly determined by the factors like the system of land tenure, the stage of economic development and the socio-political order along with the natural conditions of the region concerned.

Trends and Problems of Cooperative Production

1. The first problem of cooperative production is the lack of leadership and passive attitude of members while the leaders are comparatively inexperienced, the majority of members expect instant benefits from the cooperatives

without displaying readiness for active participation.

2. The second problem arises from non-availability of adequate number of managerial staff to supervise the pooling of resources and allocation of responsibilities.
3. Thirdly, a cooperative group is organized by members of diversified family background, rendering integration of interest difficult. Besides, the danger of a single member's tendency to rely on others when the member's work coincide with cooperative work cannot be ruled out.

The Role of ICA

The activities of the ICA RO&EC have so far been lopsidedly concentrated on the areas other than cooperative production. So there arises a need for adequate ICA attention to the promotion of cooperative production.

1. ICA should intensify action-oriented surveys on the organisation and management of cooperative production movement in the member-nations and disseminate the results to member cooperatives, keeping pace with the need of development.
 2. The exchange programme of experts and cooperative leaders should be expanded and strengthened to facilitate interchange of experiences and dissemination of know-how on institutional innovations.
 3. ICA should coordinate with international organisations and financing institutions to mobilize resources for
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building up cooperative ventures in the field of production.

Trends and Problems of Cooperative Trade

Cooperative trade shares some common problems with cooperative production on management, willingness of members to accord due priority to common interest and pooling of produce for trade. Besides, some other factors should be looked into :

1. Lack of adequate capital in the absence of facilities to borrow for business,
2. Tariff and non-tariff barriers erected by different countries to neutralize the comparative cost advantages of production. Private sector can more easily overcome such limitations than the cooperatives.

The Role of I.C.A.

1. ICTO should undertake adequate responsibilities in monitoring market and disseminate the information among the member organisations.
2. Promotion of regional integration in trade and finance including asian cooperative common market, inter-regional trade, commodity agreement, suitable pools for technology, trade and commercial data, etc. should be exploited. ICTO and ICA should convene a conference of cooperative leaders, managers and supervisors in this field to devise institutional mechanism for operation.
3. Bilateral agreement for trade between the cooperatives of member countries should be encouraged by ICTO.

4. I.C.A. should help the member cooperatives to establish an annex within their organisations specialized in cooperative trade. Further, member cooperatives may be helped in achievement of horizontal and vertical integration of trade operation.
5. ICTO and I.C.A. should help cooperative organisations in getting adequate credit facilities for trading and exports.

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



EXPERTS' CONSULTATION
Philippine Village Hotel
Manila, Philippines
5-6 December 1975

Recommendations of the Drafting Committee No. 4 with regard to
financial resources on the role of ICA

1. ICA should recruit or arrange for experts on financial management to be sent to member co-op movements.
2. ICA should intensify researches and surveys on financial management in the region and circulate information to member co-op movements.
3. ICA should stimulate member movements to engage in research in their own countries regarding financial management and promotion of systematic production, through systematically and scientifically organised cooperative enterprises, cooperative projects, based on project feasibility studies, including economic, marketing, management, technical, financial feasibilities and social as well as economic desirabilities.
4. ICA should organise regional seminars and assist in national seminars on the subject of financial management in all aspects and particularly regarding mobilisation of financial resources, modern methods of financial management and the importance of financial results.
5. ICA should endeavor to organise the International Co-op Development Bank as soon as possible.

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BACKGROUND OF THE AUTHOR

For the benefit of readers outside Queensland to whom the author may not be known, the following brief summary is provided.

Mr. Kidston has nearly forty years experience in the Management, and in service as a Board member of various co-operatives in Queensland. Currently, as Chief Executive Officer of the Co-operative Federation of Queensland, his prime responsibility is to assist in the promotion and development of a viable co-operative Movement within that state.

He has served on the Government's Co operative Advisory Council for over twenty years. As immediate Past President of the Co-operative Federation of Australia he is closely in touch with Australian Co-operatives. He currently serves on that Federal Council and Federal Executive on the Australian Federation and during his Presidency was correspondent member of early meetings of the South East Asian Co-operative Advisory Council.

Since the formation of Co-operatives in the Territory of Papua - New Guinea, more than twenty five years ago, representatives from that area (and later, representatives from other Pacific areas) have regularly attended, and reported to, each Annual Congress of Queensland Co-operatives. Queensland Co-operatives, therefore, over two decades, have developed a personal and active interest in assisting Pacific Co-operatives in their planned progress.

Early in 1967 the author, at the invitation of the Co-operative Movement of Papua - New Guinea, visited the Territory to study at first hand the development and future potential there. Later that same year, and again in 1968, he was one of a two men team retained by the Administration and the Territory's Co-operative Movement to assess the Ten Year Co-operative Development and Re-organisation Programme drawn up by the Registrar in consultation with local Co-operative Leaders. During three visits to practically all main centres of the Territory and to the many villages surrounding each, wide opportunity was taken to study and discuss the impact extent and problems of Co-operative socio-economic activity among the indigenous people.

Since 1970, Mr. Kidston has served as the Australian Co-operative Consultant Lecturer to the Co-operative Training College in Fiji. Here he has been privileged to meet Leaders from all countries of the South

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Pacific. He has also been involved in the planning and conduct of a series of Courses in Australia for Overseas Co-operatives.

In the last decade, at the request of various South Pacific Governments, Mr. Kidston has been released to visit all Pacific Countries and inspect and advise on aspects of their developing Co-operative Movements. He has also attended as consultant, a joint meeting of all Pacific Co-operative Registrars. In this work he has been assisted with financial assistance under the Australian Government's Pacific Aid Programme, the International Co-operative Alliance, the South Pacific Commission and his Co-operative Federation of Queensland.

He is the author of many Co-operative publications including his Paper "The Extent and Impact of Co-operatives in the Pacific Region" which he is currently revising for wider publication by the South Pacific Commission.

BACKGROUND SUPPLEMENTARY PAPER ON CERTAIN TRENDS
PROBLEMS, AND NEEDS OF CO-OPERATIVES IN AUSTRALIA
AND THE SOUTH PACIFIC

By: William Kidston

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1. I have been asked to prepare this Background paper on a twin, and therefore on a contrasting basis. Because I have a fairly wide knowledge of the operation of Co-operatives in my own country, I have been asked to touch on some possible aspects of application of the various topics as they may apply to Co-operatives in Australia.

2. Because I also have worked as a Co-operative Consultant and Educator with Co-operatives and Governments in the South Pacific Areas for over 20 years, and because I undertook such work initially on behalf of our Co-operative Federation of Queensland, which commenced and maintained this advisory work over the years, and because more recently, I have jointly also acted in the capacity of Co-ordinator of Co-operative Educational Aid in the South Pacific for the Co-operative Federation of Australia, I have been asked to endeavour to apply the subjects under discussion to existing and future Co-operatives operating in the hundreds of inhabited islands in the Pacific.

3. The concise material supplied is designed to provoke discussion and questions rather than be exhaustive in its content.

4. To establish the relevance of the subject matter in this Experts Consultation let us first look briefly at the origin and growth of Co-operatives in the two areas which are the subject of this Background Paper.

BACKGROUND OF AUSTRALIAN CO-OPERATIVES

5. In Australia, according to latest statistics released by the Co-operative Federation of Australia, some 2,840,000 families have formed, and are currently operating, 8,300 Co-operatives. However, because of the vastness of this southern continent, and the fact that Australia's co-operatives are mainly scattered in the areas of major population around the 12,200 miles of its coastline, a spirit of self sufficiency and individualism in the direction and management of these Co-operatives has evolved. These factors, and the knowledge that each of the six states require individual Co-operative legislation, has tended to isolate these individual Co-operatives. In the 114 years therefore, in which Co-operatives have operated in Australia, with the exception of Co-operatives

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within particular industry groups in the rural areas (i.e. sugar, Pastoral, Dairying, etc.) and the closer contact of Housing Co-operatives and Credit Co-operatives in the main Capital cities, relatively little co-ordination of Co-operative thought or purpose has been evident.

6. As many of these isolated Co-operatives have developed and grown in size and importance, they have insulated themselves by becoming self reliant out of their own experiences and because of their ability to each employ expert staff. Whilst this tendency may, in another context, be a commendable virtue, it nevertheless mitigates against the rapid and effective formation of Central Federations or the rapid growth of a National Co-operative spirit and unity. In this particular context then, it may be felt that the Australian Co-operative Movement may be an advancing and not as yet an advanced Movement.

7. Having said that, let me make it quite clear that I have confidence, from my own personal involvement in the day-to-day conduct of Australian Co-operatives for nearly forty years, that the seeds of a national conscientiousness are already maturing in Australia.

8. We have a considerable number of multi million dollar Co-operatives which are well managed, well directed, and most influential and whose history stretches back over upwards to seven decades or so. It will also be known to you that in Australia our Co-operatives are regarded by their members as an essential and competitive element of our country's free enterprise system.

9. However, it was necessary for me at this stage to draw attention to the current deficiency by many Australian Co-operatives in seriously accepting the fifth and sixth I.C.A. Co-operative Principles. In this intervening emerging period a limited number of large individual Australian Co-operatives have of necessity, and by choice, stepped into this breach of national conscientiousness. It is obvious therefore, that, in attempting to apply aspects of the matters under discussion before this Experts Consultations, these comments in this Paper must be applicable to individual Co-operatives, or to industry groups of Co-operatives, rather than applicable to the Australian Co-operative Movement as a whole.

BACKGROUND OF SOUTH PACIFIC CO-OPERATIVES

10. In contrast to the Australian Co-operative Movement I have often referred (in my writings) to the South Pacific Co-operatives as the "fourth dimension" of our world wide movement. This term seems appropriate because, the reason why Co-operatives were initially formed in the South Pacific and the over-riding importance that the Governments of their individual countries are placing on them three decades later, is so different from the circumstances that called Co-operatives into being particularly in other parts of the developing world.

11. The British Government manifesto issued on this subject in 1946 contained these references:

"The advantages of Co-operatives particularly in the conditions existing are broadly two-fold. In the first place the Co-operative can provide its members with economic advantages... In the second place, and in the long run possibly even more significant, the Co-operative has a most important educative value."

12. The Australian Government in 1947 issued guide lines (of which the following are relevant extracts) to those who would be involved in implementing its policy to encourage the formation of co-operatives in Papua New Guinea:

"As trustees of the native people there are strong ethical reasons why this Administration must assist the native people to the full development of these Territories' resources... One of the duties of the Co-operative Section is to assist in the development of a race of people with a firm belief that, in the integration of economics, lies the maximum benefits for the native population themselves... Ideally, Co-operation is a Movement which ought to spring spontaneously from the people themselves. However, owing to the illiteracy prevailing throughout the majority of areas of the Territories...the Administration

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is justified in taking a hand in its organisation...
Co-operation is not an end in itself, it is a means
to an end, and the end is the economic and social
advancement of the native people."

13. In the main, in the South Pacific, the vast majority of indigenous people lived then, and still live, in villages in a bread environment little removed from that in which their forebears also lived. These people have never known hunger nor economic need - as we interpret those words in our concepts. The fertile soil, the bountiful climate, and the rich sea, have ensured for all, ample food, housebuilding materials etc., at minimum effort, at minimum cost, and at a minimum need "to plan for tomorrow."
14. Viewed in this environment, and again through the accepted concepts of many of our countries, one's first reaction would be to question whether any real need could exist for a Consumer Co-operative Sector (i.e local Retail Stores and Regional "Wholesales) in the Pacific areas.
15. On closer examination, however, we find that over the past twenty-five years the wisdom of these Governments in "injecting the Co-operative idea from outside" has been amply justified. Today, 2400 Co-operatives have been formed and are currently operating in the Pacific area. They are owned and controlled by 271,000 indigenous Pacific families who have invested in excess of seventeen million dollars in them. Co-operatives have proved themselves an essential part of the economic and social development of the region.
16. We should also not lose sight of the fact that the Pacific Ocean covers one third of the total area of the world and one half of the world water surface. The land area is 71 million miles but Co-operatives are scattered over its thousands of islands.
17. The heavy involvement of Government in the advising on the development of Co-operatives, and the geography of the area, also explains why a broad survey of the Region reveals that individual Co-operatives are numerous, but small, and are often very limited in their activities. These factors also explain why Co-operative super structures such as Wholesales and Federations were non-existent for many years although they are now emerging.
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18. It should be strongly stressed, however, that with the exception of isolated grants connected with the national development of the various countries, the Governments themselves have not injected money into these Co-operatives.

CO-OPERATIVE LEADERSHIP AND MANAGEMENT IN AUSTRALIA

19. There was a time in the earlier history of some Co-operatives in Australia, when the path to ultimate promotion to Management depended solely, or at least largely, on the length of service of the employee and his obvious integrity and devotion to the tasks previously allocated to him. Many of our Co-operatives, however, over the years, learned by hard experience that these factors could not be the ONLY criteria used in such management appointments.

20. In today's changing situation, and in most instances today, the management of the larger Australian Co-operatives would either come to their positions with prior professional training, or would have opportunity to gain such training at their own or at the Co-operative's expense, in recognised professional or higher educational institutions. As smaller Co-operatives grow, the inadequacies of untrained management-level personnel becomes increasingly obvious. The Board of Directors, therefore, of necessity, must either expect key personnel to speedily gain the added knowledge necessary or insist on such qualifications in the replacement personnel they may appoint.

21. In Australia the old principle applies that to survive in today's competitive world the management of a Co-operative must AT LEAST be as efficient, and "pacesetting," as their opposite numbers in other businesses involved in their field of business interests. There is, therefore, a growing realisation among Boards of Directors that LOYALTY of Management Staff is not the main ingredient to be sought. Important though loyalty is, it must be correlated with the payment of adequate and competitive salaries to retain the services of those personnel and as a protection against enticements which may be placed in their key employee's path by competing companies. In one State at least in Australia, its Co-operative Federation has established a much used Salary Advisory Service from which the Chairman of Directors of any member Co-operative can obtain advice and guidance in particular circumstances.

22. In the main, therefore, in the field of Management, the functions of Australia's various central Federations lie in the constant stressing to the smaller Co-operatives, of the necessity of constantly maintaining or lifting the standards of competence of their management. Another important role (often achieved at State and Federal Co-operative Conferences and in circulated material) is the exchange of information and experience between Management Staff of comparatives of modern methods of coping with various problems as they arise. In fact, in my own State Federation's Conferences and Seminars, this aspect of discussions is becoming increasingly important.

23. Whilst I assume that the term "leadership" also incorporates the Directors of Co-operatives as well, the trend in Australia is to fully acknowledge the paramount role of the Directors - but to increasingly depend on the specialised competence of professional management to assemble the relevant facts, on which Directors can make policy decisions.

ROLE OF I.C.A. IN THIS FIELD

24. Already the Australian Co-operative movement has, in recent years, made available a number of its most competent management personnel to assist in regional I.C.A. Conferences and Seminars in the South East Asian region.

25. Possibly, through the national Co-operative Federations, the I.C.A. could continue to assemble, catalogue, and circulate details of Papers on these topics presented at Co-operative Conferences in the various countries concerned.

Co-OPERATIVE MANAGEMENT IN SOUTH PACIFIC

26. Having regard to my earlier comments on the lower standard of educational competence of many of those who often remained in the village in many Pacific Islands, the management ability in many of the earlier Co-operatives was of a well intentioned but primitive nature. There were, and are, of course, many outstanding exceptions to this general rule. The success of many a village Co-operative therefore often depended to a greater degree on the frequency of the supervision exercised by the already overworked, and limited, team of Registry Co-operative Officers, than on the competence of the Secretary/Manager

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or of the Board of Directors (Committee of Management).

27. A further impediment in employing, and in retaining, such management personnel was the previous practice of paying only very low salaries, or in fact, in many situations, expecting the employee to carry out his duties as a traditional village obligation without monetary compensation. The combination of these factors not only encouraged the growth of the seeds of possible failures and, in some rare instances of malpractices. It emphasised the need, and led to the creation of, Co-operative Training Programmes in the Pacific.

28. The higher standards of knowledge in an increasing number of young people completing secondary school education today, may relieve the necessity to devote so much time in Co-operative Training to basic principles of simplified bookkeeping processes. Whether these young people will find satisfaction in remaining in a village environment in Management functions, in small Co-operatives, has yet to be proved. However, there is very encouraging evidence to indicate that the continuing Pacific Co-operative Education Programmes over the years, is now showing tangible results.

Loyalties, and pride of involvement, which are only built by years of close association with the job, are becoming obvious. In addition advancing skills in management and in supervision are beginning to relieve pressures on Government resources and personnel.

29. The problems of Management of South Pacific Co-operatives is by no means solved, as so much of the local training must be conducted in the local dialect. The Educational Consultancy and Lecturing therefore, in which I have been involved, is in "training the future trainers" - and one gains considerable satisfaction in watching the multiplying effect gradually taking place.

CO-OPERATIVE LEADERSHIP IN SOUTH PACIFIC

30. The term "Leadership", in its application to South Pacific Co-operatives, I consider a separate classification. Because the Governments have taken the initiative in encouraging local people to form Co-operatives, leadership naturally gravitated into the hands of the respective Regis-

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trars and their staffs. I can say positively, from my personal experience, in all areas of the region, that, whether those Government Officers were expatriates, or whether they were local people, they had one common denominator in their attitude to their role. They recognised themselves as TRUSTEES only - and they work ceaselessly to create Co-operative leaders among the local people themselves.

31. Within the tribal life style of the Pacific, this leadership was not easily, or initially, assumed by any but the tribal Chief. Whilst initially, this traditional approach lent a much valued weight to creating local confidence of the value and potential of Co-operatives, it also necessitated (at some time absent) progressive programme for educating the traditional leader in recognising the essential differences between clearly held concepts of aspects of village communal ownership, in contrast to the individuality aspects of the newly introduced Co-operative Enterprise. The progression of leadership development, which certainly is taking place, must, however, of necessity, sometimes (to quote Professor Watters of New Zealand) "mean advance without transformation - and progress within an existing structure rather than seeking to create an entirely new structure of rural life."

ROLE OF I.C.A. IN THIS ASPECT IN SOUTH PACIFIC

32. The first and foremost role would appear to be again the collection, cataloguing and circulation of details of management training Papers and Books and visual aids, to the two South Pacific Colleges, in order that the local specialists there can assess their value, and their application to their needs, and the financial ability of the Colleges to procure those of them they adjudge to have value to them.

COOPERATIVE EDUCATION IN AUSTRALIA

33. Largely, because of the background against which Co-operatives developed in Australia (as outlined earlier) education of staff has generally, where considered necessary, been undertaken by the Co-operative concerned. Some of these education programmes have been purely of an internal nature drawing on the expertise of the Co-operative's own Management. However, in the last few years, there has been a

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tendency to develop such training programmes within the expertise developed by outside training and professional organisations.

34. There is no Co-operative College within Australia. The reason for this of course, lies in the fact that Australian Co-operatives, up till recent years, have not placed great stress on the Fifth I.C.A. Principle. However, the central Co-operative Federations, in various states, have been able to make available training material at staff management and director level. In some cases, this has been produced in booklet form, and in other instances, the material has been presented in Conferences and Seminars. The Co-operative Federation of Australia has recently appointed a specialist Education Sub-Committee to study the needs of the various segments of our Co-operative Movement in this regard.

35. Co-operatives in Australia, either on an individual basis, or in conjunction with Government and other authorities, have also for many years been actively participating in individual and group training of overseas Co-operators from African, Asian, and Pacific Countries.

CO-OPERATIVE EDUCATION IN SOUTH PACIFIC

36. The responsibility of Co-operative education in all of the countries in the South Pacific, has fallen upon the shoulders of the various Co-operative Registrars and their staff. There has therefore been no consistent pattern of the development of Co-operative Education over the entire region. In many cases the number of Registry Staff provided by various Governments, has proved inadequate to the needs of a growing Movement. In these cases, at times, the needs of practical guidance and supervision of the individual Co-operatives have had to take temporary precedence over a formal Educational Programme, although it should be recognised that each Registry Officer is, in fact, also continually carrying out an educational function, even as he instructs and guides management and directors in individual villages. Nevertheless, in each country some form of continuing Co-operative Education has been maintained. Understandably, because of a legacy of lack of advanced general educational facilities for the people in the past, priorities have had to be given for education in business practices and Co-operative principles for Secretary/Managers of village Co-operatives, as well as for

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new recruits to the Co-operative Registries. Hopefully, the more advanced general educational facilities now provided by Governments in all South Pacific countries, will permit the Co-operative Registries to embark on more sophisticated programmes of education for members and directors as well.

37. Within the South Pacific Region two full time Co-operative Colleges are functioning. The largest one is in Port Moresby, and its 250 bed residential facilities are kept fully employed in raising the standards of Co-operative Education geared to the needs of the former Australian Territories of Papua and New Guinea alone.

38. The second Co-operative College is located in Suva in Fiji. This town, as you are aware, has become the focal centre in the South Pacific, for higher education. It is only natural, therefore, that the Fiji Co-operative College, (though smaller than its counterpart in Port Moresby) very often also extends its facilities to embrace students from all areas in the Region. In fact, it is at this Annual Course, that I have been privileged to serve as Australian Consultant-Lecturer over the past five years. Such Courses naturally have potential for a considerable educational multiplying effect. I have seen (in my consultancy visits to all Pacific Areas) Certificate Holders from previous such Fiji College Courses, themselves lecturing and training classes in remote Pacific Islands.

39. Registry Officials and Co-operative Leaders in the Pacific also have access to other training facilities. Many of them are granted leave of absence to attend specialised Courses within their professional competence, at local and overseas centres of higher learning. Some are chosen by their Governments to participate in specialised Co-operative Training in Australia, under our Federal Government's Pacific Aid Programme. Naturally the Australian Government has used the services of the Co-operative Federation of Queensland, in conjunction with the Co-operative Federation of Australia, in planning and conducting some such Courses. These Courses are composite in-service training and inspection and lecture tours and crystallise around a preconceived topic (i.e. management, or wholesaling, or retailing, etc.).

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40. Representatives of Pacific Co-operatives often attend the Annual Queensland Co-operative Congress, and, at the same time, participate in a briefer Co-operative Educational Programme whilst in the country. These latter visits are financed by the Government of the countries concerned and facilities are provided by the Queensland Co-operative Federation. Such programmes have been in operation for over twenty years, and in fact, have become a particular feature of that State's Co-operative Federation's activities.

41. For many years the South Pacific Commission employed a widely experienced Co-operative Officer who was made available to Pacific Governments on request. When this post was abolished the Commission appointed a Business Training Officer who assisted with Co-operative and other types of Business Courses in the South Pacific. When that position was later abolished, a vacuum existed as far as Co-operatives were concerned. It was then that I was invited, as a Consultant from the Australian Movement to fulfill the educational need which existed.

42. Australia has an historical and natural affinity with Co-operatives in the South Pacific, as many of our tropical rural industries in which Co-operatives operate are also industries understood by Pacific Islanders. Australia's location as part of the Pacific Island region also makes it mutually convenient for sending instructors and students who will be away from their duties for a minimal period, consistent with the nature of the particular training programme. This is a particularly important consideration for Co-operative Registrars who are constantly plagued with the problems of shortages of staff. Also it has become a recognised pattern of planning of such Courses that I have usually first sought the opinion of Co-operative Registrars in each particular area, as to the paramount needs facing their Co-operatives at that particular time and then, with the usual keen co-operation of the Australian Government, helped to tailor the Course to suit the needs of the day.

43. It should not be presumed from the foregoing remarks that Australian Co-operatives are only interested in assisting the training of South Pacific Co-operators. This has already been made clear in paragraph 35 of this Paper.

44. Finally a limited number of Pacific Co-operators, who have proved their undoubted competence over the years, are nominated annually for admission to the nine month Course at the Co-operative Course at Loughborough, England. Some, particularly among those working with Indian Co-operatives in Fiji, have also been sent abroad to study the application of co-operative Practices to offset the problem of the operation of money lenders in rural communities.

ROLE OF THE I.C.A. IN EDUCATION IN THESE REGIONS

45. As previously outlined in this Sector of this Paper Australia's role in Co-operative Education is rather as the provider of educational facilities than the recipient of same. However, in this early stage of the development of adequately financed central state and Federal Co-operative Federations to adequately act on behalf of a unifying Movement yet to be unified there does arise on rare occasions, a demand from a Pacific Country for specialised assistance which cannot be funded by the Australian Co-operative Movement, or Australian Government Aid Funds, or the South Pacific Commission.

46. It would appear more economical, both in scarce manpower and monetary expenditure, in these circumstances for the I.C.A. to utilise Australian expertise already conversant with the particular problems of the areas and to call on personnel who are much closer to the problem area. A proposal in this regard was made by the Australian Co-operative Movement to the I.C.A. at its recent European Meeting in October. It was stressed in the application, that the Australian Movement would first explore all other sources of available finance, because it was realised that funds available to the I.C.A. are also limited. At the time of compiling this Paper no reply has been received by the Australian Co-operative Movement to its application.

47. It is strongly recommended to the Experts present at this Consultation, that the I.C.A. should continue its policy of ascertaining the particular circumstances and specialised needs of Co-operatives before extending any alternative Aid Programmes to the South Pacific. Margaret Digby, in writing in the Horace Plunkett Year Book, has indicated the chaos which resulted when the Governments of some of the then recently independent

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countries in Africa, embarked on a series of schemes without first ascertaining needs and environments.

48. Should the I.C.A. require any information from our present growing storehouse of knowledge of Co-operatives in the South Pacific Areas, we shall be most happy to assist.

49. Another field in which the I.C.A. may be able to assist South Pacific Co-operatives could be in offering assistance to the Libraries of the Co-operative Colleges (see paragraphs 37 and 38). The Fiji Co-operative College in particular will be later specialising in a programme of the production of visual aids to extend the College's influence into village situations. They also have generator powered field movie projection equipment (donated by the Australian Government under its Pacific Aid Programme) and could be therefore interested in appropriate Co-operative films.

CO-OPERATIVE PRODUCTION AND TRADE IN AUSTRALIA

50. In Australia, particularly among Co-operatives operating for the purpose of marketing and/or processing farm products, they provide a wide range of food products for local needs and for the export markets. Within Australia most food products sold by Co-operatives are produced and marketed under the Co-operatives own individual selection of a variety of brands. This is because more than 95% of all food sold in Australia is retailed through non-Co-operative outlets. Even Co-operative Retail Stores do not appear to be virtually interested in marketing a cross section of their products under a "CO-OP" Brand.

51. The range of products available from Australian Co-operatives, for the export market, includes dairy products, grain and seeds, meats, fish, fruit and vegetables, livestock and animal semen for Artificial Insemination Programmes, Ginger, Nuts, etc. etc. etc. However, many overseas Co-operatives, anxious to handle a wider range of Australian Co-operative food products, have been disappointed to find that the Australian Co-operatives concerned have firmly established Agents already operating in their particular country. There are a number of reasons for this - possibly the most important one being that at the time of establishing these Agencies the operation and extent of Consumer

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Co-operatives in the particular country may have been unknown to, or may have then been considered only a small part of the overall market, by the exporting Australian Co-operative.

52. A handful of Australia's exporting and importing Co-operatives however, became initial members of the International Co-operative Trading Organisation recently set up under the auspices of the I.C.A. New Delhi Office. We are hopeful that the mutually beneficial economic exchange of goods through that medium will also bring an increasing awareness to our Australian Co-operatives of the existence and importance of Co-operatives in other lands abroad.

ROLE OF I.C.A. IN THIS ASPECT

53. We commend the I.C.A.'s specialised Committee and the particular I.C.A. staff concerned, for the thought and effort they gave to the setting up of this International Co-operative Trading Organisation. We suggest that this body should be encouraged to play an increasingly important role in finding overseas markets for Co-operative produced merchandise from all countries which are participating, to the mutual benefit of the Co-operative Movement as a whole.

CO-OPERATIVE PRODUCTION AND TRADE PACIFIC CO-OPERATIVES

54. The trends, problems and needs of Co-operatives in the Pacific, in the fields of production, must be viewed against the background of an island subsistence economy which dates back over many many generations. In that environment production was an end in itself. Its sporadic purpose was to collect sufficient for "today's needs" only from the bounty of nature on the land or in the sea. Except for occasional vagaries of nature (cyclones for example) the village population are aware that, with a little expert assistance from themselves there would always be sufficient food for tomorrow - and the tomorrows which stretched away into the future.

55. Speaking on this problem Dr. John Guise, the Governor General of the recently independent Territory of Papua - New Guinea (and himself a keen Co-operator from way back) once said:

"Co-operatives will play a large part in turning our villagers into farmers producing for a market, instead of producing just enough for their own needs. In this

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way Co-operatives could be an important force for political stability...."

56. In all reas of the Pacific, with the possible exception of Papua-New Guinea, copra is the main product marketed by Co-operatives. In fact, in Copra marketing, both the quality and quantity marketed by Co-operatives has progressively increased, till today, Co-operatives handle a major portion of all Copra grown by local people. Basing this large proportion of Co-operative production, and marketing activity, on a one-crop economy, of course, is fraught with obvious dangers. Because, in so many of the islands people in the Pacific depend entirely on Copra production for cash income, the violent fluctuations in internationally determined prices, can have disastrous effects on not only the operations of marketing Co-operatives, but of the islanders spending capacity in the small village Co-operative Store as well. In the Pacific environment even relatively minor price fluctuations can sometimes trigger off an ever present latent desire to slip back into the centuries old pattern of subsistence level living.
57. It is of interest, however, to note that other types of Pacific Co-operatives are gradually being utilised to offset this serious deterrent to a people's (and their country's) development. We take as an example of this, the development of a Timber Saw Milling Co-operative in Papua. It is unique in the Pacific. It was formed, under the inspiration of the Government, to utilise the large reserves of timber in the hinterland. Huge logs are floated down the river from timber reserves owned by the local people. The sawn timber meets a ready demand in port Moresby and other developing areas to which it is shipped from the Co-operative Mill. This Co-operative is providing local villagers with an entirely new cash income of about \$1000 per week in timber royalties and wages.
58. The results of this new income are readily apparent when one visits the village area. The carved log canoes are now powered with outboard motors. The people use pressure lamps in place of the less efficient wood torches. Radios and sewing machines have raised the work standard of the women in the neatly kept village houses - and the children

benefit from a much wider variety of supplementary packet and tinned food offered in the village stores.

59. The important thing for a country's developing economy however, is that this Co-operative is creating a desire for a higher standard of living - and the realisation of that now very real desire, can only be fulfilled IF the villagers continue to produce. Thus the initial desire to maintain constant production - replacing the old intermittent tribal approach to work - is being converted into anew habit by the desire to own things.
60. The international marketing of copra in most South Pacific areas is handled through Government Marketing Boards. The exception is in the Gilbert and Ellice Islands where the Central Co-operative Federation is the Marketing Authority.
61. Other Co-operative production for export in the South Pacific includes bananas, coffee beans, cocoa beans, shell, peanuts, potatoes, ginger, handicrafts, etc.
62. Most of the Co-operative Stores in the South Pacific are small village retail outlets and usually part of multi-purpose marketing Co-operatives. They carry a very limited range of imported foodstuffs, as much of the local food is produced in the villagers gardens. Sales vary according to the rise and fall in copra prices. The policies of local government is to encourage the setting up of various food and soap factories within their own countries and protective and selective tariffs apply. For example there was previously a large demand for canned fish from Japan but some fish canneries are now operating in the South Pacific. There is a growing trend to set up Co-operative Wholesales in Pacific areas. Some are in their embryonic stages - others are well established.

ROLE OF I.C.A. IN THIS ASPECT

63. Copra appears to be "controlled" in its marketing - Coffee beans, Cocoa Beans, Ginger, and Sea Shell seem to have potential for Co-operative world marketing exchange. Handicrafts would require a strong quality control officer in the country of origin. Production of many other products are spasmodic.
64. With possibly two current exceptions the importing of food by the

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South Pacific Co-operative Wholesales may be, at this stage in their growth, limited in scope.

FINANCE AND OTHER RESOURCES IN AUSTRALIA

65. In common with a large section of Co-operatives in all countries, many Australian Co-operatives began their operations UNDER CAPITALISED. The organisers over emphasised the BENEFITS to be obtained from the prospective Co-operative, and under emphasised the financial RESPONSIBILITIES of members. Thus, the seeds of destruction - or, at least, the seeds of sterility, were automatically built into many of our early Australian Co-operatives. Not only were the Co-operatives constantly short of funds for expansion, but the members themselves had such a small stake in their Co-operative that they had little to lose if the Co-operative failed. This sapped loyalty of support.

66. In earlier days, a large number of Australian Co-operatives tended to maximise the proportion of rebate paid to members and to minimise the amount put to reserve. This was because reserves (as undistributed profits) were taxable in the hands of the Co-operative. In the latter years, partly because of the ever increasing inflationary trend in the Australian economy, Co-operatives tend to place higher proportions of net profit to reserve. Alternatively (if their Rules provided the power) many Co-operatives retained a large proportion of these profits in the business, by issuing the rebate in the form of additional fully paid shares or in term debentures. This rebate, issued in shares and/or term debentures, is not taxable in the Co-operative's hand but is taxable in the hands of farmer shareholders in the year of its issue.

67. Co-operatives, in Australia, have access to apply for a variety of types of financial assistance from its large number of competitive banks. In addition, funds may, in certain circumstances, be obtained under Government guarantee.

68. The rural credit system, presently practiced in Australia, is currently in need of review. The Australian Co-operative Federation has studied both the United States system and the German Raiffeisen system. It has also had discussions on the topic with both the Federal Government and the Federal Opposition. Investigations are also being made of the

potential of a closer working arrangement in the Consumer and Credit area of the Australian Movement.

69. There are no Co-operative Banks operating in Australia although proposals to form banks have been investigated in changing conditions on a number of occasions over the years.

70. In some cases in the past, Australian Co-operatives have borrowed funds from overseas Co-operative sources. However, changing exchange rates, and instability of national interest rates, have made such a proposal impractical at the present time. On the other hand, the Co-operative Insurance Company of Australia uses the facilities of the I.C.A.'s Insurance Committee for some of its re-insurance funds.

CO-OPERATIVE FINANCE IN THE SOUTH PACIFIC

71. The South Pacific Islander villagers are usually unable to initially contribute large amounts of formation share capital to their Co-operatives. The Co-operative Ordinances, in each South Pacific country, wisely provides that twenty five per cent (25%) of the net surplus before rebates, must be placed to reserve. This Co-operative Law however, gives the Registrar of Co-operatives the power, at his discretion, to waive the percentage to be placed to reserves, when the progressive amounts used for reserves reaches a certain proportion of share capital.

72. A further means of accumulating Co-operative funds is utilised, in most South Pacific areas under the Co-operative Ordinance. This is a levy for Auditing Services provided by the Co-operative Registry Staff. These funds are often used for Educational and other general Co-operative purposes.

73. Within the Indian Farmer Communities in Fiji, the families have inherited the increasing bondage to the Indian money lenders. With the initiative of the Co-operative Registry, and the co-operation of a large Bank with an overseas branch in Fiji, a number of Co-operatives have been formed to take over this indebtedness on more equitable terms. These Co-operatives are federated into an Association, which it is hoped, in the not too far distant future, will be the basis of a Co-operative Bank.

74. In at least two other areas of the South Pacific, two other Co-

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and in the South Pacific

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operative Banks are either operating or about to operate. A considerable number of Co-operative Credit Unions have also been formed.

ROLE OF I.C.A. IN THIS SPHERE

75. Because of varying and peculiar circumstances, in both Australia and the South Pacific, I am not able to recommend an active role of the I.C.A. in this sphere. Rather, I feel that there is an equally important passive role for the I.C.A. of being a centre of advice when Co-operatives in these regions seek guidance on financing and on the unified utilisation of a Movement's resources.

REPORT

from the
CO-OPERATIVE FEDERATION OF AUSTRALIA

to the

INTERNATIONAL CO-OPERATIVE ALLIANCE

COUNCIL

FOR

SOUTH EAST ASIA

MANILA

DECEMBER 1975

1. INTRODUCTION

January 1st, 1975 was a day of some significance to the Co-operative Movement of Australia as on that day the Secretariat of the Co-operative Federation of Australia was opened for business in Canberra the Federal Capital, manned by professional staff, financed entirely from voluntary subscriptions contributed by member Co-operative organisations.

2. DEVELOPMENT

A further major development during the year has been the implementation by the Government of Australia of its declared policy to form a Farmer Co-operative Service within its Department of Agriculture. It is intended this section will work in close liaison with the Co-operative Federation of Australia's national office in Canberra and will maintain contact with the Agricultural Co-operative Movement at all levels. It is proposed the section will have within its responsibilities the preparation and analysis of project development resource utilisation, financial management, advisory services and act as general consultant dealing with Co-operative problems and opportunities in the rural sector.

Involvement in Co-operative activity by the people of Australia has continued to increase. The last available statistics showing Co-operative strength in Australia are appended to this report but it is significant to note that in the five year period 1968-1972 inclusive, involvement in Co-operative activity increased

by 100%. Whilst the main areas of growth were in the Co-operative Building Society and Consumer Credit areas, all other sections of the Co-operative Movement increased in membership and business.

3. AGRICULTURAL CO-OPERATIVES

A specific committee has been established representing a wide geographic and Co-operative agricultural industry spread and has been formed to advise the Council of the Co-operative Federation of Australia on policies relating to Agricultural Co-operatives.

During the year this Committee has met with the Australian Government's National Rural Advisory Council in a regular series of meetings.

In addition to developments in the area of establishment of a Farmer Co-operative Service detailed attention is being given to the area of encouraging Co-operation in farm production.

Where the average size of a farm is between three and four thousand acres and, in some instances, groups of farmers wishing to consider the possibilities of the Co-operative structure are spaced ten to twenty miles apart, some of the problems that have to be overcome will be understood. However, considerable success has been achieved in developing the application of this practice and some interesting results can be shown.

The Commodity Marketing Board system for marketing of agricultural produce, as practiced in Australia, is well known. Research is being started to assess the relative merits of this type of operation in relation to Co-operative marketing and marketing by the private sector.

Attention is being given to increased vertical integration in Co-operatives with the object of better grower control of produce from the producer through to the consumer.

4. CO-OPERATIVE FINANCE

The Rural Credit System presently practiced in Australia is considered to be in need of reform in many areas. This assessment is shared by the Government, by the alternative Government and by the Co-operative Federation of Australia, whose policy is a user controlled system.

The Co-operative movement has provided studies on the American Farm Credit System and that practiced in South Africa, and as a further detailed area for study, the Raiffeisen system as practiced in Europe. The Secretary-General of the International Raiffeisen Union was invited to address delegates at the 1975 Australian Co-operatives National Convention on the Raiffeisen System as practiced in Germany and it is anticipated some developments from this expose will emerge.

A closer working relationship has been established between the Consumer Credit Co-operative area of the movement, which in the main is urban and industrial oriented, and the rural sectors of the movement.

An Australian Co-operative Financial Administrators Group has been formed within the Co-operative Federation of Australia which professional and non-professional practicing Co-operative officials responsible for financial management will be able to join

and share experiences for their mutual benefit and the benefit of the Co-operative movement in Australia.

5. CONSUMER CO-OPERATIVES

Whilst the Consumer side of the Co-operative movement in Australia is fragmented, this is accountable, in the main, by the vast distances separating the various centres of population. The development of a National Co-operative Centre is helping promote the concept of better utilisation of resources in this regard.

There is also evidence of an increasing awareness in the community as a whole of the benefit of the consumer type of Co-operative and communities are increasingly developing their own Consumer Co-operative. It is of some significance that the 53rd International Co-operative Day was marked in the Australian Capital Territory by the official opening for trading of the first Consumer Co-operative store in that Territory. Since then, in the restricted Federal Capital community, four more have been formed.

The role of women is being increasingly accepted in the Co-operative movement. Women's Guilds have been active for many years in some areas but recently more women have been coming forward for election to Boards of Directors, to women's committees and to management of Co-operatives.

6. CO-OPERATIVE EDUCATION

The Co-operative Federation of Australia acknowledges its ~~re~~missness and shortcomings in the area of Co-operative education

of Directors, management, staff and members. Whilst training facilities outside the movement are generally of a high standard to ensure efficiency in management, the general area of development of Co-operative manpower is one that is currently receiving detailed attention by the Co-operative Federations and Associations employ officers specifically for education, training and manpower development purposes, there is, as yet, no institution in Australia providing specific training and education for Co-operative personnel.

7. CO-OPERATIVE LEGISLATION

This, like other Corporate legislation, continues to be a State responsibility. The diverse Co-operative legislation currently enacted in the various States of Australia provides some problems for a central Co-operative Federation. In the area of Consumer Credit types of Co-operative, there has been general agreement amongst the States, both on the Government and the Co-operative sides, of the desirability of uniform legislation and progress is well advanced towards the introduction of uniform Credit Union Acts in each State of Australia.

Co-operatives, like other organisations in Australia, have to conform to many types of legislation including the Trade Practices Legislation.

A typical example, which may be of interest to readers, was a situation where two separate Co-operative dairy mergers were considered simultaneously by the Trade Practices Commissioners after

previously refusing clearance on the grounds that the mergers materially lessened competition.

At the re-hearing, the Co-operatives, having been able to show the cost savings which were to flow from the mergers as well as other benefits, the Commissioners gave authorisation on the grounds that the mergers were in the public interest.

However, the Commissioners gave an addendum to the appeal result, that the merged Co-operatives have to make detailed reports to the Commission annually for three years on how the cost savings and other benefits are becoming evident in practice.

8. INTERNATIONAL CO-OPERATIVE TRADING ORGANISATION

The Co-operative Federation of Australia welcomed the assistance of senior officials of the Regional Office of the International Co-operative Alliance in the detailed work involved in setting up for business the Singapore office of the International Co-operative Trading Organisation. In particular, appreciation is expressed to Mr. Madane for his efforts in this regard.

All the shares applied for by Australian Co-operatives in the International Co-operative Trading Organisation have been fully paid. Regular progress reports have been issued to subscribing Co-operatives in Australia and one general meeting held when the Australian Director on the Board of ICTO addressed participating members.

9. OVERSEAS CO-OPERATIVE AID

The Co-operative Federation of Australia continues to provide advisory and educational services for Co-operative development in

Pacific Island countries. During the year, with the assistance of the Australian Government, a training programme was held for Co-operative officials from Pacific Island countries which commenced with a familiarisation programme in Fiji followed by study visits to Co-operatives in three eastern States of Australia.

This has been followed in October by a senior official from the Co-operative Federation of Australia participating in an educational programme of Co-operative training in Fiji.

In addition a senior Co-operative management consultant from Sri Lanka was received in Australia during the year and successfully concluded a programme of study visits. This programme was arranged jointly by the I.L.O. and S.I.D.A.

Submissions have been made to the Australian Government Foreign Aid Board that the aid programmes in areas of Non-Governmental Organisations should be increased and that the Co-operative Movement in Australia, through its membership of the International Co-operative Alliance, is geared to assist in this regard.

The Chairman of the Co-operative Federation of Australia's Agricultural Committee, Mr. Beytagh, has been appointed by the Australian Government to its Foreign Aid Advisory Board.

10. APPRECIATION

The Co-operative Federation of Australia and all associated with its activities place on record their sincerest appreciation for the outstanding contribution made to world Co-operative development by the retiring President of the International Co-operative Alliance,

Dr. Bonow. Some of our leaders had the privilege of meeting Dr. Bonow during his only visit to our country but all are well aware of the devotion and leadership he has given to the movement over a long period of association.

The Co-operative Federation of Australia and all its members also wish to place on record their sincerest appreciation to Mr. Palita Weeraman, the retiring Regional Director. Fortunately we have been able to receive Mr. Weeraman in Australia on several Occasions to enable him to see for himself something of our strength and weaknesses, in tours which have covered most of our vast country. We shall miss his wise advice and cheerful presence but extend to him sincerest good wishes for a well earned, long and happy retirement

11. CONCLUSION

In the brief period of operating from its centre in the Federal Capital, the Co-operative movement has established good working relationships between the Australian Government and the Australian Co-operative movement.

Firm declarations of policy supporting the principles and practice of Co-operation have been given by the Australian Government and by the alternative Australian Government.

The prospects for development of a cohesive and co-ordinated national co-operative movement appear much brighter but the programme is for sound development rather than rapid disruptive change.

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The policy of the Co-operative Federation of Australia continues to be to maintain and, where possible, improve relationships between Co-operatives in Australia, the International Co-operative Alliance and Co-operatives in other countries.

CANBERRA
OCTOBER 1975

M. J. LANE
PRESIDENT.

vsr/12.11.75

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of Australia

112°

AUSTRALIAN

CO-OPERATIVE STATISTICS

Prepared and Issued by:-

The Co-operative Federation of Australia
36 Northbourne Avenue
CANBERRA, A.C.T. 2601.

NATIONAL GRAPE GROWERS COOPERATIVE ASSOCIATION, INC.

This association of growers' cooperatives is better known for the brand name of the cooperative products it markets and its marketing subsidiary, namely, Welch Foods. Public relations for Welch Foods are highlighted by being the major function of their corporate communications department. Two items out of the seven in their business creed further highlight the importance by being "To enhance its corporate image with all audiences of its business environment," and "To discharge the obligations of corporate citizenship by effective participation in national, state and local government and community affairs."

Eight corporate communications teams comprised of key executives and managers in the organisation advise on and evaluate the performance of its public relations programme. These act as advisors to the corporate communications department which is headed by a "PR" professional. The eight targets considered important by Welch are as follows:

1. Community relations - Each plant, as well as the general offices, conduct information programmes and participate in community projects. This includes active participation and funding for programmes concerned with the school, welfare, environment improvement, etc. Funding is provided, and in many cases fund-raising campaigns are headed by Welch personnel, for education, civil and cultural, health and welfare and youth serving projects.

A "hot line" programme has been developed and publicized wherein any community residents can call a special telephone number with reasonable questions about cooperatives, and about Welch and its operations, products, plans and policies. This is in addition to the national mailings and replies to letter enquiries received.

2. Consumer relations - Special personnel and a system have been set up for prompt replies to all questions, complaints, requests for information, etc., received. With these replies are sent promotional materials and background information. During 1974 approximately 4,300 such letters were received and answered.
3. Employee communications - This group keeps Welch personnel (and retired personnel) informed about the status and plans of the company through a monthly magazine. News items and information on new developments are prominently displayed on bulletin boards throughout all plant locations. Periodic surveys are conducted among the personnel for needs, general subject interest, and items for this publication. Tours are arranged for

employees to growers' farms as well as to the general offices, to promote understanding and appreciation of their owner-members' problems.

A special "hot line" programme is in existence for Welch employees and for the cooperative members in addition to the community and customer ones.

4. Member relations - In addition to the normal performance and patronage refunded programmes, Welch has an extensive information programme to promote closer ties with its members. The Cooperative News, published seven times a year, keeps members apprised of all Welch activities and plans as well as providing information on items which affect the grower directly as well as the business as a whole. This covers such things as country-wide crop conditions, new growing techniques, and market projections. Membership meetings, pre-harvest meetings, plant tours for members are among the devices used to promote the feeling of belonging.
 5. Government relations - In addition to the relations promotion done by the national organisations, Welch communicates directly with legislators on key legislation in which the cooperative has an interest. A concerted effort is made to keep local officials informed about Welch and its plans including such things as direct contact with village/town officials by plant managers, apprise them of plant construction projects and plant expansions requiring new employees.
 6. Financial relations - In addition to using the annual report and general background information in connection with its other public relations, these are sent to all area banks who deal with cooperative members and Welch's itself. Bank personnel also receive regular visits from financial department personnel to facilitate future credit and loan fulfilments.
 7. Sales and trade relations - Press releases and general information are mailed to customers, to brokers and trade associations in addition to the regular sales promotion programme.
 8. Supplier relations - Regular communications are sent to major vendors concerning new appointments within the company, new construction projects, and general plans which might involve requirements. This is in addition to the fair treatment given all suppliers in regular transactions.
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ESTIMATED STRENGTH OF AUSTRALIAN CO-OPERATIVE MOVEMENT30TH JUNE 1973

	<u>Co-ops.</u>	<u>Totals</u> <u>Excluding A.C.T.</u>	
		<u>Members</u>	<u>Turnover</u> \$000's
Agricultural	440	388,369	971,974
Fishery	35	3,971	42,595
Consumer	349	581,229	200,472
Community-Miscellaneous	<u>1,199</u>	<u>219,621</u>	<u>61,999</u>
Sub Total	2,023	1,193,190	<u>1,277,040</u> <u>1972</u> 1,218,606
			<u>Loans Advanced</u>
Credit Unions	<u>812</u>	<u>673,313</u>	<u>307,035</u> <u>1972</u> 203,416
Sub Total	2,835	1,866,503	
Building Societies Terminating	5,699	202,135	Advance on Mortgage 887,725
Permanent	<u>187</u>	<u>1,341,840</u>	<u>2,325,265</u>
Bldg. Scties Total	5,886	1,543,975	<u>3,212,990</u> <u>1972</u> 2,462,258
Totals June 1973	<u>8,721</u>	<u>3,410,478</u>	
Totals June 1972	<u>8,319</u>	<u>2,839,703</u>	
<u>POPULATION</u> June 1972		<u>12,729,831</u>	

ESTIMATED STRENGTH OF AUSTRALIAN CO-OPERATIVE MOVEMENT
30TH JUNE 1973

	<u>South Australia</u>			<u>Tasmania</u>		
	<u>Co-ops</u>	<u>Members</u>	<u>Turnover</u> \$000's	<u>Co-ops</u>	<u>Members</u>	<u>Turnover</u> \$000's
Agricultural	41	14,157	60,056	15	7,047	11,918
Fishery	2	996	18,671	-	-	-
Consumer	23	107,736	17,786	-	-	-
Community- Miscellaneous	-	-	-	-	-	-
Sub-Total	66	122,889	<u>96,513</u> 1972 92,691	15	7,047	<u>11,918</u> 1972 <u>12,346</u>
Credit Unions	<u>37</u>	<u>42,300</u>	<u>19,800</u>	<u>26</u>	<u>20,616</u>	<u>11,298</u>
Sub-Total	103	165,189	<u>1972</u> <u>13,760</u>	41	27,663	<u>1972</u> <u>9,416</u>
Building Societies Terminating	19	4,577	2,441	103	2,212	12,109
Permanent	10	<u>62,276</u>	<u>69,541</u>	<u>6</u>	<u>15,765</u>	<u>50,676</u>
Bldg Scties Total	29	66,853	<u>71,982</u>	109	17,977	<u>62,785</u>
			<u>1972</u> <u>54,134</u>			<u>1972</u> <u>51,082</u>
TOTALS June 1973	<u>132</u>	<u>232,042</u>		<u>150</u>	<u>45,640</u>	
TOTALS JUNE 1972	<u>127</u>	<u>204,128</u>		<u>146</u>	<u>43,767</u>	
POPULATION June 1972		<u>1,196,541</u>			<u>395,552</u>	

ESTIMATED STRENGTH OF AUSTRALIAN CO-OPERATIVE MOVEMENT
30TH JUNE 1973

	<u>A.C.T.</u>		
	Co-ops	Members	Turnover
			\$000's
Agricultural	-	-	-
Fishery	-	-	-
Consumer	12	-	-
Community-	-	-	-
Miscellaneous	-----	-----	-----
Sub-Total	12	-	-
Credit Unions	15	19,813	Loans advanced <u>10,964</u>
Building Societies			Advances on Mortgage
Terminating	27	597	4,233
Permanent	<u>5</u>	<u>25,237</u>	<u>64,246</u>
Bldg Societies Total	32	25,834	<u>68,479</u>
TOTALS June 1973	<u>59</u>	<u>45,647</u>	
TOTALS June 1972	-	-	
<u>POPULATION</u> June 1972		<u>165,255</u>	

NOTES

1. Source of information-
 - (a) Australian Bureau of Statistics
 - (b) Co-operative Registrars, N.S.W. Vice, Queensland, A.C.T.
 - (c) Registrar of Friendly Societies, Western Australia
 - (d) Co-operative Federations, Queensland, Vic, Western Australia
 - (e) Australian Federation Credit Union Leagues.

2. A.C.T. Statistics:

As these have not previously been included and as comparative figures for Trading Societies for 1973 are unavailable these are shown separately from the consolidated total for information and future use.

ESTIMATED STRENGTH OF AUSTRALIAN CO-OPERATIVE MOVEMENT

30TH JUNE 1973

	<u>N.S.W</u>			<u>Victoria</u>		
	Co-ops	Members	Turnover \$000's	Co-ops	Members	Turnover \$000's
Agricultural	147	115,379	348,342	84	81,261	93,493
Fishery	21	1,693	10,711	7	381	1,800
Consumer	89	303,521	106,509	60	48,942	15,029
Community - Miscellaneous	404	163,375	54,319	763	52,122	7,460
Sub-Total	661	583,968	519,881	914	182,706	117,782
			<u>1972</u> 450,827			<u>1972</u> 107,465
Credit Unions	411	392,332	166,138	207	98,828	54,265
Sub-Total	1,072	976,300	<u>1972</u> 123,896	1,121	281,534	<u>1972</u> 32,958
Building Societies			Advances on Mortgage			Advances on Mortgage
Terminating	2,985	96,034	454,282	1,462	77,101	300,296
Permanent	66	684,581	1,132,131	52	164,520	338,060
Bldg Societies Total	3,051	780,615	1,586,413	1,514	241,621	638,356
			<u>1972</u> 1,256,403			<u>1972</u> 482,591
<u>TOTALS</u> June 1973	<u>4,123</u>	<u>1,753,915</u>		<u>2,635</u>	<u>523,155</u>	
<u>TOTALS</u> June 1972	<u>3,829</u>	<u>1,468,957</u>		<u>2,528</u>	<u>437,260</u>	
<u>POPULATION</u> June 1972		<u>4,696,040</u>			<u>3,577,780</u>	

ESTIMATED STRENGTH OF AUSTRALIAN CO-OPERATIVE MOVEMENT

30TH JUNE 1973

	<u>Queensland</u>			<u>Western Australia</u>		
	Co-ops	Members	Turnover	Co-ops	Members	Turnover
			\$000's			\$000's
Agricultural	98	(115,442	206,899	55	55,083	251,266
Fishery	3	{		2	901	11,413
Consumer	121	71,058	52,105	56	49,972	9,043
Community -	32	4,124	220	-	-	-
Miscellaneous						
Sub-Total	254	190,624	259,224	113	105,956	271,722
			<u>1972</u>			<u>1972</u>
			220,381			235,886
Credit Unions	82	65,688	Loans Advanced 31,800	49	53,549	Loan Advanced 23,734
Sub-Total	336	256,312	<u>1972</u> 11,973	162	159,505	<u>1972</u> 11,413
Building Societies			Advances on Mortgage			Advances on Mortgage
Terminating	714	15,145	83,484	416	7,066	35,113
Permanent	42	217,537	333,112	11	197,161	401,745
Bldg Soci- ies	756	232,682	416,596	427	204,227	436,858
Total			<u>1972</u> 283,937			<u>1972</u> 334,111
<u>TOTALS</u> June 1973	<u>1,092</u>	<u>488,994</u>		<u>589</u>	<u>363,732</u>	
<u>TOTALS</u> June 1972	<u>1,127</u>	<u>393,717</u>		<u>560</u>	<u>291,869</u>	
<u>POPULATION</u> June 1972		<u>1,898,155</u>			<u>1,065,763</u>	

Background Paper
For the Experts Consultation Seminar
On
Trends, Problems and Changing Needs of
Co-operative Movements in South-East Asia
and
The Role of the ICA in this regard
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Paper Contents:

- (1) Trends and Problems of Co-operative Movement in South-East Asian Countries in the field of Leadership and Management.
- (2) Trends, Problems and Needs of Co-operative Movement in the field of Co-operative Education.
- (3) Trends and Problems of Co-operatives in South-East Asian Countries in Regard to Financial and Other Problems.

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TRENDS AND PROBLEMS OF CO-OPERATIVE MOVEMENT
IN SOUTH-EAST ASIAN COUNTRIES IN THE FIELD
OF LEADERSHIP AND MANAGEMENT.

South-East Asian countries have large areas of common problems. Vast majority of population is dependent on agriculture with limited prospects for diversification of occupational pursuits. Methods of cultivation are outdated; accessibility of farmers to the sources of modern inputs for increased yield is restricted by imperfect socio-economic conditions and institutional vacuum.

Co-operative movement was sponsored as socio-economic administrative measures rather than reforms by the colonial rulers ~~and~~ attempted transplanted of some alien system without adequate appreciation of changed context.

In drawing a sketch of a background presentation on the problems of co-operative movement in South-East Asia, illustrative ~~a~~ data have been used from Bangladesh on problems which have general applicability in the region.

In the Sub-Continent, co-operative movement was initiated by the ruling British Government to save the impoverished peasantry from the grip of the village moneylenders associated with usurious interest rate. The Co-operative Societies Act of 1904 provided legal basis for the Mutual Aid Association on 'Raiffeisen model' of unlimited liabilities commonly known as village thrift and credit society. The amending Act of 1912 brought non-credit activities within co-operative fold. The entire structure was reviewed by a committee under Sir Edward Mclagan in 1914 which recommended multiplication of the model all over the country. Rural banking combined with the concept of unlimited liabilities found village-based societies capable of generating primary contacts among the members to be a viable institutional mechanism. But land being the primary source of private ownership and collateral unlimited liabilities constituted a sharp conflict with the traditional concept of private property. Village-based primary societies were discarded in favour of larger-sized Union Co-operative Multipurpose Societies. First, the need for viability on business led to larger functional area. * Second, a multipurpose approach combining credit with supply services and marketing was favoured in preference to the limited objective of banking. The shift indicated priority to service ~~and~~ the needs of agricultural production. The large land-owners and the traders required servicing on the mobilisation of deposits and advancement of credit, whereas the others ~~farmers~~ ~~other~~ facilities concerned with agricultural production.

4000 primary union multipurpose cooperatives were organised between 1952 and 1969. These are affiliated with the existing Central Cooperative Banks limited to banking only. The working of the cooperatives since then confirmed the widening gap between the objectives and results. Primary societies continued to act as credit institutions to service the closed circle of medium and surplus farmers. No dent could be made in the closed preserve of traditional system of marketing which implied high cost for the producers to benefit the village moneylenders. Further, structurally large area was found unsuitable for communication and dissemination of new ideas which involved intensive contacts because of high rate of illiteracy among the clients.

With the expansion of irrigation facilities and new seed based package technology the character of cooperatives underwent further transformation during the 1960's. A two-tier cooperative structure with multipurpose village societies supported by federation of primary cooperatives at the secondary level became more popular under a government sponsored programme. Several advantages were claimed in favour of the new system. First, small sized primary cooperative societies promoted higher intensity in communication and better scope on the dissemination of new technology. Second, better integration of services, supplies and marketing in an environment of primary contacts. Intensive and concentrated effort in a smaller area was considered more productive than scattered and peripatetic services covering larger areas. The former helps the small and medium farmers whereas the latter is large-farmer oriented besides being counter-productive on other heads.

In Bangladesh two sets of cooperatives are working in agriculture sector. 5 4100 union multipurpose cooperatives having 1.8 million farming families within their fold provide a total coverage of the entire country. They have been federated into 72 cooperative banks for credit and 30 multipurpose marketing cooperatives for other types of services. Another 25,000 village based primary cooperative societies provide a mechanism for use of indivisible agricultural inputs on irrigation during six months of the year with a total coverage of about 700,000 primary members. Comilla model Integrated Rural Development Programme is represented by 18,000 primary cooperatives with 500,000 members federated into 162 thana cooperative federations. Besides agricultural, cooperatives are active in other occupational groups namely - fishermen and weavers. 3000 primary fishermen's cooperative societies with membership of 300,000 affiliated into 35 federations have been dealing with the supplies of fishing equipments, storage and marketing of fish. 400,000 weavers enrolled in 3000 primary weaving cooperatives federated into 32 federations deal

with credit, supply of inputs, ~~like~~ raw materials and dyes and marketing.

NEEDS OF THE MOVEMENT AND THE ROLE OF I.C.A.

Till now the sponsorship of cooperative movement is heavily credited into government account. Besides maintaining staff for promotional work, government have been subsidising management cost of cooperative societies during the initial period but the transition from dependence to viability eliminating the need for subsidy has been achieved only in a few areas. Major problems of extension and servicing of cooperatives arise mostly from government's initiative on promotional work and socio-economic conditions:

1) Lack of active participation of the ordinary members in co-operative's activities constitute a major problem for ~~the~~ the movement.

First, mobilisation and organisation of societies have been undertaken without adequate motivational work by the government agencies to ~~to~~ fulfill fixed targets.

Second, because of specific target-oriented approach educational programme has been relegated to the background.

Third, services and supplies fall/short of requirement and consequently large number of underprivileged members are left out of the orbit of functional participation.

The above trends give rise to dualism within the co-operative fold, let alone, rural society itself. Scope for polarisation is restricted in functional type of village cooperative societies in contrast with larger sized union multipurpose societies, in view of the obvious advantages of the former in linking up services in a concentrated manner with credit and extension services.

2) People are more attracted to cooperatives for servicing of supplies and marketing of produce than credit. In view of the need for high collateral credit is less scale neutral than services and supplies. This is obviously demonstrated by higher percentage of cooperative coverage even in more disadvantaged occupational groups like those of fishermen and weavers than the agriculturists, because the former types of societies deal more with supplies and services. But readiness is lacking among the government agencies to transfer increasing responsibilities to the co-operatives.

3) Target-oriented promotional work create long range problems for future. A large number of societies which have been organised with the limited objective of servicing credit have been drifting away further from the take-off mark.

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4) The initiative of cooperative movement on promotional work is insignificant. In Bangladesh the National Cooperative Union was born in 1961 and worked under official chairmanship till the liberation of the country. Though constitutionally it represents a synthesis of interests, disabilities arise on several ~~points~~ accounts like narrow resource base and consequent inability to hire competent staff for promotional work. Intrusion of politics into management has disturbed detachment and neutrality in cooperative decision-making.

The immediate priority is how to activate the National Cooperative Unions as mouth-piece of the movement and resist external pressure groups. The association of some disinterested and motivated cooperative leaders supported by a cadre of workers will go far to meet needs. The ICA may help the National Unions in hiring competent services both at home and from abroad.

5) While cooperatives should represent functional interests the desirability of organising societies on territorial units deserves review. Of course functional groups may coincide with territorial jurisdictions. But territorial identity may eclipse functional criteria.

LEADERSHIP AND MANAGEMENT:

Leadership is synonymous with capability to shoulder responsibility with active participation of the members. The vacuum on these heads is quite conspicuous. A recent analysis of cooperative membership in Bangladesh reveals the following features on land-holding:-

	(In acres)	
	Land-holding:	Operational holding.
Co-operative leaders.	6.4	7.0
Ordinary members of the cooperatives.	4.3	4.7
Average for the rural population.	3.4	3.7

The above classification does not include the increasing number of landless labourers who constitute about 18% of the rural population and are dependent on wage-earning employment for living. Researchers have been telling us that smaller ~~farms~~ farms are more productive than the larger holdings. Though no sharp regressive trends in the pattern of leadership is revealed, the relevance of the cooperatives in the optimum utilisation of scarce wealth in a resource-scarce labour abundant economy and equality to support political democracy becomes open, especially when inequity in the distribution of services within the cooperatives is accounted for.

Cooperative membership is open, once the basic objectives of association are fulfilled. But the legal framework is inadequate to enforce equality in a combination of unequals. The influential members may manipulate business to arrogate disproportionate share to their use. In Bangladesh cooperative leaders have contributed 23% of the total savings but utilised 67% of total investments at concessional rates. A 'closed shop' attitude of the privileged few keeps others outside the cooperative fold undermining representative character of the movement.

TRENDS AND THE PROBLEMS:

An analysis of leadership and ~~man~~ management in the cooperative fold reveals important trends and problems:

1) Patron-client leadership: While the foundation of cooperative is universalism and equality, social inequality gives rise to patron-client relationship between the leaders and ordinary members, in a traditional rural society. Such trends are found at their worst wherever informal dealings between the members of cooperatives outnumber regular business of the society.

2) Active cooperatives are characterised by a mutual trust between the leaders and members, while the cooperatives with closed doors widen the existing gap between the two. Leadership circulates among the members and is more open in the former category in contrast with the latter type characterised by stagnation and polarisation.

3) The approach to management is quite amateurish. Remoteness of the majority members from the centre of decision-making did not ~~xx~~ help professionalisation of management. Rather the business manager is required to submit many details to the elected managing committee.

NEED FOR NEW APPROACH AND ROLE OF I.C.A.

A large number of problems of the cooperative movement arise out of socio-economic imperfections. Land being the base of super-structure of power in the rural areas its distribution pattern is quite important. But experiences reveal even if political will for reform exists, administrative and institutional deficiencies may create a big gap between the targets and implementation, besides long term implications of such measures. The possibilities of planned rational actions should be adequately explored.

i) Massive thrust on functional education is necessary to transform many passive citizens into active participants of local affairs. Such education should be combined with structural changes calculated to give the masses a genuine share in the process of development. The special merit of the cooperatives in mobilising people for learning is that they provide a programme of work for betterment of the community to which ~~xxx~~ the people can easily be related

related and educational theory be tested. The International Cooperative Alliance can render positive services. Besides this innovative activities in pilot areas within the framework of national programmes, the experiences of different countries may be documented and evaluated for re-appraisal on future activities.

ii) Cooperative leadership is a dynamic concept and is in conflict with the traditional pattern of rural society based on status. It is synonymous with democratic leadership and calls for broad-based participation of the common masses. Principle of democracy should be reconciled with the needs for efficiency and management. Leadership training is looked upon as mechanism to mould the attitudes of those charged with definite task. ICA may provide facilities like technical assistance, advisory service, regional conferences and exchange programmes to develop leadership training as a distinct priority.

iii) Our knowledge on the dynamics of social change vis-a-vis cooperative development are not adequate. With continued increase of population new complexities are being added to landlord-tenant relationship, terms of trade and servicing:

(a) Research may be undertaken for better understanding of forces that may motivate people in rural areas under different institutional and incentive set-up. The key features of integrated rural development can be designed and evaluated in micro-experimental areas.

(b) Increasing capability of the cooperatives to manage and absorb the base of appropriate technology in meeting development needs be pre-tested.

ICA may help national programmes in the attainment of the above objectives and supplement the same with technical assistance, advisory services, documentation and periodical conferences.

iv) Continued government initiative in cooperative field has not brought special advantages for the under-privileged people in the society. While gradual withdrawal of external control in the promotion of cooperatives is called for; abuse or misuse of power should be resisted mostly through built-in institutional mechanism.

ICA has good initiative in the fulfilment of the above mentioned objectives. Need for manpower training and development should be assessed on long term perspective to coincide with development programmes. Experts hired from abroad under Aid-giving national or international agencies quite frequently fail to take a fresh overview of the whole because of bureaucratic and other limitations. Besides, National Unions may also be helped in opening up dialogues with respective governments on the gradual transfer of initiative to the movement.

PART-IITRENDS, PROBLEMS AND NEEDS OF CO-OPERATIVE MOVEMENT IN THE FIELD OF CO-OPERATIVE EDUCATION.

The task of building an institution is more complex than merely teaching new skills and adoption of technologies like fertiliser use etc. The contents of such education run counter to many accepted values of a traditional society.

Majority of the countries of the South-East Asia inherited a co-operative system from the colonial days. Since then the approach and contents have undergone transformation through the stresses and strains of evolutionary growth. ^{But} Some common features are discernible:

1. Dualism is a ^{distinct} ~~first~~ feature of Co-operative education. Governments have been maintaining extension staff and Training Institutes for their personnel. Such facilities are also available to the managers of cooperative societies. National Co-operative Unions have been charged with statutory responsibilities on education, though the extent of their initiative in this field is not uniform in all the countries. Though dualism was justified initially on the inadequacy of the movement to support educational programme, its continued existence may be attributed largely to the reluctance of governmental agencies to transfer greater responsibilities to Co-operative movement.
2. Formal and nonformal methods of ~~the~~ education are used separately rather than being combined together. More formal emphasis is laid on the training of the extension agents in the Co-operative Colleges and Institutes; whereas the extent of nonformal element is higher in the training of co-operative members and managers.

The numerous approaches on co-operative education have been grouped under four main headings :

(i) THE EXTENSION APPROACH:

It involves pedagogical method. The extension agent tries to impart knowledge to the farmers through direct contact on the testimony of self contained theories and knowledge. The mode of communication is liable to degeneration into one way traffic.

(ii) A TRAINING APPROACH:

Though closely similar to extension approach, it emphasises more systematic and deeper learning of specific skills and related knowledge.

(iii) THE COOPERATIVE SELF HELP APPROACH:

Which starts with the assumption that the rural transformation must begin with changes in rural people themselves. There is no fixed set of pedagogical methods, a wide variety are used. The basic principle is that, however unschooled they may be, rural people are the masters of their own fate.

(iv) INTEGRATED DEVELOPMENT APPROACH:

Its cardinal emphasis is on rational deployment and coordination of all factors along with education for agricultural and rural development.

The degree of initiative of the extension agents and participation of the co-operators in the learning process widely varies according to the method followed. While an authoritarian method of extension generates one way traffic, and tends to become divorced from realities, a broad-based system will serve comprehensive objectives including promotion of institutions.

3. Co-operative extension is sometimes confused with regulation.

First, a large number of cooperative officers receive institutionalised training on cooperative rules and regulations without appreciable acquaintance with the dynamics of social change and problems on supplies and services. A conservative judicial attitude combined with casual supervision restricts the cooperatives to narrow terms of reference.

Second, deployment of government officers in the peripatetic educational programmes only re-inforces the above trends.

4. As rural population is served by ~~several~~ several agencies in the field of agriculture, livestock, health, nutrition in compartmentalised fashion, resultant conflicts among the extension agencies keep many vital services away from the fold of a co-operative. Inter-agency rivalry restricts the terms of co-operative education to the elaboration of high ideals without caring for the tools for the achievement of objectives. It looks like "white collar" academic pursuits rather than improvement of human capital.

5. As stated earlier large number of cooperative societies are organised for the convenience of servicing credit without taking the need for providing educational facilities.

6. Hierarchical organisation of government sponsored ~~ex~~ extension services leave little initiative with the grass-root extension agents. Prescriptions received from top are passed on without leaving scope for analytical examination. The pedagogical contents of education increase gap between preaching and practice. Quite frequently ordinary members do not understand the simple principles of thrift and deposits.

7. Combination of multifarious responsibilities like audit, inspection with education results in the neglect of educational functions. The educator develop a peculiar liking for distribution of patronage in contrast with imparting knowledge.

8. While technologies of production have been changing, a large number of Co-operative Training Institutes have been slow to respond to the needs of changes on contents and curricula of education. The preachings are not practised in laboratory area let alone, any ~~scope for~~ scope for experimenting innovative ideas. In the eyes of a production oriented evaluator co-operative Institutes have become outdated vis-a-vis the agricultural and other ~~technical~~ technical institutes.

NEED FOR A NEW APPROACH - THE ROLE OF I C A .

should be
The Co-operative Education/~~work~~ rescued from stagnation ~~to~~ to respond to the needs of dynamic movement towards prosperity. Scope for confusions on objectives is much less prominent than the need for follow-up actions. The vast majority of the passive members must be transformed into active participants in the management of society's business.

With this end in objective, the educational programme should conform with the following priorities :-

1. BASIC CONTENTS OF EDUCATION.

- (i) Knowledge and objectives of Co-operation:
In short it should involve basic information.
One should have information about the organisation to which he belongs or he is to join.
- (ii) Knowledge of Co-operative Movement :The history and background of Co-operatives, relationship of the movement to Government and to other bodies or institutions; problems and difficulties of Co-operatives.
- (iii) Knowledge and skills required for active membership.
- (iv) Adequate familiarity with the product or service itself with which the co-operatives is dealing.
- (v) Useful knowledge and information about economic and social environment.
- (vi) Reconciliation between individual and collective interests.

The success and shortcomings of cooperative education point to the need for changes and introduction of new elements. While making some recommendations the general trends of development and needs have been kept in view without implying any reflection on any specific country programmes. In fact prospects for regional initiative under the auspices of ICA stimulating national programmes are bright specially in view of similarity of socio-economic conditions in the region.

2. The terms of educational programmes of co-operative institutes should be made more comprehensive to include pilot laboratory areas to test precepts and innovative ideas.

A regular follow-up system with the trainees after the period of education in the Institutes should be built up with appropriate supporting feed-back facilities. The ICA may render advisory and valuable technical assistance in this respect.

3. Instead of expanding extension services for educational coverage under direct government initiative as a part of regular departmental set up, part of the resources may be transferred to the national cooperative Unions for promotion of a cadre of workers. Vast potentialities of rural youths may be exploited under ~~the National Cooperative Unions~~ to act as extension workers. ICA may display considerable initiative in this respect in the adoption of the unconventional approach through exchange of ideas among the countries and other appropriate measures.

// training programme

4. Cooperative Education should include practical knowledge on technologies of production, management, storage, etc. ICA may help the National Cooperative Unions in reviewing the contents of educational programmes in the institutes as well as peripatetic field units.

5. Cooperative Education calls for a more decentralised approach on method of extension and administration :

First, promotion of cooperatives should be preceded by extensive dialogue of the extension agents with the members about their needs and interests.

Second, flexibility instead of rigid prescriptions in education should be encouraged. The Co-operative unions may over-view extension services in different areas to provide broad guidelines.

Third, assessment of training needs should be done by a body of officials and nonofficials. This is a confusing task and the actual estimation is liable to become highly arbitrary. The ICA may cooperate with the National Unions in the assessment of requirements and evaluation of educational programmes.

6. Higher priority should be assigned to the strengthening of the field educational programme as a system than the institutionalised training. Paucity in the number of good educators and high rate of illiteracy among the clients only re-emphasises the need for/of Comilla project of Bangladesh in this respect is well recorded. The village co-operative becomes the prime agency for agricultural improvement and rural education. The organiser and a chosen model farmer become the key teacher in their own community rather than an outside extension workers. They regularly come to the government service centre for training, expert advice and assistance on ~~the knowledge~~ problems identified in the village meeting. On return the knowledge is transmitted to the villagers.

/- such an approach. The relevance of

The above approach looks like a systematic model of rural leadership for educational purposes and have been adopted in several countries but its expansion is frequently handicapped by paucity of new educational materials and vested interests in the rural areas. A continuous review is necessary to produce educational contents and built-in system to prevent intrusion of vested interests.

7. Due recognition of a professional status for the Co-operative extension agents will increase effectiveness of the educational programme. Unlike an agronomist, or others belonging to allied functional disciplines, he does not start with the advantage of prescribed pre-entry qualifications. But practical association with institution-building to integrate components of other services is an expertise of high order. The next step maybe institutionalisation of expertise for due recognition.

8. Impact of educational programmes on production and distribution is remote and consequently difficult to evaluate. Contradictory claims are based on different assumptions and yardsticks of assessment. ICA in co-operation with National Cooperative Unions and governments may be engaged in an exercise to devise standards on evaluation of cooperative educational programmes. A set of broad regional criteria may be supplemented by more detailed yardsticks at the national level. Such an attempt is considered useful with a view to preventing wastage of scarce resources in programmes prepared on axiomatic rather than tested hypothesis.

9. There is greater need to improve women's representation in cooperatives. Economic activities in women's sector should not necessarily produce adverse impact on men's employment opportunities. The immediate need seems to be devising an appropriate educational program capable of responding to their felt needs. ICA should initiate special programmes to promote women's participation in the South-East Asian countries. Such a programme may produce highly beneficial effects on demographic trends besides economic growth-both of which have high priority in South-East Asian region.

10. Co-operative educational programmes have not made good use of mass media till now. An effective linking with mass media like Radio, audio-visual aids, community listening centre may accelerate the pace of communication under two-way participation. The success of Tanzanian system of co-operative education in creating a unique nonformal educational network designed to train the members and functionaries of cooperatives at every level in the principles and techniques of operating multipurpose cooperatives may largely be attributed to its link with mass communication media.

Participation of illiterate members into a regular institutional system through their group leaders has brought new knowledge. Further, Radio and audio-visual aids can build up a well-disciplined system of, "self-instruction" to facilitate ~~learning~~ learning by the clients on their own.

In the South-East Asian Countries farm broadcasting is mainly agricultural technology-oriented. The National Unions should open dialogues with their governments immediately for using the strong media for communication on ~~of~~ Co-operative Education. ICA may document the experiences of farm broadcasting and the need for new approaches ~~of~~ that may be required for communication on the principles and objectives of co-operation with the members.

11. The teacher exchange programme of the ICA served useful objectives. Till now it has been mainly confined among the teachers of training Institutes. The scope of activities should be expanded to include the cooperative leaders and extension agents. The educators will have first hand opportunity of testing their assumptions in the context of more ideal combination.

12. The documentation services of ICA may further be expanded to strengthen the planning of educational programmes. News letter coverage should be more expansive. Information about the contents of the different educational programmes may contain more details. Possibilities of audio-visual aids should be more extensively publicised. Mere expansion of documentary services may not be adequate without follow-up and assessment of use into which they are being put into.

Preceding paragraphs are indicative in nature. The classical concept of cooperative education calls for revision. Pace of socio-economic changes has been accelerated with new problems of adjustments. While research in the field of technologies have been re-inforced for attaining higher efficiency of production, developments in the fields of ~~of~~ institution have remained/neglected. The problems of small and landless farmers are highly explosive and being talked more than ~~being~~ supported in action. They suffer from numerous disabilities created by socio-economic and political limitations .

↳ comparatively

Utility of the cooperatives in serving the under-privileged has not been particularly demonstrated and as a result impact of the movement on overall economic development has been reduced in some countries. Our future course of actions should not fail to take note of the new imperative needs of social development.

Co-operative development is not only a national affair; regional and international stakes are also involved. The scope for interchange with mutual benefit specially in favour of the developing countries should be fully exploited. Further the experiences of some countries may help others to avoid costly mistakes which the developing countries can hardly afford now with myriads of problems to solve.

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PART - IIITRENDS AND PROBLEMS OF CO-OPERATIVES
IN SOUTH-EAST ASIAN COUNTRIES IN REGARD
TO FINANCIAL AND OTHER PROBLEMS :

/due Freedom and autonomy of the co-operatives have been strained largely to their indebtedness to external agencies. The extent of such deficit varies, but trends are generally applicable. Poverty may be traced to various factors like inability to bind the members into adequate stake in cooperative business, primacy of informal transactions by the members outside the fold of their organisations, competing predominance of the indigenous moneylenders and the traders/undermine loyalty towards the cooperatives. It stems more from inadequacy in mobilisation rather than lack of resource potentialities.

/which

Raiffeison type of single purpose credit societies were mostly self-financed. Deposits were mobilised among the members and invested in trade, agriculture and other multifarious activities. Rural banking approach in preference to agricultural production service was favoured. Criteria for eligibility depended more on individual merit rather than collective security. The heritage could be passed over to the Union Multipurpose Societies which continued trading within the restricted circle of traders and surplus farmers.

The viability of the movement came under severe strain with government's intrusion in rural credit financing. Under a refinancing arrangement, the government underwrote a part of the resources received by the central cooperative banks from the Central Bank of the country for agricultural production. Investment targets were set with little consideration for financial viability.

Resources of the cooperatives are derived from the following sources :-

1. Owned capital: Shares, savings and business profit are the main sources of owned capital. Growth of capital is linked up considerably with incentive and financial viability of management.

Structural and organisational pattern of cooperative societies are prime determinants on savings mobilisation. The village cooperative societies holding regular weekly meetings find mobilisation of petty capital easier than those

those working ~~in a larger unit.~~ ~~in a larger unit.~~ ~~in a larger unit.~~ Further, small-sized village societies are not viable economically for investment of the savings, and as such the ~~link~~ link up with the federation is important. In Bangladesh two-tier IRDP system has been able to accumulate own capital to the tune ~~xxxxx~~ of 25% of total investment whereas the performance of the older model represented ~~by~~ by the ~~Uni~~ Union cooperative multipurpose societies and even adhoc irrigation societies have not been of any significance.

2) External borrowing: The Central Bank of the country is the major financier of the cooperatives on agricultural financing ⁱⁿ majority of the countries. While the need for external finance cannot be discounted during the formative period, appropriate mechanisms should be developed to involve adequate financial stake of the cooperative members in its proper utilisation. But a soft credit and investment policy has overtaken many cooperatives in the investment of borrowed capital from government sources. In worst form it is looked upon as contribution of the benign government towards economic development without strict obligation for repayment. Such irresponsible financial behaviour is helped by the influence of the defaulting societies in the management of financing banks and traders. Statutory measures prohibiting the defaulters from seeking election into the Board of Directors of the cooperative societies should be strictly enforced.

3. Business profit: The cooperative credit societies and banking institutions are more disadvantageously positioned than the trading cooperatives in this respect, because of the mounting overdues of credit. Business profit is generally harnessed in to various uses like payment of dividend to the share-holders, building up of reserve fund to provide services. While the joint stock company puts higher premium on profit against share holding, the cooperatives favour augmentation of ~~fund~~ reserve fund for increased service to the members more than dividend. Dividend is quite attractive from short term dimension, whereas the ~~other~~ other alternative looks more productive in the long run.

NEED FOR NEW APPROACH

The investment criteria of the cooperatives should be ~~xxxxxxx~~ based on cost benefit and service considerations & rather than benevolent social welfare.

1) The members of the cooperatives should develop more stake in its business. The traditional concept of financial responsibilities ~~xxxx~~ is difficult to work within the provisions of Cooperative Act and Rules. A mechanism of self-controlled accountability and stake should be given adequate trial for adoption. Besides, action-oriented research in co-

co-operation with the National Unions ICA may help the developing countries with advisory services and exchange programmes.

2. Expectation for cheap services from the cooperative should be discarded in favour of quality at market price. Loyalty of the members to their organisation should be strong enough to resist attempts at dumping by private business through unhealthy competition.

3. Investment of owned capital for adequate return has become a problem at issue in some countries. Their utilisation in credit operation may not be viable in view of the possibilities of some percentage of investments turning into bad debt. On the other hand transfer of such resources to sophisticated industries in urban areas create problem of equity. Capability of the cooperatives to manage agro-industrial business like processing, storage, marketing, production of inputs etc. should be strengthened to build up adequate capability for generation of capital within the fold of the movement. The prospects are intimately linked up with the development of trade and business on large scale. The impact of imperfect marketing, storage and other conditions on the producers are wellknown. The indigenous money lenders and traders render service at disproportionately high cost. If the cooperatives can manage a reasonable portion of the above transactions, new avenues of income through investment of owned capital within the movement will be opened up. But the pre-conditions like loyalty of the members to their organisations, flexibility of operation etc. should be adequately fulfilled.

4. Investment of resources should be more detached from regional and subjective considerations and guided by criteria of business service, cost and return. This calls for new outlook and development of a cadre of trained bankers and managers in cooperative movement. ICA may help the movements of developing countries in the organisation of appropriate training and exchange programmes.

5. The development decade have not changed the face of many developing countries. The percentage of those living at and below subsistence level has either remained constant or increased. The relevance of classical concept of co-operation to these target groups is open to question. Human capital should be utilised intensively into productive uses for the generation of new resources. First, a sense of community living raising the group into a corporate entity above the centrifugal forces of individual status without involving surrender of individual to corrective interests. Second, possibilities in the

modification of traditional concept of capital accumulation through shares and saving may be explored in favour of more broad-based participation. Can one contribute in more invisible terms ?

Management of co-operative resources with the objective of attaining viability involves a change in attitude of different groups of interests who have agreed to work together for the fulfilment of some common objective. Cooperatives would require managers accountants, bankers to carryout the more complex system of management and financial disciplines. The question arises as to what extent the co-operative institutions should deal with the training of such diversified operational disciplines within their respective fields.

The objective should not be the establishment of separate training institutes to cater for all the disciplines in cooperative sector, but the managers and other professionals trained at respective institutes should be re-oriented for adjustment within the co-operative framework. The traditional influence and bond of attachment of the local money lenders and traders is too strong to be disjointed. This may require re-orientation of trainers and the field workers on a larger scale. The National Cooperative Unions and ICA may fruitful make contribution in this respect. Second, a large number of existing cooperative management and financial practices have become outdated. A review in the light of the above needs is strongly felt. This will call for introduction of new educational content in the curricula of the cooperative institutes. The educational programme therefore assumes a more important dimension in the field of management and trade in cooperative sector compared with public and private sectors.

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TRENDS, PROBLEMS AND CHANGING NEEDS¹
OF THE COOPERATIVE MOVEMENT IN INDIA
AND THE ROLE OF INTERNATIONAL COOPERATIVE
ALLIANCE IN THIS REGARD.

by

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COOPERATIVE MOVEMENT IN INDIA AND THE ROLE
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By: Prof. R. V. NADKARNI

1. Early Cooperative Development:

Cooperative movement in India was initiated primarily to tackle the problem of meeting the credit needs of agriculturists. Its benefit was also extended to meet similar needs of non-agricultural sections in the community like the artisans, handicraftsmen, salary and wage earners, small-shop keepers, traders, etc. both in the rural and the urban areas. Subsequently, cooperatives were allowed by law to be organised for meeting the non-credit needs as well, of different economic interest groups. A variety of cooperatives began to be organised in different parts of the country, such as agricultural marketing and processing cooperatives, irrigation cooperatives, joint and collective farming cooperatives, dairy cooperatives, industrial artisans' cooperatives, labour cooperatives, consumers' cooperatives, housing cooperatives etc. But agricultural credit constituted the major field of cooperative activity. Barring a few large cooperatives, the majority of these cooperatives were small and many of them were weak and their coverage was extremely limited.

2. Post-Independence Development:

In the post independence period, the cooperative map of the country has undergone a radical change. A major factor responsible for that was the launching of the Five Year Plans for economic development. In the plans, cooperatives were accorded a special role to facilitate economic planning through a democratic process. The cooperative was regarded as the most suitable form of organisation for formulation and implementation of plans of development in the decentralised sectors of the economy such as agriculture, animal husbandry, village and small industries etc. and also in the matter of equitable distribution of consumer goods as it allowed scope for voluntary effort and local initiative in the organisation, mobilisation of resources and built up a democratically controlled institutional structure. But on the basis of the past experience, fearing that cooperatives left to their own internal resources may not be able to work out fully their potential, government extended massive support to them in the form of share capital contribution, loans or guarantees, for loans, to be raised from financial institutions, subsidies etc. This enabled cooperatives to be organised in such fields as sugar factories, spinning mills, oil mills, fertilizer plants, modern dairy plants, etc.,

which are medium and large-scale industrial enterprises. Besides, financing, service and trade organisations like cooperative banks, marketing cooperatives, consumers' cooperatives, have been organised on a much larger scale than ever before and the consumers' cooperatives have set up big department stores.

An idea of the growth of the movement over the period of 20 years of planned development can be had from the following:

	<u>1950-51</u>	<u>1970-71</u>
1. Number of all types of Cooperatives (lachs)	1.81	3.20
2. Number of Primary Agri. Credit Coops (lackhs)	1.15	1.61
3. Percentage of 2 to 1	64%	50%
4. Membership of all primary coops (lakhs)	137.15	640.40
5. Membership of Primary Agri. credit coops (lakhs)	51.53	309.63
6. Percentage of 5 to 4	37%	48%
7. Working Capital of all Coops (Rs. in crores)	275.85	6809.60
8. Working Capital of primary agricultural credit cooperatives (Rs. in crores)	79.10	1009.95
9. Percentage of 8 to 7	29%	15%

(Source: Statistical statements relating to the Cooperative movement in India 1950-51 and 1970-71, Reserve Bank of India).

The number of cooperatives had nearly doubled, the membership of the primaries had increased more than fourfold and the working capital of all cooperatives had increased by nearly 25 times. More significant than the increase in numbers, membership and capital, was the change in the complexion of the movement. While in 1951, of the 1.81 lakhs of cooperatives of all types, as many as 1.15 lakhs, i.e. 64 percent, were primary agricultural credit cooperatives in 1971 of the 3.20 lakhs of cooperatives of all types, 1.61 lakhs, i.e. 50 percent were primary agricultural credit cooperatives. Thus there has been a considerable diversification in the fields other than cooperative agricultural credit, though the latter still constitutes the major single sector of cooperative activity.

Another important development during this period, is the building up of federal institutions in different sectors of the movement at different levels, from the district right upto the national level.

Statistical information for the year 1971-72 about certain important types of cooperatives is given in the appendix.

In agricultural credit, the major sector, the cooperatives despite the impressive increase in membership both in absolute terms and by way of percentage, the membership of all types of cooperatives had covered only

36 percent of the rural population. The loans advanced by these cooperatives amounted to Rs.614.52 crores. But it constituted only about 40 percent of the total estimated short and medium term credit requirements for agriculture. Even with this extent of loans advanced, the performance in recovery of their dues by the cooperatives was not very satisfactory as 44 percent of the amount outstanding had become overdue.

Among the various types of non-credit cooperatives, 3260 primary agricultural marketing cooperatives had a membership of only 24 lakhs growers as against 320 lakhs of members of agricultural credit cooperatives. Supplies of agricultural requisites and marketing of agricultural produce by these cooperatives were worth only Rs.163.8 crores and Rs.399.3 crores respectively as against production loans advanced by the primary agricultural credit cooperatives amounting to Rs.614.5 crores. This shows that supply and marketing service has not kept pace with the supply of credit for production.

Among the agricultural processing cooperatives, the cooperative sugar factories have an impressive record in sugar production. There were 144 sugar cooperatives with 5.23 lakhs cane-growers as members. The total value of the production of sugar by the 79 sugar cooperatives in production amounted to Rs. 207.8 crores. Some of the sugar cooperatives had started distilleries to utilise molasses profitably, and projects to manufacture paper from bagasse and even for manufacture of sugar manufacturing machinery have been taken in hand in the cooperative sector. Besides the benefits conferred by these cooperatives on their sugar-cane grower members, they have also to their credit the beneficent spread effect in the socio-economic and even educational and cultural fields in their respective areas.

Cooperative spinning mills particularly of the weavers have similarly proved to be quite successful. There were 61 mills which produced yarn worth Rs.44.3 crores.

There were 12883 primary consumers' cooperatives and 377 central wholesale stores together having 43.4 lakhs of individual members. Though some of the consumer cooperatives had succeeded in developing sizeable consumer clientele in their areas, and benefitted them, the coverage by consumer cooperatives compared to the total urban population was very small and the working of large number of these cooperatives was not very satisfactory.

Another field where concerted efforts were made to extend cooperation was that of village and small-scale industries and handicrafts. There were 12149 handloom weavers' cooperatives, with a membership of 7.9 lakhs and

33612 other industrial cooperatives with a membership of 9.9 lakhs. But the disturbing feature in this sector was the extent of dormancy of cooperatives which was 51.71 among weavers' cooperatives and 56.60 among other industrial cooperatives.

3. Challenges and Problems:

This expansion and growth and the functioning in the context of planned economic development have thrown up new problems and challenges to the cooperative movement.

Main Challenge. :

The main challenge is in the matter of provision of service to the satisfaction of the members as per their expectations on terms which would at least be equal to if not superior to those on which similar services might be made available by other agencies whether in the private sector or public sector. Apart from the expectations of the members, there are also the expectations of the community and the state particularly in the context of planned economic development, in which cooperatives have been looked upon as agencies for extending certain vital economic services in the field of production and distribution. This requires extension of membership and of services of the cooperatives to all those who require them. Here, in fact, cooperatives should implement fully the principle of open membership and admit and persuade to join all those who need their services. However, despite the spectacular growth of cooperatives during the last 2 decades, the coverage by cooperatives of membership and services has fallen short of expectations. This is particularly true in the field of agricultural credit, fertilizer distribution and supply of essential consumer goods. To be able to render efficient services to the existing membership and the additional members that might join, cooperatives have to mobilize their internal resources both in finance and personnel, utilize the resources so mobilised most economically and to attain higher levels of productivity. However, the quantitative expansion of the movement has not been matched by such qualitative improvement in the working in a number of important sectors of the movement.

Multi-Agency Approach:

While in the earlier plan periods, cooperatives were looked upon as the only agency for the provision of certain services, latterly the authorities have adopted a multi-agency approach. The cooperatives no longer enjoy the privilege of being sole agencies in such spheres. Thus other agencies like commercial banks and more recently the regional rural banks are deliberately

brought in the field of rural credit where cooperatives earlier operated exclusively for providing institutional services. Similarly, public corporations both at the national and the state levels have been set up, some of which undertake functions which had been hitherto performed by the cooperatives. In this situation cooperatives can hope to survive and grow only if they develop their internal strength and efficiency.

Production and Trade:

In the field of production and trade as indicated earlier, the cooperatives have entered a number of new areas. In quite a number of cases, the cooperatives are organised because of local enthusiasm or attraction of government assistance available under various schemes or pressure of government departments anxious to reach a target fixed. In many of these projects pre-registration feasibility study is either not undertaken at all or completed merely as a formality. Consequently quite a few ventures have run into difficulties - technical, financial or economic. Even some of the project which might be without such difficulties and therefore apparently successful, when examined more closely, are found to be lacking cooperative character. Thus for example in a number of processing and marketing cooperatives instead of serving their members by way of procuring their produce for processing or marketing, quite a number of these cooperatives purchase from non-members and even traders, the members deriving little benefit from such transactions of their cooperatives. With more and more schemes of cooperative production and trade that are likely to be promoted hereafter a very careful study of feasibility of the ventures from technical, economic, financial and cooperative points of view should be considered as an essential preliminary exercise. Importance of such study needs to be brought home to the cooperative leaders and the executives and the concerned government officials at all levels and proper instruction and training must be imparted to the executives and officer in preparing feasibility studies and project plans.

Another aspect in this connection is that the cooperative units whether engaged in production or trade should try and develop direct contacts with other cooperatives which are in a position to supply their requirements or to absorb their production. Such inter-cooperative trade has not been developed as yet on planned lines. Here also there is a need for such cooperative integration through trade for the purpose of strengthening the entire cooperative movement. Such mutual trading relationship has to be not merely

between cooperatives in the same state or the country but also with cooperatives outside the country.

Building up Internal Resources:

For the cooperatives to develop their strength it is extremely important for them to build up their internal resources in finance and personnel in order to reduce their dependence on the assistance provided by the external agencies.

a. Financial

Credit cooperatives at the primary level, to finance their members and the cooperative banks, at the district and the state level, which are expected to meet the working capital needs of all types of cooperatives, besides the credit cooperatives, can be expected to mobilize internal resources to a larger extent than the other types of cooperatives. But the performance of the cooperative credit and banking institutions in this respect can be seen from the following:

Types of Coops	No.	<u>Position during 1972-73</u>			
		Owned Funds	Deposits	Other Borrowings	Working Capital
Apex Coop. Bank	26	115.9 (13.7)	406.1 (47.8)	300.6 (35.4)	848.8
Central Coop. Bank	344	254.3 (18.1)	646.6 (45.8)	438.1 (31.0)	1411.8
Primary Agricultural Credit Coops. lakhs	1.35	322.4 (22.0)	84.3 (5.7)	857.9 (58.6)	1461.9
Primary Non-Agricultural Credit coops	16,771	172.1 (24.7)	421.3 (60.6)	43.4 (6.2)	694.4

Deposits constituted only 45 percent of the working capital in the apex and central cooperative banks and their percentage was so low as 5.7 percent in the primary agricultural credit cooperatives, though in the case of primary non-agricultural credit cooperatives, the deposits constituted 60.6 percent. This highlights the need for an intensive effort to increase the deposit resources of the cooperatives. To be able to do so, the important and of repeated object of cooperatives, to promote thrift amongst members, has to be taken much more earnestly than hitherto. Importance of thrift and saving and the need to invest in their own cooperatives to strengthen them financially and thereby to become more serviceable to themselves has to be conveyed to the members of all the cooperatives in general and the credit cooperatives in particular. Facilities for saving have to be provided in all the cooperatives and the habit of thrift and saving inculcated among all cooperative members. This requires a sustained and patient effort. Unless

this is done, cooperatives can never hope to become self-reliant. But another factor which influences the deposit mobilisation is the confidence that an institution can inspire in the depositor. A very small and weak cooperative can hardly do that. Thus many cooperatives are caught in a vicious circle because they are weak they cannot attract deposits and without deposit resources they cannot become stronger.

b. Personnel:

Most cooperatives, particularly at the primary level, find themselves in the same situation in respect of developing their resources in personnel as well. Many of them are too small with too low a turnover to be able to command the services of personnel with minimum competence and training to manage even the simple business of such cooperatives. Consequently their working is indifferent and services provided by them to the members are far from satisfactory.

Reorganisation:

The way to break the vicious circle is to strengthen such cooperatives. For this, a process of amalgamation of the small and weak societies into strong and viable cooperatives has been suggested. Government had programmes for such reorganisation. But in a number of cases, proposals for amalgamation met with resistance, especially from the office bearers and sometimes from the employees too. To meet this situation, government took powers for compulsory amalgamation. But it is important to remember that amalgamation is not merely a legal process to be effected mechanically. It is an organic process requiring to be based on the willingness of the members of the two organisations to come together and work together, brought about through an understanding about the need for amalgamation for their own benefit. Here again the programme of reorganisation requires a systematic and sustained programme of education of the members, the leaders and the employees.

Professional Management:

In the larger cooperatives with more complicated business, there is a need for mobilising personnel resources for a much more sophisticated level of business management on scientific lines. But the selected leadership in cooperatives has not been fully seized of the necessity of professionalising the management of their cooperatives. Professionalisation involves availability of professionally competent personnel to occupy the executive positions in the cooperative enterprises and also a proper attitude on the part of the elected leaders to select professionally competent personnel to work in their

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organisations, to offer them proper compensation to continue in cooperative service and to allow them adequate scope for exercising their professional skills and secure job satisfaction. Where personnel already educated and trained are not forthcoming, those available have to be developed to take on the executive responsibility through systematic training. Even the trained personnel are required to participate in refresher programmes and orientation programmes to up-date their knowledge, acquire new skills, develop new approaches to the new challenges that emerge from time to time.

In a number of cooperatives instead of recruiting professionally competent people from the open market or developing the internal personnel for undertaking higher responsibility, a short-cut is attempted by adopting a system of government officers being placed on deputation to work as executives. Initially looked upon as a measure of assistance by the government, to such cooperatives as could not find it possible to secure the services of competent people from the open market, the system has developed into an additional instrument to control the cooperatives through government officers on deputation. Such officers may be good administrator but do not always have any background or experience in business management nor training for undertaking management responsibility involved. Besides, such officers, often being birds of passage, rarely identify themselves with the institutions as the stake of their career in the institutions, is only marginal. Under the circumstances, the cooperatives have to find ways of building up their own management cadres, members of which would have their career development tied up to the growth of the institutions in which they work. This requires proper orientation of elected leadership about the importance of professional management, the need for scientific and objective selection of personnel, giving them opportunities to avail the benefits of various training programmes in cooperative business management and the need for building up proper relationship between the board and the executives.

Strengthening the Federal Structure:

Another challenge faced by the cooperatives is of inter-cooperative integration for developing the strength of the movement. As stated earlier, federations of cooperatives have been organised at various levels. Yet, barring in the field of credit, where an integrated structure of primary cooperatives, central cooperative banks and apex cooperative banks linked upto the Reserve Bank of India has been operating, in most other fields there has not been

such an effective integration between the federal institutions and the constituent cooperatives in the matter of development of their business. Consequently, the advantages of the federal structure that are expected to be derived by the cooperatives in different sectors have not been fully availed of and the operation of cooperatives in those spheres has not created any impact that was expected of them on the particular sectors of economic activity.

Democratic Management:

Another area in which cooperatives have been facing a big challenge is that of democratic management. A disturbing feature that has developed in the field is that of increasing government control over the cooperatives and the shrinkage of the areas of cooperative autonomy. Cooperative leadership in the country, after much deliberation had accepted two features, first the role of cooperatives as instruments of planned economic development and second state partnership, fully conscious of the fact that this would involve some limitations on the autonomy of the cooperatives. But when these features were accepted, it was specifically indicated that the state would not interfere in the internal management of the cooperatives. However, the recent tendency on the part of the governments has been to assume increasing powers over cooperatives. While an element of nominees of government on the boards of directors of cooperatives had been accepted, it was indicated that their number should be limited to 1/3 or 3 whichever be less. But in many states the number of government nominees has been far above this limit and has been related to the extent of government assistance extended to the cooperatives concerned. In many cases the entire boards of management have been nominated by the government for periods extending to 3 or 5 years and even more. Further, it was expected that the government nominees would provide guidance to the board and hold a watching brief on behalf of the government on financial investments by the cooperatives. But in many states government nominees have been vested with powers to vote the majority decisions of the board in any matters which they deem important. Further, Registrars of Cooperative Societies have been conferred with powers to give directions to the managements of the cooperatives in the interest of the cooperatives concerned or of the cooperative movement in general or even in public interest. Thus areas of cooperative autonomy have been very seriously curtailed. Cooperative leadership in many parts of the country has proved to be ineffective in preserving the cooperative autonomy against such inroads by the State.

With the socio-economic situation that obtains in the country, particularly in the rural areas, which is characterised by domination by those who are economically very resourceful and socially higher up in the caste hierarchy, the influential members of the community have socio-economic interests which are not always identical with those of the vast majority who need cooperative services. Yet these very elements often assume leadership in the cooperatives. Hence a phenomenon of what has come to be styled as "vested interests" has developed in the cooperatives. When these very elements also wield political influence, even the legal and administrative measures introduced to curb, if not totally eliminate, the vested interests prove to be ineffective.

Many political parties have found cooperatives as useful local bases for building up their political influence. They have sought to secure power within the cooperatives. Political leaders often find that more powers to the government over the cooperative managements can lend political advantage to the party. Such of the cooperative leaders who happen to be allied with the political leadership have not been resisting such moves of the government to assume increasing control over the cooperatives. Instances are not wanting when powers of the government or the registrar, intended to be used in the interest of good management and healthy growth of cooperatives, have been used in favour of those with political support and against those who happen to be opposed to the party in power.

Deofficialisation and Depoliticisation:

The big problem facing the cooperative movement today is to deofficialise and depoliticise it - to reduce control of the government as well as the dominance of political influences. Unless the individual cooperatives develop their internal resources and the movement mobilises the surplus resources from wherever available within the movement for making available the same wherever they might be needed in the movement itself, the individual cooperatives and the movement cannot become self-reliant. So long as the dependence on the government continue to be so heavy as at present, the cooperatives and the movement cannot succeed in securing the privilege and benefits of self-management and self-regulation. This requires a leadership development programme aimed at building up genuine, enlightened, enterprising and constructive leaders who will not allow cooperative interest to be sub-ordinated to political interest and will work for strengthening the movement to make it self-reliant and self-regulating.

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Member Education:

The centre of the cooperative movement is the member himself. The cooperatives are of the members and for the benefit of the members and the greatest stake in the efficient management and development of the cooperatives should be of the members themselves. Their active participation in financing, **business** and management of the cooperatives is a sine-qua-non for the success of any cooperative. Besides, it must be realised that it is from among the ordinary members themselves that genuine leadership must emerge. Unless, therefore, the membership is educated properly it will be impossible for the movement to secure the right type of leadership.

In the light of the above discussion it would be clear that to tackle the problems and challenges in the fields of production and trade, mobilisation of resources, promotion of managerial efficiency, strengthening of the structure, development of leadership and securing increasing participation of the members, programmes of training and education have to be systematically developed and conducted to meet these needs of the movement.

4. Attempts to tackle the problems through Education and Training:

Attempts are made to tackle these problems through programmes of education and training. The National Cooperative Union of India addresses itself to the important problem of member education through the state cooperative unions which in turn operate in some states through district unions. The machinery at the field level for the purpose is the cooperative education instructor. But he has multiple functions which include training the secretaries of the smaller rural cooperatives and conducting programmes for members of managing committees besides those for ordinary members. As per the norms of work fixed for these instructors, each one is expected to carry out the following programmes during one year.

<u>Types of Programme</u>	<u>No.</u>	<u>Duration of each</u>	<u>Total time</u>	<u>No. to be covered</u>
Secretaries' training courses	2	21 days	42 days	50
Managing Committee members' camps	15	7 days	105 days	330
Ordinary members' programmes	30	3 days	90 days	900

On an average there are two instructors per district and they could cover in their programmes 100 secretaries, 660 managing committee members and 1800 members. So far as the secretaries are concerned, they would require, besides initial training, periodic refresher programmes at certain intervals of 3-5 years. If such programmes are undertaken, then the time that could be available for the programmes of managing committee members and ordinary members would be further reduced. Besides, it is also necessary to note that the education of the members of the managing committees and of the ordinary members cannot be an intermittent affair. It has to be a continuous programme. However, the capacity of the two instructors is so limited that it would take years for them to cover the managing committee members and ordinary members of all the cooperatives in the district even once, the second round to the same village or groups of villages might be not earlier than 3-5 years. Education programme cannot be effective if it is to be participated in at such long intervals. Hence the technique of study-circles, which has proved useful and effective in many countries with developed cooperative movements was suggested and experimented upon. But like many plan programmes, it was launched without adequate preparation and the experience was not encouraging. Rather than finding out the cause and evolving improvements, the programme was soft-peddled, if not totally given up, in a number of states. Hence the member education programme, as it is being conducted today, can hardly be effective.

The I.C.A. collaborated with the National Cooperative Union of India in working out a pilot project in member-education in Indore, M.P. From the report of the project it can be seen, that even in this project the experience in different areas was not uniform, though, the results by and large have been encouraging. It is to be noted that the resources made available for the project, covering the small area were considerably large and if similar programmes were to be extended to other areas, there may not be any likelihood of comparable resources being made available for such extension.

One of the major hurdles in the conduct of any satisfactory programme for cooperative education has been the lack of resources. Though the cooperatives have formed their unions for attending to the task of propaganda, education and training, they have failed to support these unions with needed resources to perform their tasks satisfactorily. Even statutory provisions for compulsory contribution to the education fund of the union have not been

useful in bringing adequate resources for the purpose. Hence, even for the education programme, cooperatives still depend largely on the government grants which fluctuate according to whether the budgetary provision of the government be easy or tight.

The N.C.U.I. and the State Cooperative Unions have been organizing cooperative conferences periodically, when leaders of the movement at the respective levels gather, take stock of the past developments, discuss current problems, and future plans. Some important seminars are also organized to stimulate thinking of the leaders on certain vital issues facing the movement. But the unfortunate experience has been that many of these occasions are used either to criticise the government or other authorities for any policies and sections which might be regarded as unhelpful to the cooperatives or to request such authorities to extend any specific forms of assistance to the movement. Whatever little is addressed to the movement itself is often platitudinous and there is little by way of follow up by the cooperatives themselves. Unless the cooperative leaders take upon themselves the responsibility to strengthen the movement and work earnestly to acquit themselves of such responsibility it may be too much to expect the movement to move even slightly towards self-reliance and self-regulation.

As for the training of the executives and other personnel working in the cooperatives, fairly good structure has been built up under the umbrella of the Committee for Cooperative Training of the National Cooperative Union of India with 66 cooperative schools at the district or divisional levels, 15 cooperative training colleges at the state level, and the Vaikunth Mehta National Institute of Cooperative Management, at the national level. Since these training institutions trained government personnel concerned with promotion, registration, supervision, audit etc. of cooperatives, besides the personnel belonging to the cooperatives, it cannot be regarded as inappropriate for the cooperatives to expect the government to meet part of the expenses. But today, the entire expenses are met by the government and the cooperatives do not share any part of it. This is a highly unsatisfactory position. Bigger cooperatives which require training facilities of their personnel at the national and state level training institutions must make contribution to meet at least part of the overhead expenses and further must pay for the direct cost for the training of their personnel. The subsidy training could be understood in the case of personnel of small cooperatives which might be trained at the cooperative schools.

As for the contents of the programme, the Committee for Cooperative Training and the training institutions try to maintain contacts with the using institutions, but it has not been sufficiently close and on a continuing basis. There is need and scope for developing further integration between the cooperative business institutions which need training facilities and the training institutions which offer the same.

The training for managerial and supervisory personnel in the cooperative institutions is provided in these training institutions through a variety of programmes both sectoral and functional aimed at enhancing the professional quality through knowledge and skills. The two-tier seminars being organised by the Vaikunth Mehta National Institute of Cooperative Management periodically, since the last two years, is an important step in providing to the elected cooperative leaders orientation in and appreciation of scientific management. This is aimed at creating a proper environment for promoting professionalisation of management of cooperatives.

Considering the numbers in need of initial training and subsequent specialisation and orientation and refresher training, the present training facilities are inadequate to cover them satisfactorily. One technique suggested to overcome the limitations of training in the institutions is that of correspondence courses. The proposal has been discussed on many occasions but has not yet been implemented. It requires an early and earnest action.

5. What the I.C.A. can do?

Having traced the developments of the movement in the early and recent years, and having tried to highlight some of the important problems in the crucial areas of cooperative development and having indicated how the different problems require to be tackled through education and training, a brief account has been given, so far, about the arrangements for education and training, the programmes and the scope for improvements therein. It can now be considered as to what the I.C.A. can do about it.

The main thrust of the I.C.A. is on education and training. More experiments in cooperative education are called for. Indore project has shown what can be achieved with additional resources, but as stated earlier, resources are not likely to be available on that scale for the extension of experiments to other areas. The experts in the I.C.A., together with the officers of the National Cooperative Union of India and of the State Cooperative Unions could consider selecting one district per state to experiment how the techniques sharpened in the Indore Project could be adapted to the situation where the district educational personnel have to work without additional resources in finance or men.

It would also be worthwhile considering whether some selected training instructors from each state could be afforded opportunity to see for themselves the working of the study circles in the developed cooperative movements and work for some time along with their counterparts in those countries. These instructors, after much opportunity, could organise similar programmes in their own areas and other instructors in the state could be attached to them by turns to gain aptitude and skills for organising similar programmes later on in their own respective areas.

So far as leadership development is concerned, I.C.A. is already a willing collaborator and participant in the national conferences, seminars and workshops. Occasions are also provided for the leaders to meet their counterparts in other movements in international conferences, seminars and workshops whether organised within the country or outside. Visits abroad, particularly to more developed movements are always beneficial. But the occasions should not turn out to be just visits. These could be by groups of leaders selected sectorwise to visit countries where the particular sector is more developed. On their return there should be follow up workshop programmes when plans of implementing, at least in their own organizations, what they had studied abroad should be worked out. A further follow up by the National Cooperative Union of India to see whether the plans so worked out in the workshops are actually implemented would also be necessary. Further follow up meetings should be organised to pool experiences of implementing the plans and evolve modifications for improvements therein.

z So far as management training is concerned, the I.C.A. could collaborate with the Committee for Cooperative Training and the training institutions in improving the contents and techniques of training. One area where early action is needed is that of correspondence courses. As stated earlier, such courses have been suggested time and again but not implemented so far. It might be useful if the I.C.A. could secure the services of any person experienced in the conduct of correspondence courses in any of the developed cooperative movements as a visiting faculty at the Vaikunth Mehta National Institute of Cooperative Management for a period of one year or 6 months to work with the internal faculty in planning and initiating correspondence courses.

Another direction in which the I.C.A. could help would be to introduce programmes of study visits for executives of national cooperative federations to the national federations in the same sectors in the cooperatively developed countries, so that they could study the lines on which those federations are working and are managed and try to introduce the features in their own organisations.

For any effective training programme, faculty development is crucial for effecting continuing improvements in these programmes. The Vaikunth Mehta National Institute of Cooperative Management conducts faculty development programmes for principals and lecturers of the cooperative training colleges, which in turn occasionally conduct similar programmes for the teachers in the cooperative training schools. The teacher exchange programme of the I.C.A. has been quite useful. The Vaikunth Mehta National Institute of Cooperative Management has received quite a number of teachers from other countries. But since Vaikunth Mehta National Institute of Cooperative Management is the highest level institution for training the trainers in the cooperative training complex, the faculty of the institute need opportunities for their own development. Very few of the members of the present faculty had such opportunities so far. Therefore the benefit of teacher exchange programme should be extended to all the members of the faculty at the Institute by turn. This programme need not be restricted to the South East Asian Regions, but should be extended to cooperative movements which are more developed than in these regions. If the suggestions made above could be implemented it could lead to programmes either sponsored by or with the collaboration of I.C.A. which would contribute to the strengthening of the cooperative movement in the country.

APPENDIX - 11971-72

<u>Type of Cooperative</u>	<u>Number</u>	<u>Membership of Primary</u>	<u>Working Capital (Rs. in crores)</u>	<u>Business (Rs. in crores)</u>	
1. Credit:					
Apex Cooperative Banks	26		731.1	924.3 (Loans Issued)	
Central Coop. Bank	341		1193.6	1055.8 (")	
Primary Agricultural Credit	1.57 Lakhs	320 lakhs	1276.2	614.5 "	
Primary Non-Agricultural Credit	16,091	88 "	600.0	568.1 "	
Central Land Development Banks	19	10.56* lakhs	1016.5	145.8 "	
Primary Land Development Banks	869	24.83 lakhs	637.5	104.5 "	
(*Bihar, Gujarath, J & K, Uttar Pradesh, Tripura, Pondicherry, did not have PLDBs).					
2. Marketing					
				<u>Supplies of requi- sites</u>	
				<u>Sales of produce</u>	
NAFED	1		4.3	-	0.5
State	28		300.0	169.4	169.7
Central	365	231 lakhs growers	112.4	69.6	130.6
Primary	32.00	24 lakhs growers	183.6	163.8	399.3
3. Processing:					
Sugar	144	5.2 lakhs growers	391.8	207.8 pro	duction by 79 factories
Cotton ginning and processing	171	1.3 lakhs growers	17.3	40.9 sales	+2.2 Commissions
Other processing	1,165	1.7 lakhs growers	14.9	7.2 sales	

<u>Type of Cooperative</u>	<u>Number</u>	<u>Membership of Primary</u>	<u>Working Capital</u> (Rs. in crores)	<u>Business</u> (Rs. in crores)
4. <u>Milk</u>				
State	2		2.6	2.4 sale of milk & milk products
Central	154		34.3	64.5
Primary	13,281	11.4 lakhs	22.4	53.2
5. <u>Industrial</u>				
A) <u>Weavers'</u>				<u>Sale of Products</u> <u>Supplies of requisites</u>
National	1		3.0	5.5 -
State	25		16.0	6.7 2.6
Central	98		3.1	2.7 2.7
Primary	12,149	7.9 lakhs	64.3	87.8 6.6
b) <u>Other</u>				
State	18		1.6	0.6 -
Central	106		3.2	3.2 1.1
Primary	33,612	9.9 lakhs	58.0	40.8 1.5
6. <u>Spinning</u>				
Growers'	19	1.0	26.3	11.4 production
Weavers'	28	0.1	37.8	27.8
Mixed	14	0.2	12.3	5.1
7. <u>Consumers</u>				
State	18		5.5	12.6 of which 2.6 retail
Central	377	9.1 (individuals)	50.8	126.6 of which 24.0 retail
Primary	12,883	34.3	39.4	145.5 of which 5.0 wholesale

(Source : Statistical statements relating to the Cooperative Movement in India, 1971-1972, Reserve Bank of India).

" TRENDS, PROBLEMS AND CHANGING NEEDS OF
COOPERATIVE MOVEMENTS IN SOUTH EAST ASIA
AND THE ROLE OF THE ICA
IN THIS REGARD "

by : Ibnue Soedjono *)

I. Foreword.

First of all I would like to extend my appreciation for having been granted the great honour by the ICA Regional Office and Education Centre of South East Asia to act as an Expert in this particular conference.

I am of the opinion that the time has now come for us to talk again about the position and role of cooperatives in the continuously changing world situation. Political changes in the Third World have created new political conditions paralleled by the demand for new economic conditions which require greater justice for all. That includes fairer shares of economic benefits and equal opportunities for all.

The ownership of energy resources by the Third World, vitally required by the world at large, has greatly increased the power and self confidence of the Third World and given strength to their arguments and demands.

Meanwhile ideas appear in the framework of world social and economic development which seek to attack the causes of poverty. In the Third World these ideas are the source of tensions in national and international relations.

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The conscience of humanity has penetrated the governments of many developing countries and has been interpreted in their national policy and applied in practice. International bodies, including banks, have their role in encouraging the application of policy which fights against poverty and extends assistance.

Indonesia is of course involved in such development and is consciously trying to create justice and prosperity among the people. This was seen in the Five Year Development Plan which has been already carried out and in this year of the second Five Year Plan.

As an economic unit with social character cooperatives cannot avoid the influence of the current development. Cooperatives are one of the most humane social and economic institutions serving the best interest of groups of ordinary people; especially the economically weak farmers, fishermen, craftsmen, labourers, etc. who particularly need the cooperatives. In this changing world and changing national policy these groups become main target groups.

It is in this connection that cooperatives have to seek and find a role if it wants to be accepted in the daily life of a nation.

Another problem which needs attention concerns the role of Government and national policy in the efforts of fighting against poverty which is usually included as part of the kernel of development programmes. In the countries which are carrying out development programmes the national government has a decisive position and role, not only in policy making and planning but also in the realization of the policy and planning. The stronger a national government, the more effective its role is. What part will cooperatives take the development? In practice, and as far as experience is

concerned in Indonesia, cooperatives cannot function effectively if they do not follow the policy and planning of development designed by the government. In other words the policy and planning of cooperatives must become an inseparable part of the policy and planning for development of the social economy of the government.

This is due to the fact that cooperatives, which particularly involve and serve the economically and socially weak groups, are not strong enough in organization, management, skill and capital to be able to dispense with substantial help and support from the government. In this connection cooperators have come to accept government assistance for cooperatives which consequently may confine their autonomous position, but on the other hand this assistance may promote the welfare and improve the people's fate in general.

Now a question arises. Are cooperatives capable of facing this fact and how can they translate cooperative principles they adhere to in such a situation and relationship?

Probably the most difficult and complicated aspect faced in this situation and relation is the meaning of the democratic principle which has to be translated in the development blueprint which requires social discipline, order and control which is often very severe. This is due to the fact that the people in the developing countries mentally are not very well prepared to carry out overall and large scale development on their own.

II. The Indonesian Case

Cooperatives are not new in Indonesia. Although cooperatives have been known since 70 years ago, their substantial growth took place after the national freedom 30 years ago. This is primarily made possible by the Constitution which determines that cooperatives shall become the basis of the economic system. But no matter how good a law basis is, it does not guarantee the achievements of good and effective cooperatives. We are still in need of other factors to make the cooperative a success as a macro and national movement.

The first thing needed for the growth and development of cooperatives is a favourable climate. Political and economic stabilization of the country is very decisive for the development of cooperatives. The absence of political and economic stabilization in Indonesia for 20 years after independence made the development of cooperatives uncertain and spoiled the cooperative principles. Hyper inflation had its share in spoiling the cooperative economic base and they also became political tools to political power for certain political groups.

Only for the last 8 years has Indonesia got political stabilization and a sound economy, although inflation still does a little harm to the economic stability. As part of the good climate required, and which is already achieved in Indonesia, is the extending of political will from the government which has a strong commitment to social justice and to the economically weak groups to improve their fate. This political will has been translated in the State Guide Lines which form the basis of the Five Year Development Plan and which is then poured into various development projects and

rules concerning the application of government policy and which is supported with adequate budget. Such a scheme is very obviously part of rural development policy, agriculture, fisheries, people's handicraft and other economic activities of the people. Such a policy is then in the form of coordination among different government institutions concerned from the national level down to the regions to secure effective implementation. Although such an approach seems to be "Government heavy", but what the Government handles is in fact the Government's policy, while its implementation, as far as possible, is carried out by cooperatives. The most striking example in this case is the policy of the Indonesian Government in handling foodstuff problems. Based on the above scheme, food programmes in Indonesia have never been as successful as they are now that cooperatives are involved in this effort. Nearly 80% of production inputs, such as fertilizer, pesticides, seeds etc. for the food increasing programme through intensification throughout Indonesia covering an acreage of 3,2 million Ha is channelled through cooperatives and 70% of rice purchased by the Government for national stock is obtained through cooperatives. Encouraged by the success in this food programme, the Government and cooperatives are spreading this scheme to cover other activities such as fisheries, sugar cane, copra, etc.

Secondly, leaders in the Government, cooperative movement, universities and other intellectual groups and the community who have a high conscience for the meaning and utility of cooperatives and who are dedicated to make cooperative implementation most effective, are required for the development. Through various approaches such as seminars, workshops and other means of communication and efforts we involve them in the activities of cooperatives, such leaders' groups can be developed

and be of very great importance for the development of the cooperative sector and cooperative movement. In order to secure that cooperatives may last forever in the future, "Cooperation" is made a subject in schools from the primary school to university besides involving teachers in cooperatives. At the moment in Indonesia there are 193 school cooperatives and 163 cooperatives of Moslem Seminary Schools.

President Suharto himself has now become a cooperative promotor and a most powerful spokesman of cooperatives. No matter how strong is the dedicated leader group, it is admitted that in the end, the community's consciousness, in general and that of the members in particular, determines the progress of cooperative development in meeting the members' needs. In this connection extension work, education and training play a very important role. Cooperatives can only develop if they are based on the members' awareness. But facts in many developing countries show that such awareness is not strong enough and needs developing.

Thirdly financial institutions, to support the business activities of cooperatives, are required. The selfhelp principle must be reflected in the promotion of the cooperative's own capital. This is adhered to by the cooperatives in Indonesia. This selfhelp principle in finance will only be meaningful and fully effective when the economic potential of individual member adequately exists. Today cooperatives are assisted through national development plan. But the problem is that cooperative activities deal with those groups living at, and under the so called absolute poverty line (with income of US \$ 50 percapita annually or below, according to World Bank criteria) and in the framework of development it is the cooperative's duty to organize and help them.

If cooperatives are expected to play a substantial role in the daily economic life and in development, the only effective way at the initial stage, is to help them by giving adequate amount of credit with acceptable conditions. This principle has been carried out in Indonesia through the establishment of the Lembaga Jaminan Kredit Koperasi (Institution of Guarantee Fund for Cooperatives) in 1970 which guarantees credit for cooperatives through Government banks. Since the setting up of this institution, an amount of Rp. 113 billion (US \$ 272 million) credit has been guaranteed. Besides, the Government supplies special credit for cooperatives with Government guarantee to purchase rice for national stock. For a period of three years the amount of Rp. 41 billion (US \$ 99 million) credit has been supplied. While for the needs of Civil Servants Cooperatives and Armed Forces Cooperatives they collect their capital from the members' salary through the Government's aid as a check off system.

Realising that managerial ability and management of cooperatives are not strong enough, the utilization of credit is based upon the " supervised credit system " and the result is now satisfactory.

Meanwhile, approved by the Government, the Asian Development Bank has provided credit to the Agricultural Cooperatives in East Java, to the amount of US \$ 2,700,000. In addition, cooperatives in this area are integrated in the realization of fishery credit from the World Bank. Other foreign credits for cooperatives are in consideration.

No matter how large is Government assistance in the provision of capital for cooperatives, the objective is that the cooperatives can help themselves in the end. For this reason,

the obligation to foster capital attached to existing budget facilities has become a condition for the cooperatives concerned. Meanwhile the Institution of Guarantee Fund for Cooperatives is being prepared to be converted into a Bank for Cooperatives.

Fourthly, effective organization and management are of vital need. Cooperatives in Indonesia have had experience of a bad climate and budget for their business activities, but these major handicaps have subsided and become meaningless hindrances for their development. But as the cooperatives develop, other problems arise which need solving. The problems of cooperatives are spread over the nation and are difficult and complicated. Oppositions arise from those who will be overthrown by the expansion of activities and development of cooperatives. Those two problems can only be successfully solved if the cooperatives had good organization and management. Two approaches are carried out to solve those problems. Firstly through restructuring and reorganizing existing agricultural cooperatives into stronger organizations, among others by means of merging several small cooperatives into a bigger and stronger union and uniting the primary societies into a new secondary organization. In this connection efforts in simplifying the structure of existing cooperatives - are reducing the number of the types of cooperatives. For this reason the various types of agricultural cooperatives are amalgamated into Multipurpose Agricultural Cooperatives. Secondly, efforts to improve the quality of cooperatives, are made through reorganizing the function of Board of Directors as policy maker only and making a professional manager system in daily implementation of the business field, skilled bookkeeper, effective role of " general assembly " as obligatory and introducing nucleus members and modernising the administration of the business of cooperatives.

Meanwhile the government is improving the ways of promoting and supervising cooperatives among others by means of increasing education and training, and the extension work programmes. The improvement of the quality of cooperatives in the past years had been assisted by experts of the United Nations Development Programme (with their agencies such as ILO and FAO) in the framework of technical assistance and this programme will be continued in the future. Other countries are also interested in development of our country and they are giving their assistance. This assistance is not particularly in the field of management, but also covers economic aspects such as production, marketing and budgeting in specific fields.

The rehabilitation of cooperatives in Indonesia is carried out on the initiative of the Government and it is run by government officials, because in such a situation it is only the Government who can do it. For this purpose the Government has provided a budget of Rp. 8,400,000,000 (US \$ 20,200,000) for the last six years, out of which Rp. 2,000,000,000 (US \$ 5,000,000) is used for education purposes.

Strategic measures taken in the efforts of rehabilitation are as follows :

- 1). Setting up 23 Training Centres for Cooperative Development throughout Indonesia for education of more cooperative cadres. Up to now 46,206 cooperative cadres and 3,026 Government officials have been trained.
 - 2). Setting up the Institution of Guarantee Fund for Cooperatives to guarantee credit for cooperatives which they receive through the bank. This guarantee is required because the cooperatives at the moment are generally not able to meet the requirements determined by the bank. Up to now the
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institution has guaranteed credit of Rp. 113 billion (US \$ 272 million) covering 12,932 cooperative societies.

- 3). Organizing Agricultural Cooperatives in the form of BUUD/KUDs through amalgamating Agricultural Cooperatives and Village Cooperatives into a bigger union. Out of 5,557 Agricultural and Village Cooperatives currently existing 3,491 have become BUUD/KUDs.

The results of rehabilitation can be seen from the following figures (BUUD/KUDs not included) :

Year	Legalized coops.	Individual full mem- bers	Savings Rp.	Volume of business Rp.
1970	16,263	2,931,340	3.3 billion (US \$ 7.9 million)	40.2 billion (US \$ 97. million)
1974	22,980	4,790,273	8.8 billion (US \$ 21.2 million)	88.4 billion (US \$ 214 million)

It means that within 4 years the number of cooperatives increased by 41.30% and membership increased by 63.42%, savings by 167.58% and the volume of business increased by 120%.

Besides that, there are 3,491 BUUD/KUDs at present serving about 7.9 million farmers with production inputs and giving services in marketing. Since their establishment three years ago they have distributed 1.4 million tons of fertilizer and 2.4 million kg/litres of pesticides representing a value of Rp. 85 billion (US \$ 205 million) after being subsidised. They

have purchased 1.3 million tons of rice with the value of Rp. 112.3 billion (US \$ 270.6 million) and among others 898,000 tons of rice has been sold to the Government with a value of Rp. 80.8 billion (US \$ 194.7 million).

III. Trends, Problems and Needs of Cooperative Movements in South East Asia :

1. The development of effective cooperatives will take place when there is a suitable climate, adequate budget facilities and good organization and management of cooperatives. A Government policy which is in harmony with the cooperative goals serves as an encouraging climate for cooperatives.
2. Cooperative programmes have to be able to be integrated in the development plan of a country if it should play its substantial role. In such a connection cooperatives will have room and role in the development plan and the budget required.
3. People in developing countries, particularly the economically feeble groups must be educated and mentally prepared in order to actively participate in the development of cooperatives as part of the community concerned who are willing to realize their position as objects of the Government's education and development programme. Cooperatives must be willing to work with Government in the national strategy while at the same time compromising their principles as little as possible if they are in the long term to have an assured and prosperous future.
4. Recognizing the Government's decisive role in development, it is of vital need that there are Government officials who are dedicated, understand and have a strong belief in the meaning

and role of cooperatives not only to improve the ways of meeting the members' needs, but also for development.

5. If the cooperatives want to work freely based upon selfhelp system, they must have adequate strength in organization, management and finance scheme. In order to play the macro role in the national development the cooperatives must be willing to receive Government assistance and guidance with the aim that one day they will be capable of carrying out their function and mission with their own power. This should be the kernel of every Government policy in the promotion of cooperatives; that is, helping the cooperatives in order that they can help themselves.

The conditions illustrated in the above summaries which enable cooperatives to develop themselves and based on it will be able to solve the problems (as reflected in the topics submitted by ICA) in this meeting.

1. Production and Trade :

Production is the basis for development and also the basis for the increase of everybody's income. Therefore, production must become the basis for cooperatives, particularly in the field of agriculture, fishery, people's handicraft, etc. The control of foodstuff by cooperatives is an important strategy for the development of cooperatives, for in this way the cooperatives will gain a strong position not only economically, but also socially and politically. Therefore, as it is found in the Indonesian case, the cooperatives are developed firstly to handle food problems and the substantial and positive results achieved have strengthened the position of cooperatives. In this connection production input constitutes a strategic part of production activities and consequently

the cooperatives must always try to control it by means of distributing fertilizer, pesticides, seeds, farming equipment, credit and extension service besides education for the farmers concerning advanced production techniques. Inputs for production is the essence of the production programme, and therefore, the control of inputs by cooperatives is very vital.

Business constitutes a follow up of production, which is inseparable and must become part of an integrated business scheme of cooperatives. For Production activities, marketing has a very strategic position, because marketing serves as an incentive and encouragement for production and based on marketing progress, strategic decisions in production activities can be taken. Processing in marketing has an important meaning since it improves the quality of the commodity, and thence creates more profitable price. Hence one can see that price has a key position, therefore, cooperatives must try to seek for the best and guaranteed price.

Business for cooperatives, and undoubtedly for other business enterprise, will only be a success when there is an assured market and guaranteed price for the product. Therefore, before cooperatives begin with organizing their product and arranging their trade, the marketing must be secured through the efforts in gaining good and stable price for a considerably long period of time. Rice purchasing in large quantities with the protecting floor price which takes place in Indonesia by the Government is an obvious example of this matter.

In order to guarantee that the cooperatives succeed in this field, location selection needs to take the following

factors into consideration :

- a. Cooperatives shall be set up among the people whose economy is unceasingly developing such as food, fishery and other activities which are the main source of their living.
- b. Cooperatives shall be set up among the people who are responsive towards cooperatives for their services.
- c. Cooperatives shall be set up in the activities that are given priorities in the programmes of the Government.

Linking activities of the cooperatives to government's priorities is the best way to make the position of cooperatives strong, effective and rapidly developing. This is due to the fact, that the cooperatives will get promotion, support and adequate assistance from the Government. An example of this matter is the programme of increasing rice production and rice purchase by the Government of Indonesia, which has already been mentioned. Certainly, not all economic activities of the people are given priority by the Government, no matter how important the activity appear to the community concerned. In this respect the problem is even more complicated, its development being slow while the success could not be secured, to come to worse when dealing with perishable commodity or that whose market is very limited.

In order to secure the marketing, sometimes expensive equipment is required, namely transportation, machinery, cooling equipments, etc. If this equipment is difficult to obtain owing to credit difficulties etc., the project will fail.

Therefore the handling of such situation should selectively be carried out; the selected activity is developed as a project supported by a packet of "software and hardware"

inputs. For this purpose, it would be better for the Government to participate in order to guarantee the success of the project concerned.

2. Financial and other Resources :

Money for an enterprise is like blood for a human being. Therefore, all endeavours must be carried out in order to safeguard financial resources of cooperatives and to always foster and develop them. Actually it is not absolutely true that the financial sources of the cooperatives must originate from within the cooperatives themselves. Since there are demands for the existence of big enterprises, the meeting of the needs of their capital, could not possibly be met by the enterprises themselves. The use of credit from the bank is very often more efficient and economical. But the problem is that the cooperatives must not lose their selfhelp and become too dependent upon financial resources from outside. Every time the cooperatives must be able to come back to their own potential and the members' potential in order to overcome this capitalization problem.

This problem of capitalization is even more complicated for weak cooperatives, for the developing countries where cooperative membership consisting of economically feeble groups, need assistance. The cooperatives cannot hope for the growth of the capital from the members to develop in a large scale within a short period of time. If the cooperatives will only rely on the savings of the members alone, they would only be able to carry out micro activities, which are confined and which do not develop rapidly while having little chance to play a substantial role in the development process. Therefore, capital input from outside cannot be avoided and Government

assistance for cooperatives is the safest.

It is most ideal for the cooperatives to own their financial institution, such as a bank. But experience shows that Cooperative Banks can only carry out profitable investments in the cooperatives, when the cooperatives are already strong enough, and they have at least a developing and continuous business. Therefore, according to my experience, it is of great importance to strengthen the business of cooperatives first before a cooperative owned bank is established. In this way the cooperatives are not only able to make productive use of money but at the same time they can put all their money in the bank concerned and in turn it will strengthen the bank.

Besides a cooperative bank an insurance cooperative can form a very important source of finance, especially when the insurance deals in the field of long term social security such as death, old age, pension and savings. This activity is considerably safe, because, if the management of the insurance cooperative is good and the investment of its funds is safe and productive (for instance it is used to purchase government shares or deposited in government banks) more funds will be received than the money that is paid to the policy holders. The surplus of existing fund can be deposited in the Cooperative Bank to finance cooperatives or to directly finance them as far as regulations may allow.

Credit cooperatives constitute an important source of finance, especially for individual activities on a small scale such as is found in the villages. Particularly when the credit cooperatives serve small scale businessmen in the market whose turnover is very high, the capital will undoubtedly develop very fast. Cooperative Banks and credit cooperatives

have another possibility, viz. they can be used to mobilize small funds and the community to finance development programme or the cooperatives themselves. This way of mobilizing funds will become more effective when there is an institution or scheme, for instance the Government, who is willing to guarantee that every rupiah saved in the cooperatives will be guaranteed by the institution or scheme concerned. There is also an opportunity for the cooperatives to sell bonds to the money market (if there is any), this will strengthen the financial position of the cooperatives. In case that the cooperatives are not strong enough and the community still hesitates to buy cooperative bonds, the Government may guarantee the bonds.

In developing countries, such as Indonesia, the role of the Government in financing cooperatives is very important, perhaps more important than the ability of the cooperatives themselves. Pursuant to the political will of the Government, credit is provided for production and marketing to cooperatives through banks and others, usually attached with certain guarantees. Usually this credit is given on soft terms and the Government readily takes risks within limits through the guarantee system. As an example, let us take Indonesia. In order to give guarantee to cooperatives which do not have collateral for credit they receive from the bank, the Government has established an Institution of Guarantee Fund for Cooperatives backed by Government budget. This institution gives interest subsidy or directly participates in capitalization of cooperatives when necessary.

But ultimately, members are the main source of financing for the cooperatives. Large membership with loyalty and strong

economic potential will provide a large source of financing. Opportunities in existing economic activities, particularly those provided by the Government, should be used to foster capitalization. This could be done through obligatory savings retained from credit received, distribution of production inputs and sale of goods to the Government or the general market. If necessary, the margins received by the cooperatives are made into deferred patronage refund in order to foster this capitalization.

There is another very potential aspect in capitalization, but cooperatives have not utilized it much, though in Indonesia this practice has been started. By this is meant the contribution of labour and material of the members in setting up certain cooperative projects, such as warehouses, drying grounds, irrigation canals, etc., where labour contribution and material are taken into accounts as deposit of the members concerned. These methods may mean a great deal in the areas where members can readily contribute labour rather than money for the capital of cooperatives.

3. Cooperative leadership and management.

Effective leadership constitutes a source of inspiration and dynamic for every organization and relationship. No organization can develop and be advanced without effective leadership.

Common phenomena to be found in many cooperatives in developing countries are ineffective leadership and weak management. This problem must be looked upon from the conditions of the country as a whole; in which most of the people are backward socially as well as economically. Cooperative organizations which grow among those people will reflect their weak conditions

and this matter will very often be obvious when there is the absence of effective leadership and weak management.

It does not mean that among the people concerned there are no good leaders. The community knows the so called formal leaders and informal leaders, traditional leaders as well as non-traditional leaders. The development of cooperatives in Indonesia depends hardly on the role of such leadership as a promotor, or an outside defender, or they directly work in the cooperative as members of the Board of Directors. There are many developed cooperatives under such leadership.

Nevertheless, it is felt that for the long term, leadership which comes from within the cooperatives is expected. No matter how effective a leadership which comes from outside of the cooperatives, it is difficult to develop democratic principle within the cooperatives and it allows danger to come since there is usually a tendency for the leaders to make the cooperatives a tool, or even a property of themselves. Only leadership which comes from within the cooperatives can create a harmony between members and leaders as well as between organization and leaders. The democratic principle will function better in such a situation.

It is indeed difficult to let leadership, which comes from within the cooperatives grow, since there is a lack of suitable material and requires a long term education. Therefore, in this respect education programmes are very important. In practice, weakness in leadership, particularly in the primary cooperatives level, is usually supported by the secondary cooperatives or by supervision and promotion of the Government; among others through meetings of Board of Directors, members meetings, seminars, discussions, visits to other cooperatives, at the same time educating the leaders and leaders to be.

What type of leadership is actually required for a cooperative? For Indonesian conditions, the following leadership qualifications are required :

- (1). Sensitive and dedicated to the people's interest.
- (2). Understand the objectives and system of cooperative operations.
- (3). Understand cooperative business.
- (4). Good attitude which attracts other people's trust.

For developing countries, at least for Indonesia, the last element becomes very important, because the community, particularly village community, silently pays attention to the attitude of other people, specially those whom they hope of their leadership and their being honest. They usually do not show spontaneous reactions, but when there was something they did not agree, they would leave the cooperative. Therefore, the formal Western leadership concept could not be fully applied in the cooperatives in Indonesia. One of the most important functions of cooperative leadership is giving motivation to the members in order to actively participate in all activities of the cooperative. It is in this connection that many traditional ways can be used, for which the leaders should give examples rather than merely talk.

Management has a very close relationship with leadership. Generally, effective leadership can encourage good management though the opposite case may also happen. In order to make a cooperative function as a feasible economic unit, the need for management and modern principles to handle planning, budgeting, controlling, etc. cannot be avoided. Good management also includes good leadership.

For this purpose, there is the need of education and training for the executives, in which a bookkeeper is a very impor-

tant element. Management is indeed the key for the success of a cooperative. Therefore, it needs continuous maintenance and promotion. The Indonesian Government has for a long time promoted management among the existing cooperatives; this effort will always be maintained. Management is in fact not new for the cooperatives. But the problem is how to secure it and increase its effectiveness.

The tendency to set up a bigger organization in order to be able to solve wider and more complicated problems requires more appropriate management.

4. Cooperative Education :

Everyone is aware of the importance of cooperative education. There are people who say that cooperation is nothing but education. Cooperative education covers a very vast field; not only to secure that the cooperatives can develop but also to secure the future of the cooperatives.

Various problems launched in this paper, such as production, trade, budget, leadership and management will be able to be solved effectively through more effective education activities for those involved in cooperatives.

Who are entitled to cooperative education? In Indonesia education activities are directed towards three main target groups :

- (1). Government officials;
- (2). The public;
- (3). Cooperators - cooperative officers, managers, employees, committees and members.

Education for cooperators is the kernel of cooperative education, but education among the surrounding community will

help the development of the cooperative concerned.

The education for Government officers, except cooperative officers, and that for the community should be general and moreover environment management in nature, but education within the cooperative should be overall and should cover specialization and technical aspects. Education for the surrounding community is particularly meant to create support for the cooperative and to pave the way for its growth, while education for public involved in cooperatives is intended to strengthen the cooperative functions and to enable the cooperative to solve problems.

Therefore, cooperative education must be overall and continuous covering various groups in the cooperatives in accordance with the level, position and role of each group.

The target groups in cooperative education consist of :

- (1). Board of Directors and Board of Audit for whom general knowledge on cooperatives and their business is emphasized, but it should be sufficient to be used in establishing policy and supervision.
- (2). The main executives must be well prepared in management besides having a good knowledge of the activities of the cooperative concerned, in order to enable them to manage the business effectively.
- (3). Executives for administration and field technical executives shall have a skill in their respective duty so as to achieve highest productivity.
- (4). Member education is also of a very great importance because the strength of a cooperative is fully determined by the attitude of the members. For this reason the members' knowledge concerning the cooperative principles of democracy and responsibility as well as social discipline is most

essential. The objective of member education is that they will actively participate in all the activities of the cooperative besides carrying out their rights as well as taking democratic responsibility.

Because of its nature of being spread out and overall, continuous and unceasing implementation, approaches, methods and techniques differ for various levels and groups of participants. Cooperative education requires a lot of funds. These funds are needed for setting up education facilities providing teaching kits, teachers' fees and other expenses.

For this reason, cooperatives usually put aside part of their surplus for education purposes, but since the amount is very often too small, it is impossible for them to finance the education programmes needed.

In Indonesia, the Government's interest in cooperative education is very substantial and therefore, adequate budget is provided for education purposes, taken out of the funds for cooperative promotion. For the last 7 years the Government has allocated a sum of Rp. 2 billion (US \$ 5 million) which means 25% of the amount for cooperative promotion. To date 23 training centres for cooperative development have been set up and three others are being completed.

As many as 1,317 courses and 22 seminars and workshops have been conducted besides study trips made by the cooperatives. This programme is supported by experts recruited by UNDP/ILO within the frame of technical assistance as well as those from other countries under bilateral agreements.

But when the cooperatives are strong enough, then the time comes for them to bear education responsibility at least for most of the education programmes.

It is in this connection that it must be emphasized that however important is cooperative education and training as human resource development, it must not go by itself, but it must become part of the programme for overall cooperative development covering organization, management, business and finance. An education programme which is not attached to other fields could be ineffective because in the end cooperators themselves could get fed up with it if the education had no connection with the real and substantial efforts in the economy in order to achieve economic effect within the short time. It is only in such a relationship that an educational programme could be productive. Therefore cooperative development programme should constitute a package programme.

5. The Role of ICA.

ICA as an experienced international body and which is held in high esteem, can do a lot to help the development of cooperatives in the developing countries including South East Asia. In fact what ICA has done, such as conducting seminars, conferences, visits to certain countries, publications, etc. have encouraged the development of cooperatives in many countries. But it is felt that the role of ICA could still be increased. The presence and existence of ICA is only known by certain groups in Indonesia, as well as the groups in the Co-operative movement. Perhaps the ICA should introduce itself to a wider group, to the governments of the countries concerned, the cooperative movement and the people. It should show what it has done in cooperative development. Such an image is very important to create the feeling of accepting the ICA. In order to be able to develop cooperatives in many fields a more concrete, direct and more specific role of ICA is needed.

As an international body, ICA should be able to mobilize more interest of various developed countries, international bodies, and cooperatives in developed countries towards the cooperatives in developing countries. ICA should take the initiative to influence international bodies in preparing assistance programmes of the developed countries in order to give more attention to cooperatives in the such assistance programmes. Indonesia, in this case, also receive assistance in the field of cooperatives from international bodies or foreign countries, but it is only done through the initiative of Indonesia or initiated by the countries who give assistance. It could certainly be increased if ICA could play its greater role in such international relations. Based on experience and their understanding, ICA could help to recruit and to select experts in cooperative and other fields required for the international organizations in providing technical assistance for the receiving countries.

ICA could also function as a communicating agent between two or more countries in order to carry out cooperation in the field of cooperatives bilaterally or multilaterally.

In the implementation of technical assistance, project aid, and loan from foreign countries or international bodies, ICA should also be invited to send its experts in order to make identifications, appraisal, feasibility study and provide expert to assist project implementations concerned. ICA is further hoped to take more real steps in assisting the cooperatives in a certain country on their own responsibility. Pursuant to its position, ICA would be more suitable to extend assistance in the form of :

- a. opening a representative office in the country where assistance is needed, to help the cooperatives in various

- activities, specially in education and training,
- b. sending experts for a certain period of time in order to help in special projects.
 - c. helping set up pilot projects for the cooperatives concerned in the field of production, marketing and education.
 - d. sending identification team to help influence the government of the country concerned, in their policy towards cooperatives.
 - e. conducting or financing seminars, international and national workshops in the country concerned.
 - f. assistance in funds and education and training equipments for cooperatives.
 - g. conducting surveys and researches in cooperative field.

It is true that a great deal of funds are required for the above mentioned activities. It is in this connection that we must rely on the international position of the ICA to invite various capable parties, particularly developed and strong cooperatives to establish funds. This could be done as a special campaign initiated by ICA.

In the spirit of creating world new economic order, I am sure that various parties and especially cooperatives would give the expected response.

Many people hope, particularly Indonesians, that ICA could create an International Cooperative Network and to function as a clearing house which is able to spread out information, use of funds and expertise in various fields such as international trade, banking, insurance, etc.

Progress in 1974/1975

by: EDDIWAN

ICA Member for Indonesia

1. Overall progress

As has been reported at the council meeting in Colombo along with the proceeding of the second Five Year Plan, development in cooperatives has quantitatively still been showing progress. This may be seen from the following figures:

	1973	1974
1. Cooperative organisation	19.795	21.244
2. Membership	21.973.555	4.475.651
3. Capital (thousand rupiahs)	Rp.21.912.432,-	Rp.25.910.418,511
4. Savings	" 6.788.187,4	" 8.728.067,26
5. Savings of individual members (thousand rupiahs)	" 2,282,05	" 6.232.282,9
6. Turn-over	" 61.513.359,-	" 84.461.298.026

Cooperatives engaged in the production of food (paddy and secondary agricultural products) enjoy first priority in the policy of fostering and guiding, while fishery, cattle breeding and poultry, people's horticulture and handicraft cooperatives are given secondary priority. This is in agreement with the provisions of the Second Five Year Development Plan, by which is determined that food production is to be given a most important place in the plan, primarily in order to maintain stability in the economic conditions of the people.

Several types of cooperatives, such as for instance the rubber, the copra, the textile and the consumers' cooperatives have not as yet recovered from setbacks, either due to certain economic conditions, or to their own internal organization.

Advancement has been achieved by the functional cooperatives as a result of the improvement made in their organizational and management system and of the constant financial help from the government.

However, it cannot be denied that many secondary cooperatives have experienced a setback or have lost the function for which they have been designated, due to the fact that the development policy has principally been laying the emphasis on the Primary Cooperatives.

Next to Government assistance in obtaining funds for capital, the endeavours in the educational field may be considered as very important. In the framework of the second Five Year Development Plan the Government and the cooperative movement have furnished 39,006 cooperative cadres with education.

2. Agriculture Cooperatives.

As was made mention of in the previous report the cooperative pattern in the production of rice is developed by the Village Unit Corporations/Village Unit Cooperatives (BUUD/KUD). At the end of 1974 was reported that 3,149 units were in existence. The activities of each unit in this plan involve 600 - 1,000 hectares of land. In some cases three to five villages under this plan have to be united under one management. The plan endeavours to supply agricultural input such as fertilizer, pesticide and selected seed to the farmers. It is in many cases equipped with a Rice Milling Unit and store-houses.

Paddy/rice has been bought up under this plan from the members for the Government as well as for sale in the free market.

Until the end of the 1974 the Indonesian People's Bank has provided credits to the amount of Rp.28.637,8 millions for the purchase of paddy or rice under the Plan.

Every BUUD/KUD-Unit (Village Unit Corporation/Village Unit Cooperative) has a manager, a qualified bookkeeper and a Rice Milling Unit machine operator, who all have had previous special training.

It has been the intention of the Indonesian Government to increase the number of units.

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This year 103 Central Cooperatives for the village units, as a form of the Secondary Cooperatives under the VUC/VUC Plan, were established.

The VUC/VUC is supported by a special guidance providing body, in which nearly all Government agencies involved in the production of food, are represented.

It is true that difficulties were experienced in the beginning because of the newness of the system, but afterwards, within a relatively short period of time, the VUC/VUC are able to show their effectiveness and the advantageous results for the farmers and the correctness of the Government policy of forming rice stocks.

Observing the earnestness of the management and the members in the execution of their jobs and the attitude of the Government we may expect with optimism that within the next 2 - 3 years the plan of converting the BUUD (VUC) into cooperative organizations will be fully realized.

3. Consumers Cooperatives.

There is no progress observable among the Consumers Cooperatives. In some cities and towns one may find one or two cooperative shops, which are often an enterprise unit of a cooperative organization, mostly as a division of a functional cooperative organization. The services rendered by the shops are of not much significance. Within the framework of the second Development Plan (1974-1975), which was started April 1, 1974, in the second year of its existence, the government continued to increase its activities in promoting cooperatives to act in accordance with the cooperative principles. In order to obtain more effective results, measures have been taken by stipulating regulations and instructions intensifying the endeavours and strengthening the organisations and businesses of the cooperatives and also to raise the quality of the cooperatives through proper education and training in forming cadres enough capable to be the future leaders of their respective cooperatives.

4. Housing Cooperatives.

As was also reported in last year's meeting the obstacle for Housing Cooperatives was that at the present time the level of salaries and wages of wage-earners is not in favourable proportion with the price of the houses built, so that it will be difficult for these cooperatives to accumulate the necessary initial capital. The Government is making preparations in this connection to organize bodies for the purpose of rendering assistance to the people to overcome the difficulties mentioned earlier.

5. Development in Cooperative Legislation and Governmental Policies vis-a-vis Cooperatives.

In Development Plan II (1974-1979), Cooperatives, in particular those engaged in the production of food, fisheries, cattle and poultry, people's horticulture and handicraft, are given a more important place, so that the role of these cooperatives may become of more significance in connection with their extensive program. This program to promote the Cooperative movement covers the following activities:

- (1) To help the cooperatives which are in need of capital, to obtain the necessary loans with the guarantee of the Cooperative Credit Guarantee Funds - a Government agency established in 1972 with the objective of helping the cooperatives in their efforts to accumulate capital since there are no other ways for them to obtain capital through the existing conventional channels because of lack of collateral securities to support their requests for loans. This agency has now already accumulated Rp.6.907.612.000 - has been guaranteeing until March 31, 1975:
- | | |
|------------------------------------|---------------------|
| (1) loans for operational purposes | Rp.2.880,1 million, |
| (2) investment loans | Rp.2.153,9 million, |
| (3) consignment loans | Rp.1.543,3 million, |
| altogether totalling | Rp.6.579,3 million. |

6. Cooperative Bank.

On the initiative of the National Federations a Cooperative Bank was established by the cooperative movement four years ago,

and was given the name of "Bank Umum Koperasi Indonesia", abbreviated "BUKOPIN" or "Indonesian Cooperative General Bank", the main aim of which was providing financial support to cooperative organizations.

At the beginning of the current year this bank was recognized by the Government as the only bank for the cooperative movement having the whole territory of Indonesia as its field of operation. In consequence of this Governmental decision seven (7) provincial cooperative banks will merge into the Bank Umum Koperasi Indonesia.

The Government, in this instance the Minister of Manpower, Transmigration and Cooperatives, has also stipulated the policy of supporting the Bank in its operational activities in the form of funds from the Lembaga Jaminan Kredit Koperasi (Cooperative Credit Guarantee Funds). A Committee, the members of which consist of representatives of "BUKOPIN", The Bank of Indonesia, the Department of Manpower, Transmigration and Cooperatives and of the Department of Finance, has been formed in order to draw up a further programme with the purpose of strengthening the funds of the BUKOPIN, setting up the Common Management Board and making preparations for other operational activities.

During the first phase and until further notice this bank will be jointly owned by both the cooperative movement and the Government, while after some period of time the full ownership of the bank will, with the consent of the two parties concerned, be transferred to the cooperative movement.

7. Fisheries Cooperatives.

In conformity with the basic principles of the policy of fostering and guiding the cooperatives, as from the current year preparations are made to establish the Village Unit Corporations/Village Unit Cooperatives in the Fisheries Section and this is to be commenced in twenty-six locations in Java.

These preparations include planning, fostering and guiding, amalgamation, the provision of facilities for production, the processing and marketing of the products and the supply of funds.

One of the principal aims of this policy is raising the fishermen's income through intensification of their operational activities, and stepping up production.

Beside drawing up the program concerning the Village Unit Corporations/Village Unit Cooperatives in the Fisheries Section the Government has given more attention to the artisanal fisheries. This has been manifested in the program for the mechanization of the artisanal fisheries in the form of an allocation for credit supply for the acquisition of 2,845 small powerboats for fishermen in the five years to come.

8. Batik Cooperatives.

Gabungan Koperasi Batik Indonesia (G.K.B.I.) or National Federation of Batik Cooperatives is continuing its endeavors to improve and to increase the number of its textile factories, i.e. the suppliers of the raw materials for the batik industry. The number of shares issued by these factories - which, because of their producing capacities also form an important help in the national need for production, has increased.

In the supply and distribution of batiks to the population G.K.B.I. cooperates with the Village Unit Corporations/Village Unit Cooperatives and with other cooperatives. In this way the products of the members of the Batik Cooperatives are also channelled to the members of other cooperatives.

9. International Trade.

In order to step up the activities of the cooperatives in the field of international trade, a special cooperative organization for international trade has been established, bearing the name of the Indonesian Export and Import Cooperative (Koperasi Ekspor dan Impor Indonesia). This cooperative is formed by the

Indonesian cooperative movement with full support of the Government. With the establishment of this cooperative it is hoped that the activities in the international trade may be stepped up.

As a first step the cooperative has already made a start exporting orchids.

10. Technical assistance, financial and other aid.

The Indonesian cooperative movement as a rule receives neither direct technical assistance nor financial or other forms of aid from sources outside Indonesia, since everything is arranged by and passes through Government channels. This policy has been maintained and has given proper results.

11. Main problems of the Cooperative Movement.

The main problem being faced by the cooperative movement in Indonesia lies particularly in the fields of organization and of management and in the economic weakness of the members of cooperatives.

Improving managerial skill by conducting additional education/training to managers, candidate managers and the rest of the staff of cooperatives who are selected for the purpose is provided continually.

The acquisition of capital and to a certain extent also the accumulation of capital form another rather serious problem since the members of cooperatives in general are still lacking the ability to save part of the profits. For this purpose in spite of the fact that the Government has already provided the cooperatives with opportunities to obtain credits and that the Cooperative Credit Guarantee Funds has been established. What is urgently needed by the cooperatives is an improvement in the provision of credits required for the expansion of business enterprise of cooperatives and of the members and in the procedure of applying for such credits.

In order to bring about quicker economic improvement, efforts have been made to raise the entrepreneur's spirit of the board-members, of the managers as well as of the common members.

Attention has been paid to further development of the following kind of cooperatives:

- a. paddy and other agricultural products cooperatives.
- b. fishery cooperatives (inland and sea fisheries).
- c. cattle and poultry cooperatives (meat, dairy, poultry).
- d. people's horticulture cooperatives (tea, coffee, pepper, rubber, copra, sugar cane, tobacco).
- e. people's handicraft cooperatives.

This programme is aimed at the production of supplementary food and clothing of better quality and to create reasonable and for the community acceptable prices, bringing better and more evenly spread welfare, and creating more employment opportunities.

Besides the assistance given to the cooperatives as mentioned above endeavours are still being made to:

- a. step up and enlarge the role and the activities of the Indonesian Bank for cooperatives, which in the end will have to be able to arrange and to serve all financial and credit matters of the cooperative movement.
- b. develop cooperatives for village electric current supply for people's housing, for small businesses, for transport and for village credits supply.
- c. step up the activities and the endeavours to bring about improvements in the cooperatives engaged in activities in the sections of people's mining, of service rendering, of functional groups, and of consumption.

The Government programme for the purpose of developing cooperatives are implemented through the following plans:

1. Stepping up the Cooperative Capital Development Plan.
2. Providing guidance and extension (information) to Cooperative Business Enterprises.
3. Developing Cooperative Organisation and Administration.
4. Cooperative Education and Training.
5. Stepping up Cooperative Research/Survey.

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RCM - by Eddiwan
Coop Movement in Indonesia

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It is estimated that in the five coming years 1974/1979 the Government will appropriate a budgetary allocation of Rp.27,9 thousand millions or approximately US\$.67,25 millions in favour of Co-operative Development. In this amount is not included the credits to be received by the Cooperatives from other agencies.

The extensive assistance rendered by the Government to the cooperatives does not imply abolishment of cooperative democracy it is even aimed at consolidation of cooperative democracy.

It is obvious that the measures taken by the Government with the purpose of fostering and giving guidance to the cooperatives are always aimed at safeguarding the development program of the cooperatives, enlarging cooperative democracy and strengthening cooperative economy.

The above is in agreement with the provisions in the Act on Cooperatives in Indonesia which in a detailed way stipulates the extent of autonomy enjoyed by the cooperatives and determines the role of the Government with regard to the policy of fostering, guiding, protecting and the provision of facilities to cooperatives.

The recommendations of the Asian Top Level Cooperative Leaders Conference are therefore basically in agreement with the Indonesian Act on Cooperatives as well as with the program for its execution, and with the policies determined by the Government and the standpoint taken by the cooperative movement.

Jakarta, 1st November, 1975.

E d d i w a n

Councillor ICA - RO & EC.

Trends, Problems and Needs of Cooperative Movement
in the Field of Leadership and Management .

by

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EXPERTS' CONSULTATION

5-6 December, 1975

MANILA, Philippines

INTERNATIONAL COOPERATIVE ALLIANCE

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I N D I A

Trends, Problems and Needs of Cooperative
Movement in the Field of Leadership
and Management

Needless to say that administration of Cooperative Societies and Unions shall strongly rely on trained local manpower. Initiation of training programs for managerial staff of Cooperatives in developing countries, stands as the responsibility of the government. In addition, the Government shall supervise the local cooperative managers to the extent that their managerial skill might call for further improvement and upgrading. The supervision, however, should be exercised, so carefully, to avoid the possible emergence of misunderstandings. A phased withdrawal of government supervision and control should be envisaged, as the training programs for the cooperative managers are in the process of development.

An experience gained in Iran, in training of both cooperative managers, as well as, temporary supervisors of cooperatives is described below.

1. Training of Cooperative Managers.

A. Training of Professional Managers

To overcome managerial deficiencies of Rural Cooperative Societies a program has been initiated, with the assistance of the Imperial Army to familiarize 400 young literate villagers, each year, with the cooperative principles and concepts. These villagers, at conscription age - when selected by cooperative supervisors will receive required training, and will be employed by cooperative societies, after the completion of their compulsory military services. The whole period of compulsory services for these young selected

After the completion of 17 weeks of military training, they will attend theoretic cooperative training courses for a period of 54 weeks, while the remainder 33 weeks will be attributed to practical training in Rural Cooperative Societies. These trained villagers will be hired by Cooperatives and will serve Societies as managers or assistant managers afterwards. During a period of six years since the commencement of the program a number of 2643 persons have attended the related courses.

B. In-Service Training for the Cooperative Managers

To train existing cooperative directors and prepare them to undertake heavier responsibilities, various courses - 4 to 30 days in length have been arranged in different cities. Cooperative concepts and principles, as well as, legislation of the societies and unions, marketing of farm products, book keeping, accounting and running of cooperative stores are suitably popularized through these courses.

A total number of 933 managers have received training, to date, while a number of them are dismissed or replaced by professional managers for a variety of reasons, such as insufficiency of required knowledge.

2. Training of Board of Directors, Inspectors
and Representatives of Cooperative Groups.

To upgrade the efficiency of cooperative inspectors and board of directors and to familiarize them with the history of cooperative movement in Iran, cooperative principles and concepts, legislations of cooperative societies and unions, transaction regulations for the cooperative members and so on, special training courses - 4 to 14 days each - have been administered.

A number of 32510 inspectors and members of directorate boards have attended such courses, to date.

3. Training of Cooperative Stores Salesmen

Since two years ago, a total number of 1134 cooperative salesmen have attended six-day training courses, to be familiarized with the main functions of the salesmen, determining factors in successful operation of a cooperative store and commercial operations of cooperative societies and union, etc.

C. Supervision of Rural Cooperative Societies

A number of 1113 supervisory mobile units are engaged in directing and streamlining of 2900 Cooperative Societies, operating in 45000 villages, with a total membership of 2,500,000 farmers.

Each mobile supervisory unit, composing of one supervisor and one assistant, and equipped with field vehicle, operates in three Cooperative Societies and 40 villages, as an average.

The responsibilities of the supervisors grow in dimension in the case of newly-established cooperative societies, while, as the time passes on, local managers and members of boards of directors are more and more familiarized with the functions, objectives and operations of the societies, and the supervisors, with duly lowered responsibilities, can be more and more devoted to the further newly-established cooperatives.

COOPERATIVE EDUCATION IN IRAN

by

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I N D I A

EC-CP (IRAN)
Cooperative Education in Iran

Cooperative Education In Iran

Education plays a key role in popularizing and development of cooperative movement. In other words, cooperative system, with training as its most essential component, has been founded on and developed through education. Cooperation and education, therefore, are interrelated and supplement each other in such a way that cooperative goals and concepts, formation of economic institutions, based on collective works and group activities, would only be realized when the need is deeply felt by the population concerned. So, first priority should be given to propagation of cooperative concepts and acquaintance of different layers of the population with the economic issues, collective efforts and business to introduce new ideas and disciplines. Uprooting the centuries old procedures of profit-seeking economy and substitution of an economic system based on cooperation rely on the introduction of a new discipline, essentially different with what prevails in the commercial enterprises. Cooperation can be considered as a mutual assistance, deeply related to a strong sense of responsibility collective discipline among the people, essentially prepared to adjust themselves with new concepts and ideals, as well as, governing methods in management and leadership, as the key factors in creation of cooperative organizations. This is why that education, as the key component of Iran's cooperative movement has been regarded as the nucleus to all campaigns, efforts, and programs, developed to attain the targeted goals.

A quick glance to Cooperative Law of Iran (passed in 20 Khordad 1350, June 1971) will illustrate the high position of training in the cooperative movement. In addition to a particular chapter, attributed to cooperative education, diversified references are made to the training functions in different sections and articles. Chapter 23 of the Law identifies the responsibilities of Ministry of Cooperation and Rural Affairs, regarding the cooperative societies and organizations in 10 paragraphs, and is fully devoted to the training functions of the Ministry.

- Training of cooperative experts, as well as provision of financial and technical assistance for the establishment and running of cooperative training and research centres.
- Training of skilled manpower, required by cooperative societies and organizations (such as managers, accountants and auditors).
- Administration of training and extension programs which will eventually propagate cooperative concepts and ideals.
- Conducting of studies and surveys on cooperative activities and taking final decisions on the execution of major cooperative projects by other private and public agencies.

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- Provision of financial, technical and managerial assistance, required for the sound management of the cooperatives.

- Visualizing the phased formation of different cooperative congresses in the Provinces and Governorate Generals, which will facilitate the creation of Regional Supervisory and Coordinating, as well as, Central Unions.

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Socio-economic features in the rural areas, with agriculture, cattle breeding, handicrafts, rooted traditions, rural hierarchy, under and /or unemployment, as well as, collectivism, as the main components, could be easily separated, and distinguished from the socio-economic factors, dominated in the urban areas.

The accepted pattern by many other countries, is also applied to Iran, in division of Cooperative societies into two broad categories with regards to their site and nature, namely I) Urban Cooperatives, and II) Rural Cooperatives.

Different content, level and quality of training programs in the rural and urban areas, has led to the division of cooperative training functions between the two organizations in Iran.

1) Central Organization of Rural Cooperatives, established in 1342, acts as the responsible body for the creation and supervision of rural cooperative societies and unions, in the villages, covered by Land Reform Law.

The Organization also, facilitates the creation, running and merging of Cooperative Societies through provision of required training for for the farmers.

2) Central Cooperative Organization, established in 1346, is operating in the urban areas, to popularize cooperative concepts and ideals, to train and mobilize ^{required} manpower and to coordinate cooperative efforts throughout the country.

Main Features of Cooperative Training Programs In Iran

Cooperative training programs in Iran cover two major groups of trainees.

- 1) Actual members of cooperatives, gathered to organize societies either because of common needs and interests, or through incentives, created by the Government.
- 2) Potential members of cooperative movement, which widely covers the whole population, who will eventually join the cooperative institutes.

The first type of education, namely training of the actual members of rural cooperative societies is administered in two different ways.

- 1) Specialized training programs for the members of board of directors, managers, as well as, those who are actually involved in the running of cooperative societies, such as accountants , salesmen, storekeepers, etc.

2) General training programs to familiarize cooperative members with their functions and persuade them to participate more devotedly, in the common efforts undertaken to accomplish cooperative goals.

The above-cited points are similarly applied in both rural and urban areas, (the latter divided into two labour and no-labour sectors, on the basis of social structure, group organizations, and executive issues, and as provided in the Law), while different aspects of rural and urban social life are duly considered.

Ever-increasing demands of the country to top-level, highly experienced cooperative experts and officials, led to the creation of the Faculty of cooperation in seven years ago. The faculty offers B.A. and post-diploma degrees to the graduates and cooperative technicians. Furthermore, the point deserves consideration, here, that "Cooperation", as one of the major academic courses, is duly included in the educational programs of all the Universities, dealing with social sciences.

Cooperative Training Programs in the Rural Areas

To avoid long detailed descriptions, rural cooperative training programs are briefly summarized as follows:

1) Specialized Managers

To overcome the shortage of competent manpower in Cooperative Societies and Unions, who can soundly manage the Cooperatives and streamline and direct the common efforts and group activities, a program has been initiated with the assistance of the Imperial Army to familiarize 400 young literate villagers, each year, with the Cooperative principles and concepts. These villagers - at conscription age - when selected by Cooperative Supervisors will receive required training and will be employed by cooperative societies, after the completion of their compulsory services. The whole period of military services for these selected villagers will be administered as follows:

After the completion of 17 weeks of military training, they will attend theoretic cooperative training course for a period of 54 weeks, while the remained 33 weeks will be attributed to practical training in Rural Cooperative Societies. These trained villagers will be hired by cooperatives and will serve societies as managers or assistant managers afterwards. Since the commencement of the program a number of 2643 persons have attended, or are attending the related courses.

2) Training of Cooperative Managers

To upgrade the efficiency of cooperative managers, various short and medium training courses - one to four weeks - have been arranged in different areas, cooperative managers, selected by the boards of directors attend these courses to be familiarized with the cooperative principles,

legislations of societies, marketing of farm products, book-keeping, accounting and managerial procedures in cooperative stores.

A Substantial number of persons, who have received required training - 9433 persons in total - are managing Rural Cooperative Societies, while the rest are rendering services in other key positions.

3) Training of Board of Directors and Inspectors

To ensure more awareness for the boards of directors and inspectors of Cooperative and to familiarize them with the history of cooperative movement in Iran, cooperative principles and concepts, legislations of cooperative societies and unions, transaction regulations for the cooperative members and the key functions of the societies, special training courses - 4 to 14 days - have been administered. A total number of 32510 inspectors and members of directorate boards have attended such courses to date.

4) Training of Cooperative Stores Salesmen

Cooperative Societies in Iran as multi-purpose units, in general, supply consumer goods, such as oil, sugar, tea, etc., to their cooperative members, as well. Training course have been administered, therefore, to familiarize the cooperative salesmen with their main functions, determining factors in successful operations of cooperative societies and unions, etc. A total number of 1134 cooperative salesmen have attended related training courses, to date.

5) One -day Conferences

One-day conferences are administered in the training centres of rural cooperative societies to create opportunities for further communication of ideas between managers, members of directorate boards, inspectors and representatives of cooperative groups, which will ensure more understanding and will facilitate the accomplishment of targeted goals through determination of common problematic areas and introduction of best possible solutions. A total number of 76306 persons have attended these one-day conferences, to date.

6) Training of Cooperative Members Through Administration of Training Groups

To ensure more coverage for the cooperative training programs, "Training Groups" are established, with the cooperation of competent cooperative managers and members. The program, primarily conducted as a pilot project in a few societies, has recently grown in dimensions and covered all cooperative societies throughout the country, as an advanced training program.

The following pattern is imitated in the creation of "Training Groups" in all cooperative areas. Each group has ten members and enjoys the supervision of a competent manager or cooperative member.

In a duration of 16 weeks, the group will have weekly sessions. Each session will be devoted to 80 questions, related to cooperatives legislations, general assemblies, principles, structure, functions, objectives, commercial operations, transaction regulations, and other aspects related to cooperative societies and unions. The attendants are supposed to take an examination, consisting of 20 questions, at the end of each session, with fifteen correct answers as the passing ceiling. Reasonable fees are offered to the trainers of each "training Group" which is proportionally related to the number of accepted members in each session. To persuade the cooperative members to participate more devotedly in these "Training Group", and to ensure more coverage for the program, special rewards are also forwarded to five most successful persons in each cooperative area.

General Cooperative Training Programs, as well as, representation of related films.

To familiarize the rural population with the cooperative movement and to attract them to be organized in Cooperative Societies, diversified lectures are administered - coupled with related films - by cooperative experts and supervisors.

A number of 2,356,445 villagers have enjoyed the program, administered through mobile cinema-units, with the cooperation of Rural Cultural Houses.

Training Programs in the Urban Areas

Major urban cooperative training programs, in both labor and non-labor sectors could be briefly summarized as follows:

1) Training of Cooperative Extensionist

Continuous in-service training programs are conducted, and will be conducted for different tiers of cooperative experts and officials, in order to ensure more awareness and efficiency for them. As a starting point to promote team works and to propagate the establishment and development of cooperative societies for different layers of urban population, primarily commenced after the announcement of Shah-People Revolution, related training courses were administered for 750 employees of municipalities and governorships. Thus, seven 15-day cooperative courses were held throughout the country to train 2 or 3 selected diploma-holder employees in charge of social affairs, from each municipality. These trained extensionists will popularize cooperative concepts amongst the local people and will persuade them to be organized in Cooperative Societies.

2) General Training Programs for Different Layers of Urban Population

Dispatching of "Cooperative Groups" to different cities to deliver lectures on cooperative economy, socio-economic effects of cooperative movement, and to persuade the people to be organised in Cooperative Societies, through proper utilization of audio-visual

aids and representation of films has eventually led to the propagation of cooperative concepts and principles amongst the people and facilitated the formation of cooperative societies in different economic sectors. This training program, with a wide coverage of 80,000 persons was initially launched by four experts, sent to different areas, while the creation of Urban Cooperative Offices in provincial capitals has ensured more continuity for the program, which is presently under administration, locally and regionally.

3) Radio and Television

Diversified Radio and T.V. lectures and programs are developed and presented to publicize cooperative concepts and ideas to familiarize the people with cooperative efforts in different fields, cooperative managerial procedures, as well as socio-economic aspects of cooperative activities. A number of 3000 cooperative lectures are presented through Radio and television network, while particular importance is attached to "Cooperation" in Special Radio and T.V. Programs for the workers as well as farmers.

4) Cooperative Books, Publications and Periodicals

Great importance has been attached to the publication of books, periodicals and other reading materials to propagate cooperative principles and technical related issues. Publication of 130 books and brochures, mostly in 150,000 copies, 71 "Cooperation, Monthly", each month in 8000-15000 copies, and development of model legislations for the use of people interested in being organized in Cooperative Societies could be regarded as fruitful steps to publicize cooperative concepts and have deeply affected the urban population.

5) Training Courses for the Managers and Inspectors of Urban Cooperatives

To familiarize the inspectors and members of directorate boards or Urban Cooperatives with the regulations, functions, responsibilities, commercial operations, and financial affairs of the Cooperatives as well as , to brief them on government policies and programs for the development of cooperatives, both in quality and quantity, a total of 70 short-term training courses are held in different areas. The program has covered a total of 4500 persons.

6) Educational Seminars

To distinguish the problematic areas in Cooperative Societies and to determine best possible solutions, in order to facilitate the development of and to ensure more coverage for Cooperative Societies,

through communication of ideas and experiences between cooperative managers, a number of 25 short-term educational seminars are held for the managers of consumers, credit and housing cooperatives, separately. A total of 1852 persons have attended the related courses, to date.

7) Special Courses

Following special courses are held to maximize the efficiency of and to develop the required skills among the cooperative staff, actually engaged in running of Cooperative Societies.

- 15-30 day classes on "Cooperative Management" are held for the managers of Cooperative Societies. The major subjects could be classified as follows:

- Management and Principles of Supervision
- Personnel Management and Training
- Staff Relationship
- Cooperative Store Planning
- How to supply goods
- Pricing Policy
- Stock Control
- Capital Increase
- Wholesalers Cooperative Societies
- Organization and Operation of Consumers Cooperative Unions
- Super-market Management

A total number of 233 managers of Consumers Cooperative Unions have completed these training programs, administered in 6 courses, while the first course - held in Tehran, at 1347, with the cooperation of International Cooperative Alliance (Regional Bureau and Training Centre of South-East Asia) was devoted to a training program for 73 managers.

- Training of cooperative accountants to coordinate the financial discipline in all cooperative societies through administration of one-month classes on accounting systems. A number of 283 cooperative accountants have completed required training programs in 7 special accounting courses.

- Training of cooperative salesmen and acquainting them with sale procedures, representation of goods, and provision of required skills for salesmen through administration of 3 week classes. A number of 175 cooperative, salemen have attained needed skills in five special training courses.

- Acquaintance of consumers of cooperative store-keepers with the best suitable methods which can be applied in store-keeping, proper maintenance of goods, store book-keeping, receipt and issuance, goods arrangement, preparation of stock inventories, etc. A total of 100 consumers cooperative store-keepers have attended three store-keeping courses, each in three weeks.

8) Training of Revolutionary Corpsmen

Revolutionary corpsmen constitute a uniquely solution to the country's illiteracy problems and may prove to be the seed of solution in illiteracy, disease and under development in the rural areas.

Cooperative training, therefore, is included in the curriculum of related courses, held for revolutionary corpsmen with a duration of four months (Literacy Crop, Health crop and Development Crop).

These young corpsmen can act as ideal vehicles to propagate cooperative concepts, to ensure more coverage for cooperative movement and to assist the people in being organized in cooperative societies.

9) Training of Governors and ward governors

Governors and ward governors as the agents to execute policies and strategies, adopted by the Government in the remote scattered villages and townships of the country, can deeply affect the society and propagate the cooperative concepts and ideals. So, cooperation, duly occupies a high position in all the meetings, conferences, pre-service and inservice training courses, which are necessarily held for these executive agents, to familiarize them with the socio-economic effects of Cooperative Organizations and their key role in the economic flourishing of the country.

10) Cooperative Training in Schools

Students, as the original founders of the country's future are duly considered as the selected members of cooperative movement in the days to come.

That's why, great importance has been attached to cooperative training programs in the schools, to stimulate the students for devoted participation in common activities and team works. Diversified surveys are conducted and gradually crystalized in a comprehensive project, developed to be implemented throughout the country in different phases.

Educational executive bodies are broadly cooperating in and supervising the implementation of this comprehensive projects, in order to ensure a nation-wide coverage for cooperative training in the schools, while the first phase has been attributed to the training of devoted cooperative trainers. To keep pace with this program, social science teachers of primary teacher training centres and colleges were called (one teacher from each Teachers Training Centres or College) to attend cooperative training courses, held in Tehran, to propagate cooperative philosophy and to demonstrate the vital importance of cooperative training. In coincidence with the delegation of managerial authorities in boarding teachers training schools to the students themselves, these trained teachers will personally teach "Cooperation" as one of the major subjects of teachers training centres and will acquaint the students with cooperative concepts and ideals. The students, as the potential teachers are properly running the teachers boarding schools, for the time being. The courses are administered in one or two years, while sixteen or thirty-two training hours are respectively devoted to "cooperation" as one of the key components of social science.

Cooperative training of the students constitute the second phase of this project. Cooperation has been injectioned in The New Educational Discipline (primary school) through demonstration of ways and narrating of stories about social works and efforts. The program has acquired a broader dimension in Educational Guidance Three-Year course through inclusion of legal, social and economic features of "Cooperation" in a special subject called "Civil Education". The students will practically experience the benefits and sound effects, generated from the creation of School Cooperative Societies and will be deeply influenced by the accomplishment of goals which can be solely realized through expansion of group activities and team works. The school cooperatives are operating in supply of required teaching instruments and materials, creation of libraries, running of cafe-terias and self-service units, administration of field trips, creation of saving funds, etc.

The regulations, governing the establishment of such cooperatives are so flexibly developed that problems related to age and transaction procedures can not appear as limiting bottlenecks, in delegation of all authorities to the students for managing, fully, such units.

Anticipation and administration of seminars and orientation courses for the responsible educational officers of the school in order to familiarize them with the objectives, ideals, intellectual and social privileges of such cooperative units is considered as the third phase of the project which will be visualized through administration of continuous programs.

Cooperative Training Problems and Bottlenecks

Cooperative training, as one of the major branches of education as a whole, has faced and eventually face substantial difficulties in execution. Cooperative Training, if not entirely limited to the learning and acceptance of related subjects, will and shall require the actual involvement of the trainees in cooperative issues. They are necessarily expected to invest financially, intellectually and emotionally in the issues, contradictory at least apparently, with their personal interests. Unfortunately enough, this non-realistic approach appears as one of the major bottlenecks to the development of cooperative training in Iran, which is analytically due, in turn, to the interference of the following diversified factors.

1) Illiteracy

Illiteracy in the backwarded, underdeveloped and semi-advanced countries still stands at an appallingly high level and represents one of the most striking world problems. The number of illiterates still is not far less than a billion. In the case of Iran, although full attention is paid to the nationwide illiteracy campaigns, and substantial efforts are conducted to sweep illiteracy throughout the country, the number of illiterates in the rural areas still stands at a high level, and training programs, if conducted, will attain least possible achievements.

2) Traditions, customs and social habits, as
resisting factors against cooperation

Conditioning and formation of new behaviors and habits duly constitute the major component of education, in its broader sense, while the fact still deserves consideration that unless these changes are based on and deeply rooted in the existing traditions, no achievement can be expected. Superstition, isolation, inconfidence, lack of economically based type of thinking and stagnation, as the main characteristics of the society, if not wisely tackled, appear as the major bottlenecks to the development of cooperative training programs. The problem will grow in dimensions, when administrative units are not properly familiarized with the intellectual, psychological, emotional as well as socio-economic aspects, dominating the rural and urban areas.

Individualism governs, still, the thoughts and behaviors of those who resist to accept, deeply, the cooperative concepts and ideals. These individualists, even organized in cooperative societies, expect to be extraordinarily catered by the society, while can not/and will not devotedly participate in group activities and team works. Considerable number of proverbs, implying the anti-cooperation type of thinking among the people, can be regarded as one of the perplexing problematic areas in this juncture.

3) Low-Level of Knowledge Among the Trainees.

Explanation of cooperative concepts and ideals to the population concerned, necessarily requires the pre-formation of a sufficient legal, economic and social background. In other words, ordinary man, unless equipped with the required background may not easily understand and accept related laws, regulations and legislations, and is unable to undertake responsibilities as a manager, a member of directorate board and an accountant. Such person can not easily adjust himself with the responsibilities and functions that he necessarily should undertake as a member of a cooperative society or as a person in a key administrative job. Concepts and terms like democratic control, limited dividends, bonuses, reserves, as the usual language of cooperative organizations can not be simply-understood and innated by persons, lacking adequate knowledge backgrounds. Detection of ways and means to explain such concepts and to achieve the targeted goals is the intricate unique function of an experienced instructor, and can not be easily crystalized.

4) Anti-Cooperation Propagandas

In a society pre-dominantly occupied by traditional distribution procedures and deeply-rooted influences of the middlemen in economic transactions, a strong, although hidden, resistance will eventually propagated anti-cooperation concepts amongst the population.

No wonder, then, if, poorer layers of the society, being convinced that "equality" can never be visualized and no equal economic and legal rights can be ever effered, are deeply and easily affected by anti-cooperation propogandas, as one of the major constraints to the development of training programs.

5) Local Constraints

Special conditions of each region or area, may lead to the emergence of local constraints and obstacles. Disputes, conflicts and antagonisms, existing more or less in different areas, appear as factors, contradictory to cooperative concepts and ideals, initially footed on friendship, assistance and common efforts. The above-cited conflicts may not only act as limiting factors in the formation and development of cooperative societies, but also may threaten the existance of the socieites in further stages, and may grow to such extents that even no financial incentive can be helpful.

6) Shortage of Skilled Manpower and Experienced Experts.

Shortage of skilled manpower and experienced experts shall be considered as one of the major bottlenecks in the development of training programs.

Such inadequacy is not restricted only to the experienced experts and cooperative extensionists in this field. Suffice to say that specialized technical issues, such as planning, optimum utilization of available resources, execution of the projects, and sound management of cooperative units, also suffer from the shortage of technicians, experts, and specialized managers. The only solution to this disastrous problem is to utilize, fully, the experiences gained in cooperatively advanced countries through,

A- Invitation of skilled experts of C.I.A. to Iran, to provide required training to the cooperative experts, managers and technicians, in order to upgrade their cooperative backgrounds.

B- Maximum provision of fellowships and training courses for Iranian cooperative experts and managers and facilitating their participation in cooperative training programs in the developed countries, which will ensure more communication of ideas and experiences, and will acquaint them with different cooperative standpoints.

C- Provision of educational materials and aids like cooperative films in diversified varieties, such as, school cooperatives and different cooperative activities in schools, sales management and running of the cooperative stores, wholesalers cooperative societies, housing cooperative societies, fishers cooperative societies, handicrafts cooperative societies, rural and agricultural cooperative societies, etc.

D- Communication of ideas and supply of technical cooperative publication, including required data on projection and supply of needed services in cooperative societies, etc.

E- Invitation of highly-qualified experts on school cooperatives to Iran to facilitate the sound implementation of the anticipated projects and to create more opportunities for cooperative training experts to be acquainted with related activities in cooperatively-advanced countries such as, France and Switzerland.

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Trends, Problems and Needs in the Field
of Cooperative Production and Trade.

by

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EXPERTS' CONSULTATION

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MANILA, Philippines

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Teheran - Iran

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Needless to say that the availability of ways and means required for sound marketing of agricultural and animal products, as well as, rural handicrafts, is an important factor for nationwide agricultural development within the farmework of economic development.

Below are listed the main factors, which, from the experience gained, are effective in developing the marketing mechanism of agricultural products in Iran, which should be duly considered by Government as well as by cooperative movement:

1. Provision of suitably trained and qualified marketing experts at the Rural Cooperative Societies and Union level to assist the cooperative managers in formulation and administration of marketing programs, which will avoid the appearance of possible unsuitable decisions in marketing of agricultural products and related transactions. The problem will grow in dimensions in countries like Iran, actually predominated by multi-purpose cooperative societies. The responsibility, therefore stands with Government to train such experts, while recruitments and payment of salaries should, however, be handled by the Cooperative Unions.

Undoubtedly the promotion of the experts, job knowledge calls for short-term in-service training courses, which shall be set up and developed with the assistance of the Government.

2- To avoid the obligations acquired by the farmers through their dependence on traditional, non-institutional sources for the advance-sale of farm products, adequate funds should be available to Cooperative Societies and Unions to grant loans to farmers-around 60% of the estimated price of the products-in easy terms. Delivery and sale of the products will be in turn, considered as the obligations of the farmers.

In addition to short and medium-term loans-in cash and in kind-supplied to cooperative members for agricultural development and animal husbandry (totally amounted to Rls. 24 billion, around 350 million US. Dollars for this year), the Central Bank of Iran has adopted a policy, since last year, to supply yearly funds to C.O.R.C. to be used exclusively for purchase of main crops produced by cooperative members (Rls ten billion for the current year, equivalent to U.S. dollars 150 million). A part of this sum is furnished as advance payments before harvesting, while the balance is payable upon the delivery of products. The interests of such funds will be paid to the Central Bank of Iran, out of government grants.

The problematic areas in this field can be broadly divided into two categories:

A In spite of free-interest advance payments for purchase of farm-crops and low interest loan (6% per annum) granted by cooperatives to the farmers, in easy terms and mostly omitted time-wasting complicated procedures (verification of loan requests, registration of loan papers and so on), experiences demonstrate that farmers prefer to meet their credit needs through local money

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lenders, who offer high-interest loans without formalities, which are frequently tied to the sale of produce at the harvesting time.

Propagated cooperative movement, if deeply rooted, along with wide-ranging cooperative training courses, in my point of view, can be considered as a solution to the problem.

B- The adopted policy by the Government to support the consumers through importing of low-price agricultural products and subsidized prices in order to control inflation and lower the living costs, entangles the cooperatives when granting advance payments and determining purchase prices of farm products, which will, eventually, deter the farmers to accept loans and advance payments and guarantee the delivery of the products, in return. A good example to this problem was the planned purchase of 100,000 metric tons of rice by Cooperatives, in rice producing areas, last year, which was faced a lot of difficulties and constraints.

3- Construction of cooperative warehouses for non-perishable farm crops and creation of cold storages for preserving fruits and vegetables could be considered as vehicles to develop marketing mechanism.

Government, as the responsible supplier wheat requirements of the population in Iran, has determined minimum guaranteed producers prices for this crop, and has constructed a wide range of silos and warehouses in wheat production areas, with total capacity of 1,200,000 tons, while more silos and warehouses are under construction. Substantial credits in easy terms are, also, provided to cooperative societies and unions to construct warehouses.

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A number of such warehouses are already constructed, out of these funds, with capacities ranging from 500 to 10,000 metric tons totally amounted to 120,000 metric tons. Each year Rls.500 million will be appropriated for the new cooperative warehouses while lacking cold storage facilities, cooperative societies have no alternative, just to hire these units, when necessary.

4- Farm roads, as means to link production areas to market centres, could be considered as development factors in agricultural marketing. Substantial funds, therefore, are allocated for the construction of farm road network in the Forth and Fifth Development Plans, out of Public Funds for infrastructural development.

5 Transportation:

As a pilot project, two trucks are bought for each of the Rural Cooperative Unions in one selected Province, with far distance scattered villages, which are dully used both to carry agricultural products from farm-gates to the Unions, and by other hand consumer goods and agricultural inputs from urban areas to the villages. The project is planned to cover other provinces, in future.

6- Experiences demonstrate that cooperatives success in marketing of farm products, at reasonable prices, largely depends on the availability of wholesale centres in big cities and main markets. The cooperatives, if so, will not be forced to sell the products to the middlemen and traders, who gain substantial profits in between.

Some studies have been conducted, since two years ago, to create cooperative wholesale centres in Tehran and other cities, when required funds are available.

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7- An efficient and responsive tele-communication network, if created between cooperative unions and market centres, as well as, cities, and possibly, between Unions and their member Societies, may serve as a device to provide required market data to the producers. While Farm Corporations and Production Cooperatives enjoy wireless communication, Rural Cooperative Societies lack such facilities, at the time being.

8- Installation of plants for processing of animal and agricultural products in Cooperative Unions will diminish the wastage of surplus of Marketable fruits and vegetables.

Such plants, if established, will play a major role in the case of non-perishable products, as well. Suffice to say that the traders, at the time being, as the owners of such plants offer unreasonably low prices for the unproducts, which are inevitably accepted by the farmers.

In Iran, a number of Rural Cooperative Unions in cotton producing areas, and all the Cooperative Societies in pulse production centres, own ginning factories, as well as, sifting and sorting machineries, respectively. A program is under consideration to create processing and grading units in citrus producing areas. The program will cover gradually, other Cooperative Unions, and required processing plants will be created, out of available funds.

9- Exporting of surplus animal and agricultural products will give a broader dimension to the commercial operations of cooperatives. Although implementation of Students Free Nutrition Program in Iran, absorbs the bulk of agricultural products, previously exported, the room is still open for some special crops such as cotton, dates and rasins.

International Cooperative Alliance can play a key role, as a data collecting centre, in rendering services and supplying required informations to the Cooperatives of the region, regarding the quantity, quality and price of the products, as well as specifications and particular interests of Cooperative Suppliers and Pruchasres.

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Trends, Problems and Needs of Cooperative
Movement in the Field of Financial and other Resources:

by

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Trends, Problems and Needs of Cooperative
Movement in the Field of Financial and other Resources:

General Description

1-1 Savings and Debts of the Farmers

Prior to the implementation of different phases of Land Reform Law, in a society virtually dominated by feudals and big landlords, the farmers lacked enough income to enjoy amenities of life. Poverty and underemployment constituted the main characteristics of the rural population of Iran.

Under such circumstances, formation and mobilization of /Resour savings seemed almost impracticable.

Execution of three phases of Land Reform Program, offered ownership to the farmers, who actually tilled the land, and created more incentives for the rural population to work more actively and earn more income, which, eventually, paved the way for the gradual formation of savings in bank units. Development of rural cooperative network and creation of Agricultural Cooperative Bank branches and agencies in the rural areas, was coupled with the accumulation of savings, in the form of capital and reserve of the cooperatives, deposit and saving accounts (in the A.C.B.) which were further mobilized as agricultural credit resources. The systematic and continuous involvement and investment of the rural population in the objective of Cooperative Societies and Unions was initiated with the final introducing a system of self financing in Rural Cooperative set-up.

By September 1975 savings and investments of farmers in Cooperatives and Agricultural Cooperative Bank were as follow:

- Capital shares and reserves of Cooperative Societies (2850)
Rls. 6,486,000,000
- Savings with the Agricultural Cooperative Bank:
Rls. 855,000,000

Rural Cooperative Societies have also invested in the Regional Rural Cooperative Unions. By September 1975, the total share capital and legal reserves of the Union (140) exceeded the figure of Rls.2,480 billion. Rural Cooperative Unions have, in turn bought shares in the Central Organization of Rural Cooperatives and Agricultural Cooperative Bank.

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the Field of Financial and
other resources.

The contribution of Rural Cooperative Unions in the share capital of Agricultural Cooperative Bank and Central Organisation of Rural Cooperatives is initiated with the final objective of gradual transference of government shares in A.B.C. and C.O.R.C. to the Rural Cooperative Unions.

Agricultural Cooperative Bank, enjoying a wide network of branches and agencies throughout the country, has an easy access to money market, as a vehicle to develop its credit resources. By March 1973, the current accounts of the Bank totally amounted to Rls.17 billion.

Until recent years, due to shortage of credit facilities and traditional inefficient marketing mechanism, middlemen and local money lenders exercised a complete control over the marketing channels through advance payments and high-interest discounted loans to the farmers. Although, development of credit resources and reduction of formalities, and time-wasting procedures in credit distribution has diminished the reliance of farmers on such destructive borrowings, the old indebtedness still acts as a major constraint to the sound development of agricultural credits in Iran. As a solution to the problem, in the Fifth Development Plan(1973-1975), an amount of Rials 10 billion was allocated - upon acquiring legal authorizations and approval of local juries- to reimburse all of parts of the farmers old debts.

1.2 Agricultural Credit Demands could be Classified as Follows:

- 1-2-1 Short-term loans for seasonal production and current expenses.
- 1-2-2 Medium-term loans to provide, maintain and repair agricultural equipments.

- 1-2-3 Long-term loans to develop resources, to create more managerial skills, and to ensure more income for the rural families.
- 1-2-4 Supervised Credits, along with required technical training and exercising control over the consumption of collective loans, provided to ensure the implementation of designated programs, to increase the productivity, and to create more income for the rural population.
- 1-2-5 Credits required by Cooperative Societies for current expenses and fixed investments to increase trading and marketing operations (such as, collecting, processing and packing of farm produce).

1-3 Problems and Constraints

The main problematic areas in development of credits required to encourage private sector to more expanded involvement in agricultural activities could be classified as follows:

1-3-1 Scarcity of Resources

Although substantial augmentation has, in recent years, appeared in institutional agricultural credit facilities, either through government resources or internal resources of credit institutes- the ever-increasing demands of modern farming necessitate more contribution of private sector, which should be accompanied with public investments in planning, training of experts and provision of infrastructure facilities, as well as, research activities.

In Fifth Development Plan (1973-1977), following allocations are projected (Public resources) to subsidize institutions, engaged in agricultural credit.

	<u>billion Rials</u>
- Working capital investment	40
- Fixed capital investment	28
- Reimbursement of farms' old debts	10

Total :	78

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other Resources.

1-3-2 Inadequate Specialized Manpower:

Sound distribution of agricultural credits, especially, requested loans by cooperatives, as well as, supervised loans, necessitated the upgrading of managerial, commercial, and technical capabilities among the directors and leaders of these Societies. There is a bad need for qualified experts in credit and financial affairs, agriculture extension, marketing, business management research, planning. Funds allocated in Fifth Development Plan for the provision of required services to the rural areas, including research and agriculture extension amount to Rls 40 billion.

1-3-3 Institutional Problem

Contribution of Regional Rural Cooperative Unions in the share capital of Agricultural Cooperative Bank, related modifications in the Bank Legislation, and creation of 2850 Cooperative Societies-as share holders of Rural Cooperative Unions-have actually created a credit structure in agriculture. But, the vast area of the country, and considerable number of scattered remote villages, necessitate drastic institutional changes in the agricultural credit structure, which will be accomplished in a few years on the basis of the passed laws.

Establishment of Agricultural Cooperative Credit Unions, and Independent Regional Cooperative Banks- in which Rural Cooperative Societies shall be members-constitute the major component of the above-mentioned modifications. The formulated network, as the most widespread banking system in Iran, (considering the bulk of savings, bank accounts and agricultural credits, as well as, other related services) will ensure an easy access for the farmers.

2 Agricultural Credit Institutes,
General Description

2-1 Various institutes are engaged in provision of agricultural credits.

2-1-1 Agricultural Credits Provided by Agricultural Cooperative
Bank (A.C.B.)

By September 1975 the balance of the agricultural funds, supplied by A.C.B. as loans and credits, exceeded Rials 50 billion, which shall be repaid by the farmers and different credit institutes and agencies.

A.C.B. during the sole last year, ending to March 1975, has provided 432,613 loans, with a total amount of Rials 31,116 billion to the cooperative and non-cooperative agricultural sectors, which illustrates a growth rate of 55.6%, comparing with the previous year. Cooperative sector has enjoyed Rls 14 billion of the above-mentioned credits, which is duly used to provide short-term loans requested by cooperative members.

2-1-2 In addition to the loans granted by A.C.B. the capital shares and legal reserves of the Rural Cooperative Societies and Unions have played a moments role in raising the bulk of distributed credits.

2-1-3 Capital shares and legal reserves of Central Organization for Rural Cooperatives (CORC), totally amounted to Rls.22 billion, have also been utilized for developing commercial operations of Cooperative Societies and Unions.

2-1-4 Last year, an amount of Rls. 5 billion was allocated to C.O.R.C. by Central Bank of Iran (Bank Markazi) for supplying allowances and advance-payments for the farm crops, produced by Cooperative members. The amount grew to Rls.10 billion for this year. Such allocations did not bear interest rates, while interests shall be reimbursed to C.B.I. out of Public Development Funds.

2-1-5 Agricultural Credits Granted by Agricultural Development Bank

In 1974-75, Agricultural Development Bank approximately allocated Rls 7 billion, as medium and long-term credits to non-cooperative sector, owners of mechanized farms, large orchards and large-scale animal husbandry units. The total balance of the afore-mentioned paid-up credits demonstrates the figure of Rls.8,260 Million in March 1975.

Government Grants and Incentives for
Agricultural Development

Implementation of infrastructural projects in the rural areas, such as, topographic surveying land levelling, creation of irrigation and drainage networks, digging of deep well complexes, construction of diversion dikes and soil dams for the supply of irrigation water, reconstruction of Ghanate and underground water delivery canals, technical guidance and agricultural extension, and construction of warehouses, relies on relatively heavy investments.

There is no room for the farmers to amortize such investments through sale of agricultural products. In other words, the farmers can not be expected to undertake such programs, even though provided with agricultural loans.

Policies adopted to increase animal and agricultural products and to ensure more income and welfare for the rural communities stress the obligation of Government to finance, partly or totallay and supervise directly, the projects formulated to a chieve the targeted goals, or pay the costs related to the implementation of such projects to Cooperative Societies and agro-industry units, as well as individual volunteer farmers.

A number of laws and regulations are recently passed which authorize the financing of infrastructure expenses, totally or partly, out of Development Funds:

- 3-1 Expenses related to infra-structure operations for the agricultural development can be paid out of Public Development Funds, as follows:
- 3-1-1 85% of total expenses required for feasibility studies to determine economic, operational and technical justification of the projects, formulated for the optimum utilization of water, soil, agriculture, cattle breeding and creation of infrastructure facilities and related agricultural industries, in the form of grants. The priorities will be determined by the Ministry of Energy and Ministry of Cooperation and Rural Affairs.
- 3-1-2 85% of total expenses required for the preparation of projects, creation of irrigation and drainage networks in 20 hectare plots of land, coverage of brooks and streams, digging of deep and shallow wells, and land levelling, in the form grants.
- 3-1-3 50% of the construction costs for the creation of irrigation and drainage networks, land levelling, and costs related to the creation of facilities for drip and sprinkle irrigation, as well as, provision of water through deep and shallow wells, in the form of grants. Another 25% of the above-mentioned costs will be paid as low-interest supervised loans.
- 3-1-4 40% of costs related to the creation of new Ghanats, reconstruction and completion of underground water canals, in the form of grants. 30% of such costs will be provided as supervised loans.
- 3-1-5 All costs related to the air-land or sea transportation of improved race of cattle or baby fish, which are imported by individual cattle breeders or animal husbandry units, to increase the production and supply of meat and dairy products, in the form of grants.

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- 3-1-6 All costs related to setting up repair shops, farm machinery service centres, construction of office buildings cooperative stores and handicraft training workshops, creation of poultry units, fish cultivation ponds, model stables, as well as, development of detailed blueprints, on the basis surveys, in the area of Cooperative Societies and Unions.
- 3-1-7 20% of the costs related to the studies, required for the creation of food processing, industries, sifting and packing of farm produce plants, hatcheries, poultry units (layers) creation of warehouses and cold storages will be provided as grants, while the remainder 80% bears only, an interest rate of 4% per annum.
- 3-2 In order to promote mechanization in wheat cropping, Ministry of Agriculture and Natural Resources has recently forwarded cash rewards to those wheat producers who undertake land levelling, tractor ploughing, and mechanical seeding. For the lands up to ten hectars a cash reward of Rls. 2000 per hectare will be forwarded. The figure will be Rls. 1500 for the lands with an area of 10-20 hectares (approximately 30 and 22 U.S. Dollars, respectively).
- 3-3 Costs related to the construction of warehouse for preserving farm products, as well as, agricultural inputs and other goods are determined and approved by Government and duly utilized by specialized organizations, out of Development Funds and proportional with the available financial resources.

For instance Cereal Organization, Range Lands Development Fund, Chemical Fertilizer Corporation and Central Organization for Rural Cooperatives have also undertaken the creation of silos and warehouses for grain, animal feed, fertilizers and agricultural products, inputs and consumer goods, respectively.

Silos and warehouses constructed or supposed to be constructed during the Fifth Development Plan have the following capacities. (metric tones),

	<u>Created</u>	<u>Targeted</u>
Grain silos and ware houses	873,900	1,954,000
Animal feed warehouses	50,000	150,000
Fertilizer warehouses	102,500	500,000
Warehouses for Rural and Consumer Cooperatives	120,000	200,000

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Country Paper : IRAN .

Trends, Problems and needs of Cooperative
Movement in Iran in regard to their Structure.

by

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EXPERTS' CONSULTATION

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I N D I A

Trends, Problems and needs of Cooperative Movement
in Iran in regard to their Structure.

Single or multi-purpose cooperative societies could be used as vehicles to meet the daily common and vocational needs of the population. The same applies true in the case of central and regional cooperative unions which serve the common needs of the cooperative societies.

In countries, enjoying high level of literacy and skilled manpower in management field, the single-purpose cooperative societies and unions have proved to be more responsive to and better able to serve their members, compared with multi-purpose societies.

But, establishment of multi-purpose societies, have ensured success and efficiency in developing countries facing with high rate of illitracy and lacking skilled managers, qualified accountants and the like, to occupy key positions in cooperative societies.

To resolve the problem and to ensure more productivity for the specialized single-purpose cooperative societies operating in rural areas of developing countries, where there is scarcity of skilled manpower to manage a variety of cooperative societies, an alternative seems practical. The target will be accomplished through creation of different cooperative societies in one village, each operating in one single area, but enjoying a common board of directors. This will avoid the complexity of operations which frequently appears in mixed multi-purpose societies. The board of directors fully aware of the trading relations of the member farmers with other cooperative societies of the village, may and can ensure substantial privileges for the cooperative societies.

Following are described the privileges enjoyed by multi-purpose Cooperative Societies:

1. Availing diversified activities and bulky transactions, as well as, high income, multi-purpose cooperatives are able to employ knowledgeable job applicants with good salaries.
2. Member farmers shall not be authorized to receive shares in different cooperative societies.
3. In multi-purpose cooperatives, particularly those engaged in credit operations and marketing, loans provided to members are suitably settled through sale of farm crops produced by the members; the cooperative, therefore, enjoy a kind of guarantee against the loans paid to the farmers.
4. The cooperative societies, being obliged to trade in cash, open a line of credit for those farmer members who lack cash money to purchase required goods and agricultural inputs, as well as farm machineries. The cost of goods or services provided or rendered by the society would be deducted out of line of credit opened for the member farmers.
5. Farmers prefer to deal with one unit as the central body for purchase of consumer good , agricultural inputs, provision of loans and delivery of farm products, which saves substantial timeand energy, be wasted otherwise, in dealing with a number of cooperative societies.

6. Multi-purpose societies, enjoying a wide range of diversified activities could make optimum use of the services rendered by the employees, during the whole period of the year. But, in single-purpose societies, the termination of a special season, puts often an end to the services of the employees as well, while their salaries act like a burden on the societies budget.

According to Cooperative Societies law, approved four years ago, the Cooperative Societies are broadly divided into three categories:

1. Agricultural sector, including Rural Cooperatives;
2. Consumers sector, including Consumers, Housing, Credit and school cooperatives.
3. Labour sector, including Handicrafts, Labour, Small-scale Industries, Fisheries and Self-employed Cooperatives.

Establishment of a multi-purpose society to undertake all the cooperative functions in one sector, or the three afore-mentioned sectors, deems only possible when special local conditions and circumstances necessitate the issuance of required authorization.

Rural Cooperative Societies, enjoying a standard legislation, meet all the main living and vocational needs of their farmer members, ranging from provision of credits, agricultural inputs, marketing facilities to the supply of farm machineries, fresh water, power, irrigation water, as well as artificial fertilization, pest control and animal diseases, etc.,

Cooperative Unions may be established at national and regional levels to serve three purposes, as indicated in the Cooperative Law.

1. Supervisory and Coordinating Cooperative Unions, to support and harmonize the operations of their cooperative members, to develop cooperative training, auditing, arbitration, and to support the cooperative members in relation with public and private organisations and agencies.

These unions could be established in three afore-mentioned cooperative sectors, regionally and nationally, but are not authorized to enter credit and commercial operations.

2. Cooperative Unions to undertake economic activities and to develop commercial operations for their members.
3. Credit Cooperative Unions with a targeted goal of rendering credit services, required by the cooperative members.

It should be pointed out that the first and third types of cooperative unions namely:

- 1) Coordinating and supervisory unions,
- 2) Credit unions,

are not established so far; while, as indicated in the law, the functions and duties of the two above-cited unions should be undertaken by Ministry of Cooperative and Rural Affairs, as well as, Agricultural Cooperative bank, Mortgage Bank and Labour Welfare Bank, respectively.

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Cooperative societies and Unions, progressively established 12-years ago, along with the implementation of the Land Reform Law have a different organisational structure.

Rural Cooperatives of Iran, mostly as multi-purpose societies, render required services to supply credits, consumer goods, agricultural inputs and marketing facilities to their farmer members.

A number of 2900 cooperative societies with a total membership of 2,500,000 households are serving 45,000 villages, for the time being. Rural Cooperative Societies of each shahrestan (sub-province) receive shares in Cooperative Unions.

Cooperative Unions, numbering 140 for the time being, are operating in commercial fields and render required services to their cooperative members in supplying, agricultural inputs, consumer goods, as well as marketing facilities, while the credit requirements of the primary societies provided by Agricultural Cooperative Bank. Cooperative Unions own, partly, shares in Agricultural Cooperative Bank and Central Organisation of Rural Cooperatives, as two national financial and service bodies.

The Government, for the time being, appears as the main shareholder in Agricultural Cooperative Bank and Central Organisation of Rural Cooperatives while the shares are supposed to be bought by Cooperative Unions, with the gradual withdrawal of the Government.

MAJOR ACHIEVEMENTS OF KOREAN AGRICULTURAL COOPERATIVES
DURING 1974

The business activities of the National Agricultural Cooperative Federation(NACF) and its member cooperatives were carried out with emphasis on :
(1) strengthening the managerial base of primary cooperatives, (2) promotion of cooperative marketing and production, and (3) improvement of cooperative management and utmost services to the member farmers.

In 1974, total business turnover of the NACF amounted to 1,261 billion won (about 2.6 billion US dollars), 52 percent above 1973. Furthermore, the labour productivity of a staff improved 1.7 times compared with preceding year.

Besides the expansion and improvement of business performances, agricultural cooperatives have established a strong foundation for entire viability through the intensive support and managerial guidance to the member cooperatives.

During 1974, the number of entirely self-supported primary cooperatives increased to 635 from 320 in 1973, and paid-in capital of per member farmer stood up to 12,589 won compared with 7,448 won in 1973. The savings and loans of primary cooperatives through mutual credit program also recorded a notable increase of 108.8 percent and 78.4 percent respectively above last year.

Agricultural cooperatives have recently put emphasis on the integrated cooperative business system from production through marketing. To this end, NACF have given continuous support to the commodity groups, which number 7,029 in 1974 compared with 3,458 in 1973. As a result of these efforts, total sales turnover of agricultural cooperative marketing valued at 210 billion won (420 million US dollars), 62 percent increase from the preceding year. The marketing share of agricultural cooperatives, thus, accounted for 20.9 percent in 1974 compared with 17.6 percent in 1973.

Major Achievements of NACF

(In billion won)

Performances	1974	1973	Percent change
Total Turnovers	1,261	828	52
Deposit Received	216	169	27
Loans Outstanding	252	164	53
Sales Turnover	247	141	75
Purchases Turnover	149	75	99

BACKGROUND PAPER ON THE COOPERATIVE MOVEMENT
IN MALAYSIA

by

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This paper is confined to latest developments occurring in the cooperative movement in Malaysia since my last paper presented to the ICA Council Meeting in November 1974 in Sri Lanka. This paper will briefly highlight any significant changes and development trends, but will not discuss the general progress of various aspects of activities and operations of the movement.

As has been stated in my last report, the cooperative movement of Malaysia has been called upon by the Government to play a bigger role in the economic development of the country in accordance with the programmes laid down in the Second Malaysia Plan (1971-1975). In response to this, the movement intensified its existing activities as well as diversified them into new fields.

During the period under review the movement continued to make steady progress in their respective fields of activities, and have played an ever increasing role in the economic development of the country. There has been a steady increase of membership, share capital and volume of business transacted. Vide statistics given in Appendices A, B, and C.

It is probably best to discuss the cooperative movement in Malaysia in three broad sectors, viz.:-

- (1) Non-agricultural sector,
- (2) Agricultural sector, and
- (3) Fisheries sector.

Like in other developing countries, the cooperative movement in Malaysia is sponsored by the Government, and therefore it is closely supervised by the Government. The cooperative movement comes under the purview of the Ministry of Agriculture and Rural Development. This Ministry has one department and two authorities to specifically deal with the cooperative movement in three different sectors as mentioned above. They are as follows:

- (1) The Department of Cooperative Development headed by the Registrar of the Cooperative Societies who is concurrently the Director-General for Cooperative Development, vested with powers to register, regulate, promote and supervise non-agrobased cooperatives.
- (2) The Farmers' Organisation Authority, (FOA), a statutory body created by an Act of Parliament, headed by a Director-General having powers to register, regulate, promote and supervise, agrobased cooperatives and farmers' associations - the latter being registered under Farmers' Associations Act which is now superceded by the Farmers' Organisation Act.
- (3) A Fisheries Development Authority or Majuikan, an agency created by an Act of Parliament in 1971. The Deputy Chairman of Majuikan has executive powers to register, regulate, promote and supervise fishery cooperatives and fishermen's associations - the latter being registered under the Fishermen's Associations Act.

The development strategies adopted by the Government through the Department of Cooperative Development, FOA, and Majuikan are to integrate the small uneconomic single purpose cooperatives into bigger and economically strong multi-purpose cooperatives.

1. Non-agrobased Sector

All existing national and state level cooperatives are being encouraged to expand and diversify their activities, to utilise the services of qualified personnel, as well as to seek technical assistance both locally and abroad in order to improve their managerial and operational efficiency.

(a) Banking and Credit

Cooperative Thrift and Loan Societies in the urban areas continued to be the backbone of the movement, spear-heading activities in the fields of banking and credit, consumer activities, housing, industrial ventures, etc.

Two major cooperative banking institutions, the Bank Rakyat and the Cooperative Central Bank (CCB) continued to expand their banking and credit activities, the former covering both urban and rural areas, while the latter concentrating mainly in the urban areas.

Bank Rakyat has gone into merchant banking through a joint-venture with the First National City Bank of New York. Bank Rakyat is also actively preparing itself to go into commercial banking in the near future.

(b) Consumer

Malaysian Cooperative Supermarket Society Ltd. continued to expand its activities by setting up supermarkets, emporiums, department stores and essential food distribution centres throughout West Malaysia. Other medium size consumer cooperatives have been operating quite successfully. Some of them have embarked into modern mini-market and emporium type of operations.

The common problems faced by consumer cooperatives especially those in the rural areas are difficulties in procuring merchandise at competitive prices, insufficient working capital, and lack of trained personnel. A feasibility study is now being undertaken towards forming a national wholesale cooperative, in order to help solve the problem of supply of goods to retail consumer cooperatives.

(c) Housing

Housing cooperatives have been expanding their operations and building more housing units for their members, especially in the light of the rising prices of houses charged by private developers. At present 27 housing societies have programmes to develop 3,600 units of houses costing \$86 million. More and more housing societies are coming forward with programmes to build low cost houses to cater for the lower income members. The problems faced by most of the housing cooperatives are difficulties in obtaining suitable land at reasonable price and bridging finance.

The Bank Rakyat has set up a wholly owned subsidiary called "Rakyat Corporation Sendirian Berhad" to embark on development of housing schemes and commercial complexes. This Corporation has a programme during the period 1976 - 1980 to develop about 2,000 housing units costing approximately \$70 million, which will be sold to individual members of Bank Rakyat.

(d) Insurance

Malaysian Cooperative Insurance Society Ltd. (MCIS) is the only cooperative insurance society in the country. This society has made remarkable progress and now ranged among the top three in the country. Most of the cooperatives in the country are members/shareholders of the MCIS, and have business dealing with it as sale agents or as policy holders.

Bank Rakyat, besides being member/shareholder of the MCIS, has also taken substantial amount of equity interest in a private insurance company, named Talasco Insurance Sdn. Berhad.

(c) Industries

During the last few years the Malaysian cooperative movement has made a break-through into the industrial sector. Until now participation by the cooperatives in industries has been mainly in the form of joint-ventures either with other cooperatives or with private sectors. These include ice plants, feed-meal plants, insecticides and weedicides factory, saw-mills, printing works, glass factory, food and drink processing plant, hotels, assembling and distribution of agricultural and heavy machineries, and several others.

One of the biggest industrial project to be undertaken by the cooperatives in Malaysia will be the establishment of a pulp and paper factory. This project, sponsored by Bank Rakyat, is a joint-venture between the Malaysian cooperatives and a well known French paper manufacturer, is estimated to cost \$75 million, and will be producing 40,000 tons of high quality writing and printing papers annually.

(f) Transport and Text Services

In the field of transport and taxi services, though the cooperatives have achieved certain measure of success in their business, they still continue to face numerous problems such as difficulties in obtaining new permits and licences, and adequate supply of spare-parts at reasonable prices. A Federation of Transport and Taxi Cooperatives is being formed to help solve these problems on collective basis.

Very recently a number of cooperatives have been issued with permits to operate mini bus service in the federal capital of Kuala Lumpur.

(g) School Cooperatives

Cooperatives in secondary schools and institutes of higher learning are of recent growth in Malaysia, and have shown splendid results. Both the Ministry of Education and Ministry of Agriculture and Rural Development are all giving encouragement and support for the formation and development of more school cooperatives.

Early in 1975 on the initiative of Angkasa and the Department of Cooperative Development, a federation of school cooperatives, "Kooperasi National Sekolah" (KNS) has been formed. KNS has since started wholesale purchase and distribution of certain major items of school **requisites**.

(h) Concept of District Trade and Industrial Cooperative

The Department of Cooperative Development has recently formulated a new concept of integration of cooperatives on district basis. Under

this proposal all types of non-agrobased cooperatives existing in each district, except national and state level cooperatives, will be integrated into a District Trade and Industrial Cooperative (DTIC), which will be a multi-purpose society carrying out the functions of credit, trading, land, development, housing, insurance, transport and agency services.

In spite of promise of financial support and technical assistance including management personnel, the response from the cooperatives have not been very encouraging. Most of these cooperatives prefer a form of federation to an outright merger - neither willing to lose their identity nor sharing their assets with other cooperatives.

2. Agrobased Sector

The Farmers' Organisation Authority (FOA) continued to push ahead its programme of integrating agrobased cooperatives with the farmers' associations, to form a "Koperasi Peladang" or a Farmers' Cooperative. The FOA's target is to form 210 Farmers Cooperatives throughout Peninsular Malaysia, each operating in a "Farmers' Development Centre" (FDC) covering an area between 5,000 to 10,000 acres of farm involving between 1,000 to 2,500 farm households.

Up to the date of report, FOA claimed achievements as follows:-

- (i) 39 Farmers Cooperatives have been formed by full integration of 18 farmers' associations and 57 agrobased cooperatives involving more than 34,000 farmers, with a paid up capital of \$651,000, and assets worth more than \$3.3 million.
- (ii) 34 farmers associations and 548 agrobased cooperatives have been amalgamated or loosely federated into 58 federations known as Pre-Farmers Cooperatives. This involved 122,000 farmers with a total paid up capital of \$4.5 million, and assets worth more than \$16.8 million.

To each of these Farmers' Cooperatives and Pre-Farmers Cooperatives mentioned above, FOA provided it with one manager and 5 assistants whose salaries are paid by the FOA. Schemes of supervised credit and subsidy for fertilizers have been introduced.

These farmers' cooperatives have been engaged mainly in the cultivation of padi, cocoa, ground nuts and tobacco. They have also actively participated in 78 projects under the Green Book Plan, growing cash crops such as maize, vegetables, fruits, etc.

In order to encourage mechanisation of farming, FOA provided subsidies up to 30% of costs of tractors and power-tillers. However the amount of subsidies granted so far still fell short of demand.

Much remains to be done in the field of marketing and processing of agricultural products. Most of the cooperatives are only engaged in primary marketing and milling of padi on a small scale. FOA is no doubt looking into this area.

3. Fisheries Sector

While in the agricultural sector the cooperatives have been facing competition from the farmers' associations until the establishment of the FOA, in the fishery sector too, the cooperatives have been facing similar competition from the fishermen's associations, a parallel organisation sponsored by the Government through the Department of Fisheries. With the establishment of Fishery Development Authority or Majuikan in 1971, serious consideration was being given to resolve this wasteful duplication of functions and competition between the cooperatives and the fishermen's associations.

(a) Fishery Cooperatives

Fishery Cooperatives, registered under the Cooperative Societies Ordinance, 1948 have been in operation for several years under the supervision of Department of Cooperative Development. Most of these cooperatives are generally small and financially weak. Nevertheless they have demonstrated a determination and ability to grow and develop on their own. Some of them have been operating quite successfully.

They have formed secondary societies and have been able to pool their resources together to finance their fishing requisites and business operations. They have also been successful in establishing and operating ice-plants and cold rooms.

As from May 1975, the administration of the fishery cooperatives has been transferred to Majuikan, in accordance with the Fishermen's Associations and the Lembaga Kemajuan Ikan, Malaysia (Amendment) Act 1974.

(b) Majuikan and its functions

In order to develop the fishing industry and ameliorate the conditions of the fishermen, the Government enacted two Acts called Lembaga Kemajuan Ikan, Malaysia 1971 (Fisheries Development Authority of Malaysia), in short MAJUIKAN and the Fishermen's Associations Act 1971. These two

Acts have been amended in 1973 and 1974.

The functions of the Majuikan are:-

- (a) to promote and develop efficient and effective management of fisheries' enterprises and marketing of fish;
- (b) to provide and supervise credit facilities for fish production and to ensure that these facilities are put to maximum use;
- (c) to engage in fishery enterprises;
- (d) to promote, stimulate, facilitate and undertake economic and social development of Fishermen's Association;
- (e) to register, control and supervise Fishermen's Associations and to provide for matters relating thereto; and
- (f) to control and coordinate the performances of the aforesaid activities.

For the discharge of these functions, the Majuikan is vested with powers, viz.:-

- (i) to regulate the marketing of fish particularly through licencing of wholesalers, retailers, fish processors, importers and exporters;
- (ii) to prescribe and regulate the packing, grading, weighing and storing of fish;
- (iii) to establish, regulate and if necessary, manage in respect of any area, a wholesale fish market at which all wholesale fish transactions in that area shall be carried out in accordance with the procedure determined by Majuikan;
- (iv) to prescribe the method of, regulate the conduct of, admission and procedure to be followed at, the sale conducted at a wholesale fish market, and where an auction sale is held thereat, to prescribe the manner in which such sale may be conducted;

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- (v) to regulate the processing of fish;
- (vi) to prohibit, regulate or control the movement of fish;
- (vii) to require persons engaged in the processing or marketing of fish to register and give in such manner as the Majuikan may specify such information as it may deem necessary;
- (viii) to appoint agents for the purpose of carrying out its functions;
- (ix) to impose fees or any other charges it deems fit for giving effect to any of its powers or functions;
- (x) to receive in consideration of the services rendered by it such commission or payment;
- (xi) with the approval of the Minister and the concurrence of the Minister of Finance, to enter into equity participation in any fishing industry or in any industry dealing in fishing supplies and equipment;
- (xii) to carry out all the activities which appear to it to be requisite, advantageous or convenient for or in connection with the discharge of its functions, including fishing operations, transport, packing, processing, the sale of fishing supplies, equipment and provisions, grading, storing, the sale by auction and other marketing methods generally of fish and to manage such activities;
- (xiii) to exercise all functions and powers and to perform all duties by virtue of any other written law which may be vested or delegated to it.

The Majuikan can also with the approval of the **Minister** in charge of fisheries and the Finance **Minister** establish a Corporation to manage any project, scheme or enterprise in the discharge of its functions.

(c) Fishermen's Associations

The Fishermen's Associations Act was enacted with the principal objective of promoting the economic and social interest and well being of the fishermen through direct participation.

Till 1974, this Act empowered the Director-General of Fisheries to form Fishermen's Associations and administer them. By the Fishermen's Associations and the Lembaga Kemajuan Ikan, Malaysia (Amendment)

Act of 1974, the formation and administration of the Associations was transferred to the Deputy Chairman of the Majuikan who is also appointed the Registrar under the Fishermen's Associations Act and vested with the power to register and administer the Associations. By the same Amendment, cooperative societies registered under the Cooperative Societies registered under the Cooperative Societies Ordinance were also brought under the Fishermen's Associations Act.

(d) Integration of Fishery Cooperatives and Fishermen's Associations

Comparative statistics of fishery cooperatives and fishermen's associations are as follows:-

<u>Area</u>	<u>Types of Activities</u>	<u>No.</u>	<u>Membership</u>	<u>Paid-up Capital</u>
Peninsular+ Malaysia	(i) Fisheries Associations	22	9,643	371,728.15
	(ii) Fisheries Cooperatives	73	13,950	6,529,880.00
Sarawak	(i) Fisheries Associations	4	836	61,703.00
	(ii) Fisheries Cooperatives	2	138	75,605.00
Sabah++	Fisheries Cooperatives	6	1,025	4,569,988.00
	Fisheries Cooperatives			
TOTAL		<u>106</u>	<u>25,592</u>	<u>11,608,905.00</u>

+ Under study for formation -- 13 associations.

++ Not handed over to Majuikan yet.

The ultimate aim of Majuikan is to integrate fishermen's associations with the fishery cooperatives in each fishing area into a bigger organisation to be known as "Koperasi Nelayan". However due to many existing differences, such an integration will not be feasible in the near future. Therefore as a first stage or interim measure, Majuikan has devised a system of collaboration between them by integrating operations of both organisations in marketing of their catch, procurement of supplies such as engines, fuel, nets, and consumer goods. Both organisations also share common premises.

4. Trend towards Bureaucratic Control and Management of Cooperatives

During the last five decades the role of Government in so far as cooperatives are concerned, (apart from the statutory powers vested in the Registrar of Cooperatives as prescribed in the Cooperative Societies Ordinance), is that of promotion and supervision. Hence Government officers have been regarded as "guides, friends and philosophers." Of late this attitude is slowly and steadily changing. More and more Government officers are being attached to the cooperatives as full time managers, bookkeepers, etc., especially in the agrobased and the fishery cooperatives.

Even in the non-agrobased cooperatives it has been proposed that as and when the DTICs are formed, Government officers will be attached to them to act as Managing Directors, managers and accountants.

While it is beneficial to utilise the services of Government officers in the early stages of growth of a cooperative, but it should not be to such an extent as to frustrate the spirit of independence and self-help which is fundamental to a cooperative organisation. The tendency for seconded Government officers to overstay even when the cooperatives can already manage on their own cannot and should not be overlooked.

5. Cooperative Legislation

During the parliamentary session in October - November 1975 the "Cooperative Societies (Amendment and Extension) Act, 1975" was passed. This amended Act is an integrated cooperative legislation covering the whole Malaysian territories, while previously West Malaysia, Sabah and Sarawak each has its own Cooperative Ordinance. This Act provides the cooperatives more freedom of operation and a wider scope for investment of their funds.

Under the new Act, it is no longer necessary for a cooperative to seek Registrar's approval in order to make loans to other cooperatives and to its subsidiary, or to purchase lands or buildings for the conduct of its business.

Subject to prior approval of the Registrar, cooperatives are now allowed to do the followings:-

- (i) to form subsidiary companies;
- (ii) to enter into joint-ventures;
- (iii) to issue bonus shares to members by means of sale or revaluation of assets; and
- (iv) to invest in the share capital or convertible debenture stocks of any bank or company.

The new Act also prescribes in details operational procedures in accounting and bookkeeping, in convening general meetings, and preparation of annual reports.

However, the Cooperative Societies Rules, 1949 which forms part of the Act, are still to be amended. The powers to amend the Rules are vested with the Minister charged with the responsibility for cooperative development.

6. Cooperative Education

The Cooperative College of Malaysia continued to provide cooperative education and training for cooperators as well as Government officers involved in cooperative work. Additional teaching staff has been recruited. Courses too have been revised and improved with more emphasis on practical aspects in accordance with the needs of the growing movement.

The College has been funded on contributions received from the cooperatives at 2% of their net profits annually. Lack of fund has been the constraining factor in the expansion of the College. Financial assistance from the Government is now being solicited.

7. Promotional Activities by National Unions

Both ANGKASA, (the National Union of Cooperatives, Malaysia) and the Cooperative Union of Malaysia (CUM) continued to play their respective roles as promotional and advisory bodies to the cooperative movement in the country.

Besides educational programmes provided by The Cooperative College, Angkasa and CUM too have been active in organising training courses, seminars and conferences both in the National Language and in English. Two international seminars and one National Seminar have been organised with the collaboration of the ICA ROEC.

Angkasa and CUM have submitted important proposals for reformation of the Cooperative Societies Ordinance which have been incorporated in the Cooperative Societies (Amendment and Extension) Act, 1975.

8. Third Malaysia Plan 1976 - 1980

The Malaysian Government has recognised the capacity and potentiality of the Malaysian cooperative movement in certain sectors of the economy. The cooperative movement in certain sectors of the economy. The cooperative movement of Malaysia will undoubtedly be called upon to play a more significant role in the development programmes in the Third Malaysia Plan (1976-1980). The movement is now gearing itself to meet this challenge. Some of the bigger societies like the Bank Rakyat,

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MCIS and others are already charting their own development targets.

To achieve these, the Malaysian cooperative movement may need more guidance and technical assistance from the ICA or such other competent organisations.

CO-OPERATIVE MOVEMENT IN MALAYSIA 1973. FIGURES AT A GLANCE

Types of Societies	No. of Socs.	Membership	Share Capital	Total Fund
A. PENINSULAR MALAYSIA				
All Societies	1,026	668,265 IM 3,159 CS	259,418,402	631,578,050
Bank Rakyat	1	13,101 IM 970 CS	9,232,000	75,581,000
Central Bank	1	16,319 IM 124 CS	5,616,333	25,223,664
Bank Union	11	132 CS	187,806	5,047,156
All Credit Socs.	352	253,128	200,957,701	246,939,066
Multipurpose	241	113,303	10,259,128	31,180,735
Consumers	119	32,634	1,305,676	5,560,283
Housing	57	11,828	6,856,943	79,993,083
Transport	37	8,876	870,045	2,811,210
Industries	13	14,465 IM 916 CS	5,079,047	11,167,991
Land Development	16	3,053	471,117	3,907,411
Insurance	1	80,000	1,500,000	83,629,647
Schools	60	12,702	75,001	179,991
Union	10	184 CS	68,321	1,634,129
Other Societies	121	108,642 IM 833 CS	16,575,284	58,596,595
SABAH - All Socs.	196	35,021	2,635,775	25,626,456 (Vide Appendix B)
SARAWAK - All Socs.	238	25,570 48 CS	1,175,619	11,796,085 (Vide Appendix C)
IM - Individual Members				
CS - Co-operative Societies				

Appendix BCO-OPERATIVE SOCIETIES BY NUMBER, MEMBERSHIP, SHARE CAPITAL
AND TOTAL FUNDS IN SARAH, 1 9 7 3

No.	Types of Societies	No. of Socs.	Member ship	Share Capital	Total Fund
1.	Thrift & Loan	2	1,082	231,284	270,000
2.	Consumer	1	25	450	450
3.	Land Development	70	6,547	438,119	18,519,000
4.	Land Purchase	2	287	540	540
5.	Farming	2	97	331	132,181
6.	Transport	4	824	44,370	84,370
7.	Multipurpose	83	7,215	205,041	550,000
8.	Housing	1	163	61,660	455,000
9.	Fishermen	4	971	110	3,965,552
10.	Union	5	43 CS	176,290	-
11.	Logging	6	17,187	378,250	510,000
12.	Marketing	7	392	15,680	30,500
13.	Animal Breeding	2	72	600	262,000
14.	Contract	1	34	70	366
15.	Brick Factory	6	82	1,082,297	1,082,297
TOTAL		196	35,021	2,635,775	25,626,456

Appendix CCO-OPERATIVE SOCIETIES BY NUMBER, MEMBERSHIP, SHARE CAPITAL
AND TOTAL FUNDS IN SARAWAK, 1 9 7 3

No.	Types of Societies	No. of Socs.	Member- ship	Share Capital	Total Funds
1.	Thrift & Loan (Urban)	5	7,415	29,765	5,307,085
2.	Thrift Loan (Rural)	53	2,140	935	220,707
3.	Marketing	9	955	74,150	308,680
4.	Stores	21	3,517	155,623	855,957
5.	Multipurpose	100	8,869	596,023	2,617,854
6.	Padi Milling	29	1,089	73,691	139,346
7.	Padi Saving	4	215	308	17,223
8.	Rural Credit	1	43	30	1,788
9.	Central Bank	1	200	59,469	1,744,430
10.	Trading Societies Union	1	31 CS	28,500	130,419
11.	Co-operative Societies Union	1	17 CS	15,600	17,197
12.	Others	13	1,127	141,525	455,402
TOTAL		238	25,570	1,175,619	11,796,088
			48 CS		
* = = = = =					

ASIAN CONFERENCE ON COOPERATIVE MANAGEMENT
PHILIPPINE VILLAGE HOTEL, DECEMBER 1 - 6, 1975
MANILA, PHILIPPINES

TRENDS, PROBLEMS AND NEEDS IN THE FIELD OF
COOPERATIVE EDUCATION, LEADERSHIP AND MANAGERIAL
FIELD, COOPERATIVE PRODUCTION AND TRADE AND
FINANCIAL AND OTHER RESOURCES IN SOUTH-EAST
ASIA AND THE ROLE OF THE ICA IN THESE FIELDS¹

by

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1. Paper presented at the Asian Conference on Cooperative Management held in Manila, Philippines, December 1 - 6, 1975.

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This paper is an attempt to discuss, in brief, trends, problems and needs in the field of Co-operative Education, Leadership & Managerial field, Co-operative Production & Trade and Financial & other resources in South-East Asia in the context of Nepal and the Role of the ICA in these fields.

Co-operative Education

Co-operative Movement was born with education and educationists. The importance of education for the success of Co-operative has been acknowledged by cooperators from the very beginning of Co-operative Movement. Education is so much a part of the co-operative system that an organisation with no educational feature to its operation is simply not a true Co-operative and indeed without education a cooperative will soon lose the characteristics that mark it as a cooperative.

Generally the members of a cooperative society are poor, illiterate and ignorant people who know very little of the principles of cooperation. Due to their ignorance they are not easily convinced about the utility of such organisation. Even if they become members they will not be much interested to deal with it and to participate in its working. Hence the society should make efforts to teach the members. Moreover, in order to secure intelligent participation of the members in the working of society it is necessary that continuous system of education be evolved and members be kept informed of the decisions and activities of the society.

Education is the corner stone of all sound and progressive cooperatives. No cooperative society advances beyond the education of its members. Co-operative education is vital for the very survival of the Movement.

Co-operative education is a life-long process and all persons engaged in cooperation need to participate in this process of education and re-education. The persons to be given cooperative education are divided into three groups namely, the members in whose interests cooperatives are organised and who collectively exercise supreme authority over

(2)

them, office-holders including the committee members and employees of the cooperatives and the people who are potentially cooperators but still outside the cooperative fold.

The ordinary members and committee members and employees should be educated to possess the knowledge that is required in them. They must have knowledge not only of the special forms of cooperation in which they are engaged but also of the economic and social environments in which their societies operate. They must be trained in cooperative conduct and behaviour. Both the ordinary and the Committee members need to be trained to use the democratic Process of Co-operation skilfully and effectively to the advantage of their society. Moreover the committee members must have a great deal of business knowledge. On the other hand the employees of the cooperatives must acquire technical skill. They must be, at least, as competent as those engaged on the corresponding levels of the Private and public sectors of the economy. Hence, they must have the best available training in the appropriate techniques. The potential members outside the Movement, must be kept informed about the aims of the Co-operative Movement, its organisation and methods, Principles, importances, achievements and plans for the future.

The education of these three groups is the responsibility of Co-operative unions and federations at the secondary and tertiary levels. The governments have to provide all kinds of assistance which will ensure that there are reasonably well - informed cooperators in every primary society.

The Movement's educational standards must be constantly rising along with the structural changes and the concentration and conduct of large scale operations of the Movement. This calls for being capable of satisfying the need for intensive as well as extensive cooperative education. This could be done best by strengthening unions and federations and government institutions which undertake the task of educating cooperators at the district and national levels.

In Nepal the Co-operative Training Centre which was established at the national level under the Department of Co-operatives in 1963

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has been providing cooperative education to government officials, employees, committee members, ordinary members and potential members of the cooperative societies.

At the Training Centre 3 to 6 months training is provided to Co-operative Officers, Inspectors, Auditors, Sub-inspectors, managers and other employees of the societies. Moreover, refresher course for the Co-operative Sub-inspectors is being conducted.

As the continuous process of education among the members of the co-operatives involves a lot of expenses, with the consent of the Registrar 5 percent of the net profit of each society in the country is being set aside for the educational programme quite recently. Because of the weak financial position of the cooperatives in the country the education aspect of the cooperatives is being carried out entirely by the Co-operative Training Centre. Although cooperative members' education programme has been designed in different forms such as talks, discussions, seminars, publicity etc in different districts of the country, the real and effective form of Co-operative Members' education has been started in Nepal since 1972. Since then members' education camps have been launched by the Co-operative Training Centre in collaboration with the District Co-operative Offices in different societies. In these camps the members, advisory committee members, and potential members are provided with the knowledge in regard to the working, Principles, importances, aims and objectives of the cooperative societies, rights and duties of members as well as committee members etc. So far 52 such camps have been launched in 37 districts. There is a programme of running such camps in 60 districts in the fifth Plan Period (1975-1980).

However, the following Problems with regard to the development of Co-operative Education in Nepal are worth-mentioning.

1. A high degree of illiteracy which accounts about 85 per cent.
2. Lack of research unit.
3. In adequate teaching materials.
4. Great reliance on class-room-teaching.

ACCM - BPD (NEPAL)
 (d) Trends, Prob. & Needs in the field of
 Co-op Education, Leadership & Managerial
 field, Co-op. Production & Trade etc. . .

5. Lack of expertise in the concerned subjects.
6. Lack of text books in Nepali language.
7. No attraction in teaching job due to lack of facilities.
8. Lack of audio-visual aids, mobile units and other necessary equipments.

Hence efforts are to be made to eliminate the above mentioned deficiencies and thereby develop cooperative education as far as possible.

In order to strengthen the cooperative Education in Nepal, the assistance of the ICA in Providing facilities like completely equipped mobile audio visual units, equipment for central audiovisual production unit, training demonstration materials, books, periodicals to Co-operative Training Centre will be necessary.

The major part of the ICA's educational activities in South-East Asia such as holding of Seminars, Conference offering Fellow ships, arranging Teachers' Exchange Programmes is Praise worthy.

It is hereby suggested that the ICA should try to provide expertise and audio-visual aids and necessary equipments to improve the educational programmes of the Co-operative Movements in South-East Asia so that the curriculum, teaching materials, technique of teaching might be improved to a great extent.

Leadership and Managerial Field

Leadership and management have important roles to play in the success of the Movement. The role of leadership and management in a cooperative would be to ensure that the undertaking proves a successful business enterprise. There are two types of leaders- the officials appointed by the government to promote the Movement and the local leaders i.e. non officials chosen or elected by the people from among themselves. The availability of leaders in the requisite number, and of requisite quality is a factor of great importance to the movement in order to achieve its goals like, of improving the conditions of the

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Trends, Prob. & Needs in the field
of Coop. Education, Leadership
& Managerial field, Coop. Production etc

common man in rural and urban areas and of making due contribution to social and economic development in the country. Leadership of the managerial personnel is equally important in achieving successful operation of cooperative enterprise. The success of the cooperative movement would depend on the availability of managerial and other personnel who possess the necessary understanding of the cooperative ideology together with technical competence.

In a state- sponsoring Co-operative Movement like that of Nepal the official leaders are more important than the non-official **Leaders** for co-operative development in the initial stage. In this stage the task of both the official and non-official leaders is one of changing people's attitudes. Their first task will be to create a sense of dissatisfaction with the existing conditions, the condition of mind which is necessary for the seed of cooperation to germinate. Once the cooperative idea has been understood it will be the task of the leaders to give the prospective members a Practical lesson in Co-operation, for the practical solution of a common economic problem would be the best starting point for the economic education of the members. The role of leadership is to stimulate the people into seeking solutions for their problems. Official leaders are only sponsors of a Movement. So they should try to discover leadership among the non-official leaders and they should put elected leaders in charge of an undertaking which has been sponsored by them as soon as it is possible to get them elected. The non-official leaders must understand cooperative principles and practices, observe them, impart their knowledge to others and act honestly and democratically. It is their duty to teach and lead others by percept as well as by setting good example. They should be literate, have practical commonsense, make impartial decisions and see that employees of the society carry out their duties promptly and efficiently.

Leaders are needed at various levels for achieving lasting and speedier results. We would need leaders not only on the Managing Committees, but also in the ranks of membership who are able to influence their

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(6) Trends, Prob. & Needs in the field of
Coop. Education, Leadership &
Managerial field, Coop. Prod. etc.

their fellow members. Thus the need for leadership in cooperative organisations is not one of having a few outstanding leaders, but for a large group of people who have leadership qualities.

In view of our geographical disadvantages and limited resources both in terms of capital and trained personnel including non-official local leaders in the cooperative field: and on the basis of our past experiences towards the end of 1970 His Majesty's Government of Nepal has approved and implemented some new co-operative development policy and programmes intending to mould the cooperative movement on such realistic approach as to make it more efficient, useful and responsive to the needs of the rural population. Under the cooperative revitalisation programme emphasis is laid on efficient management. These supervised societies are being run by trained managers deputed by the Agricultural Development Bank which is the financing agency for them at the national level. For the first few years, as the task of management of these cooperatives has been entrusted to the Agricultural Development Bank, the former Managing Committee of such a society is working in an advisory capacity in the management. Thus a management oriented cooperative has to approach to farmers with a package of integrated services like agricultural finance, inputs, extension advice, consumers' goods and marketing facilities. There is a deliberate and definite policy to hand over management affairs of the societies to the Managing Committee elected by the members of cooperatives as soon as they are found viable and efficient to be run by the local people themselves. As has already been mentioned cooperative members' education camps have been launched in different cooperatives with a view to making the members as well as the local advisors of the supervised cooperatives aware of the working procedure, principles, objectives, importances of cooperation and rights and duties of members and committee members and thereby enabling them to shoulder the responsibility of the management of cooperatives actively in the near future.

(7) ACCM - BED (NEPAL)
Trends, Prob. & Needs in the field of
Co-op. Education, Leadership &
Managerial field, Co-op. Production etc.

The problem of leadership can be remedied by an intensive educational programme and by watchful government policy. In the absence of federation of Co-operative movement like in Nepal the government should formulate and putting into effect concrete cooperative education plans and programmes.

The problems of leadership training and education demand for their solutions continued research in various directions, for most of the cooperative organisations of the South-East Asia region are only at the beginning of their development and may look forward to a period of expansion and consolidation which will tax all the ability at their command.

With regard to the shortage of managerial personnel, it is very important that an extensive training programme should be developed, not only for the officials of the Co-operative Department, but also for the employees of cooperative societies. The training courses should be such as to create specialised cadres of managers for various categories of cooperatives both in the rural and urban areas.

Co-operative Production and Trade

To raise agricultural productivity is one of the prime objectives in economic development plans in practically all countries of South-East Asia in which Nepal is not an exceptional case. Co-operation is one of the various ways that can be used to increase agricultural productivity. Its influence is non-physical or non-material and it can increase productivity only indirectly through institutional arrangements or through the creation of a psychological or social climate that will induce the farmers to strive for greater productivity. It is assumed that cooperation is one of the most appropriate instruments to bring about an increase in agricultural production and a durable rise in the standard of living in the rural areas. The supply cooperatives in the village level are making available to the farmer's better seeds,

(8) Trends, Prob. & Needs in the field of Co-op. Education, Leadership & Managerial field, etc.

chemical fertilizers, improved tools and equipments, insecticides which are indispensable for the scientific and better method of cultivation. Again for the purchase of these agricultural inputs the credit societies provide credit facilities.

How to make available agricultural credit and how to raise productivity are not the only problems of agriculture in the South-East Asia region including Nepal, but how to sell and market the agricultural produce properly is a very serious problem being faced by the farmers. The only solution to this problem is the efficient marketing activity to be performed by Co-operatives. Addressing the 26th session of National Panchayat His Majesty the King said, "With a view to provide direct benefit to the farmers through Co-operatives, in the fiscal year 1975/76 cooperative societies will be gradually undertaking the marketing of agricultural produce". Accordingly, arrangements have been made that 16 cooperative societies in 16 districts will be intensively engaged in providing marketing services so as to give incentive to agriculturists by making available reasonable prices to their produce.

In addition to these there are some Cottage Industries Co-operatives such as Metal Furniture Co-operative, Tamrakar Co-operative, Jawalakhel Co-operative, Weavers' Co-operatives etc which are engaged in the production of articles like chairs, revolving chairs, sofa set, tables, cash boxes, file cabinets, book cases, almirahs, safes, ashtrays, flower-pots, pitchers, dishes, bags, caps, Carpets, wooden blocks, curios, different types of clothes etc. But all these products are traded in the domestic markets only. Improvements in quality, design and enlargement in scale of production will no doubt contribute to the external trade.

The following are the inherent problems in the Co-operative Production and trade in Nepal.

1. Lack of loyal support of members.
2. Lack of trained personnel in managerial field.
3. Inadequate financial resources.

(9) ACCM - BPD (NEPAL)
Trends, Prob. & Needs in the field
of Co-op Education, Leadership etc. .

4. Lack of transport, storing and grading facilities.
5. Cut-throat competition of the powerful and big local merchants and middle-men.
6. Lack of coordination in the activities of the concerned agencies.
7. Absence of a national level Co-operative federation.

In South-East Asian countries the main cooperative activities are found in the agricultural field. Though it is the oldest and most widely spread, the cooperative credit movement will have few connections with foreign trade so that in agricultural cooperation foreign trade potentialities will be realised from the processing, marketing and supply sectors. While in most countries, agricultural produce is mainly consumed at home, it still constitutes the major export earner. Co-operatives have an important role to play in the sectors of agriculture where holdings are small and the farmer is not able to enjoy the advantages of large-scale operations. To the extent that agricultural production is not consumed within the country, cooperative marketing federations can enter the field of foreign trade and establish themselves as exporters of the commodities which they process and sell. In the same way, the farmers' cooperative supply organisations which provide fertilisers, fuel, seeds, agricultural tools and implements, insecticides and in some cases even consumer goods, should have good prospects to establish themselves as importers. The apex cooperative supply organisations would certainly benefit by cutting the profit margins now enjoyed by middle-men when they establish themselves in the import business.

Handicraft and small-scale industrial cooperatives have recently been organised in many South-East Asian countries. Most of these cooperatives carry out production and business on a fairly small scale. Their production costs appear extremely high. Standardisation of products and grading are almost non-existent and at present they are lacking a suitable organisational set-up to allow any sizeable export trade.

(10) ACCM - BED (NEPAL)
Trends, Prob. & Needs in the field of
Co-op. Education, Leadership etc.

The consumer cooperatives mainly supply daily necessary goods to the people and most of their goods are indigenously produced. With the development of higher standards of living the need for imported consumer goods will increase. As in the case of agricultural supplies it would be advantageous for the consumer cooperatives to organise their own importing agency which might specialise in supplying a few items with a well-established demand.

It is an established fact that the cooperative system as a means of developing the national economy is effective. In view of the fact that export of primary goods and import of production materials for the development of agriculture are specially vital in South-East Asia, it is of great significance to economic development to make use of the Co-operative system. With regard to exports, stabilisation of prices by means of adjusting production or shipment in response to the demand and supply situation in the international market or in accordance with demand in the importing country can be made possible only through the systematic leadership of cooperatives. On the other hand, with regard to imports of production materials or consumption goods, cooperatives can be in a position to have a grip on the domestic demand, to import goods to meet the situation, and upon importation to utilise them to the maximum extent through their network throughout the country. Exchanges between cooperatives of two countries, both among the countries in the Region and outside, will make it possible to promote production, marketing and purchasing activities. Then member-farmers will be able to enjoy economic advantages to a great extent, and at the same time the cooperatives will be able to win over the confidence of their members. Accordingly, the promotion of trade by cooperatives in South-East Asia will contribute not only to the promotion of export of farm products, but also to the rationalisation of production and distribution channels, and further to the social and economic development of the countries.

(11) ACCM - BFD (NEPAL)
Trends, Prob. & Needs in the field of
Co-op. Education, Leadership etc.

However, we are encountering some obstacles in the Co-operative trade in South-East Asia. Difficulties arising from trade policies and other political, social and economic factors in each country form large obstacles. As the cooperative system in South-East Asia is still in its infant stage, the cooperative system is not yet in a position to handle the business effectively. Moreover, the cooperatives in this region are short of the financial resources to allow them to achieve their objectives. Furthermore, it is difficult to promote trade in the region at present as the major items of trade are confined to several primary products which are mutually competitive.

The role played by the ICA's Regional office in making necessary arrangement for the establishment of International Co-operative Trading Organisation (IC TO) in Singapore which has recently started its trading operations, is quite commendable in the field of promoting International Co-operative Trade. However, the Regional Office should endeavour to make all the member countries participate in the ICTO's share capital as far as possible. The revised Co-operative Trade Directory for the South-East Asian Region prepared by the ICA Regional office has proved to be a valuable document for organisations seeking cooperative trading partners in the region. It might be further suggested to set up a standing committee on trade connected with the ICA Regional Office in order to secure a long-term collaboration. The Committee could then meet at certain intervals, discuss current problems in connection with international cooperative trade and consider further activities for the promotion of such trade such as exchange of trade missions, distribution of market information and investigations into the possibilities of barter trade to overcome exchange difficulties. In view of the difficult position of foreign exchange reserves in each country of the region, it is necessary to establish an international financial organ which is to render assistance to cooperatives to engage in trading activities.

Financial and other Resources

The fact that cooperation is one of the most appropriate instruments for socio-economic upliftment and thereby raising the living standard of the rural population has been recognised with greater significance in the Panchayat system which aims at establishing a just society free from all sorts of exploitation and conflict. This system is directed towards class coordination. Panchayats and cooperatives are looked upon as complementary and supplementary to each other. So the cooperative system of economy, the most suitable and the best form of economy for the Panchayat system as a method for bringing about revolutionary changes in the existing agrarian structure of the country is given a very important place.

The origin of the compulsory savings scheme which is a unique experiment, has a direct and indivisible relationship with the land reform measures introduced in Nepal. Savings were collected compulsorily from every land-owner, owner-cultivator and tenant at a fixed rate. The main aim of this scheme has been to accumulate and mobilise the scattered savings of the individual farmers in accordance with the principle of maximum utilization of domestic resources. This scheme has thus helped raise resources and thereby develop saving habit of the people on the one hand and to finance agricultural development programme with the farmers' own resources on the other.

In course of the implementation of the land reform programme specially the compulsory savings scheme has provided a new horizon for the development of cooperatives. Rules passed under the Lands Act 1964 have provisions for farmers to buy shares of cooperative societies out of savings deposited by them under the scheme. According to the plan and policy of His Majesty's Government of Nepal, ultimately all the savings collected under the scheme are to be transferred into the Co-operative societies as share capital and the contributors to the savings will be automatically enrolled as members of the cooperatives. In this way the capital will be generated and mobilised in the cooperative

sector. Accordingly, in some districts the savings so far collected under the scheme have already been transferred to the cooperative societies as share capital.

Another source of financial resources for the cooperatives of Nepal is the Agricultural Development Bank which is providing short, medium and long term loans to cooperatives both at the grass-root level and the district level. Because of its own limitation the Agricultural Development Bank has not been in a position to provide adequate credit facility to the cooperatives timely.

Under the Integrated Co-operative Development Programme in Nepal, on the basis of the report presented by the two cooperative consultants one from FAO and the other from ILO who had come to Nepal for the preliminary study of cooperatives for a period of three months each in order to strengthen the cooperative movement in Nepal there are possibilities of aid from bilateral and multilateral sources through government to government aid agreements in the near future.

The other resources made available to cooperatives are man power and subsidies for the salaries of the managers of the cooperatives by His Majesty's Government of Nepal.

However, some considerations relevant to the development of cooperatives are suggested.

1. There should be a well-developed extension service, supported adequately by research stations, and working closely with the cooperative organisation to create amongst the farmers a demand for improved agricultural requisites and implements.
2. The cooperatives should be able to provide adequate and timely finance to cover the production as well as essential needs for consumption on the basis of the repaying capacity of the farmer. It is also equally important that the cooperative should be able to recover loans satisfactorily, if possible through sale proceeds of crops, which constitute the main means of repayment.

3. Linking of credit, marketing and supply should be practised in an efficient way.
4. Timely legal action should be taken against the defaulters who weaken the financial position of the cooperatives by not paying the dues.
5. It would be useful to consider the desirability of establishing a national level cooperative federation which is responsible for assisting in the task of improving the operational efficiency of cooperatives.

The efforts made by the ICA Regional Office for South-East Asia in the establishment of Asian Co-operative Bank are remarkable for making available financial resources to the cooperatives which are in need of such assistance.

The Technical assistance made available in this region is another important role of the ICA Regional Office in meeting the resources for the development of cooperatives in South-East Asia.

Concluding Remarks

Modern life is full of social tensions urban population against rural, consumers against producers, labour against capital, there are tensions with regard to religion, caste, language, race and occupation. Co-operatives tend to lessen these tensions and to help find a common ground on which they can work together.

Co-operatives are the only institutions that can provide both the economic machinery and the social values required by our age. If there is any hope for the struggling masses of the emerging countries, it is through mutuality, through working together through cooperation.

Unless the society is economically better off, the social problems may remain in tact. Hence we should try to seek for socio-economic upliftment of the society through cooperations. In order to achieve these goals we should try to find out ways and means to strengthen the Movement in this Region.

For the Month: September 1975

I. INTRODUCTION:

This monthly report contains cumulative statistical information on the organization, registration/re-registration and development of all types of cooperatives covered under the Cooperatives Development Program of the Department of Local Government and Community Development.

Also included are highlights on special cooperatives projects, important events and related developmental activities in the implementation of the Cooperatives Development Program.

II. STATISTICAL DATA:*

A. PROGRAM IMPLEMENTORS	<u>AUTHORIZED STAFFING PATTERN</u>	<u>ACTUAL FIELD STRENGTH</u>	<u>PERCENT-AGE</u>
No. of Provincial Development Officers	75	74	98.7 %
No. of Asst. Provincial Development Officers	75	69	92.0 %
No. of City Development Officers	61	59	96.7 %
No. of City Development Workers	122	4	3.3 %
No. of Coop Dev. Officers I	33	33	100.0 %
No. of Coop Dev. Officers II	97	81	83.5 %
No. of Municipal Development Officers	1,449	1,231	84.9 %
No. of Barrio Development Workers	1,449	947	65.3 %
No. of Agricultural Coop Development Officers	125	114	91.2 %
T O T A L	3,486	2,612	74.9 %

* SOURCE OF DATA: PDO/DCO REPORTS/BLGD PERSONNEL DIVISION

B. SAMAHANG NAYON, PROGRAM COVERAGE:
(Agricultural Pre-Cooperatives)

	<u>ADJUSTED TARGET</u>	<u>ACTUAL PROGRAM COVERED</u>	<u>PERCENTAGE</u>
No. of Provinces and Sub-Provinces	78	78	100.0 %
No. of Municipalities	1,419	1,316	92.7 %
No. of Cities	16	15	93.8 %
No. of Rural Barrios (Barangays)	32,173	21,703	67.5 %
No. of Urban Barrios (Barangays)	2,340	1,547	65.9 %

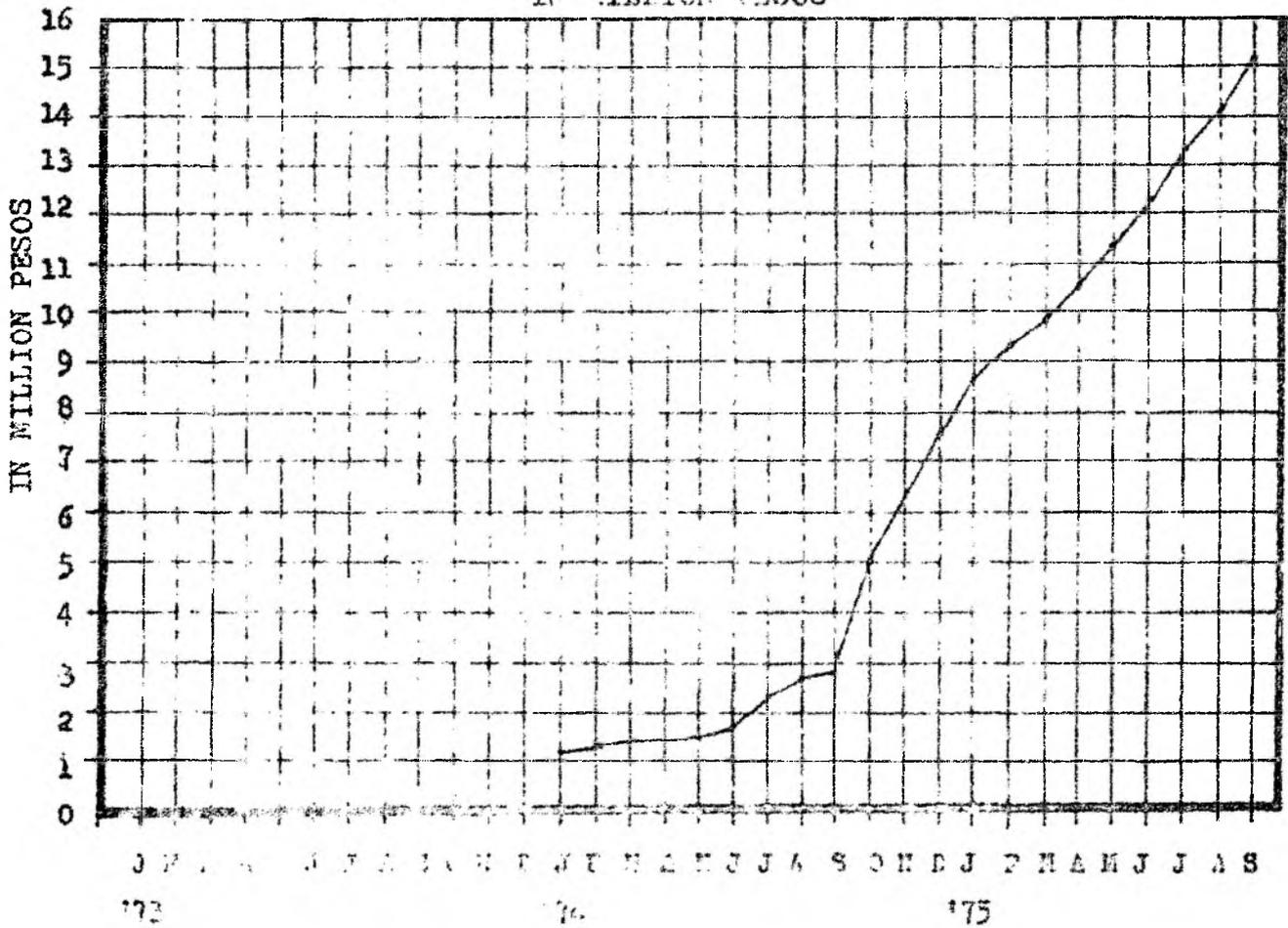
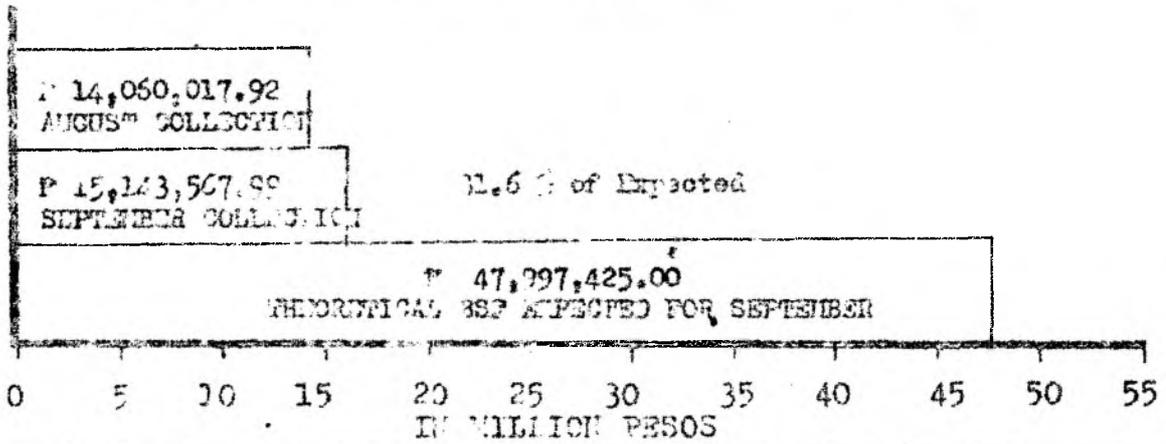
C. SAMAHANG NAYON, REGISTRATION DATA:

1. PROGRAM STATUS	<u>BY 1976 PROGRAM TARGET</u>	<u>ACTUAL PROGRAM ACCOMPLISHMENT</u>	<u>PERCENTAGE TO TARGET</u>
SN Organized	20,000	17,667	88.3 %
Membership	2,000,000*	815,010	40.7 %
SN Registered	10,000*	23,343	233.2 %
Members Registered	1,000,000**	577,800	57.8 %
SN IN CONTACT with Existing Members	600,000	482,455	80.4 %

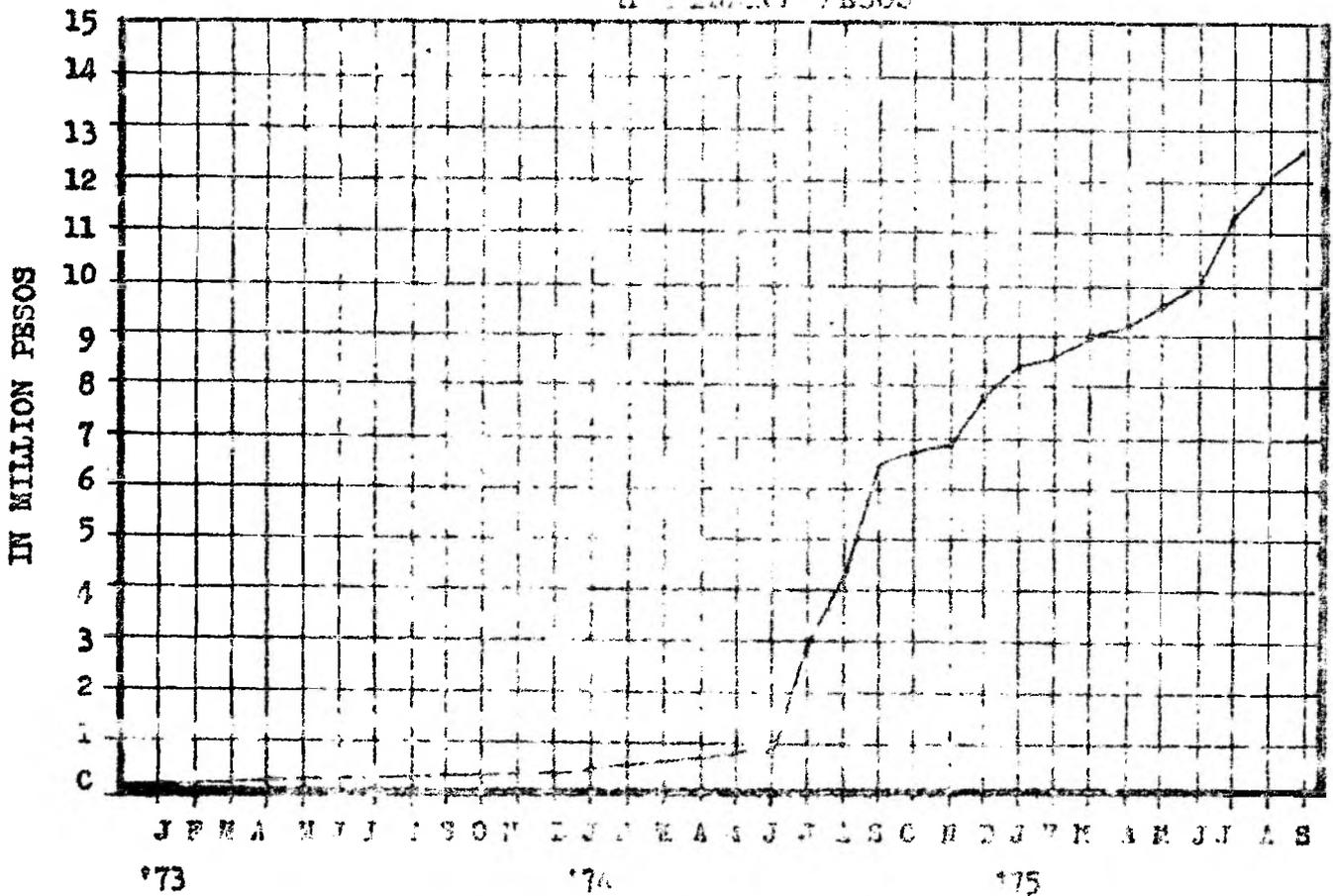
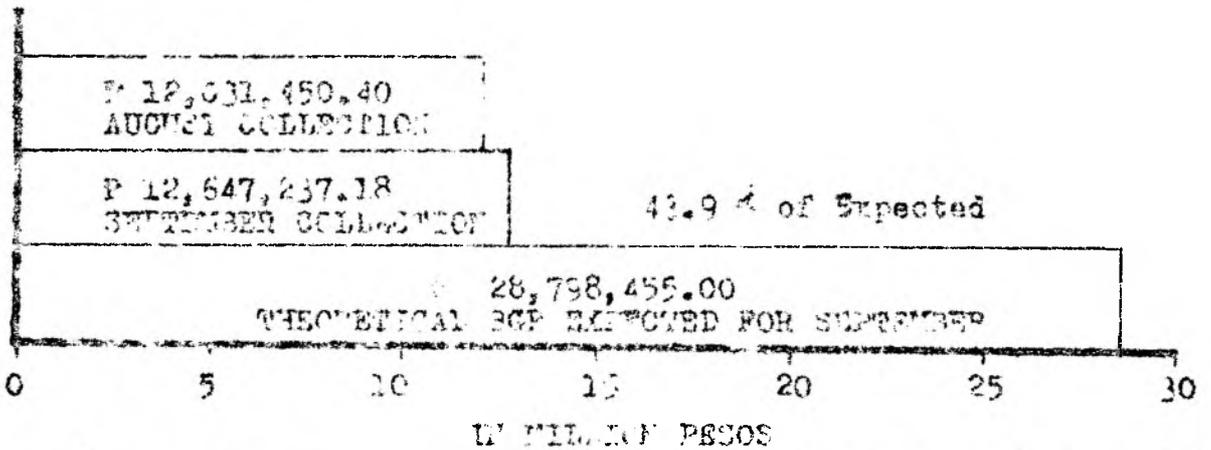
2. FINANCIAL STATUS	<u>PREVIOUS MONTH</u>	<u>THIS MONTH</u>	<u>% INCREASE FROM PREV.</u>
SN General Fund	P 10,631,309.13	P 10,704,010.73	0.7 %
Barrio Savings Fund	14,060,071.92	15,143,267.98	7.7 %
Barrio Guarantee Fund	12,032,450.40	12,647,237.18	5.1 %
TOTAL	P 36,722,831.45	P 38,494,515.90	4.8 %

** TARGET NOT ADJUSTED

4. SAKAHANG NAYON, SAVINGS PROGRAM GROWTH ANALYSIS*



5. SUMMARY OF EARLY GRAPHERS FUND GROWTH ANALYSIS*



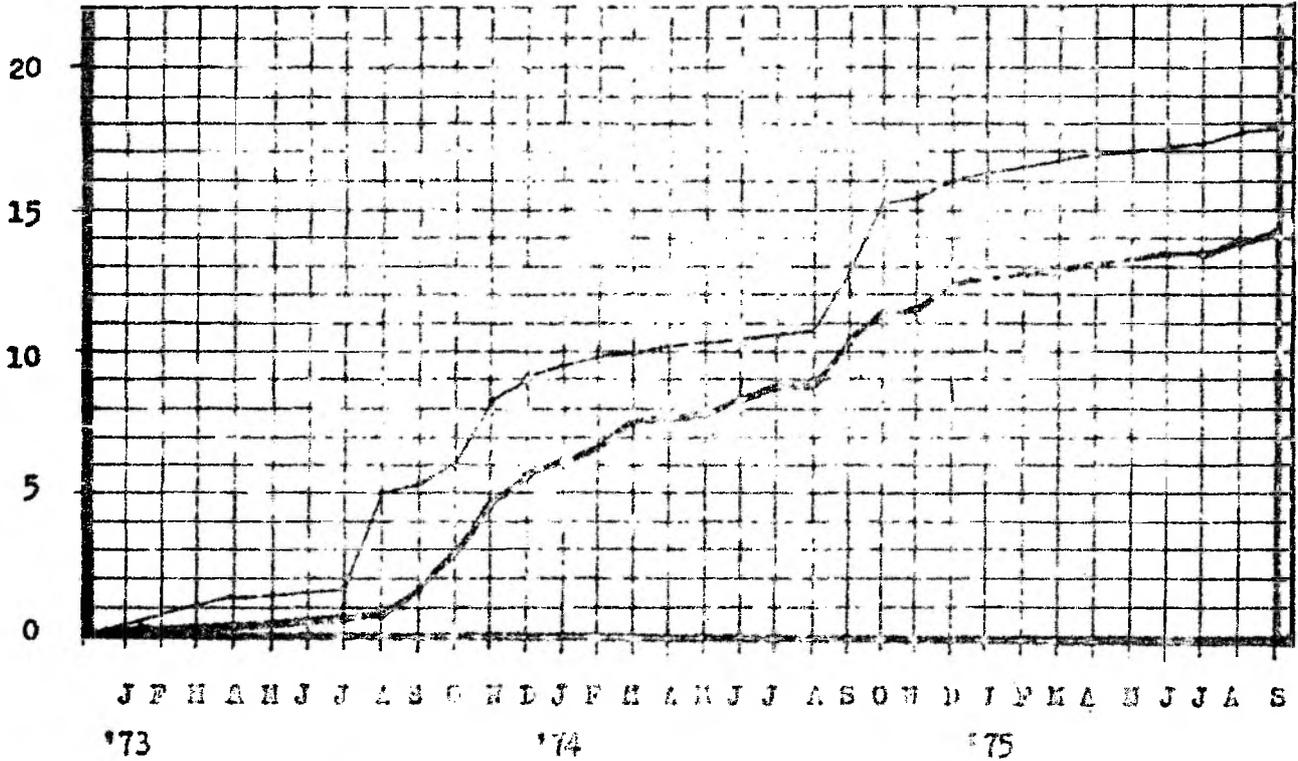
6. SAMAHANG NAYON, REGISTRATION COUNT:

REGION	NO. OF SAMAHANG NAYON	NO. OF REGISTERED MEMBERS	PERCENT (%) OF TOTAL MEMBERS	AVERAGE NO. OF MEMBERS/ SAMAHANG NAYON
REGION I	1,706	84,097	12.5 %	47
REGION II	750	41,703	6.2 %	56
REGION III	1,603	37,075	54.4 %	60
REGION IV	1,575	72,686	10.8 %	46
REGION V	960	46,173	6.8 %	48
REGION VI	1,509	69,125	9.3 %	41
REGION VII	1,151	50,797	7.5 %	44
REGION VIII	1,182	41,690	6.5 %	37
REGION IX	431	20,507	3.0 %	48
REGION X	1,939	75,703	14.8 %	51
REGION XI	<u>1,030</u>	<u>55,439</u>	<u>8.2 %</u>	<u>54</u>
NATIONAL	13,949	674,853	100.0 %	48

7. AVERAGE FIGURES:

	PREVIOUS YEAR	THIS YEAR	PERCENT INCREASE
Average Membership per Samahang Nayon	48	47	0 %
Average Contribution per Member	50.70	51.91	3.5 %
Average Fund Collection per Samahang Nayon	2,700,000	2,700,000	3.0 %

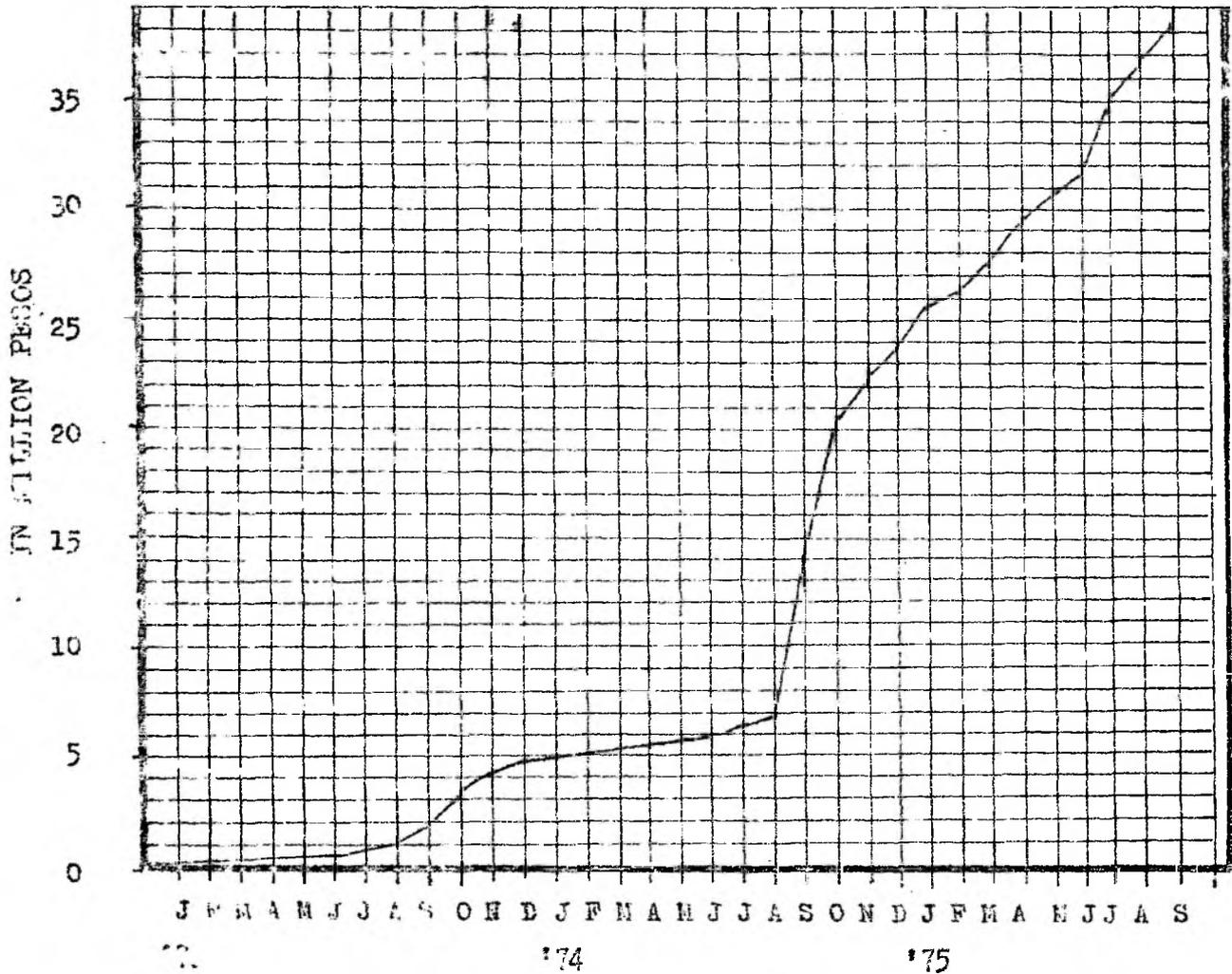
8. SATARUNG LAYAN DEVELOPMENT STANDS
 (Figures are as reported cumulative end-of-month count)
 As of September 30, 1975



LEGEND:
 — Registered
 - - Organized

PERIOD	FISCAL YEAR '73		FISCAL YEAR '74		FISCAL YEAR '75	
	ORG'D	REG'D	ORG'D	REG'D	ORG'D	REG'D
JANUARY			4,304	6,100	16,455	12,663
FEBRUARY			5,981	7,197	16,524	12,688
MARCH			7,270	7,774	16,735	12,946
APRIL			10,135	7,772	16,901	13,081
MAY	1,265		10,212	7,521	17,056	13,261
JUNE	1,316		10,419	8,317	17,193	13,412
JULY	2,504		10,577	8,070	17,346	13,572
AUGUST	5,140	003	10,610	8,097	17,656	13,770
SEPTEMBER	7,277	2,013	13,014	10,493	17,667	13,949
OCTOBER	7,280	4,995	15,100	11,470		
NOVEMBER	8,111	4,512	15,151	11,500		
DECEMBER	9,080	5,040	15,116	11,535		

a. STATUS OF TOTAL (GF, BSP & BGF) SAMAHANG NAYON FUNDS
 (Figures are as reported cumulative end-of-month count)
 As of September 30, 1975



TOTAL AMOUNT OF SN FUND

FISCAL YEAR	1973	1974	1975
JANUARY		4,872,386.95	26,299,729.27
FEBRUARY		4,884,286.00	27,439,027.54
MARCH		5,019,783.00	28,633,862.92
APRIL		5,191,042.17	29,547,837.97
MAY		5,170,583.00	30,899,918.89
JUNE		5,657,863.97	31,947,387.02
JULY	211,556.72	6,126,714.67	35,017,082.63
AUGUST	636,528.27	6,506,352.98	36,722,831.45
SEPTEMBER	1,734,592.89	14,012,215.14	38,494,815.90
OCTOBER	3,402,543.00	20,308,866.72	
NOVEMBER	4,040,453.00	22,260,714.02	
DECEMBER	4,662,537.00	23,965,215.00	

D. OTHER PRE-COOPERATIVES. REGISTRATION DATA:
(Non-Sumuhang of Pre-cooperatives)

1. Distribution by Type of Previously Registered Cooperatives that Applied for Re-Registration under Presidential Decree No. 175.

<u>CLASSIFICATION</u>	<u>NO. OF PREVIOUSLY REGISTERED COOPERATIVES</u>	<u>COOP APPLICANT FOR RE-REGISTRATION</u>	<u>AUDITED</u>	<u>PERCENTAGE</u>
Consumer Coop	2,910	494	88	18.9 %
Credit Unions	3,383	1,517	330	44.8 %
Multi-Purpose Coop	446	302	38	67.7 %
Industrial Coop	122	27	-	22.1 %
Service Coop	156	55	10	35.3 %
Agricultural Coop	801	334	126	41.7 %
Coop Federation	34	26	4	76.5 %
	<u>7,552</u>	<u>2,755</u>	<u>596</u>	<u>36.5 %</u>

Under Presidential Decree No. 175, the above re-registration applicants, with the exception of federations, shall be re-classified into different types of pre-cooperatives or full-fledged cooperatives (Koperasi Bayan) depending upon their number of members and paid-up capital as well as the kind of business engaged in by the cooperative enterprise. A pre-cooperative status shall be in effect for two years or until such time that the re-registered pre-cooperatives shall have satisfied all the minimum requirements of a full-fledged cooperative (Koperasi Bayan).

2. Other Pre-Cooperatives, Registration Count:

	<u>AGRICULTURAL PRE-COOPERATIVES</u>	<u>NON-AGRICULTURAL PRE-COOPERATIVES</u>	<u>COUNT</u>
Number of Previously Organized and Re-Regis- tered Pre-Cooperatives	0	239	239
Number of Previously Organized and Temporarily Re-Registered Pre- Cooperatives	0	265	265
Number of Newly Organized and Registered Pre- Cooperatives to date	<u>1</u>	<u>52</u>	<u>53</u>
	1	556	557

3. Distribution by Type of Registered Pre-Cooperatives:
(Non-Samahang Nayan Pre-Cooperatives)

<u>CLASSIFICATION</u>	<u>PREVIOUSLY REGISTERED NOW RE- REGISTERED PRE-COOP</u>	<u>TEMPORARILY RE-REGIST'D PRE-COOP</u>	<u>NEWLY ORGANIZED AND REGIS- TERED PRE- COOPERATIVES</u>	<u>TOTAL COUNT</u>	<u>GRANTED T A X EXEMPTION</u>
Consumer's Pre-Coop	58	81	16	155	16
Producer's Pre-Coop	1	0	4	5	1
Credit Unions	177	166	4	347	19
Service Pre-Coop					
- Transport	0	0	22	22	9
- Labor Ass'n	3	7	4	14	5
- Electric Ass'n	0	0	1	1	0
- Housing Ass'n	0	1	1	2	0
- Multi-Purpose	<u>0</u>	<u>10</u>	<u>1</u>	<u>11</u>	<u>2</u>
T O T A L	239	265	53	557	52

E. KILUSANG BAYAN, REVISION, AND COUNT:
(Full-Fledged Cooperatives)

1. Number of Organized Kilusang Bayan = 230
2. Number of Registered Kilusang Bayan = 213
3. Distribution by Type of Organized and Registered Kilusang Bayan:

<u>CLASSIFICATION</u>	<u>ORGANIZED (BUT NOT REGISTERED) KILUSANG BAYAN</u>	<u>RE-REGIS- TERED KILUSANG BAYAN</u>	<u>NEWLY ORGANIZED & REGISTERED KILUSANG BAYAN</u>	<u>TOTAL ORGANIZED & REGISTERED KILUSANG BAYAN</u>	<u>GRANTED TAX EXEMPTION</u>
Consumer's Coop	0	30	4	34	8
Producer's Coop	0	6	0	6	0
Marketing Coop	15	13	14	42	14
Credit Cooperatives					
- Credit Unions	0	134	2	136	31
- Coop Rural Bank	2	0	1	3	1
Service Cooperatives					
- Multi-Purpose	0	1	0	1	0
- Labor Service	0	4	0	4	1
- Management Serv.	0	0	1	1	1
- Professional Serv.	0	0	1	1	0
- Insurance Coop	0	0	1	1	0
- Travel Bureau	0	0	1	1	1
T O T A L	17	144	25	286	57

HIGHLIGHTS:

1. The Cooperative Insurance System of the Philippines (CISP), the first farmers insurance cooperative in the country, recently paid the first death claim of an insured Samahang Nayon member of Aritao, Nueva Vizcaya.

Under existing CISP rules, every Samahang Nayon with a sufficient barrio guarantee fund is authorized to withdraw from its BCF the amount corresponding to the uniform insurance coverage extended to every member as advance payment for beneficiaries, provided the SN complies with CISP requirements within 24 hours following the death of an insured member.

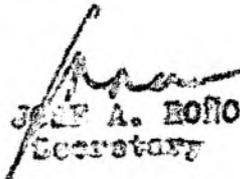
2. The province of Albay in the Bicol region is well on the road to abundance.

Reason: farmer-members of Samahang Nayons of the province have banded themselves together to form the Albay Cooperative Rural Bank and the Albay Area Marketing Cooperative.

The newly organized Albay Cooperative Rural Bank will take care of the credit needs of its members, while the Albay Area Marketing Cooperatives will serve as the marketing arm of SN member-incorporators of the two full-fledged cooperatives.

3. A new set of guidelines regarding insurance coverage for additional members/employees of Samahang Nayon, other pre-cooperatives, kilusang bayan and their federations/unions has been released by the Cooperative Insurance of the Philippines (CISP).
4. Conducted by the Bureau during the period were project feasibility studies in the following provinces: Pangasinan - CRB, Quezon - ANO, Negros Occidental - ANO, and Nueva Ecija - Dairy Cooperative.
5. The Bureau personnel has also conducted surveys of DAR resettlement projects as requested by NEDA as well as surveys on the status on the organization of Fisheries Cooperative in Bicol region.

6. Prepared during the month were the following:
- a. Guidelines in the organization of BF for fishing and trade or barayan for Tawi-Tawi, Sulu, Basilan and Zamboanga Project.
 - b. Statistics on Transport Cooperatives.
 - c. Data on Federations.
 - d. Statistics on Fisheries Ice Plant and Cold Storage operations under construction.
 - e. Statistics on proposed Ice Plant and Cold Storage location.
 - f. Statistics on BFAR refrigerated vessels.
 - g. Statistics on municipal fishing in 37 provinces.
 - h. Statistics on commercial fishing in 24 provinces.
 - i. Summary of BFAR extension workers requirements for fiscal year 1975.
7. Personnel of the Bureau conducted some research work in connection with the following:
- a. Department of Trade re: guidelines for sub-division owners, developers and buyers regarding housing cooperatives.
 - b. Structuring of San Jose Fishermen's Cooperative, San Jose, Zamboanga.
 - c. Department of Trade re: establishing Trading Post.
 - d. ITC - re: guidelines in the organization of trade on fish.


 JOSE A. BONO
 Secretary

Procedure for Computation:

1. The August and September collections were based on the actual receipts as per PDO reports.
2. The expected GF collection for September was computed based on two GF sources only:
 - a) The required one time P10.00 membership fee of each member upon registration.
 - b) The required P5.00 per member contribution per year annual due or P0.42 per member per month.

NOTE: A third miscellaneous source, such as hauling fees earned as per DLGCD-NGA agreement, was not included in the computation because these fund raising activities are only voluntary on the part of the Samahang Nayan. Observe that this third source explains the fact that actual collection is greater than the expected collection.

Procedure for computing loan

1. The August collection is based on the total receipts as per PDC field reports.
2. The September collection is based also on the total receipts as per PDC field reports.
3. The theoretical RRV expected for September is computed based on the following regulations and assumptions:

- a) The collection is fixed at \$500,000/month. This is the equivalent of a payment deflection from a production loan.
- b) The number of months an RRV member has been registered denoted by M_i where i is less than or equal to 27, i is less than or equal to 27.
- c) The number of RRV members who have been registered in a month denoted as R_i where i is less than or equal to 27, i is less than or equal to 27.

such that,

$$\text{Theoretical RRV for September} = (P5) \left(\sum_{i=1}^{27} M_i R_i \right)$$

Procedure for Computation:

1. The August and September collections are based on the total receipts as per PDO reports.
2. The expected BGF collection is computed based on the following standards and assumptions:
 - a) The BGF minimum contribution is fixed at 1 cavan/hectare/harvest/member or its equivalent in kind of cash.
 - b) The average price of one cavan of palay is ₱36.00.*
 - c) Each member tills only one hectare of productive farm land or is engaged in a livelihood with an equivalent productive capacity or income.
 - d) Each farmer-member harvests only once a year or earns its equivalent in a year. The value of 1 cavan/hectare/harvest/member in pesos, therefore, is ₱36.00/member/year or ₱3/member/month.

* Based on the 1973 price of ₱25.00/cavan, 1974 price of ₱35/cavan and 1975 price of ₱51/cavan for an average of ₱36.00/cavan.

BACKGROUND PAPER ON THE CO-OPERATIVE MOVEMENT
AND ITS DEVELOPMENT IN SINGAPORE

(1) OVERALL PROGRESS OF THE MOVEMENT

Statistics of Co-operative Societies as at 31.12.74 are as Per Annexe.

The collective membership of the Societies in 1974 of 85,885 with subscription/share capital at \$32,621,461 and working capital at \$52,692,612 represent an increase over 1973 in:-

- (i) Membership - 11,621
- (ii) Subscription/share capital - \$1,895,116
- (iii) Working capital - \$8,648,004.

The Government is initiating a series of measures to strengthen the Movement in Singapore, viz:-

- (i) The revision of the Co-operative Societies Act.
- (ii) The re-organisation of the Co-operative Registry into a Co-operative Development Department.
- (iii) The setting up of a Co-operative Training Centre.
- (iv) The establishment of a Central Co-operative Fund.
- (v) The formation of an Apex Organisation.

A Co-operative Convention was called by the Registrar on 25-3-1975 to get the Societies under the Singapore National Co-operative Union, the National Trades Union Congress and others which are not attached to either groups to come together under an Apex Organisation.

Many thrift and loan societies are providing subsidiary consumer services to their members in addition to their normal activities.

(2) RECENT DEVELOPMENTS

(a) AGRICULTURAL CO-OPERATIVES

Singapore Livestock & Agricultural Co-operative Society Limited - registered 10-9-1974.

The Society has 5 institutional members and 53 individual members. It has leased a piece of land of 2.1 hectare (5.22 acres) in Ponggol from the Primary Production Department for commercial pig farming.

(b) CO-OPERATIVE SOCIETIES SET UP BY THE NATIONAL TRADES UNION CONGRESS

- (i) The Co-operative Insurance Commonwealth Enterprise Ltd (INCOME) -
registered 29-5-1970.

During 1974, INCOME completed 8,625 new Ordinary Policies for sums assured totalling \$51.46 million. In the first 8 months of

this year, it has secured 6,814 policies worth \$36.1 million and is confident to reach a target of \$60 million in December 1975.

At the Annual General Meeting on 11.6.75, a 6% dividend was declared.

INCOME entered the General Insurance field this year. It will undertake jointly with the Singapore Government Officers' Co-operative Housing Society, a housing project at a 64 acre site at 10½ ms Changi. INCOME also grants house mortgage loans to members.

- (ii) The Workers' Co-operative Commonwealth for Transport Ltd (COMFORT) -
registered December 1970.

By the end of 1974, COMFORT owned 1,400 taxis and 350 mini-buses. By the end of this year, it will have another 200 taxis, and in conjunction with the Park & Ride Scheme, a fleet of 28 shuttle buses. By end of 1975, the initial batch of 1,000 taxi operators would be owners of their vehicles.

The accumulated income surplus at end of 1974 stood at \$1,969,052/-, and the surplus funds will be utilised for a proposed motor workshop being planned. The Society will offer a total of \$25,000/- in educational scholarships this year to members' children.

- (iii) The NTUC Co-operative Dental Care Society Ltd (DENTICARE) -
registered 30.8.1971.

DENTICARE is still maintaining 2 clinics, one at Trade Union House and one in Jurong. NTUC has invested \$50,000/- in DENTICARE, It envisaged an income of \$74,698/- and an expenditure of \$61,420/- for 1974/75.

- (iv) The NTUC Consumers' Co-operative Ltd (WELCOME) - registered 14.3.1973

As at June 1975, there were 44 institutional members and 12,654 individual members. The net profit of the Society for year ending 30.6.75 amounted to \$603,579.25. A Central Purchase Unit was established during the year for bulk purchase for the 4 supermarkets. WELCOME started an emporium on 22.1.1975 on the 1st floor of the Peace Centre Supermarket, but had to cease operation on 21.9.1975 due to low turnover.

At the Annual General Meeting on 26.11.1975 a 6% dividend on fully paid up shares and 5% rebates on purchases were declared.

3 more supermarkets are being planned for next year at Marine Parade, Queens-town and Kallang Housing Estates.

(v) The NTUC Fairdeal Book Co-operative Ltd
registered 18.11.1974.

Fairdeal started with a working capital of \$300,000/- obtained from the NTUC. It commenced business in December 1974 from a Central Book Shop in Block 211, No 5 Lorong 8, Toa Payoh and 7 Secondary Schools.. It plans to expand its activities to 8 more schools. All textbooks, stationery etc. sold by FAIRDEAL is 10% less than their list prices.

The total membership for both family and institutional members stands at 62 and the total number of shares purchased is 10,472 at \$5/- per share.

(c) CONSUMERS' CO-OPERATIVES

Apart from WELCOME & FAIRDEAL, of the 13 Societies in this category, the most successful is:-

The Jurong Shipyard Co-operative Stores Society Limited

The Society runs a canteen service and a transportation service. The membership stands at 1,070 and members are given a rebate of 13% last year on purchases of food and drinks. The turnover of the Society for year ending 1974 was about \$2.6 million and the net profit amounted to \$130,000/-

(d) HOUSING/LAND PURCHASE CO-OPERATIVES

The progress of the housing Co-operatives was hampered by the acute shortage of land and the spiralling cost of building materials.

The Singapore Government Officers' Co-operative Housing Society Ltd

In mid 1974, the Society appointed a full-time chief executive officer to take charge of the day-to-day administration of its affairs. The Society entered into a joint venture with INCOME to develop a condominium housing estate at Changi, and would be allotted 40% of the units built for sale to its members.

(e) MULTI-PURPOSE CO-OPERATIVES

Of the 5 multi-purpose Societies in Singapore, the 3 organised by the Trade Unions are making steady progress:-

(i) The Singapore Industrial Labour Organisation (SILO) Multi-purpose Co-operative Society Ltd

The Society is undertaking 3 projects -

printing, catering, a supermarket and 6 mini-marts. Its supermarket has notched up a gross turnover of \$7 million within one year. It has declared a dividend of 6% each for 1972 and 1973.

(ii) The Pioneer Industries Employees Union (PIEU) Multi-purpose Co-operative Society Ltd

The Society set up a supermarket on 4.12.74 in Jurong with a paid-up capital of \$200,00/- to cater to the workers and residents in the Industrial Estate. A rebate of 3% on goods bought will be given at the end of every 3 months.

(iii) The Amalgamated Union of Public Employees (AUPE) Multi-purpose Co-operative Society Ltd

After 7 years of its existence, the Society was converted from a thrift and loan Society into a multi-purpose Society in June 1973. The main consumer store is at its headquarters, WISMA AUPE, and it plans to open more branch stores at other Government buildings.

(f) SCHOOL CO-OPERATIVES

The St Joseph's Institution Co-operative Society Ltd - registered 21.8.1974.

This school Co-operative is run by a 9-man Committee elected among the students under the guidance and supervision of a teacher-adviser. Membership stands close to 500. The Society deals mainly in stationery and other basic needs of students. Tours and excursions are also organised during school holidays.

(g) CO-OPERATIVE EDUCATION

(i) Dr Henry Ong went on a study tour of the Consumer Movement in Sweden between 3.4.1975 to 20.4.1975.

(ii) The General Secretary of the Co-operative Union attended an Information Seminar in the Federal Republic of Germany between 26.5.1975 to 4.7.1975.

Members of the Union also participated at:-

(iii) The Regional Seminar on "Role of Women in Co-operative Development" in Kuala Lumpur (21.7.1975 to 28.7.1975).

(iv) The 32nd International Course at the International Institute for Development, Co-operative & Labour Studies, Israel, (15.11 1975 to 20.11.1975).

(v) The Regional Seminar on "Agricultural Co-operative Marketing" in Tokyo (2.9.1975 to 22.9.1975).

- (vi) The Asian Conference on "Co-operative Management" in Manila - (1.12.1975 to 4.12.1975).
- (vii) A one-day Seminar on "Future Role of Co-operatives in Singapore" has been proposed by the Registrar, scheduled to be held in December 1975.

(3) CO-OPERATIVE LEGISLATION & GOVERNMENT POLICIES
VIS-A-VIS CO-OPERATIVES

Professor Hans H Munker of the University of Marburg, who was in Singapore from 4.7.1974 to 3.9.1974 to study the Co-operative Movement and prepare the first draft of the new Co-operative Societies Act, returned to Singapore in February & March 1975, to complete his mission. The draft Bill of the Co-operative Societies Act has been prepared, and it is stated that there is provision for the contribution by all Co-operative Societies of 5% of their annual net surplus to a Central Co-operative Fund to be administered as a Trust Fund under the control of the Minister.

(4) INTERNATIONAL TRADE BETWEEN CO-OPERATIVES

The International Co-operative Trading Organisation, incorporated on 7.6.1974, has commenced trading operations at the Wing On Life Building, Cecil Street, in Singapore. Co-operatives from 8 countries viz. Singapore, Malaysia, Australia, Sri Lanka, Thailand, Indonesia, Iran & Philippines, have so far participated in ICTO's share capital.

(5) TECHNICAL ASSISTANCE AND OTHER AID RECEIVED BY THE
MOVEMENT

- (i) NTUC's Latest Co-operative, FAIRDEAL, is headed by the Labour Minister in the Board of Trustees.
- (ii) Nomination of an official from the Department of Trade as a Director of WELCOME.
- (iii) Provision of franking facilities by the Co-operative Registry to the Co-operative Union in the distribution of the joint Bulletin - "The Co-operator"!
- (iv) Assistance from the Co-operative Registry in arranging for study visits to Co-operative Societies for Co-operators from Overseas.

(6) MAIN PROBLEMS OF THE CO-OPERATIVE MOVEMENT

- (i) Apathy of general membership towards participation in activities of their Societies.
- (ii) Personality friction among leadership in the Societies.

- (iii) Lack of full-time executive and managerial personnel for diversified Co-operative activities.
- (iv) Need for collective and sustained support towards joint Co-operative undertakings.
- (v) Difficulty in getting all Co-operative Societies to come under an Apex Organisation in the pursuit of their Co-operative aims.

(7) OUTLINE OF PROGRAMME FOR FUTURE DEVELOPMENT

- (i) Intensification of Co-operative educational and training activities towards an enlightened and effective membership.
- (ii) Gearing the Co-operative Union to provide more meaningful services to its affiliates, ie, consultative, advisory, administrative, research and library services.
- (iii) Encouraging and nurturing a new breed of young Co-operators to succeed the present leadership.
- (iv) Persuading more women activists into the services of the Co-operatives.
- (v) Unification of the Co-operative Movement through an Apex Organisation.

TABLE
STATISTICS OF CO-OPERATIVE SOCIETIES IN THE REPUBLIC OF SINGAPORE AS AT 31ST DECEMBER, 1974

Types of Societies	Number of Societies	Membership	Shares and Subscription	Specific Deposits	RESERVES		ASSETS					Working Capital
					Statutory Reserves	Other Reserves	Fixed Assets	Investments	Current Assets (less loans)	Loans		
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Thrift and Credit	45	29,260	22,186,725	1,739,609	2,207,693	578,207	4,360,813	5,021,298	2,860,453	15,434,476	26,712,234	
Consumers	13	15,010	1,840,793	7,272	245,756	279,648	2,420,542	600	3,176,440	180,932	2,373,469	
Producers	2	104	21,825	—	25,364	209,277	78,636	—	532,044	73,376	256,466	
Housing	3	5,071	3,079,944	1,108,255	282,373	772,705	1,201,985	5,000	28,432	7,593,037	5,243,277	
Land Purchase	3	215	38,475	—	4,147	—	16,008	22,376	26,353	16,283	42,622	
Transport	3	1,910	511,562	329,400	492,608	2,558,859	5,354,119	5,000	1,289,191	2,706,171	3,892,429	
Insurance	1	20,333	1,534,300	—	—	7,682,435	123,433	8,275,956	987,844	374,930	9,216,735	
Medical	1	11	100,760	—	—	—	19,963	—	61,616	—	100,760	
Multi-purpose	5	13,614	3,277,096	938,011	165,244	169,687	58,789	527,677	1,457,749	2,090,926	4,550,038	
Banking	1	11	29,500	208,000	19,080	46,958	103	125,000	52,336	133,183	303,538	
Union	1	18	—	—	—	—	—	14,000	585	—	—	
School Co-operative	1	328	481	563	—	—	1,840	—	301	—	1,044	
TOTAL:	79	85,885	32,621,461	4,331,110	3,442,265	12,297,776	13,636,231	13,996,907	10,473,344	28,603,314	52,692,612	

Note: Previous year's figures taken where 1974 is not available.

$$\begin{array}{r}
 2 \\
 17,000 \\
 40 \\
 \hline
 68,000
 \end{array}$$

1. Intro -
 Ado. Board
 CDLF

2. Development -

Purchaser - SA
 marketer - AMC & CMSP
 conduct - CRB
 customer - existing, and GMCC
 services - CISP - NPC

3. CISP epus.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Center
for South-East Asia
43, Friends Colony, New Delhi-14

EDUCATIONAL PROGRAMMES OF THE ICA REGIONAL
OFFICE AND EDUCATION CENTRE FOR S-E ASIA

by

J. M. Rana

-
1. Paper presented at the Experts' Consultation held at the Philippine Village Hotel, Manila, Philippines, December 5-6, 1975.
 2. Director (Education) ICA Regional Office & Education Centre for South-East Asia, 43, Friends Colony, New Delhi.

EDUCATIONAL PROGRAMMES OF THE ICA REGIONAL
OFFICE AND EDUCATION CENTRE FOR S-E-ASIA

INTRODUCTORY

The ICA Education Centre was established in November 1960 as part of the Regional Office for South-East Asia with the aim of facilitating interchange of experiences, especially the transfer of knowledge and techniques, among the Cooperative Movements in the region as well as between the advanced movements on the one hand and the developing movements in the region on the other. The Centre operates for fourteen countries in the region which include Australia, Bangladesh, India, Iran, Indonesia, Japan, the Republic of Korea, Malaysia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka and Thailand. The involvement of Australia and Japan in the Centre's activities is more from the point of view of contributing to the supply of knowledge and techniques rather than receiving them.

On the basis of past experience, the objectives of the Centre were more precisely defined in 1968 than before: (i) the Education Centre would concentrate on Member Education and Employee Training for Agricultural and Consumer Cooperative Movements in the Region. Appropriate attention will, however, continue to be given to other branches of cooperative activity also; (ii) There will be a greater emphasis on organizing national seminars in collaboration with member-movements in order to disseminate knowledge of management and operational techniques within the framework of common socio-economic milieu; (iii) In carrying out the various educational programmes, research studies will be carried out by the Regional Office itself and full use will be made of the existing information and research documents available with the various member movements; (iv) Follow-up work will be carried out through production of literature, provision of consultant services and undertaking of field projects.

Naturally, all the above activities are planned and implemented in collaboration with the member-movements, so as to complement and support the various activities carried out by the national movements themselves.

EDUCATIONAL ACTIVITIES

The main types of educational programmes organised by the Centre include: i) Conferences dealing with Cooperative Development Policy, ii) Regional Seminars, iii) National Seminars, iv) Fellowship Programmes, v) Teachers' Development Programmes

- vi) Expert Study Assignments and Consultative Services,
- vii) Individual Study Programmes for Top Level Personnel,
- viii) Field Project in Cooperative Education.

On an average, the Regional Office now organizes one Open Conference, two Regional Seminars, three or four National Seminars every year. In addition, each year, it carries out Teachers' Development Programmes, a field Project in cooperative education and a few expert study assignments or consultative services and offers individual study assignments to few senior cooperators.

Conferences dealing with Cooperative Development Policy may broadly be categorised into three types: (a) Policy-makers' conferences, (b) Experts Conferences and (c) Open Conferences. At the policy-makers' conferences, participants comprise those who are the leaders and who contribute importantly to formulation of Cooperative Development Policy. Examples of these conferences are the Regional Conference of Ministers of Cooperation held in 1964 and the Top Level Cooperative Leaders Conference held in 1973.

Experts' Conferences are organised around pertinent cooperative problems. Participants are directly invited by the Centre out of those who have specialised knowledge in the subject chosen for the conference and who have a detached perspective to subject the problem to a close analysis. These participants include university teachers, individual researchers and leading people from the cooperative movement. The present Experts Consultation is an example of such a conference.

Open Asian Conferences are organised on a self-financing basis for elected leaders and managerial personnel, and are open to any cooperator wishing to attend it, provided he is nominated by the Member organisation. There is no restriction with regard to the number of participants a movement can send.

Regional Seminars are organised by the Centre in collaboration with national movements in the country where the seminar is located. These seminars cover subjects of vital cooperative interest to the movements and are rotated around the countries of the Region. Invitations to nominate participants for regional seminars are extended to the member organizations.

National Seminars are held at the request of the national cooperative movements. The Centre assists the member movement by developing suitable programmes, and by providing few resource persons and documentation for the national seminar. The national organization recruits the participants and also provides most of the lecturers.

The Fellowship Holders' Programme was undertaken in order to enable selected cooperators from the Region to undertake advanced cooperative training. Under this programme three cooperators selected from different countries of the Region, spent three months at the Regional Office in New Delhi. The programme offered was a balanced combination of carefully supervised readings, field investigations and report-writing. The Cooperators also took an active part in those educational programmes of the Centre which were of particular interest to them. In the first year the programme was for six months and it was called the Research Fellowship Programme. However, since the calibre of the participating was not of a level which would enable them to carry on research on their own, the programme was changed into an advanced training programme as described above. The duration was of six months up to 1968 and was of three months each for the subsequent years.

An attempt was made in 1970 to convert this programme once again to a Research Fellowship Programme. However, it had to be dropped due to lack of response.

Under the Teachers' Exchange Programme three teachers are provided an opportunity of undertaking study-cum-teaching assignment for a period of eight weeks at a national cooperative college in a country other than their own.

Expert Study Assignments and Consultative Services

The Centre provides consultative services to member movements by sending its own officers or recruiting on ad hoc basis, an experienced and matured cooperator for the purpose. Examples of these assignments are (a) consultative services provided by the Specialist in Educational Methods to the member organisations in Malaysia and Singapore, (b) a feasibility study carried out by the Specialist in Consumer

Cooperation for setting up a Cooperative Supermarket in Kuala Lumpur, and (c) a study of educational and other technical assistance needs of the Fishery Cooperatives in Bangladesh by a coöperator from Sri Lanka.

Individual Study Programme for Senior Cooperative Personnel

This programme was started in 1970 to provide study programmes to newly recruited Registrars of Cooperative Societies or to managerial personnel from cooperative organisations who have been assigned special project work. The programme could not be carried out as envisaged above due to lack of adequate response from the member movements. However, under this programme, an opportunity was provided to six senior coöperators from Bangladesh to study the Cooperative Movement in India for a period of one month.

Field Project in Cooperative Education

The above project has been conducted since 1971 for about four and a half years in collaboration with the National Cooperative Union of India in Indore District, Madhya Pradesh State, India. The objectives of the project are to find out effective techniques for cooperative education at the local level, to produce educational material including manuals and audio-visual aids, to demonstrate the value of involving primary societies and secondary business federations in the formulation and implementation of cooperative education programmes, and above all to show that cooperative education can lead to economic results. The project has concentrated its work in 10 primary cooperatives comprising 44 villages.

A printed Report on the Project has been issued. The President of India, Mr. Fakrrudin Ali Ahmed who was the Chief guest at the 80th anniversary celebration of the ICA held in New Delhi commended the Project in the following words:

2.1 "I am glad to know that the ICA which has adopted Education as one of its important activities has been providing expertise and sharing its experience in organising a pilot project on cooperative education for selected group of primary societies

in Indore District of Madhya Pradesh in collaboration with the NCUI and the Madhya Pradesh State Cooperative Union. This project which was started in February 1971 has now completed four years. The results have been so satisfactory that the societies themselves have now started coming forward to provide additional funds for continuing the programme. The project has shown mainly that cooperative institutions at the primary and district level have to be actively involved in the educational work and that an integrated approach should be adopted to education whereby emphasis is placed on meeting the entire requirements of the families for the agricultural operations and for their other occupations to the maximum possible extent through the society and in having a farm guidance service as an integral part of the services provided by the cooperative societies. This is a concrete example of how the experience and the resources of international cooperative movement have helped in guiding the cooperative movements in the developing countries. I have no doubt that the ICA will continue to assist the countries in this region in organising similar cooperative efforts."

The Regional Office and Education Centre has conducted up to May 1975 in all 122 educational programmes in which a total number of about 3441 cooperative personnel have participated. The detailed break-up of the various types of educational activities conducted are given in the appendix. The ICA RO & EC conducts 8 - 10 educational programmes each year.

RESEARCH AND FOLLOW-UP WORK

Some of the subjects on which research has been carried out include Agricultural Cooperation, Marketing, Collaboration between Women's organisations and Cooperative Movements, Study of Personnel Management Practices of Selected Cooperative Super Bazars (Markets) in India and a Feasibility study for establishment of a Cooperative Department Store in Malaysia.

The follow-up work has included the conduct of a pilot project on Study Circles for a few urban consumer cooperatives in Delhi and providing assistance to cooperative education programmes in other countries in the Region, as as Sri Lanka, Malaysia, Pakistan, the Philip-pines and Korea.

In addition to bringing out reports of various seminars, publications based on the documentation contributed at the various educational activities have been brought out. These publications are of use both to Cooperative Training Centres as well as to managerial personnel in cooperative organisations in the Region.

The ICA RO & EC has brought out a large number of publications during the last 15 years. Through a policy adopted about 5 years ago, a Revolving Fund of Rs. 1,00,000 has been created to finance future publications.

FINANCING

The educational activities of the Regional Office and Education Centre are mainly financed by voluntary contributions collected by the Swedish Cooperative Movement and the funds made available to the latter by the Swedish International Development Authority for technical assistance. The budget for educational activities including overhead was Rs.2.3 million. Over the years, however, the movements in the Region have been making increasing contributions to the educational programmes. For the Regional Seminars, the movements other than the host movement pay half of the travel costs of the participants nominated by them. Since 1970 the host movement now takes care of almost all the local costs including hotel costs for stay of participants, cost of the lecturers provided by it, study visits, etc.

Member movements now contribute about 35 to 40 per cent of the total costs of educational activities excluding overhead costs of the Education Centre.

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Educational Programmes of
the ICA Regional Office and
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COUNCIL OF THE ICA FOR SOUTH-EAST ASIA

The ICA Council, on which are represented eminent cooperators nominated by the member movements all over the region, helps the Regional Office to shape and guide its educational policies, reviews its educational programmes, and recommends to the ICA authorities programmes to be carried out in the following year. The Council meets once a year.

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EDUCATIONAL PROGRAMMES HELD BY THE ICA REGIONAL OFFICE & EDUCATION CENTRE FOR SOUTH-EAST ASIA FROM NOVEMBER 1960 TO MAY 1975 IN THE REGION

Subject	Policy-Makers Conferences		Experts' Conferences		Regional Seminars		National Seminars		Fellowship Programmes		Teachers Exchange Programmes		All Educational Programmes	
	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants	No. Participants
Cooperative Development Policy	3	146	1	21	1	24	2	77	-	-	-	-	7	268
Cooperative Education	1	36	3	63	9	151	12	372	5	13	7	19	37	654
Cooperative Management	-	-	-	-	4	107	7	356	-	-	-	-	11	463
Agricultural Cooperation	-	-	4	63	13	345	8	211	3	9	-	-	28	628
Consumer Cooperation	-	-	-	-	6	199	15	570	-	-	-	-	21	769
Cooperative Housing	-	-	-	-	2	57	5	258	-	-	-	-	7	315
Miscellaneous [§]	-	-	1	19	6	186	4	139	-	-	-	-	11	344
Total	4	182	9	166	41	1069	53	1983	8	22	7	19	122	3441

[§] Educational programmes on Youth and Cooperation, Women and Cooperation, Press and Publicity, Trade Unions and Cooperatives, Cooperative Insurance, Industrial Cooperatives, are among those included in this category.