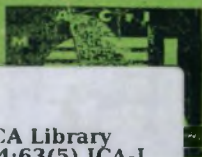


Integrated Cooperative Activities for Agricultural Development

R E P O R T



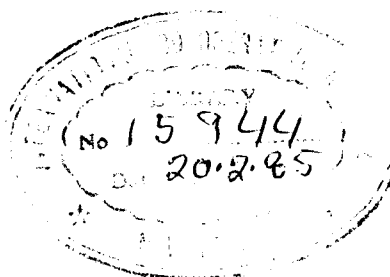
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International Cooperative Alliance
Regional Office & Education
Centre for South - East Asia

Integrated Cooperative Activities for Agricultural Development

24th JULY TO 12th AUGUST 1983
Japan/Republic of Korea

Report of Regional Seminar



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INTERNATIONAL COOPERATIVE ALLIANCE

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REPORT

Introduction

A Regional Seminar on "Integrated Cooperative Activities for Agricultural Development" was held by the International Cooperative Alliance Regional Office & Education Centre for South-East Asia, in Seoul, Republic of Korea, in collaboration with the National Agricultural Cooperative Federation (NACF) from 1st to 12th August 1983. Fifteen participants from seven countries attended the seminar. The countries represented were Bangladesh, India, Republic of Korea, Malaysia, Philippines, Sri Lanka and Thailand.

The inaugural session of the seminar was held in the morning of 2nd August 1983 at Koreana Hotel. The seminar was inaugurated by Mr. Ho Sun Han, Executive Vice President of NACF. The inaugural session was also addressed by Mr. Lionel Gunawardana, Joint Director & Specialist in Agricultural Cooperation, ICA ROEC, New Delhi.

The seminar was directed by Mr. Lionel Gunawardana in collaboration with the staff of NACF.

Objectives

- i. to review the situation of integrated cooperative activities of agricultural cooperatives in the region,
- ii. to discuss different activities of agricultural cooperatives intended to develop agriculture,
- iii. to discuss problems of integration and coordination of different activities of agricultural cooperatives like credit, supply, guidance and marketing,
- iv. to study the integrated cooperative activities for development of agriculture in the Republic of Korea and Japan, and

- v. to frame guidelines for agricultural cooperatives on linking, credit, supply, farming guidance, processing, marketing and better living activities into an integrated service package.

Study Visits

In order to provide seminar participants an opportunity of learning about the role played by the agricultural cooperatives in Japan a study visit programme was organised by the ICA ROEC in collaboration with the Central Union of Agricultural Cooperatives (CUAC) and the Institute for the Development of Agricultural Cooperation in Asia (IDACA) from 24th to 31st July 1983. A detailed explanation was given to the participants on the working of the agricultural cooperatives in Japan and they were taken to a Prefectural Union of Agricultural Cooperatives and to a cooperative society for detailed study. The seminar programme in Korea also included study visits. The participants were taken to National Agricultural Cooperative Federation (NACF) and its branches at Provincial and County level, a Marketing Centre maintained by the NACF and primary agricultural cooperatives.

OBSERVATIONS ON AGRICULTURAL COOPERATIVE MOVEMENT OF JAPAN

1. Observations

The farming population constitutes 12-15 per. cent of the total population of Japan. Out of an extent of a total land area of 370,000 square kilometers the cultivated land is only 15 per cent, forestry being 67 per cent and others 18 per cent.

Out of a total of 4.5 million farm households, full time farm households constitute 14%, part time I farm households 22% (In the households of this category one or more members of a family are engaged in outside job but agricultural income of a family is more than non-agricultural income), part time II 64% (In the households of this category agricultural income is less than non-agricultural income).

Even though Japanese economy was shattered after the world war-II great progress has been made in agriculture through cooperatives. As the nation is highly industrialised, only little over 10 per cent of the population are farmers and good number amongst them are only part time farmers. This success of agriculture has been mainly through cooperatives and special attention to integration of various resources at the primary agricultural cooperative level has been paid.

In the year 1981, the average income of a full-time farmer family (family of 5 members) has been around Yen 6,000,000 per year.

The life style of the rural folk has become similar to that of the city people due to modernisation and better living activities.

The agricultural cooperatives are managed on sound footing both financially and organisationally. This has been possible due to the fact that the members of such organisations are loyal, devoted and dedicated to the cooperative cause.

The number of full-time farm households have decreased because of the opportunities farmers have got for working in the various new industries who pay higher wages and other fringe benefits.

2. Organisation

Organisational structure of the agricultural cooperatives is as follows :—

1. Primary (multipurpose) cooperatives at the municipal level.
2. Regional organisations (functional) at the prefectural level.
3. The apex organisations (functional) at national level.

The membership is composed of regular and associate members. The agricultural cooperatives have covered 99% of rural population.

Most of the primaries are supported by voluntary organisations like women's associations, youth associations and commodity groups.

There is an integrated approach at the primary level to the various activities which contributes to the increased agricultural production and farm income and to improvement of living standards by the guidance service offered through the farm advisers and the home life improvement advisers.

3. Cooperative law

There are five laws at present governing various types of cooperative sectors and they are as follows :—

1. Agricultural cooperative law (1947)
2. Consumer cooperative law (1948)
3. Fishery cooperative law (1948)
4. Small and medium enterprises cooperative law (1949)
5. Forestry owners cooperative law. (1951)

The main law that governs the agricultural cooperative sector is the agricultural cooperative law .

The land reformation of Japan took place in 1946 and at that time one person was able to own a maximum of only three hectares and this ceiling was removed in 1970 by an amendment to the law with a view to amalgamating small and fragmented land holdings so as to make them economically viable. There has been a tendency on the part of farmers to form joint farming cooperatives in order to achieve the large scale of management.

The agricultural basic law which was enacted in 1961 aimed at bringing out income level of agriculturists to that of city workers whose wages were frozen. Agriculture structural improvement programme helped consolidation and modernisation of agricultural farms.

4. Management

The general body of a society meets annually and elects its board of directors, and the board in turn through general consensus elects a President and Managing Director for a tenure of three years. The general body also elects a board of auditors. The board of directors also constitutes a committee of management consisting of the President, Managing Director, some Directors and Managers of different departments. The office of the society is organised on sound management principles and practices and divided into suitable departments which in turn are divided into different sections on the basis of functions and services. Increase of farm income and stabilisation of household economy are the essential factors for sound and effective management.

Recent remarkable changes of rapid economic conditions, however, in rural areas have created diversified interests of the members and greater need for an integrated farm production and marketing system. In order to meet such diversified needs and to attain the targets, agricultural cooperative societies have promoted amalgamation and thereby established stronger basis for business operations.

Integrated approach of cooperatives

Credit, marketing, supply and utilisation services are an integral part of farmers' economic lives. It is necessary therefore for agricultural cooperative societies to contribute more effectively to the increase in agricultural production and to the improvement of economic and social standards of farmers by integrating various functions through farm guidance service.

Integration of various services has been achieved by agricultural cooperatives in Japan. They provide excellent banking services. Members saving are very well mobilised by societies. Loans are provided for various agricultural needs. Overdraft facilities are also available.

Good facilities are available for grading and marketing of agriculture, dairy, piggery and poultry produce.

All types of inputs like pesticides, cattle and poultry feed, piglets and chicks are provided to members.

Different types of agricultural machinery, their maintenance facilities are available to all members.

Comprehensive personal and damage insurance cover is provided to members.

Comprehensive consumer services through department stores and chain stores-agricultural, coop brand consumer goods are supplied at reasonable prices. The brand goods have earned a name for their quality.

Thus most of the needs of every member are completely covered by the agricultural cooperatives. These services include credit, marketing, supply, insurance, processing, warehousing, utilisation of farm machineries, guidance, education and information.

Japanese cooperatives provide not only services for economic advancement but also better living and welfare services to their members. For example, they have been running well equipped hospitals for many years. Great stress is laid on maintenance of health and health improvement. Nursery schools are run by cooperatives for children. Facilities for the improvement of the kitchen and introducing better methods of cooking and learning the ways of ensuring proper nutrition are provided by the cooperatives. Savings and rational spendings are promoted. Wasteful expenditures on festivals, etc. are discouraged. Facilities for conducting marriage and feasts are provided at the primary cooperative level.

The success of better living activities is largely due to the active participation of the women's association. The mechanisation of the agriculture and the purchase of labour saving kitchen equipments has given the farmer's wife leisure for participation in the activities of the women's associations.

Consumers activities like sales promotion of high quality products and joint purchasing are carried out by members.

The acquisition of additional knowledge, habit of reading are continuously promoted. The cooperatives publish their own bulletins and journals regularly.

Mutual insurance is a source of funds for the activities of cooperatives. The surplus created by this activity has facilitated better living and welfare activities, particularly scholarship and educational programmes, safety measures and facilities for rehabilitation.

The cooperatives run gas-filling stations and repair and service stations for automobiles of members and non-members.

The cooperatives provide consultancy services to members interested in travelling for recreational purpose.

The cooperative have wire broadcasting services not only to give farm guidance and weather reports regularly but also to broadcast cultural programmes.

6. Some General Observations

Human factors viz. courteous, hard working and honest nature of the Japanese have played a great role in the cooperative development. Whether big or small all farmers are equally devoted towards the cooperative movement. The coop leadership is strong, dedicated and sincere.

Although government supports farmers through cooperatives, the cooperatives are not controlled by the Government.

The government's concern in their activities and extension of financial support is a major factor for the success of agricultural cooperatives. Such involvement has enabled the societies to provide excellent services to their members in the extending of loans and funding of projects.

Active participation of associate members who are non-farmers also help in the development of the societies.

Mechanisation of farming has reduced manpower needs and increased productivity but has increased product expense.

As a result of modernisation and better living activities, rural life style is almost similar with urban life.

The agricultural cooperatives in Japan are very strong, both financially and organisationally. They have dedicated leadership and competent and devoted staff. They have diversified their activities to keep pace with general socio-economic development of the country and its people.

The Japanese example is worth emulating but developing countries should at the same time ensure that urbanisation and mechanisation problems which go with the Japanese style of cooperative development does not complicate the overall development process.

OBSERVATIONS ON AGRICULTURAL COOPERATIVE MOVEMENT OF THE REPUBLIC OF KOREA

Agricultural Cooperative Movement in the Republic of Korea within a short span of 22 years has made great progress in agricultural development. The main factors that have contributed to the development have been :--

- (1) Effective land reform measures.
- (2) Consolidation of small farm holdings.
- (3) Adequate irrigation facilities.
- (4) Reasonable mechanisation of agriculture.
- (5) Massive government support to the agricultural cooperatives by way of finance and infrastructural facilities in the initial stage. Korea is possibly the best example of how a *Top Down* approach to development can lead to success.
- (6) Great stress laid on continuous education and training of employees of cooperatives and farmer members.
- (7) Evolution, over a period of time, of dedicated leadership and competent and effective management systems leading to formulation of well defined schemes and programmes.

Structure and Organisation

The agricultural cooperatives are vertically organised and have the following structures i—

- (a) The township level primary cooperatives at the base. The area of operation of a primary agricultural cooperative consists of all the villages in the township. The regular members are resident farmers. Agricultural associations and such other organisations of farmers can become associate members.
- (b) The primary cooperatives federate at national level.
- (c) The apex level body is the National Agricultural Cooperative Federation (NACF) and is the top most body of the agricultural cooperatives.

The NACF is doing an excellent job by acting as the supreme guide, as integrator of all the functions and as the chief promoter of all cooperatives. NACF finances supply of all agricultural inputs and exercises overall supervision on all cooperatives through audit, and its general policies and guidelines. They have various regional offices. They run excellent training institutions and organise short term and long term courses for managers. Great emphasis on dedication and commitment to work for the welfare of the farmers was noticed in the training institutions.

Functions and Services

The multipurpose agricultural cooperatives provide long and short term credit to their members. The credit is extended partly out of members savings and partly from borrowings from Bank of Korea through NACF. There is also a mutual credit programme wherein savings mobilised from members is lent to needy members.

Great stress has been laid on deposit mobilisation and the total amount of rural saving mobilised is commendable. The rural savings consist of deposits in the mutual credit program-

mes of primary cooperatives, farmers deposits received by county offices, share subscription of member farmers and premia of cooperative insurance. The interest rates on deposits as well as on lendings are reasonable. The most commendable feature the seminar noticed was that the recovery was over 99 per cent and defaulters were most minimal.

The cooperatives have the monopoly for supplying fertilisers. They have facilities for advance storage and provide excellent farm guidance in the use of fertilisers, pesticides, etc. The cooperatives arrange long term finance for irrigation facilities, supply agricultural machinery and help in the consolidation of land holdings.

The cooperatives have an integrated marketing system starting from production point to the final retail market. The farmer members are provided with market information on a regular basis through telephones, newspapers and radio. Special marketing facilities are provided for cash crops like fruits and vegetables. Processing plants are owned by cooperatives. Farmers are encouraged to diversify to production of fruits and vegetables, growing of mushroom, livestock breeding, etc.

The cooperatives have housing projects in the rural areas for which credit, construction materials, etc. are supplied by them. House improvement programmes are also undertaken by cooperatives.

Cooperatives have provided comprehensive insurance cover to their members.

The cooperatives and government development agencies work in unison. The government implements Saemaul Undong Rural Development Projects throughout the country. In collaboration with the Saemaul Undong Movement the agricultural cooperatives conduct a variety of programmes for integrated rural development through saemaul farming groups, saemaul women's clubs, savings promotion groups and youth clubs.

All these activities have become more effective because of the creation of viable units by amalgamation of societies. The

amalgamation process was initiated in 1964. These larger viable units have greatly facilitated the extension of assistance to farmers in modernising agriculture. Almost every farm household possesses its own machinery for tilling, harvesting, etc.

Better Living Activities

Farm households are taught how to rationalise their expenditure and consumption and thus inculcating in them the habit of thrift and savings.

Great attention is given to health improvement programme. The cooperatives provide facilities for health checks, immunisation against epidemic diseases and treatment of diseases.

Numerous services like barber shops, spacious halls for use during social occasions, weddings, etc. are provided by cooperatives. They have established reading rooms and libraries in the villages and offer scholarships to rural students.

The primary societies run consumer stores which provide goods and services required by members at reasonable prices.

The saemaul women's clubs undertake a variety of activities. They conduct cooking classes, run community kitchens during the peak cultivation seasons, teach handicrafts and conduct various cultural activities. They run nurseries and undertake joint buying, etc.

The rural housing programme initiated by the cooperatives is highly commendable and has provided the farmer members with improved housing comparable to those of middle class urban dwellers.

Management

There is a management committee consisting of the President, some directors, general manager and managers of different departments. Efficient, competent and dedicated managers have been chosen. The President works full time and receives an honorarium for his services. The cooperatives are run on modern management principles and practices. The staff are

well qualified and well trained. Maintenance of records is very systematic and highly scientific.

The cooperatives have adopted the representative meeting method in place of general meeting with direct member participation. Groups of members elect their delegates and these delegates represent their groups in the representatives meeting.

According to the Agricultural Cooperative Law, the President of a primary cooperative has to be elected at a meeting of board of directors. On the other hand the President of the NACF is an appointee of the President of the Republic of Korea.

Generally there are four departments in primary cooperatives :—

- (a) Farm guidance
- (b) Marketing and purchasing business
- (c) Banking business, and
- (d) Better living guidance

These departments are divided into sections to carry out various functions.

After the amalgamation programme, a high level of socio-economic development has been achieved within a comparatively short span of 22 years.

The approach to cooperative development has been *Top Down* in the initial years. Gradually participative planning, member involvement, etc. have taken place. Governmental assistance has played a good role in the development of cooperatives. The offices though well equipped were being run economically and the genera' get up was austere as it should be.

Over mechanisation and over urbanisation was not noticed. Farmer Members were found to be a contented lot and there was visible prosperity in the countryside.

The Korean example of rural development could be an eye opener to the other developing countries.

INTEGRATED COOPERATIVE ACTIVITIES FOR AGRICULTURAL DEVELOPMENT

The objectives of agricultural cooperatives are to increase agricultural production, improve the social status of farmers and to assure a balanced development of the national economy. Rural life and agriculture are one and inseparable. Problems and aspirations connected with these two are multifaceted but interrelated. So much so that they should be handled in an integrated manner, through the internationally accepted cooperative systems, principles and practices, if faster growth and development of rural communities and areas are to be attained.

To attain these objectives, agricultural cooperatives have been conducting diverse business activities such as (1) guidance, education, public information services and research for the improvement of farming technology and betterment of rural life, (2) supply of agricultural inputs and consumer goods, (3) marketing of farm products, (4) utilisation and processing, (5) banking and credit operations including loans and deposits, (6) cooperative insurance for livelihood stabilisation and welfare of member farmers.

However, agricultural cooperatives in various countries lacked integrated approach, close linkage and operating efficiency and as a result, they have not been able to attain these objectives. Agricultural cooperatives in Japan and Korea have been very much successful in increasing the agricultural productivity and enhancing the economic and social status of farmers by way of reorganising the primary agricultural cooperatives into large units, making them economically viable and with an integrated approach for overall agricultural development through package of services. Many of the developing countries have not yet adopted reorganisation of the primary agricultural cooperatives on economically viable basis and as such they have not been able to provide package of services in an integrated manner. Many of the primary agricultural cooperatives in developing countries conduct only

credit business out of the finance made available to them by higher financing agency. Agricultural cooperatives need to be multipurpose at all levels and conduct a wide range of business activities as follows :—

1. Guidance

The guidance activities of agricultural cooperatives can be divided into such activities as farm guidance to increase farm income, living guidance to promote savings and rational consumption, education, public information services, rural cultural programmes and research to effectively carry out guidance activities for farmers.

(A) Farming guidance

In order to increase the production of food grains, Saemeul Farming Societies have been developed in Korea as leading organisation for rendering guidance on effective application of fertilisers and joint prevention of disease and insect.

(B) Living guidance

The living guidance activities of agricultural cooperatives carried out through women's clubs at village level are a good example to be followed by developing countries for rationalisation of rural consumption, daily practice of savings and systematisation of farming activities by women.

(C) Education

National level federations of Japan and Korea have been imparting education and training to the member farmers of agricultural cooperatives as also their staff members through their cooperative colleges and training institutes to cultivate practical business ability and managerial capability.

(D) Public information service

Agricultural cooperatives should extend public information services by utilising mass communication media such as newspapers; radios, TV sets and magazines in order to promote understanding by member farmers of agricultural policy. Japan

and Korea are good examples to be followed by other countries.

(E) Rural cultural activities

Agricultural cooperatives in Japan and Korea conduct various cultural activities for the development and refinement of rural culture. Such activities include farmers' cultural festivals, new farmers' conventions, and children's writing contests.

(F) Research

The NACF of Korea has established a Research Department which is composed of five Divisions, namely, Agricultural Economy Division, Agricultural Marketing Research Division, Farm Management Research Division, Rural Development Research Division and Agricultural Finance Research Division. Major areas of research include farm economics, agricultural marketing, agricultural finance, farm management, forecasting and agricultural price analysis. Cooperative movements of developing countries can emulate the example of Korea.

The introduction of farm guidance to farmers would ensure not merely the adoption of agricultural technologies but also the effective utilisation of the land, water, human and other resources available in the area.

Appropriate technology

In guiding farmers in the adoption of modern technology care should be taken in the selection of suitable technology. Japanese experience depend very much on mechanisation of farming. This may be ideal in Japan as most farmers are part time and they have other work in factories and industries.

Other developing countries cannot solely depend on farm mechanisation, not only because they cannot afford to import costly farm machinery from industrialised nations, but also because unemployment in the rural areas will sore up. Further the movement of the population to urban centres will make them over-crowded creating slums of jobless people.

What must be undertaken in every country is evolution of indigenous technology suitable to local conditions. Simple importation of advanced technology is dangerous to the local economic and social development in a developing country.

Government and the various cooperative organisations should work in unison to evolve appropriate technology and bring about its transfer to member farmers.

Planning

Sowing the proper crop in the right season is very essential. Application of appropriate farm inputs and the provision of facilities like marketing, processing and utilisation are very important factors to be considered in cooperative planning.

Planning should be a participative process. Thus the approach to planning and cooperative policy making should be bottom up. This means that a representative body, elected by the assembly, at the higher level of planning be formed; while the expression of need and aspirations should start at the grassroots.

Farm guidance expert should assist every farmer in making proper farming plan.

2. Credit and banking business

Agricultural cooperatives should supply agricultural loans for food production, agricultural development and rural housing improvement and put an emphasis on the increase in deposits and strengthening of mutual credit system to mobilise financial resources.

Agricultural cooperatives in Korea conduct credit guarantee system for farmers and fishermen without collateral and provide foreign exchange service to facilitate exports of farm and fishery products.

In most developing countries, the credibility of the borrower is viewed with doubt. Like Japan and Korea, trust must be the holding linkage between the lender and the borrower.

It is observed that money taken as loan are sometimes used for purposes other than that applied for. The binding principle, therefore, should be that loans should be production oriented. As far as possible credit must be in kind instead of in cash. Defaulters should never be excused.

In an effort to meet growing requirements for loans in the agricultural sector, the agricultural cooperatives should expand the sources of available funds.

The raising of funds by agricultural cooperatives is implemented in two ways. One way is external loans consisting of government supplied funds and loans from the Central Bank of the country. The other way is internal mobilisation of funds whose sources are deposits received and capital subscription.

Agricultural cooperatives in Japan and Korea have greatly expanded the internal resources and some of them have surplus funds. They do not greatly depend on external resources. Cooperative movements of developing countries should follow the example of Japan and mobilise internal resources and should achieve self-reliance.

There must be effective campaigns on promoting savings by farmer members in cooperatives. Interest rates on deposits and loans given by cooperatives should be high enough to serve as an incentive in deposit mobilisation and a disincentive on wasteful spending. To the extent possible, part of the money received from the sale of farmers' produce as may be agreed between him and the cooperative should be credited to his account. Withdrawal should be discouraged unless there is a great need for that. Every cooperative should create an Agricultural Modernisation Fund.

3. Purchasing business

The purchasing business of agricultural cooperatives aims at supplying agricultural inputs and consumer goods required for farming and living of member farmers on favourable terms in good quality and reasonable prices. Agricultural coopera-

tives of Japan and Korea have greatly contributed to increasing agricultural production and improving rural living conditions through the operation of purchasing business.

Agricultural cooperatives of the developing countries have not made much strides in this field. They have mainly limited their activities only to financing the member farmers for raising of crops. Distribution of agricultural inputs in most countries is seldom undertaken by primary cooperatives.

The agricultural cooperatives should purchase in advance various agricultural inputs including fertilisers and farm chemicals and supply them for timely use by farmers, thus contributing to enhancing agricultural productivity and increased farm income.

In Japan and Korea, fertilisers are supplied to farmers through agricultural cooperatives which receive the fertilisers in time from manufacturers. There is systematic transportation and maintenance of sufficient stocks. Sixty to seventy per cent of the fertilisers are supplied to farmers through agricultural cooperatives.

Due to shortage of farm labour, agricultural cooperatives of Japan and Korea have expanded supply of large-unit farm machinery as power tillers, power sprayers and tractors by extending medium term loans with low interest rate. They have also strengthened after sale services system with the establishment of farm machinery centres and gas stations in order to accelerate farm mechanisation.

The use of the agricultural machinery must be done on communal basis with the technical guidance of agricultural experts from the apex cooperative society and/or the government. As much as possible, agricultural experts should be deployed strategically to reach the farmer members in a moment's notice.

Agricultural cooperatives of Japan and Korea supply consumer goods to farmers through their chain stores and thus

contribute to the stabilisation of consumer goods prices and promotion of fair trading. With a view to enhancing the efficiency in the distribution of consumer goods to member farmers, the national federations of Japan and Korea operate the Central Distribution Centres located in major cities. Chain stores of agricultural cooperatives are the only consumer coop stores in rural areas and are the most modernised consumer supply centres in the farming community.

Primary cooperatives in Japan and Korea also operate mobile stores to supply consumer goods to farmers living far from cooperative chain stores with a view to providing convenient consumer facilities to rural people.

The cooperative movement of developing countries should adopt such systems.

4. Marketing business

The marketing business of agricultural cooperatives aims at realising the benefits of collective marketing, enhancement of marketability and reduction of marketing costs by collecting various farm products produced by farmers through cooperative networks, and selling them to the ultimate consumer. Agricultural cooperatives should therefore lay emphasis on the streamlining of cooperative marketing system by creating an efficient marketing information system and by expanding the cooperative marketing facilities both in urban and rural areas.

With a view to enhancing marketability of farm products, agricultural cooperatives should standardise packaging for major commodities and use packaging materials such as paper bags, polyethylene bags, paper boxes and plastic containers for efficient and attractive packaging.

Any of the following three basic systems may be adopted in cooperative marketing :—

- (1) Unconditional consignment.
- (2) Commission system.
- (3) Pooling account system.

Unconditional consignment system

Under this, the members' produce is consigned to the society (primary cooperative) for marketing without any condition as to the price of sale, etc. The society markets the produce through the economic federations or other means practicable and pay the producers after deducting a certain percentage of sale price to cover its expenses.

Commission system

The primary cooperative acts as a commission agent for the farmer members and sells the produce on his behalf. The farmer can set the minimum price at which he likes to sell the produce. The society charges a commission for its services.

Pooling account system

The members' produce is pooled together for marketing and the sale proceeds are shared between them according to the quantities and grades of goods supplied by them. This system is generally applied to commodities where prices have a tendency to fluctuate even within a short period of time.

Primary agricultural cooperative societies should call on members to undertake planned production and standardisation of their products and also to rely exclusively on their cooperative marketing business facilities to realise more profitable marketing through collective and planned delivery.

National federations of Japan and Korea have established trade representative offices in the United States and other countries to export products. The agricultural cooperatives of the developing nations have a great scope to organise their marketing systems on the lines of Japan and Korea.

5. Utilisation and Processing

Agricultural cooperatives should establish modern warehouses at village level to be utilised by farmers for their agricultural products and operate trucks for the convenient and speedy transportation of farm products and farm inputs for the

benefit of member farmers. They should also operate modern milling plants to increase the farm income through the enhancement of marketability of grains and reduction of milling charges.

The joint utilisation of agricultural machinery should aim at promotion of farm mechanisation and agricultural cooperatives should operate farm mechanisation centres.

Agricultural cooperatives of Japan and Korea have extended these facilities to their member farmers on a large scale. In introducing mechanisation in developing countries, however, the need to adopt appropriate technology as pointed out earlier should be kept in mind.

6. Cooperative Insurance

To compensate for damages suffered by any member of an agricultural cooperative society and to ensure security in his life, mutual insurance business is very essential. The mutual insurance business of an agricultural cooperative society may be grouped into the following types :—

Long term insurance such as life endowment insurance, juvenile insurance, building endowment insurance and dwelling-house construction insurance.

Short term types such as fire insurance, cooperative building fire insurance, automobile insurance, compulsory car accident liability insurance, personal accident insurance and fixed term life insurance.

Since mutual insurance business of an agricultural cooperative society is conducted with its members as policy holders and as no agents are involved in policy sales can be operated in the most rational way. The premia are usually lower than those of private insurance.

By its nature, mutual insurance business cannot be handled by a single primary agricultural society alone. Hence, the cooperative society reinsures with the provincial level mutual insurance federations. They in turn reinsure with the national

level federation, thus reducing the burden on organisations at each level.

Premia which have been accumulated by the higher cooperative federations should be made available for medium and long term agricultural loans and also for general loans to make sure that capital is used effectively. Further more, promotion of activities for advancing livelihood welfare should be part of the mutual insurance business.

7. Better Living Activities

Like Japan and Korea, agricultural cooperative societies in developing countries of Asia should undertake better living activities. They should provide facilities for the farm families as part of their service. Important facilities that may be provided are :—

- (1) Hospitals, clinics and mobile clinics.
- (2) Nursery schools.
- (3) Guidance to mothers.
- (4) Consumer activities like sales and promotion of high quality consumer goods and joint purchasing by members and guidance for rationalisation of consumption life.
- (5) Promotion of savings and rational spending; discouragement of wasteful expenditures.
- (6) Activities for the improvement of rural environment and rural living, clothes, food and shelter.
- (7) Activities for the improvement of nutrition and health.
- (8) Training programmes for the handling of farm machinery.
- (9) Assistance for development of off-farm business of farm households.
- (10) Promotion of continuous acquisition of additional knowledge and skills through reading and attending meetings.

- (11) Provision of information by publishing journals and books, providing resource persons to conduct lectures and undertake exhibitions, festival day celebrations, athletic meetings and conferences.
- (12) In case of higher federations publishing of books, provision of resource persons for training seminars, conferences, etc.

In Japan and Korea most of such activities are handled on a large scale through farming groups, women's clubs and youth societies.

Cooperatives can succeed only when all services and facilities are integrated at the primary level. The member farmer should feel that cooperatives are for the benefit of himself and his family. Well planned member education and effective communication will go a long way in creating an enlightened membership. The decision making should be participative so that the members will feel involved in the affairs of the society. Provision of an integrated service package at the primary agricultural cooperative level is the only way to make the cooperative succeed and for ensuring the well-being of the rural people.

PILOT PROJECTS FOR INTEGRATED COOPERATIVE ACTIVITIES

Any development organisation aims primarily to uplift the condition in all aspects of all its clientele within the whole area of its jurisdiction. Nevertheless, change cannot simply take place overnight. Motivation, inducements and demonstration are essential in bringing about change and development, especially so with respect to a national cooperative federation considering its wide area of coverage; the limited resources at its command and the diversified idiosyncracies of its member societies.

Such being the case, the cooperative movements in developing countries of Asia must embark on pilot projects in

strategic locations that will be demonstrative of the totality of its objectives and aspirations for the surrounding areas to follow.

Agricultural cooperatives in Japan and Korea have launched a programme of integrated cooperative development and, at this point of time, have realised successful strides in integrating the various services needed by the members of their agricultural societies to the extent of allowing these societies to provide economic, social, welfare and infrastructural services to their beneficiaries—the members, their dependents and the communities in which they operate.

The participants of the 1983 Regional Seminar on Integrated Cooperative Activities for Agricultural Development sponsored by the ICA with the collaboration of the host national cooperative federations of Japan and Korea are unanimous in their observations that the experience in these two countries deserves emulation and must be experimented in their respective countries.

To undertake a pilot project, certain factors have to be considered in selecting the location of the project and the primary agricultural cooperative society that will carry out the various activities attendant to the introduction of an integrated service package. The following criteria are suggested in selecting an area and a society or societies for implementing a project.

1. Location

- (a) The target area in general must be medium class, i. e. manifestations of development are neither excellent nor extremely backward.
- (b) It is accessible to support services and inputs from outside and strategically located to serve as example for other areas.
- (c) Resources therein-human and material-are reasonably available.

- (d) Reasonable communication facilities or channels should be available.

2. Agricultural cooperative society

A primary agricultural cooperative society is organised and operational in the area and the management thereof has room for improvement in terms of policy making, decision making, recording, business operation, capital formation, etc.

3. The general socio-economic profile of the member families is relatively low.

In the selected area an indepth survey should be carried out to assist in formulation of the action programme and to establish a benchmark for the take-off of the project with particular attention, but not limited, to the following aspects :—

1. Location profile

- (a) Land area.
- (b) Land use
- (c) Distance from the city, provincial capital or the regional centre.
- (d) Surrounding area.
- (e) Classification of township.
- (f) Local government structure and services.
- (g) Leadership structure.
- (h) Institutional services available (other than cooperatives).
- (i) Population and groupings by sex, age, ethnic and/or creed affiliation.
- (j) Communication facilities.
- (k) Other resources besides land and people.

2. Cooperative society/societies

- (a) Type.
- (b) Management structure.

- (c) **Financial situation.**
- (d) Business and other activities of the society and the extent of services rendered.
- (e) Prominent problems encountered.

3. Membership profile

- (a) Number of members and number of qualified persons but not members of the society.
- (b) Size of family.
- (c) Occupation-types and number of percentage of population per type of member and non-members separately or combined; it will also help if primary occupation and secondary avocation can be distinguished and whether an individual is on full-time or part-time basis in a particular livelihood.
- (d) Land holding and land ownership.
- (e) Size of individual farms.
- (f) Farm inputs used and volumes.
- (g) Farm output and volume.
- (h) Social status to include interaction of one individual or family with another; festivities; affiliation in associations or civics; etc.

To effectively carry out the project, careful planning, effective organisation, objective evaluation and monitoring are imperative. It must be remembered that cooperative development is development of people and people as a community have diversified interests and needs. Only when these are considered in their inter-linkages will development services be satisfactorily felt.

PROGRAMME

July 24, 1983 Sun. : Arrival of participants in Tokyo

July 25, Mon.

- 09:30-10:30 : Orientation
11:00-12:30 : Presentation of background papers by participants.
14:00-17:00 : Presentation of background papers by participants (contd.)

July 26, Tue.

- 09:30-16:00 : Lecture on Japanese Agriculture and Multipurpose Agricultural Cooperatives.
16:00-17:00 : Briefing on study visits

July 27, Wed. to

July 29, Fri. : Study visits in Yamagata Prefecture

July 30, Sat. : Group discussion

July 31, Sun. : Sightseeing in Tokyo

August 1, Mon. : Participants arrival in Seoul

August 2, Tue.

- 09:00-10:30 : Opening Ceremony
11:00-12:30 : Lecture on "Organizational Structure of the agricultural cooperative movement in Korea" slide presentation and discussion.
14:00-15:30 : Lecture on "Credit and banking business of Korean agricultural cooperatives".
1 :00-17:30 : Lecture on "Purchasing business of Korean agricultural cooperatives".

August 3, Wed.

- 09:00-10:30 : Lecture on "Marketing business of Korean agricultural cooperatives."
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- 11:00-12:30 : Lecture on "Cooperative insurance business of Korean agricultural cooperatives"
- 14:00-15:30 : Lecture on "Guidance activities of Korean agricultural cooperatives".
- 16:00-17:00 : Lecture on "Structure and functioning of primary agricultural cooperatives".

August 4, Thu.

- 08:00-12:30 : Departure from Seoul and arrival in Daegu city
- 14:00-15:00 : Observation on the Daegu Agricultural Cooperative Marketing Centre
- 15:30-16:30 : Visit to the Gyeongju Provincial Office of NACF
- 17:30 : Arrival at Gyeongju city

August 5, Fri.

- 09:00-10:00 : Observation on a farming group of Gyeongju Primary Agricultural Cooperative
- 10:10-12:00 : Visit to the Wolseong County Office of NACF
- 13:00-17:30 : Observation in the area of Gyeongju city

August 6, Sat.

- 08:00 : Departure from Gyeongju City
- 14:00-15:00 : Observation on the Miyang Primary Agricultural Cooperative
- 16:00-17:00 : Observation on the Gyeonggi Provincial Training Institute
- 19:00 : Arrival in Seoul

August 7, Sun. : Free day

August 8, Mon.

- 08:30-12:30 : Group Work

- 14:00-15:30 : Visit to the Agricultural Cooperative Junior College and discussion on education programme
- 16:00-17:00 : Observation on the Byeogje Primary Agricultural Cooperative
- August 9, Tue.*
- 09:00-10:30 : Lecture on "Linking of Marketing and Credit Procedure and Problems".
- 11:00-12:00 : Lecture on "Communication with Members to ensure their active Participation".
- 14:00-17:00 : Group discussion
- August 10, Wed.*
- 08:30 : Group Work
- 13:30-15:00 : Free discussion - Question and answer on overall aspects of agricultural cooperatives including problems
- 15:00-17:00 : Observation on the Central Distribution Centre of Consumer Goods
- August 11, Thu.* : Preparation of the Report
- August 12, Fri.*
- 07:30-10:00 : Final report and evaluation
- A. N. : Participants' departure from Korea

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THE INTERNATIONAL COOPERATIVE ALLIANCE

is one of the oldest of non-governmental international organisations. It is a world-wide confederation of cooperative organisations of all types. Founded by the International Cooperative Congress held in London in 1895, it now has affiliates in 66 countries, serving over 365 million members at the primary level. It is the only international organisation entirely and exclusively dedicated to the promotion of cooperation in all parts of the world.

Besides the Head Office of the ICA, which is in Geneva, there are three regional offices, viz., the Regional Office & Education Centre for South-East Asia, New Delhi, India, started in 1960; the Regional Office for East and Central Africa, Moshi, Tanzania, started in 1968 and the Regional Office for West Africa, Abidjan, Ivory Coast, started in 1979.

The main tasks of the Regional Office & Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to represent the Alliance in its consultative relations with the regional establishments of the United Nations and other international organisations, to promote economic relations amongst member-movements, including trading across national boundaries, to organise and conduct technical assistance, to conduct courses, seminars and conferences, surveys and research, to bring out publications on cooperative and allied subjects and to support and supplement the educational activities of national cooperative movements. The Regional Office and Education Centre now operates on behalf of 15 countries, i.e. Afghanistan, Australia, Bangladesh, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka and Thailand.

