

Regional Seminar on Agricultural Cooperative Credit

PHILIPPINES & THAILAND

23rd MARCH To 17th APRIL, 1982

REPORT

334.2(5)(063)

334.2(5)(063)

ICA

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

ICA Library
334.2(5)(063) ICA-R
ICA 00581

Regional Seminar on Agricultural Cooperative Credit

PHILIPPINES & THAILAND

23rd MARCH To 17th APRIL, 1982

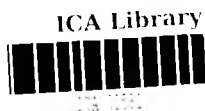


INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia

"Bonow House," 43 Friends Colony (East),

New Delhi 110-065.



INTERNATIONAL COOPERATIVE ALLIANCE

Headquarters :

11 Upper Grosvenor Street
London W1X 9PA. (England.)

Regional Office & Education Centre for South-East Asia,
Bonow House, 43 Friends Colony (East), New Delhi-110065,
India.

Price : Rs. 10.00 or US \$ 2.00

June 1982 (500)

Printed in India
at the Model Press Private Ltd., Jhandewalan,
New Delhi 110 055

CONTENTS

	<i>Page</i>
Introduction	1
Problems in agricultural cooperative credit	3
Credit planning	6
Production oriented loaning policies and procedures	8
Resource mobilisation	13
Role of land mortgage banks in the provision of long term credit	18
Provision of credit to small farmers—need for special attention	22
Effective methods of loan recoveries	24
Integration of services by agricultural cooperatives	28
Better living activities through agricultural cooperatives	30
Observations on agricultural cooperatives in the Philippines	30
Observations on agricultural cooperatives in Thailand	36
Programme	43
Participants	47

Introduction

A Regional Seminar on "Agricultural Cooperative Credit" was held in the Philippines from 23rd March to 7th April and in Thailand from 8th to 17th April 1982 by the International Cooperative Alliance Regional Office & Education Centre for South-East Asia in collaboration with the Cooperative Union of the Philippines Inc. (CUP) and the Cooperative League of Thailand (CLT). The objectives of the seminar were:—

- (1) To review the present state of agricultural credit co-operatives in the region and their contribution to agricultural development and ways of building up a strong co-operative credit system.
- (2) To discuss effective loaning procedures, supervision and guidance in the use of credit and methods of recovery.
- (3) To discuss effective ways of mobilisation of funds including savings by cooperatives in the region.
- (4) To consider questions of providing credit to small farmers.

The seminar commenced with a welcome address by Brigadier General Arcadio S. Lozada, President of the Cooperative Union of the Philippines. While extending a hearty welcome to the delegates from various countries General Lozada thanked the ICA ROEC for giving them an opportunity for organising the seminar in the Philippines. Thereafter General Lozada inaugurated the seminar.

Mr. Lionel Gunawardana, Joint Director & Specialist in Agricultural Cooperation, ICA ROEC, also welcomed the delegates to the seminar on behalf of ICA and explained the circumstances under which the seminar was being held in Manila. He thanked the authorities of CUP in coming forward to shoulder

the responsibility with such short notice and for making excellent arrangements for holding the seminar. Atty. Bienvenido Faustino, Chairman, International Relations Committee, CUP, delivered the key note address.

The seminar which was directed by Mr. Lionel Gunawardana was attended by 19 participants from Bangladesh, India, Republic of Korea, Malaysia, Nepal, Philippines, and Sri Lanka.

Study visits to agricultural cooperatives were arranged in the Philippines and Thailand with the help and cooperation of the Cooperative Union and Cooperative League of the respective countries. The organisations visited were:

In the Philippines

1. Agricultural Credit & Cooperatives Institute (ACCI).
2. San Dionisio Credit Cooperative.
3. Cooperative Rural Bank of Bulacan.
4. Cooperative Rural Bank of Nueva Ecija.
5. Nueva Ecija Field Action Project—FAO/ASAPRD.
6. Tubao Credit Cooperative Inc.
7. Tubao Consumers Cooperative Union Inc.
8. Tubao Valley Sumatra Wrapper Tobacco Facoma Inc.,

In Thailand

1. San Patong Agricultural Cooperative Limited.
2. San Kan Paeng Agricultural Cooperative Limited.
3. The Cooperative League of Thailand.
4. The Bank for Agriculture & Agricultural Cooperatives.

The seminar also visited the Regional Office of the Food and Agricultural Organisation of the United Nations in Bangkok. There was a half day lecture programme at the FAO Office where among other things "credit system in Asian countries with particular emphasis on cooperatives and small farmer credit" was discussed. Mr. C.Y. Lee, Regional Marketing, Credit and Cooperatives Officer of FAO arranged this programme.

Problems in Agricultural Cooperative Credit

The seminar reviewed the present state of agricultural co-operatives in the region and identified the major problems faced by the movement.

It was felt by the seminar that the most important problem in the field of agricultural credit was the poor organisational structure of the primary and intermediate tiers of the movement. In many countries the societies at the primary level were weak both organisationally and financially. The membership in the societies in many countries was limited as they had not been able to enroll the entire village farming community. Very often, the societies had limited area of operation with little or no scope for increasing the membership and business resulting in non-viability of the societies.

In certain areas even though the societies had been able to enlarge their membership, the active membership was very limited. Besides, in many parts of the Region the societies did not have adequate paid and trained staff to look after their business. Further, the societies seldom had their own buildings or warehouses. Thus, the organisational weakness stood in the way of the societies efficiently discharging their functions and attaining viability. Another problem closely connected with the organisational structure identified by the seminar related to the management of the societies. Often the societies were found to be managed by vested interests with the result that the small farmers, marginal farmers and other members belonging to the weaker sections of the society were not served properly.

The seminar was emphatic that the organisational and management problems of the society were mainly as indicated above, due to the absence of competent and qualified paid staff in all primary credit cooperatives. Absence of a common cadre and poor pay scales were the disincentives for the staff which deprived the societies from obtaining competent personnel to run their business.

The seminar considered that the financial weakness of the primaries was one of the most important problems faced by the cooperative movement in the participating countries. The financial problems have their origin in the limited area of operation of the society (some countries have in recent years enlarged the

area of operation of societies), poor membership, absence of active participation by all the members, absence of proper share linking with borrowings to provide for a built in mechanism to strengthen the equity base of the societies along with the increase in its loaning business. Besides, the poor equity base and failure to generate capital out of their own working, the societies in many of the participating countries failed to mobilise adequate resources in the form of deposits from members and others. In the absence of adequate deposit resources at the societies, they had to heavily depend on the higher financing agencies or the governments for their working capital. The seminar felt that in certain countries the societies did not evince any interest in increasing their internal resources as they were assured of financial support to conduct their loaning operations from either the apex bank or the government. Another reason for the failure of the societies to mobilise deposits was the non-viability of the societies and the consequent absence of confidence of members and others to place their funds with the societies as deposits.

Another area of weakness identified was in the poor loaning policies and procedures followed by the societies. It was identified that there was no proper evaluation of the credit limit application to determine the credit requirement on the basis of approved scales of finance for different crops and also the absence of seasonality in disbursement of credit as well as recovery of the loans. Absence of production oriented lending, untimely disbursement of credit, absence of proper scales of finance leading very often to over financing, had resulted in accumulation of overdues. The absence of well conceived credit policies leads to haphazard lending resulting in misutilisation of loans.

Absence of adequate infrastructural facilities for transport, storage and marketing of produce acted as a constraint for the members in disposing of their produce at remunerative prices. Further, the governmental policy of price fixation for agricultural produce in certain countries also at times acted as a hindrance to the societies in recovering their loans from the members. The price support policy often failed to realistically assess the cost of production etc. and thus the members earnings were adversely affected forcing them to delay or default in the repayment of the loans. Besides, there was no effective linking of credit with marketing.

It was also pointed out that agriculture being much prone to natural calamities in the region, there should be adequate insurance support both for the farmers and the lending agencies as natural calamities destroyed the crops and impaired the repaying capacity of the members.

Absence of proper supervision and poor end use verification of credit were also important problems resulting in delinquency of members. The Seminar felt that in the absence of proper supervision, members tend to delay repayment. Another disheartening feature the seminar highlighted was the tendency generally growing among the members to consider that cooperative loans were not to be repaid. This was compounded, according to the seminar, by reckless statements made by politicians. In recent years in certain participating countries the loans of the defaulting members notwithstanding the reason to default were written off. This action put the disciplined members who repaid their loans earlier to the announcement of the write off policy at a disadvantage as the defaulters were rewarded.

Some of the problems connected with overdues identified by the seminar were (1) delay in taking action against defaulting members, (2) delay in disposing arbitration cases and execution of awards, (3) covering of loans by influential sections and their willful default and choking the line of credit, (4) lack of proper coordination among the various agencies under the multi-agency system resulting in dual financing and at times weakening the cooperatives by weaning away their members.

Some of the operational problems cited by the seminar were peculiar to certain countries as indicated below:

1. Primary agricultural cooperative credit societies in Nepal and Sri Lanka got finance from the Agricultural Development Bank and the Peoples Bank respectively. These banks not only financed the societies but also individual farmers directly. In the case of Philippines farmers got loans directly from the Cooperative Rural Banks and also private Rural Banks and there was no demarcation of the area of operation between these banks. These have led to inadequate and untimely supply of credit. The Seminar therefore felt that there was a need for cooperative banks exclusively to finance members of primary agricultural cooperatives.

2. In the Philippines, the farmer is a member of Samahang Nayon and in turn Samahang Nayon is a member of a co-operative rural bank. But Samahang Nayon collects, scrutinises, recommends and guarantees the loans sanctioned directly by the Cooperative Rural Banks. Due to this the borrowing farmer has to go to the Rural Bank which is located at a distant point.
3. In the Republic of Korea the rate of interest on credit given for the same purpose varied depending upon the source of funds. There was no pooled rate of interest.

Another important problem generally prevalent in all the countries of the region barring perhaps Republic of Korea and Japan was the poor recovery performance of the cooperatives. To sum up, the societies lacked in administrative and financial viability, suffered from inadequate equity, weak structure, poor resources, improper loaning procedures and policies, inadequate supervision and monitoring, absence of linking of credit with marketing, poor recovery and mounting overdues, absence of a climate of recovery due to the shifting governmental policies, multiplicity of agencies in the field with inadequate coordination among them, lack of adequate arrangements for supply of inputs and farm guidance, poor infrastructural facilities which are the major problems affecting the healthy growth of the primary agricultural credit societies in most countries of the region.

Credit Planning

In every human endeavour, whether done individually or by groups, the need for planning cannot be over emphasised. As a matter of fact, no individual or organisation can hope to develop and succeed without any plan of action as in its absence there will be no direction, no motivation, no goals or objectives to work for. The need for planning is equally important and needed for an agricultural credit society, especially so because the money that is to be managed are members' capital that has been entrusted to the society and deposits from members and others and borrowing from higher financing agencies.

An agricultural credit society is a business institution and for it to conduct its business effectively and efficiently, it should have a

plan of action.

Credit planning is needed in order to achieve the following main objectives such as:—

1. A study of the borrower and the development of a viable financial budget projected over the life of the loans on a cash flow basis.
2. Assessing the credit requirements of the farmer members.
3. Ensuring the timely procurement of funds and the distribution of credit according to the members' need.
4. Integration of credit with production and marketing aspects of agricultural crops.
5. Ensuring the proper utilisation of credit including the effective supervision thereof and credit counselling.
6. Designing of cropping patterns in accordance with the national requirements.
7. Proper mobilisation of internal resources of the society.

In the preparation of the credit plan, as a matter of principle, it should be started from the farmer's level without overlooking the general and broad objectives of the credit cooperative which in turn should also be geared towards the national goal. Thus credit requirements of the members for various purposes should be ascertained based on a survey/estimate of their needs. Aside from this, an assessment of the cooperative's resources in terms of funds, manpower, borrowing capabilities and other facilities should be considered.

The plan should be as realistic as possible and provide for a reasonable growth rate. Apart from being realistic it should also provide for certain degree of flexibility so that it could adjust itself to certain contingencies. Priorities should be determined in terms of funding, projects, areas of coverage and target clientele.

The plan should have a time frame within which the implementation should be completed. A proper mechanism should be included in order to provide for a monitoring system wherein the progress of activities within the plan are carried out according to schedules and targets. Periodic reviews of accomplishments should be done so that adjustments could be made in case of changes in policies and other relevant developments. The credit plan should be made in consultation and in coordination with the

plans of the other departments of the society.

After the credit plans have been prepared, reviewed and finalised, it is a must that it should be made known and explained to all members of the management staff, to the people who will implement and execute the plans, and to the members themselves so that each sector in the cooperative society which is to undertake each particular function knew what each is supposed to do and what are their authorities and corresponding responsibilities, and how they fit into the picture of the overall plan.

If the cooperative societies could prepare a carefully designed and well studied plan that is realistic and responsive to the needs of the members, and if properly executed and implemented, then there should be no reason why the society cannot succeed.

Production Oriented Loaning Policies and Procedures

The South-East Asian countries are predominantly agricultural and a very large section of the population depend on agriculture. Their economic growth therefore largely depends on the growth and development of agriculture. The cooperative form of organisation offers opportunity for even those with small means to pool their resources and derive benefits of a large sized organisation under competent management. The mass participation, social control, harnessing of local initiative and resources etc. also make cooperatives ideal instruments to help achieve the desired results.

The basic concept of production oriented lending would imply that credit should be used as a lever of development. The credit needs of the farmers under the production oriented lending should be classified into three broad categories:—

- (a) Crop loans (short) mainly for financing current expenditure in connection with the raising of crops which are repayable within 12-15 months.
- (b) Medium term loans for meeting outlays relating to the requirement and maintenance of wasting assets and for capital investment desired to increase the output from land which are repayable within 3-5 years.
- (c) Long term loans for capital investment in agriculture; such loans being generally repayable over 5-15 years.

Under the production oriented credit, it has been recognised that a short term loan is intended to meet the expenditure in connection with the raising of crops and the loans should be recovered out of the sale proceeds of the crop concerned after the harvest. The first exercise to be done is to determine the quantum of credit needed for each farmer borrower on the basis of the extent of cultivation, nature of crops to be grown. The scale of finance is to be determined on the basis of repaying capacity of the borrowers, coupled with the cost of production covering the total investment put in by the loanee in terms of his manual labour and the cost of other inputs viz. fertilisers, plant protection chemicals, etc.

There should be simple forms and procedures. If there is no large variation in the land holding of the members and the cropping pattern the credit needs of the members should initially be allowed to be operated upon for a minimum number of years without requiring them to undergo the same exercise of application for credit and sanctioning it. All non-defaulting members should be eligible to get the credit facility from this limit. Creditworthiness of the farmer should be determined not on the basis of the ownership of the land or the security he can offer but on the basis of the production programme envisaged by him. Timely and adequate credit is the *sine qua non* for increased agricultural production.

In the case of medium term and long term loans, the eligibility criteria should be determined with reference to the repaying capacity arising out of the incremental income generated by the proposed development and the quantum of the loan with reference to the outlay on the development and not to the value of the hypothecation. The period of repayment of the loans has also to be fixed taking into account the repaying capacity of the borrower in such manner that it does not exceed the usual life of the asset created out of the loan instead of the practice of following a uniform period according to the purpose of the loan.

The lending institutions should give up the normal banking concept of creditworthy person and provide bank credit based on creditworthy programmes. However, emphasis should be pronounced in favour of small and marginal farmers and agricultural labourers with a view to lift them above the poverty line.

The broad policy has therefore to be to see that rural development is brought about in an integrated manner ensuring growth with social justice.

The broad objectives in the production oriented lending programme could be summarised as follows:—

- (a) To maximise production and attain self-sufficiency.
- (b) To provide timely and adequate credit.
- (c) To provide term loans to technically feasible and economically viable projects.
- (d) To raise the economic standards of the small and marginal farmers and to bring them above the poverty line.
- (e) To cover losses due to natural hazards.

The following methods can be adopted to translate the above objectives into action.

- (a) Helping people to help themselves by organising cooperatives.
- (b) Ensuring universal coverage by persuading people to join the cooperative institutions.
- (c) Ensuring maximum utilisation of all the facilities by persuading the members to become active participants in all the programmes.
- (d) Conducting survey of credit potentialities, to identify the credit gaps areawise and sectionwise and to provide total credit needs of farmers.
- (e) Providing incentives by giving subsidies to small and marginal farmers.
- (f) Encouraging diversification of loans towards agricultural and subsidiary occupations.
- (g) Arranging for crop insurance to protect against natural calamities and crop failures.
- (h) Providing infrastructural facilities.
- (i) Integrating rural credit with marketing (including processing) to enable the farmers to secure remunerative prices for the produce grown and to ensure prompt repayment of loans.
- j) Regulating the trade in marketing of agricultural produce

to avoid malpractices prevalent in the trade.

- (k) Providing price support and making the support price known well ahead of the commencement of crop season.
- (l) Building cooperative attitude through education and training of the functionaries.

While actual implementation of the several schemes and translating the objectives and policies into action many problems arise. The following problems can be listed in this connection.

- (a) Incapacity of the farmers to contribute the required share capital to become a member of the society and even after becoming a member his ineligibility to borrow adequate amount in view of the tie-up of the quantum of the loan to the paid up share capital contributed by him.
- (b) Non-availability of timely and adequate credit.
- (c) Lack of coordination between credit institutions and between credit and service institutions.
- (d) Absence of integrated activities. Absence of coordinated plan of action between the credit institutions and development agencies.
- (e) Non-involvement of the development agencies in the servicing and recovery of the loans.
- (f) Lack of professional management.
- (g) Regional imbalances and indifferent attitude of the apex/national level institutions towards them.
- (h) Ineffective supervisory machinery resulting in embezzlements and losses due to inefficient operations.
- (i) Delinquencies among the farmer members particularly big and willful defaulters resulting in accumulation of overdues choking the line of credit.
- (j) Crop losses due to factors beyond the control of the farmers which result in overdues.
- (k) Inadequate government support so as to enable the farmers to have remunerative prices for the agricultural produce.

The solutions to some of the above problems have been

discussed incidentally in the above paragraphs. However, it may be mentioned that the cooperative institutions should increase their internal resources by tapping more deposits and increasing their own share capital base so that dependence on the higher financing agencies may be reduced, if not totally eliminated, over a period of time.

Several credit agencies operating in the area should have co-ordinated approach in the matter of credit planning, credit disbursement and appraisal of investments in projects/schemes to have a meaningful approach to the problems and to serve the area better taking into consideration the credit gaps. One of the financing institutions operating in the area, in the case of multiagency approach, may be nominated as the lead bank to coordinate the activities of all the credit agencies operating in the area and to monitor the progress achieved. There may be a committee consisting of the representatives of these agencies to coordinate all the activities. The development departments who are closely connected with the programmes should not only support the efforts of the cooperatives in maximising agricultural production but also actively associate in the efforts to make these institutions creditworthy so that the credit flow may be continuous and uninterrupted.

The institutions purveying credit should properly be supervised. Disbursement of credit is not an end in itself. The end use of it should be ensured. Arrangements should be made to dovetail the activities of the credit institutions with the activities of the marketing and processing institutions so that the farmers may get remunerative price for the produce and the recovery of the loans may be automatic. One of the disturbing features in almost all the countries of South-East Asia, is the mounting of overdues year by year. The governments should provide both moral and physical support in tackling the problem of overdues effectively. One of the major reasons for overdues is crop failure due to natural calamities viz. draught, floods, etc. The contingency of crop failures must be indemnified by suitable crop insurance to protect farmers and in turn the lending institutions. The other reason is the absence of remunerative prices for the agricultural produce at the time of harvest and the low retentive capacity of the farmers. Government should provide price sup-

port to all the agricultural produce since it is the base for agricultural development.

Resource Mobilisation

The cooperatives are business institutions and as such they require working capital raised by means of share capital reserves and by borrowing which will comprise deposits from the members and the public and loans from finance agencies.

The general view was that the cooperative societies failed to mobilise sufficient funds for the project planned and to strengthen their financial base. Hence, there was a need to direct attention to the subject of resource development.

Ways of mobilising resources

There are various ways of mobilising resources including promotion of savings by agricultural cooperatives. Some of the ways to mobilise resources may be classified as under.

General

1. Share capital linking to loans

The increasing of share capital gives an opportunity to members to participate indirectly in the activity of the society. As a matter of fact, share capital forms the financial base of the institution. The seminar felt that linking of share holdings to the loans was considered a significant feature towards building up of resources.

2. Higher rate of interest

Cooperative societies should offer higher rate of interest than those offered by commercial banks. The societies should also accept deposits from non-members where permissible.

3. Accessibility of depositors to the bank

Depositor should be given facilities that are available in commercial banks such as free remittance facilities for easy transfer

of funds from one bank to another and collection of cheques provided the law permits.

4. *Working hours*

The cooperative societies should so regulate the business hours/ banking hours to suit the depositing public to have transactions depending on the types of clientele the societies have.

5. *Deposits from government bodies*

Apart from the resources from the general public, resources can be tapped from the federal government, state government and semi-government bodies. For this purpose, government patronage is necessary.

Apart from the above, various other contributing factors are :—

- (a) Utilising other organisations such as women's club (housewives of farmers) to collect deposits in the societies and banks. Minimum of one account may be aimed at for one household.
- (b) Primary agricultural credit societies at village level should be manned by qualified, experienced full time paid employees.
- (c) The credit section of the society should have "the look of a bank" to enable it to attract customers.
- (d) Ensuring proper transmission of true and successful stories preferably by the beneficiaries themselves.
- (e) Collection of farmers' produce and crediting of sale proceeds to the savings account of the farmers. Multipurpose societies can do this as they handle marketing of agricultural produce also.
- (f) Preparing deposit budgeting for each bank for each branch and for each society.
- (g) Maintaining liaison with land acquisition and other authorities awarding compensation for persuading the beneficiaries to authorise collection of their compensation amounts by opening accounts in cooperatives.

Special schemes

1. Special certificate scheme

Special certificate should be issued during the harvesting and marketing seasons. The employees of the societies/banks should go out to propagate and campaign to encourage the farmers to deposit in this scheme.

2. Recurring deposit scheme/Investment Savings Account (ISA)

Under this scheme, the depositors can deposit in small amounts at periodic intervals—daily, weekly or monthly. After a particular period, consolidated amount will be paid to the depositors. This will enable the small wage earners to save and to conserve for rainy days. At the same time, they enjoyed higher rate of interest than normal savings account.

3. Insurance linked scheme

The depositors are allowed to pay in periodical instalments maturing to a specific amount at the end of a specific period. The main attraction of this scheme is the insurance element. In the event of the death of the depositor before maturity of the deposit his legal nominee will receive the agreed deposit amount. However, the element of interest is less under this scheme as a part of it is paid as premium to cover the life risk.

4. Family pension scheme

A customer is required to deposit a specific amount every month up to a particular period. After the expiry of this period, the depositors get back a similar amount every month until the deposit is withdrawn. In the event of death, the family can opt to receive a similar amount monthly or can withdraw the entire amount. This scheme is mostly directed towards monthly income earners who do not have pension scheme.

5. Rural housing instalment saving scheme

Under this scheme, the deposit is linked with the housing

loans granted by the society. The borrowers deposit fixed amount at periodic intervals which is transferred at the end of the year to the housing loan account. In this way, the borrower is enabled to own a house and liquidate the borrowing in an easy manner.

6. *Deposit linked with the loans*

The societies or banks should emphasise that all borrowers maintain savings account and the repayment of the loan should be routed through this account and the balance in the savings accounts should not be less than atleast one instalment of the loan borrowed.

7. *Government sponsored saving programme*

In certain countries, e.g. Philippines, the government has launched special saving programme for school children and villagers to deposit in the society or banks. The societies should take advantage of this opportunity by implementing it.

Other specific schemes are:—

- (a) Giving incentives to the depositors through prize bonds and saving certificates.
- (b) Organising informal group and setting competition among them.
- (c) Financing social security schemes out of the profit of the deposit schemes.

Methods of saving promotion

It is important for the societies to find ways and means to promote savings from time to time. Some of the methods of savings promotion are as follows:—

1. *Increasing savings for capital build-up*

The societies should encourage the members who are using the marketing facilities of their cooperatives to set aside a portion of their income in the savings account for further capital investment.

2. *By adopting various savings schemes such as:*

- (a) Minor account—to encourage savings habit among children.
- (b) Credit card system—where the depositor is allowed to buy on credit upto a limit from a specified shop.
- (c) Lottery system—organising lotteries and offering prizes to encourage the public to deposit in cooperative societies.
- (d) Death donation scheme—enables to collect long term deposits. While at the same time assist the member families in the event of death in the family.

3. *Interest of saving account should be exempted from income tax*

The government should be requested that the interest given to the depositors by the cooperative societies should be exempted from income tax. This may act as incentive to the public to become members of cooperative societies and deposit their money in the societies.

4. *Utilising the service of mass media/documentary film*

The societies should use the service of mass media to promote savings. Some of the mass media are (a) radio, (b) television, (c) newspaper, (d) booklet, (e) cinema, (f) posters, (g) comics, and (h) audio-visual aids and slides. The societies should also organise mobile deposit campaigns and trips to various cattle fairs, market meets and institutions to promote saving.

5. *Agency*

The societies should obtain agency from insurance companies and government departments for the purpose of collecting insurance premia, electricity bills and telephone bills.

6. *Greeting/citation*

The societies should send greetings to the members and depositors on ceremonial occasions and on festivals. The president and/or the chief Executive of the societies should give citations

to individuals who help to promote saving.

7. *Gifts*

The societies should adopt a system of giving gifts to the school children, housewives, etc. who save above certain sums **with** the society. The societies also should introduce **incentive** schemes to employees and farmers who promote savings **on behalf** of the societies.

8. *Others*

Other methods of savings promotion are:—

- (a) Offer attractive **marketing facilities**.
- (b) Participating in the civic and **social** activities of the community.

It is essential for any country to inculcate in the minds of people the need of self-reliance. By accepting deposits from the members and the public the cooperative societies can utilise these funds for providing loans to those who need credit to **increase** their income and thereby improve their quality of life.

Role of Land Mortgage Banks in the Provision of long term Credit

The seminar discussed the role of the land development banks in the provision of long term agricultural credit in India. It observed the following aspects.

Agriculture occupies an important place in the Indian economy. In India about 48% of national income is derived from agricultural sector. Agriculture is also the basic occupation of 20% of the population who live in about half a million villages. Of the 70.5 million operational holdings, about 70% of farmers are small land holders owning less than 2 hectares. Institutional efforts are directed mostly to improve the economy of small farmers and other rural poor to take them above the poverty line.

Substantial progress had been recorded in the agricultural sector due to technological innovations and improved practices. Food production alone has increased from about 100 million tons in 1974-75 to over 135 million tons in 1980-81. There being

no scope for increasing net cropped area, emphasis is on increasing the yield levels and by multiple cropping through increased irrigation facilities. Further there is also emphasis for supplementing the income of farmers through several income generating activities subsidiary to agriculture. Rural credit institutions have a major role to play in developing agriculture and in improving the standard of living of rural people.

Rural credit scene presents a multi-agency set up with institutional credit flowing from cooperatives, commercial banks and regional rural banks. Multi-agency approach or policy is adopted because of vast potential for development in agriculture which no single agency will be able to handle alone effectively by providing necessary credit services. Money lenders and private traders continue to operate meeting the needs mostly for non-productive purposes though their market share has declined considerably due to stepping up of institutional credit support. Cooperatives are major source of agricultural credit and account for two thirds of total institutional advances. While short-term production credit flows from the short term cooperative three tier credit structure, long term investment credit is met by the cooperative land development banks which has a two-tier structure.

The Land Development Banks provide investment credit for development of agriculture and other subsidiary activities. These banks which are also known as Land Mortgage Banks and Agricultural Development Banks, in the past, provided credit mainly for redemption of prior debts. However, now, over 90% of credit flows only for development and productive purposes. In the cooperative set-up, these banks are premier institutions specialised in term-lending for agriculture. There are 19 Central Land Development Banks which operate through branches and affiliated primary banks numbering 2158.

Minor irrigation is the major purpose financed by LDBs accounting for about 60% of total credit. Other important purposes include land development, farm mechanisation and horticultural development. Considerable diversification has taken place in the recent years in the loans portfolio of the banks particularly for non-land based developmental activities. Animal husbandry which includes dairy, poultry, piggery, sheep and goat rearing occupies an important place besides pisciculture, sericulture, forestry, bio-gas plants, bullock carts, cold storage and godowns

and market-yards. The banks further propose to diversify and broad-base their operations by providing credit for non-farming sections of rural population particularly in the context of emphasis on integrated rural development programme launched on a countrywide basis in 1980.

The lending policies and procedures of the banks have been streamlined and simplified considerably for the convenience of borrowers, for quick disposal of cases and for ensuring adequacy of credit. Loans which are lent for periods ranging 5-15 years bear interest which is fixed by the Central Bank and the refinancing agency (ARDC). Though every bank is given a target in accordance with the Plan Programme, actual lending eligibility is determined in relation to recovery performance. Norms are fixed for evaluation of land, scale of finance is determined for different types of investments, period of loans is fixed in relation to life of asset and loan repayment schedule is determined depending on the repaying capacity of borrower. Land is the main security for loans. Mortgage powers for sanctioning loans are delegated to branches and primaries and for ensuring proper use of credit, disbursement is made to suppliers of agricultural machinery and loans released in instalments for certain developmental purposes.

The banks have switched over from security oriented to production oriented lending and viability of investment is determined by assessing incremental income and repaying capacity. Assessment of technical feasibility of proposed development forms the other important aspect of loan appraisal. As a measure of simplification of appraisal system regional norms relating to costs, yields and income are applied for typical investment within the region which are determined scientifically after detailed exercise by experts.

Main source of resource of banks is debentures which are floated on the guarantee of the state government and against security of mortgages raised against loans. Agricultural Refinance and Development Corporation has emerged as the main refinancing agency in the long term agricultural credit sector and for approved schemes of agricultural development, refinances to LDBs is provided by way of subscription to their debentures. The State and the Central Government also subscribe to such special debentures though in a small measure. For initial lending to raise mortgages, the banks obtain interim finance from coopera-

tive and commercial banks by way of cash credit and overdraft. The banks have also their own funds comprising share capital and reserves. The LDBs, not being banking institutions are constrained in raising deposits though they are not precluded from doing so for period not exceeding 2 years more or less at the same rate of interest applicable to commercial and cooperative banks as prescribed by the Central Bank.

The operational margin of the banks is between $3\frac{1}{2}$ to 4% which they cannot influence due to determination of interest rates on borrowings and lending by the Reserve Bank of India. Increasing cost of retailing credit particularly on small loans to weaker sections is a matter of concern to LDBs from the point of view of strengthening the structure and maintaining the viability of the operational units.

The following problems and challenges concerning the operations of the Land Development Banks were identified:—

- (a) While quantitatively, the banks have considerably expanded their lending operations, the overall performance of recovery of loans has not been quite satisfactory owing to variety of reasons. Steps are being taken to improve recoveries which include certain rehabilitation programmes and strengthening of supervision machinery.
- (b) The banks are subjected to certain financial disciplines and the flow of credit is restricted by regulating advances in relation to overdues.
- (c) The banks are increasingly resorting to project/schematic lending and technical staff for project formulation and implementation is being strengthened.
- (d) In the context of emphasis on integrated rural development programme, the banks are in the threshold of major changes both covering loaning policies and procedures and for diversification of loans to non-land based purposes and for non-farming section of rural population.
- (e) The banks also propose to change the nomenclature to "agriculture and rural development banks" for effective involvement in the rural credit field.
- (f) Under project lending for certain purposes, the LDBs intend to lend composite loans for investment and pro-

duction in order that the borrowers may not experience difficulties in securing timely supportive credit for optimising returns from investments.

- (g) At the village level, functional coordination with the primary agricultural credit societies is being established for retailing investment credit of LDBs. This arrangement will provide a single contact point for availing all types of cooperative credit at the village level.
- (h) The proposed establishment of the National Bank for Agriculture and Rural Development will be a major step in the field of rural credit which would enable the LDBs to secure a line of credit also for various rural development activities.

Provision of Credit to Small Farmers—Need for Special Attention

In South-East Asian countries the bulk of the agricultural population is accounted for by small land holders. Therefore any scheme of general economic development has to give emphasis on small farmers. Most of the small and marginal farmers at present are economically nonviable banking propositions. Hence special attention has to be devoted to provide credit facilities to this sector and the consensus of views emanated from discussions in the seminar as to how best it can be done are enumerated below.

Before forming special agencies for the development of small farmers it is better to utilise the existing channels to the optimum extent. Formation of separate societies for such categories of farmers was not considered desirable in view of the reasons given below:

- (i) Since a cooperative society is a business organisation it should be economically viable. If societies are formed exclusively for small farmers the chances are that they may not reach the standards of viability with the result they would not be able to deliver the goods.
- (ii) Since the primary agricultural credit society is the lowest link at the village level in the entire scheme of disbursement of rural credit it may create class conflicts and disunity at that level.

- (iii) It may create an inferiority complex within the small farmers themselves which would be detrimental to the improvement in overall production.
- (iv) Such a segregation may drive the small farmers away from the mainstream of socio-economic development.

However, in areas where large concentration of particular sectors of weaker sections, namely, tribals, aborigines), scheduled castes as in India, etc. exist establishment of specialised societies to exclusively service these categories of farmers can be considered. Thus the availability of adequate number of members to enable the societies to work as an economic unit should be the guiding principle for formation of special societies. In areas where such concentration is not available a practical step would be to stipulate for compulsory representation in the board of management of the existing societies to these categories of farmers so as to safeguard their interests. However, providing adequate membership in the board of directors would not be sufficient but there should be built-in-measures to provide credit facilities to the small farmers.

The most important problem faced by the small farmers is their inability to provide securities for loans they want to avail of from their societies. To overcome this difficulty the approach for dispensation of credit should be on production oriented basis and not security oriented. Every small farmer should be provided adequate credit depending on area under his cultivation and the crops proposed to be raised. The crops proposed to be raised should form the security for the loan. No collaterals should be insisted upon from small farmers as security for the loans to be availed of by themselves. If considered necessary depending upon the local conditions and in order to ensure proper check on the utilisation of credit the societies may insist for mutual guarantee of the next door farmers.

The general tendency among lending agencies is to go for easy lending and in this process they are prone to ignore the interests of small and marginal farmers. In order to ensure social and distributive justice it is necessary that the higher financing agencies stipulate a condition that a specified percentage of the loans issued should primarily go to the small and weaker sections. This would ensure that the finance provided is not cornered by the

influential and big farmers. In case of small farmers who are not able to get finance from the primary agricultural credit societies of which they are members on account of the fact that the societies have become ineligible to borrow from the higher financing agency under the special disciplines, if any, in vogue, then such impediments should be removed by issuing suitable administrative or other directives to ensure that all non-defaulting and new members of defaulting societies are provided with fresh finance.

The cost of borrowing at times place a heavy burden on the small and weaker farmers. To lesson this burden a scheme of differential interest rate or interest subsidy could be considered for adoption. Under the differential rate of interest different rates of interest could be levied on the borrowers depending either on the quantum of loans availed of or the land holdings. In case the financial institutions are not able to lend at a lower rate to the farmers the government concerned should come forward to make good the loss of interest suffered by the banks. This could be a worthwhile expenditure for the government as its main plank of economic policy is to better the conditions of the under privileged. Further there should be an arrangement to provide loans for ancilliary activities to increase the overall income of the farmers and to make them viable and eligible for bank finance. A scheme for crop and cattle insurance to indemnify the farmers and the financing institutions would also go a long way to reduce the overall burden on the small farmers in case of calamities and mortality of the animals respectively.

After laying down the policies as indicated above it is the responsibility of the administration to monitor the progress in providing credit to the small farmers. Wherever shortfalls are noticed in financing small farmers as stipulated, corrective measures should be immediately taken to rectify the position. Constant watch is an absolute necessity for proper provision of credit to small and marginal farmers.

Effective Methods of Loan Recoveries

The recovery of agricultural loans given by cooperatives has been a problem in most of the countries in the region. Hence the attention of the seminar was drawn to the methodology adopted

in several countries for loan recoveries.

1. While examining the overall situation the seminar observed that sufficient attention has not been focussed on the recovery aspect at the time of granting the loans. Some of the other reasons which contribute to poor recovery noted by the seminar were as follows:—

- (a) Lending to persons who have no excess income to pay back—no marketable surplus.
- (b) Borrowers had no intention to pay back considering the loan as subsidy—willful default.
- (c) Attention had not been directed on the recovery aspect by the lenders either because of inefficiency or due to high cost of recovery.
- (d) Political influence, politicians discourage repayment in order to gain popularity.
- (e) Crop damage due to natural calamities such as cyclone, flood, draught, etc. and nonprevalence of a suitable insurance scheme.

2. The following are some of the remedies that received the attention of the seminar.

- (a) Granting loans on a package credit—i.e. the farmer's entire requirements of credit should be taken into account and plans be prepared in consultation with him to employ him on several other income generating activities so that he will become viable with regard to credit eligibility.
- (b) Strict credit discipline be imposed on the borrowers through educational programmes and by resorting to legal remedies—teach them the benefits of a credit programme to lift themselves up to a better economic level.
- (c) Lenders should combine lending and recovery as one operation and if necessary involve all the village level leaders of the community for the successful implementation of the entire project.
- (d) Avoid political interference in granting and recovery of loans.
- (e) Crop damage be covered by a comprehensive crop insurance policy so that the farmer is assisted to pay back his

loan in full.

- (f) Creation of a fund at appropriate levels out of contribution by the cooperatives, state/local governments and the national government to provide for conversion of short term loans into medium term loans in case of crop damage due to natural calamities and to write off the loans in case of recurrence of the calamities in successive years thus impairing the capacity of the farmers to repay the loans. This would help to reduce the loan burden of the farmers and keep the credit flow uninterrupted.
- (g) Incorporation of a provision in the cooperative law to disqualify the members of the board in case the overdue loans exceeded a particular level consecutively for two years. This is expected to bring in more involvement of the members of the board on the recovery efforts of the societies lest the board will automatically stand superseded.

3. Steps to be taken by cooperative societies for effective debt collection are as follows:

- (a) All loans made by any society are designed to assist borrowers—members to attain specific objectives. Therefore, each borrower will be provided with the supervision necessary to achieve those objectives and to protect the financial interest of the society.
- (b) Experience has clearly demonstrated that the ultimate success of most borrowers depends upon the proper combination of the right types and amounts of credit with effective supervisory service and loan servicing assistance, particularly during the early years of their loan.
- (c) The supervisory tools used by the societies include the following:
 - (i) Planning with the borrower and developing a viable financial budget projected over the life of the loan on a cash flow basis.
 - (ii) Revising the project when necessary to assure proper use of loan funds.
 - (iii) Timely visits during loan disbursement to assure that the project develops on schedule (according to plan)

- and that funds are used for authorised purposes only).
- (iv) Timely visits during the life of the loan to provide documented information so that problems can be recognised early and corrective actions can be planned and implemented before it is too late.
 - (v) To provide extension and renewal authorisation if the project plan has to be revised and a new repayment schedule is justified. It is in the best interest of the society and borrower.
 - (vi) Timely letters or other means of communication.
 - (vii) Analysis of borrower's records and periodic reports.
 - (viii) Credit counselling as to the availability and effective use of credit and income.
- (d) In order to obtain maximum benefits from society financing, borrowers must:
- (i) be capable of analysing and planning their operations and in overcoming their major problems.
 - (ii) take initiative and be able to carry out the revised project plan as agreed upon with the society.
 - (iii) Maintain suitable and accurate records.
 - (iv) Make repayments on their loans in accordance with the loan agreements.
 - (v) Maintain properly accounts and all the documents related to the loan.
- (e) The amount of supervision and collection effort will vary with the type of loan and the management ability of each individual borrower. Each loan should be supervised to the extent necessary to protect the interest of the borrower and the society.
- (f) Follow-up will be in the form of letters, office contacts and actual project visits.
- (i) Letters will be used to inform borrowers of payments about to become due. Generally these letters are sent just before the borrowers receive their income.
 - (ii) If a borrower fails to make payment and fails to make

arrangement in response to the Notice of Payment Due, a follow-up letter should be sent to the borrower within one week following the date of scheduled payment.

- (iii) In the case of failure to respond to either of the collection letters, a project visit is usually required to protect the financial interests of the society.
- (g) Whenever project visits are to be made, all loanees in a particular area will be visited unless the file indicates clearly that a visit is not necessary.
- (h) There are many problems to look for when making a project visit and they cannot be categorically listed. The following list is only a guide to assist officers in making an overall analysis of the loan.
 - (i) Is the project being carried out at the planned level? Expansion beyond that plan can be more of a problem than being smaller than planned. However, either can be a serious problem.
 - (ii) If the borrower keeps records, are the records up to date? Do they appear to be accurate?
 - (iii) Is the general appearance of the project neat?
 - (iv) Is there evidence of neglect in repair of minor items?
 - (v) Is there any evidence of disease?
 - (vi) Is there any evidence of capital purchase for customer items not planned?
 - (vii) Is the project being carried out with the labour force as planned?
 - (viii) Is the borrower keeping insurance premium upto date?
- (i) Immediately following the project visits, a loan follow-up report and notes on all aspects of the projects and agreement reached, should be completed.

Integration of Services by Agricultural Cooperatives

Hitherto the emphasis on the activities of the agricultural societies has been on mere provision of credit. But the experience

has been that very often the farmers have not been able to properly utilise the credit in the absence of support facilities. Thus the credit disbursed to the farmers did not result in achievement of the desired objectives, namely, improved agricultural production, better return for the produce raised and overall economic improvement of the farmers. Moreover as a result of uncoordinated activities the income generated has not been sufficient for the farmers to repay their loans and to leave a surplus with them for their unkeep. The consensus of opinion of the seminar was that provision of farm input supply services, farm guidance services and marketing services with credit in an integrated manner would ensure the maximum utilisation of credit and facilitate better repayment performance.

The agricultural credit societies should not only be equipped to provide credit but also to provide the necessary supporting facilities for successfully conducting farm activities. The farmers may need credit in cash as well as in kind consisting of inputs like fertilisers, insecticides, etc. Therefore, the societies should have adequate arrangements either to store these items with them to supply to the members as and when they need them or it should make arrangements for their supply through support agencies.

The agricultural credit societies should have arrangements to provide advice to the farmers on the adoption of improved agricultural practices. If they cannot have their own technical staff they should take necessary steps to enable the farmers to obtain timely advice from the technical staff of the government agencies. Along with this if crop insurance scheme is in operation in the country the society should render necessary assistance to cover the crops by automatic coverage of borrowers and by voluntary coverage of non-borrowers to insulate the farmers against loss from natural calamities, etc.

After raising the crop it will be the endeavour of the farmers to sell the produce at a remunerative rate. Usually during the harvesting season the market prices are at the lowest and if the farmers are left to sell the produce individually they may not be able to get a reasonable price. Consequently the farmers may not have sufficient capacity to repay the loans. This will result in delinquency. To avoid this the agricultural credit societies should either on their own or through parallel marketing societies enable the farmers to market their produce. The societies can col-

lect their produce and store for a while till the market price is improved. Meanwhile the societies should give some funds to the farmers to meet their immediate needs. When the price situation improves the produce can be sold and the loan recovered from the sale proceeds. By providing such integrated service of linking credit with marketing the farmers are enabled to get better returns and the societies to recover their loans in time and recycle the funds.

Better Living Activities Through Agricultural Cooperatives

The agricultural credit societies should not contend themselves by providing loans for agricultural purpose only. They should have programmes to provide credit for ancilliary activities to supplement the income of the farmers. Agricultural cooperative societies should venture to identify raw materials and skills available in the area and to promote low capital intensive projects to generate supplementary income to the members. Projects may be designed to absorb the seasonal and spare labour of the area. This would bring about social benefits by way of minimising the seasonal migration of labourers.

There should be a provision for constituting a guarantee/risk fund for assisting farmer members during seasons of failure of crops due to natural calamities and under unforeseen circumstances. Besides the societies should educate particularly the smaller farmers to take up joint farming activities to improve their productivity.

The agricultural credit societies should aim at the overall improvement of the farmers and their families. A part of the profit earned by the societies should be used to educate the members and their families on improved ways of life by providing better general education and education in better health, environmental hygiene and nutrition. Societies may help the members to have health insurance. All the societies should motivate the members to earn supplementary income and to spend the income in a better manner leading to the overall betterment of their lives.

Observations on Agricultural Cooperatives in the Philippines

The Cooperative Movement in the Philippines had its beginning as early as 1927 with the enactment of P.A. No. 3524 other-

wise known as the Cooperative Marketing Law. Several attempts have been made to organise cooperative societies in the past but it was only in 1952 when the cooperative movement really got a big push from government. From this date up to the present, the cooperative movement in the Philippines may be divided into two major eras.

1952-1972 period

In the fifties signs of social unrest began to surface in the country and to stave off the growing unrest, several steps were taken by government. In 1952 R.A. No. 720 otherwise known as the Rural Banking Act was enacted into law ushering in the organisation of rural banks to provide banking facilities in the countryside. At about the same time R.A. No. 821 was enacted creating the Agricultural Credit and Cooperative Financing Administration (ACCFA) whose primary function was the extension of liberal credit to small farmers and the promotion, organisation and supervision of Farmers' Cooperative Marketing Associations (FACOMAS). With the approval of the Agricultural Land Reform Code in 1963, ACCFA was reorganised and renamed Agricultural Credit Administration (ACA), and its cooperative function was transferred to the now defunct Agricultural Productivity Commission (APC). On the cooperative sector, the FACOMAS which is the production component in the system organised themselves to form the provincial federation of FACOMAS and the Central Cooperative Exchange (CCE) an apex organisation which is the marketing component thus completing the triangular set up of credit, production and marketing.

1973 to the present

With the imposition of martial law in 1972, many dramatic changes took place in the country. Presidential Decree No. 175 was promulgated and consolidated all cooperative laws to govern all types of cooperatives both agricultural and non-agricultural. P.D. No. 175 served as the basis for the organisation of Samahang Nayons (SNs), Association of Farmers, formed within a barrio (village). It is a non-stock organisation which

is intended to serve as a foundation for the cooperative system. It is regarded as a semi-cooperative but resembles a cooperative organisationally, but unlike normal farmers cooperatives it limits its functions to social and education activities. It undertakes collective saving schemes in the village by building up "barrio savings fund" and "barrio guarantee fund."

"The Barrio Savings Fund is built by saving three per cent (formerly 5%) of all production loans taken by a member from various financing institutions. If a member is non-borrowing, he saves at least five pesos a month. All these are placed in the Barrio Savings Fund in the name of the Samahang Nayon for the account of the members.

This fund can be used by the Samahang Nayon for the purchase of shares of stock of existing rural banks or for the establishment of their own cooperative rural banks. It may be utilised for other purposes only upon approval of the Bureau of Cooperatives Development.

The Barrio Guarantee Fund is a social fund. It is built through the member's contribution of one cavan of palay (paddy) per hectare per harvest or its equivalent in other products or in cash.

This fund may be used by the Samahang Nayon to : (a) guarantee and amortization of its members under the agrarian reform programme; (b) provide modest social security for its members in the form of life insurance; (c) capitalise their fullfledged marketing cooperatives; (d) guarantee loans ; and (e) provide other social services needed by the members."

In broad terms, the Samahang Nayon's objective is to improve the quality of life of the rural poor, both socially and economically, by encouraging them to work together in the spirit of cooperation. Emphasis is on education, thrift and discipline among members. The SNs are intended to form the base of the whole cooperative structure from the village level.

P.D. No. 175 also provided for the establishment of Cooperative Rural Banks (CRBs) and Area Marketing Cooperatives (AMCs). The CRB is a secondary society with its membership composed of primary societies, a majority of which are Samahang Nayons, credit and consumers cooperatives and other types of cooperatives. For purposes of organisation and registration of the CRB, a Samahang Nayon is considered as a cooperative.

The main source of financing of CRBs aside from its own paid-

in capital, saving and time deposits liabilities, is from the Central Bank of the Philippines through its rediscounting windows. The CRB can also avail of the "Capital Counterpart Fund" from the Development Bank of the Philippines in the form of non-voting preferred shares on a peso to peso ratio at the rate of 2 per cent interest per annum.

The broad objective of the CRBs are to promote and expand rural economy by providing the people in the countryside with the means to increase their income and purchasing power through a stimulation of capital for productive activities along sound co-operative practices and to institutionalise cooperatives as a way of life to improve their social and economic status.

Supervision and organisation of cooperatives was under the Ministry of Local Government and Community Development until 1980 when this function was transferred to the Ministry of Agriculture.

Under this period other government banking institutions like the ACA, the Land Bank of the Philippines (LBP), the Philippine National Bank (PNB), the Development Bank of the Philippines (DBP), and the Cooperative Development Loan Fund (CDLF) extended financial assistance to cooperatives.

As supporting agencies, the Management Training and Assistance Programme (MTAP), the Cooperative Education and Training Fund (CETF), and the Agricultural Credit and Cooperative Institute are also assisting the cooperatives in educating and training of members and officers.

An important development in the Philippine Agricultural scene was the introduction of crop insurance which was implemented for the first time in the wet season crop of 1981. Initially, crop insurance covers only the production expenses for paddy or palay crop. A major part of the premium is paid by the government. Total premium is 11% of the loan which is apportioned as follows. 2% by the borrowing farmer, 1½% by the lending institution and 7½% by the government. This premium payment scheme covers only supervised agricultural operations under the special food production programme of the government. For non-borrowing farmers the apportionment of premium is as follows- 3½% by farmer and 7½% by the government.

The rural banks get financial accommodation from the Central Bank of the Philippines at a concessional rate of 3 per cent for

supervised credit loans. The farmers get credit at 12%. There was no difference in the rate of interest charged on small farmers and others.

The cooperative rural banks finance the area marketing societies to conduct their business. As a general rule, AMC's do not extend production loan to members although in some instances where advances are given by the buyers of the farmers produce, loans or advances are also given to farmer members.

Under the integrated agricultural financing programme loans are granted to those farmers who can generate a marketable surplus to repay the loans and leave something to sustain them. Efforts are made to recover the loans given for production through the area marketing cooperatives out of the sale proceeds of the members produce. In this manner a linking of credit with marketing is attempted.

In addition to commercial banks and rural banks another institution called credit unions exist in the field. They provide credit both for agricultural as well as non-agricultural activities. They charged rate of interest less than the market rate. The loans given by the credit unions are normally secured. Very often the collaterals obtained are real estate.

The Samahang Nayons no doubt rendered useful service to the needy borrowers. But they cannot exist in this fashion for long. Their ultimate aim should be to convert into cooperatives federating into the cooperative rural banks and to receive loans from the CRBs and pass on the same to the members and to so work as a strong base for the movement. The seminar learnt that a circular has already been issued by the Government allowing Samahan Nayons to undertake economic business as a normal primary society. The cooperative rural banks have to go out into the field for mobilisation of resources mostly in the form of deposits. At present CRBs utilise the Samahang Nayons as contact points to raise deposits. Besides this, they have to open branches in the interior villages or towns to raise deposits from the rural side and to serve the members more efficiently. Thus the members would be able to get their credit at nearer points than at present. Presently they are required to come to the banks office at the provincial town or city.

The Central Bank of Philippines which gives rediscounting facilities to private and cooperative rural banks on identical

terms may have to show some preference to the cooperative rural banks to enable them to become stronger units. Further, the Central Bank could also insist on these private banks to provide special consideration to the smaller farmers both for production and investment credit.

The delinquency rate was reported to be quite alarming. Measures are required to reduce the incidence of delinquency by providing additional avenues for supplementary occupation to the farmers and also by having a realistic price policy for paddy. A redeeming feature of the entire agricultural cooperative scene is the scheme of compulsory crop insurance for the farmers. By giving a nominal premium to the Philippine Crop Insurance Corporation (PCIC) the farmers get protection against loss of crops by natural calamities. This gives protection to the financing banks also. All the borrowers are compulsorily insured from the moment they take the loan and are compensated in case of damage to the crops on the basis of a schedule prepared taking into account the cost of cultivation incurred at different points of time. This is a scheme which can be profitably emulated by many of the countries in South-East Asia where agriculture is still prone to damage due to a variety of factors.

Existence of membership education and training system at village/barrio level is a very effective method for healthy growth of cooperative movement. The Agricultural Credit and Cooperatives Institute (ACCI), an independent institution which was recently attached with the prestigious University of the Philippines at Los Banos (UPLB) is not only very well equipped with latest audio-visual training techniques and facilities but by its location is able to integrate cooperative education with agricultural extension activities and the cooperative trainees are always exposed to the high ideals of the University and they gain immensely by inter-action with the galaxy of experts available there. The ACCI has become a regional centre for training of officials, employees of government, cooperative leaders and leaders and officials from other developing countries in the region in the field of agricultural credit and cooperative organisations specially covering cooperative education and training, extension work and research. There is a system of imparting training to the technician working in the field. However, an effective evaluation system has yet to be developed for evalu-

ating the effectiveness of the training and transmission of technical knowledge and application of improved technology in the field of operation.

In the course of study visits made by the seminar to different cooperatives in the country, it is perhaps worthwhile to mention a few noteworthy aspects to serve as food for thought for other cooperative leaders.

1. One cooperative rural bank had the policy of giving first priority in the recruitment of management employees to members of and/or sons and daughters of members of cooperative societies.
2. Charts on loan releases and recoveries as well as on payment of share capital and statistics on other business activities are displayed on a notice board to see at a glance the progress of recoveries at a given period thus facilitating review and adoption of corrective measures if necessary.
3. In one area visited, the credit cooperatives and the marketing and consumers cooperatives are very well-knit and integrated in their operations. Thus resulting in high recovery percentage and in providing better prices for the members produce and cheaper consumer goods.
4. Samahang Nayons have a built in scheme for capital build-up of the societies by the adoption of a compulsory savings programme through the deduction of a certain percentage of the loan to members to form the Barrio Savings Fund (BSF) of the SN which in turn is utilised principally to capitalise the cooperative rural banks.
5. The mortuary assistance scheme in one credit cooperative is one of the means adopted to recover loans from and/or assist the families of deceased members. Under the scheme, the members of the society are required to deposit a certain amount in the mortuary fund. If a member of a society dies, one peso is deducted from the deposit of each member and the same is paid to the family of the deceased after recovering the unpaid part of his loan, if any.

Observations on Agricultural Cooperatives in Thailand

Historical review

The history of the cooperative movement in Thailand can be

dated back to 1916 when the first cooperative society known as village credit cooperative was established. The cooperatives were generally agriculture oriented and had four distinct phases in their evolution covering periods from 1916 to 1959, 1959—1969, 1969—1975 and the current one from 1975 onwards. The characteristics of these periods changed correspondingly to the degree of development in other sectors of the nation's economy.

Under the first phase the first village cooperative credit society was established with unlimited liability under the "Civil Association (Amendment) Act B.E. 2459 (1916)". Then in 1928 the cooperative societies act B.E. 2471 (1928) was promulgated for further development of different cooperatives. As in any other country the main object of the village credit cooperative was to extend loan to members to relieve them from severe indebtedness and to prevent transference of their land from money lenders. The societies granted all loans against the security of landed property with two fellow members as securities and charged an interest of 12% per annum.

In 1948 the Bank for Cooperatives was organised to serve as a financing centre for the agricultural cooperative and to take the place of the government's direct lending. It was superseded in 1966 by the Bank for Agriculture and Agricultural Cooperatives (BAAC) which was organised with a view to enlarging its scope of operations to grant loans to individual farmers as well as agricultural cooperatives. The major weakness of the societies in this period was the uneconomic operations due to the small size and the limited purpose it served.

As the economy underwent changes the farmers diversified their activities which required additional investment on farm production. The first production credit cooperative society was established in 1959 with limited liability. The area of operation of the society covered the whole district having a large number of farmers to serve. This facilitated retailing of more credit for production to large number of members, performance of more business functions and acquiring the services of full time managerial staff. As the first society proved to be a success many more societies were organised and by 1969, 30 production credit cooperatives were registered.

The third phase of the movement started with the promulgation of the cooperative societies act B.E. 2511 (1968) repealing

the provision of the act of 1928. This legislation provided for the amalgamation of cooperatives and the establishment of Co-operative League of Thailand (CLT). With the help of the new act many small village credit societies were amalgamated to form large sized and more viable units on the model of the Production Credit Societies set up in 1959. At the end of 1975 the amalgamation programme had almost realised its goal by merging 9000 small societies into 400 agricultural cooperatives. However, due to various problems the financial position of the societies did not record much improvement.

After the amalgamation process was over in 1975 there were 636 agricultural cooperatives functioning in 570 districts of Thailand. The geographical area of the district being limited in size the societies were expected to serve the farmers living in the villages without much difficulty. Each society generally had about 15-20 villages under its area of operation. As per latest data available there were about 907 agricultural cooperative societies in the country with a total membership of 777,820 farm families thus having an average membership of 857 per society. The agricultural cooperative societies could cover only 19.45 per cent of the agricultural families in the country. The low percentage of membership has resulted from the strict scrutiny that the society undertakes before admitting new members, who has to subscribe to a good behavioural norm set by the society. Ownership of land is also a requirement to obtain membership of the society.

Structure

The cooperative movement is a three tier one in Thailand with primary societies at local level, and the secondary societies at the provincial level formed by federating three or more primary societies and the provincial societies joining together to form an apex society at national level. At present there are 39 federations of agricultural cooperative societies functioning at the provincial level. At the national level Agricultural Cooperative Federation of Thailand (ACFT) is the apex society of the agricultural cooperatives. There are national federations for other functional types of societies. The Co-operative League of Thailand is the apex organisation of the cooperative movement and

functions as the ideological, promotional and educational body at national level.

Performance of agricultural cooperative societies

Agricultural cooperative societies confine their membership only to farmers who have their own land or have the right of holdings. The major functions of these societies are provision of credit, supply of farm inputs, processing and marketing of farm produce, extension services and promotion of subsidiary occupation for the benefit of their farmer members.

Major activities

Credit business : These societies functioned as local banks for their members and accepted deposits and advanced loans. The rate of interest offered on deposit was one per cent higher than as that of the commercial banks. The BAAC was the main supplier of credit for agricultural cooperatives at the rate of interest of 9 per cent per annum and the agricultural societies advanced at 12% per annum, thus retaining a margin of 3%. Only production loans were advanced by the societies. Production loans were granted for period ranging from 12-15 months and medium term loans had a maturity period of three years. The ceiling for individual credit was fixed at 40,000 baht and loans upto 10,000 baht could be granted against the joint liability of a group of not less than ten members. In other cases the loans had to be invariably secured by the mortgage of immovable properties.

The cooperatives do not run any special scheme for servicing the small farmers. With the average farm holding being roughly 3 acres more than half the farm families would be deemed as small farmers, most of whom would be outside the purview of cooperative societies. For farm families having less than one acre government provides direct help through its social welfare department in the shape of free fertiliser etc., but a large number of small farmers with a holding of more than one acre are not covered by either the cooperative movement or by the government departmental activity.

There is no incentive provided to the agricultural cooperative credit institutions which have to compete with commercial banks

as well as the BAAC, both of which also finance the farmers directly, thus interfering with the three level system.

The commercial banks also issue loans to the farmers as per prescribed quota (11% of the deposits). If the commercial banks fail to provide loans to the extent of the allotted quota they are required to deposit the difference between the allocated quota and the actual achievement with the Bank for Agriculture and Agricultural Cooperatives at a lower rate of interest.

The other business of the societies were purchase and sale of consumer goods, agricultural inputs and tools, marketing of paddy, etc. Most societies had their own warehouses to store the paddy procured and other articles. The agricultural cooperatives purchased paddy from their members under the government price supporting programme for paddy. The members are paid the value of their produce on the spot as a separate credit line was provided by the government through the BAAC and the ACFT.

The cooperatives have entered into the field of export business and enjoyed export quota for rice and maize. The societies had processing factories for milling of paddy and for processing of other items such as bamboo shoots, tobacco leaves, tea leaves, garlic and milk product.

The societies with the help of the Cooperative Promotion Department implemented integrated land improvement project for the development of water resources, minor irrigation system, installation of water pumps as well as development of soil and promotion of farm management and public services.

In order to improve the management efficiency of the societies the Cooperative Promotion Department has launched a programme in 1978 to subsidise the managers salary of 100 agricultural cooperatives which failed to earn sufficiently to hire the services of managers at the rate of 1000 baht per month per society for a period of 5 years. Thereafter the subsidy will be reduced annually by 20% and at the end of 5 years the societies have to meet the cost from their own funds.

Achievements of agricultural cooperatives

Agricultural cooperatives played a vital role in facilitating provision of credit, supply of farm inputs and marketing of farm produce. This could be viewed from the example of societies

like (1) San Patong Agricultural Cooperative Limited in Northern Thailand, and (2) San Kam Paeng Agricultural Cooperative Limited in Chiangmai Province which were visited by the participants on 9th and 10th April respectively. The societies have recorded good progress in advancing loans and recovering them. The societies had facilitated balanced integration of services for farmers with lively member participation in the economic operations, improved loan repayment, greater volume of savings by members within the cooperative and more group approach by members. Because of farm extension work, adoption of improved farm practices and diversification of productions were made possible thereby opening up new sources of income for members.

Prospects for future

Under the economic policy of the government agricultural cooperatives have been recognised as an important vehicle for rural development. In the fourth national economic and social development plan for 1977-81 agricultural cooperatives were expected to achieve certain targets such as accelerated growth and development of agricultural cooperative societies by providing long term loan for construction of warehouses, increasing membership so as to cover about 40% of the 4 million farm families, development of cooperative marketing of paddy and other agricultural produces such as maize, garlic, rubber etc. by providing facilities for transportation and storage, processing, etc. An important step contemplated is to amend the existing cooperative law to allow the government to take more active roles in supporting cooperatives. Societies getting first class rating will be encouraged to get credit from commercial banks and societies in second and third categories of rating system would obtain more credit from BAAC.

The participants of the seminar visited the BAAC and were informed that in order to help the farmers more effectively the present system of financing farmers by three separate institutions is proposed to be discontinued by the government in favour of having only cooperatives to provide the farmers with the required services. Under this system cooperatives will be the vehicle for state assistance to farmers and will be the link between the

government and the farmers. It is proposed to achieve this objective by merging Farmer's Associations with an existing cooperative society in the area and by requiring the direct borrowers of BAAC to become members of and borrow via a cooperative society only. To enable the cooperative societies to take over the individual clients of the BAAC as well as members of Farmers' Associations, a major programme of cooperative restructuring has been taken up to improve their managerial capacity and capability and make them more efficient and viable.

Realising the importance of cooperative education for the success of cooperatives in general the Cooperative Promotion Department has planned schemes for providing member education with emphasis on the fundamental cooperative principle of self-help and supporting professional training for cooperative managers by establishing ten Regional Training Centres. A committee consisting of the representatives of various departments, the BAAC and the Bank of Thailand is determining the classification of the societies which once completed will help the societies to determine the correct measures that should be undertaken for their development. With a view to establishing a viable cooperative system in agriculture a Five Year Cooperative Plan has been launched as a pilot project in Singburi province. This aims at integrated and coordinated development of various cooperative activities in this area. With the experience gained in this area it is expected to expand the scheme to other areas.

The major problems hampering the growth of cooperative movement in Thailand are identified as poor management of cooperatives, lack of understanding and appreciation among members as to how cooperatives function, absence of sufficient trained personnel to man the societies, inadequate operative funds, uncertain government policies on cooperative development, inefficient marketing system and the conflicting directions taken by the farmers organisations promoted by different government agencies. However, the prospects for the movement are bright in view of the importance bestowed for the movement and the role allocated to the cooperatives in the implementation of the economic programmes of the government and the assistance rendered for the provision of infrastructural facilities to conduct farm activities more economically and efficiently which may ultimately transform the face of the rural economy of the country.

PROGRAMME

22nd March Mon. Arrival of participants in Manila.

23rd March Tue.

1000-1100	Inauguration
1100-1130	Tea break
1130-1230	Review of present state of agricultural credit cooperatives in the region and their contribution to agricultural development—presentation of background papers by participants.
1230-1400	Lunch break
1400-1630	Presentation of background papers (contd.)

24th March Wed.

0900-1030	Presentation of background papers (contd.)
1030-1100	Tea break
1100-1230	Presentation of background papers (contd.)
1230-1400	Lunch break
1400-1530	Lecture No. 1 : Introduction to the agricultural cooperative movement of the Philippines by Mr. Eugenio Mendoza
1530-1600	Tea break
1600-1730	Lecture No. 2 : Agricultural cooperative credit in the Philippines—problems and prospects by Mr. Renato C. Quinto

25th March Thu.

0900-1030	Lecture No. 3 : Cooperative Credit Planning for agricultural development by Mr. T. Usui.
1030-1100	Tea break.
1100-1230	Lecture No. 3 (contd.)
1230-1400	Lunch break
1400-1630	Group work-I

26th March Fri.

0900-1030	Lecture No. 4 : Resource mobilisation by agricultural credit cooperatives (including savings promotion) by Mr. R.B. Ekanayake
-----------	-------------------------------------------------------------------------------------------------------------------------------

1030-1100	Tea break
1100-1230	Lecture No. 5 : Long term credit in agricultural development—role of cooperative land mortgage banks by Mr. P.V. Prabhu
1230-1400	Lunch break
1400-1630	Group work-2

27th March Sat.

0900-1030	Lecture No. 6 : Farm guidance services and their role in ensuring effective use of credit by Mr. Shin Back Lee.
1030-1100	Tea break
1100-1230	Lecture No. 7 : Effective methods of loan recoveries by Mr. R.B. Ekanayake
1230-1400	Lunch break
1400-1600	Plenary on group work-1

28th March Sun. Free*29th March Mon.*

0900-1030	Lecture No. 8-A : Production oriented loaning policies, procedures and problems by Mr. P.S. Kohli.
1030-1100	Tea break
1100-1230	Lecture No. 8-B : Production oriented loaning policies, procedures and problems by Mr. Arturo Torralba.
1230-1400	Lunch break.
1400-1630	Group work-3

30th March Tue.

0900-1030	Lecture No. 9 : Provision of credit to small farmers—need for special attention by Mrs. Angelina R. Munoz
1030-1100	Tea break
1100-1230	Plenary on group work 2 & 3
1230-1400	Lunch break
1400-1630	Group work-4

31st March Wed. Visit to Los Banos and San Dionisio Credit Cooperative Society.

<i>1st April Thu.</i>	} Study visits to cooperatives outside Manila.
<i>to</i>	
<i>3rd April Sat.</i>	

<i>4th April Sun.</i>	Free
<i>5th April Mon.</i>	Observations on study visits
<i>6th April Tue.</i>	Plenary on group work-4.
<i>7th April Wed.</i>	Leave Manila for Bangkok, Thailand
<i>8th April Thu.</i>	
0830-0910	Discussions on Agricultural Credit System in Asian Countries (with particular emphasis on cooperatives and small farmer credit) by Mr. C.Y. Lee
0910-0940	Small Farmer Development Programme (slide presentation and discussion) by Mr. G.C. Clark
0940-1010	Learning from Among Asian Countries—Activities of Asian and Pacific Regional Agricultural Credit Association by Mr. Bhaskar R. Chaudhari
1010-1030	Tea break
1030	Leave Bangkok for Chiangmai
<i>9th April Fri.</i>	
0900-1030	Lecture No. 10 : Introduction to agricultural cooperative movement of Thailand by Mr. Tawewat Charoensook
1030-1100	Tea break.
1100-1230	Lecture No. 11 : Agricultural cooperative credit in Thailand—problems and prospects by Mr. Supote Srisaard
Afternoon	Study visits to agricultural cooperatives.
<i>10th April Sat.</i>	Study visits to agricultural cooperatives
<i>11th April Sun.</i>	Free.
<i>12th April Mon.</i>	Study visits to agricultural cooperatives
<i>13th April Tue.</i>	
Forenoon	Study visits to agricultural cooperatives
Afternoon	Group work on study visits' observations
<i>14th April Wed.</i>	Leave Chiangmai for Bangkok

<i>15th April Thu.</i>	Plenary on group work on study visits observations
<i>16th April Fri.</i>	Preparation of the Report
<i>17th April Sat.</i>	Final plenary
<i>18th April Sun.</i>	Departure of participants

PARTICIPANTS

BANGLADESH

1. Mr. Mohammad Hanif Miah
Manager (Administration)
Bangladesh Samabaya Bank Ltd.
9/D, Motijheel Commercial Area
Dacca-2.
2. Mr. Md. Shafiullah Parwary
Regional Dy. Registrar of Coop Societies
Chittagong Division
257, Sirajuddowalla Road
Chittagong.
3. Mr. Anisul Arefin Choudhury
Director
Bangladesh Samabaya Bank Ltd.
9/D, Motijheel Commercial Area
Dacca.

INDIA

4. Mr. C. Vipinchandran
Deputy Chief Officer
Agricultural Credit Department
Reserve Bank of India
Bombay-400018.
5. Mr. M.K. Venkataram Gowda
Managing Director
Karnataka State Coop Apex Bank Ltd.
Bangalore-18.
6. Mr. Vishnu Prasad Pandey
Director
M.P. State Coop Land Development Bank Ltd.
Sultani Road
Bhopal-462001.
7. Mr. Manmohan Singh Ghaie
General Manager
Jammu Central Coop Bank Ltd.
Jammu (J & K).

8. Mr. V.K. Sinha
Additional Registrar of Coop Societies
Government of Uttar Pradesh
14, Vidhan Sabha Marg
Lucknow-226001.
 9. Mr. P.S.K. Sen
Agricultural Development Officer
Kerala Coop Central Land Mortgage Bank Ltd.
Post Box No. 56.
Trivandrum-695001.
- REP. OF KOREA
10. Mr. Won Jong Han
Manager of Loan Supervision Division
Credit Department
National Agricultural Coop Federation
75, 1-ka Chungjeong-ro
Jung-ku, Seoul.
 11. Mr. Shin Baek Lee
Asst. Manager of Savings Planning Division
Savings Department
National Agricultural Coop. Federation
75, 1-ka Chungjeong-ro
Jung-ku, Seoul.
- MALAYSIA
12. Mr. Tajuddin bin Amiruldin
Manager of Credit Control
Bank Rakyat
Jalan Tangsi, P.O. Box 1024.
Kuala Lumpur-1001.
 13. Mr. Muhd. Tahir Bin Gendut
Hon. Secretary
Bank and Credit Function
ANGKASA
23 Tingkat M. Jalan SS 2/67,
Petaling Jaya.
- NEPAL
14. Mr. Hira Bahadur Thapa
Cooperative Officer
District Co-operative Office
Kaski, Pokhara.
- PHILIPPINES
15. Mrs. Amormia C. Mendoza
Manager
Coop Rural Bank of Nueva Ecija Inc.
NFA Compound
Cabanatuan City.

16. Mr. Bayani Calalang
 Manager
 Coop Rural Bank of Bulacan Inc.
 Plaridel
 Bulacan.

SRI LANKA

17. Mr. D.B. Ranatunga
 Vice President
 Henpitagedara East Coop Credit Society
 Henpitagedara
 Maradaghamula.
18. Mr. S.A.P. Makehelwela
 Asst. Commissioner of Coop Development
 ACCD Office
 Matale.
19. Miss. S. Subramaniam
 Credit & Marketing Manageress
 Thampalakamam Multipurpose Coop Society
 Thampalakamam.

RESOURCE
PERSONS

20. Mr. P.S. Kohli
 Additional Secretary
 Ministry of Agriculture
 Department of Agriculture & Cooperation
 Krishi Bhavan
 New Delhi, India.
21. Mr. P.V. Prabhu
 Executive Officer
 National Coop Land Development Banks
 Federation
 Shivshakti, 2nd Floor,
 B.G. Kher Road, Worli
 Bombay-400018, India.
22. Mr. T. Usui
 Deputy General Manager
 Foreign Business Department
 Central Coop Bank for Agriculture & Forestry
 8-3, 1-chome, Otemachi
 Chiyoda-ku
 Tokyo, Japan.

23. **Mr. R.B. Ekanayake**
Assistant General Manager
(Cooperative & Development)
Peoples Bank
Head Office
Colombo-2, Sri Lanka.
24. **Mrs. Angelina R. Munoz**
National Coordinator
Small Farmer Development Project
Ministry of Agrarian Reform
PGFA Building, Diliman
Quezon City, Philippines.
25. **Mr. Renato C. Quinto**
Department of Rural Banks
Savings and Loan Association
Central Bank of the Philippines.
Manila.
26. **Mr. Eugenio Mendoza**
Agricultural Credit & Cooperative Consultant
32 San Agustin, Capital 8 Subdivision
Pasig, Metro Manila, Philippines.
27. **Mr. Arturo Torralba**
Senior Executive Assistant
Agricultural Credit Administration
Taft Avenue, Metro Manila, Philippines.

OBSERVER
ICFTU

28. **Mr. Leonardo Q. Montemayor**
Director
TUCP Rural Workers Department
Federation of Free Farmers
41 Highland Drive, Blue Ridge
Quezon City, Philippines.

International Cooperative Alliance Regional Office & Education Centre for
South-East Asia, 43 Friends Colony, New Delhi-110065, India.

29. **Mr. Lionel Gunawardana**—Seminar Director
Joint Director & Specialist
in Agricultural Cooperation
30. **Mr. K. Sethumadhavan**
P.S. to Joint Director (P&PR)—Seminar Secretary

Cooperative Union of the Philippines Inc., 400-F (4th Floor), N. de la Merced (Delta) Building, West Avenue, Quezon City, Philippines.

31. Atty. Manuel F. Verzosa
Secretary General.
32. Ms. Nelia A. Hernandez
Programme Officer.
33. Ms. Cecille F. Carlos
Secretary
34. Mr. Saturnino de la Cruz
35. Mr. Salvador Bellen

Philippines Federation of Women for Cooperatives, 4th Floor, DLF Ablaza Building, 117-E Rodriguez Avenue, Quezon City, Philippines.

36. Miss Josefina Gaerlan
Chairman
37. Ms. Patrocinio R. Estacio
Secretary
38. Ms. Rosalina Santos
Member.

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 355 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 London, 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, Bingerville, 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 T

ICA Library



ICA 00581