



Increasing Production and Productivity of Agriculture and Livestock Industries Through Cooperatives and Rationalisation of Distribution Process

REPORT

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

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PRODUCTION AND
PRODUCTIVITY OF
AGRICULTURE AND
LIVESTOCK
COOPERATIVES**

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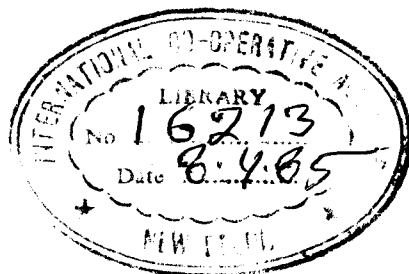
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Increasing Production and Productivity of Agriculture and Livestock Industries Through Cooperatives and Rationalisation of Distribution Process.

September 12-October 8, 1984
Tokyo, Japan

REPORT

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

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CONTENTS

	Page
Introduction	1
Study visits	1
Problems of Agricultural Cooperatives	2
Problems of Livestock Cooperatives	7
Observations on the Agricultural Cooperative Movement in the Republic of Korea	13
Observations on the Agricultural and Livestock Cooperative Movement in Japan	17
Recommendations for Agricultural Cooperatives	24
Recommendations for Livestock Cooperatives	33
Recommendations for Government	42
Programme	45
Participants	47

INTRODUCTION --

A Regional Seminar on "Increasing Production and Productivity of Agriculture and Livestock Industries through Cooperatives and Rationalisation of Distribution Process" was held in Tokyo, Japan, by the International Cooperative Alliance, Regional Office and Education Centre for South-East Asia (ICA ROEC) in collaboration with the Central Union of Agricultural Cooperatives (CUAC) and the Institute for the Development of Agricultural Cooperation in Asia (IDACA) from 20th September to 8th October 1984. Sixteen participants from eight countries attended the seminar. The countries represented were India, Indonesia, Republic of Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand. The list of participants and the seminar programme are annexed.

The inaugural session of the seminar was held in the morning of 20th September 1984 at IDACA. The inaugural session was addressed by Mr. Hiroshi Nishido, Section Chief, International Department, Central Union of Agricultural Cooperatives; Mr. Lionel Gunawardana, Joint Director and Specialist in Agricultural Cooperation, ICA ROEC; and Mr. K. Fujimoto, Managing Director, IDACA. The seminar was directed by Mr. Lionel Gunawardana.

Objectives

- i. To discuss the effective methods of providing services by agricultural and livestock cooperatives to their members to assist them in increasing production and productivity and to learn from the Japanese and Korean experiences,
- ii. to improve managerial skills of the participants in handling the services needed for increasing production and productivity, and
- iii. to evolve guidelines for the use of management personnel of agricultural and livestock cooperatives for effectively handling these services for wider dissemination in the Region.

Study Visits

Preceding the seminar in Japan, a week long study visits programme was conducted in the Republic of Korea in collaboration with the National Agricultural Cooperative Federation (NACF) and the National Livestock Cooperative Federation (NLCF). The participants got the opportunity of visiting

both agriculture and livestock cooperatives and also farm houses. Visits were also arranged to the NACF, NLCF and to the Junior Agricultural Cooperative Training College. The seminar programme in Japan also included study visits. The participants were taken to Kannami Tobu Agricultural Cooperative Society, Tokyo Central Vegetables and Fruits Wholesale Market, Yamato Distribution Centre of National Federation of Agricultural Cooperative Associations (Zen-Noh), Tobu Livestock Centre operated by Shizuoka Prefectural Economic Federation of Agricultural Cooperatives. The participants also got the opportunity of visiting a farm house.

PROBLEMS OF AGRICULTURAL COOPERATIVES IN INCREASING PRODUCTION AND PRODUCTIVITY AND IN RATIONALISATION OF DISTRIBUTION

The development of cooperative movement in a country is conditioned by the geo-physical situation as well as political and socio-economic environments. The nature and magnitude of problems of the agricultural cooperative movement will, therefore, differ from country to country. In this regard if we view the agricultural cooperatives, there are problems which are of common nature. These problems can be summarised as follows:

1. Small uneconomic farm size in scattered locations

Majority of the operating units in the countries of the Region are small and uneconomic averaging around one to two hectares in size. The system of land inheritance practiced in many countries, scatteredness and remoteness of quite a few farms has aggravated the problem. Under the circumstances, the farmers are not able to enjoy the advantages of mechanisation.

2. Small and fragmented societies

It has been observed that the cooperative societies in most of the countries except Korea and Japan are small. Even the financial resources of these units and the business potential in their area of working is too inadequate to operate them as economically viable units.

3. Land Reforms and tenancy rights

Absence of agricultural reforms in order to vest the cultivators with the right of ownership is yet another reason, which has hampered the working of the cooperative movement in increasing agricultural production. Introduction of land reforms to vest the actual tiller of the land with the rights of ownership will go a long way in improving the working of the agricultural cooperatives.

4. Integration of Credit and Marketing

It has been noticed that generally the agricultural cooperatives confine their activities to advancement of agricultural credit. They do not undertake the important function of marketing agricultural produce. It is felt that the societies should also undertake marketing along with advancement of credit and supply of agricultural inputs and consumer goods to the members.

5. Unsatisfactory repayment of loans by farmers

It was observed that the problems of recovery of loans happened to be one of the causes which hampered the progress of the movement. The failure to make repayments of loan by the farmers choked the pipeline of credit and paralysed the entire credit system. Large dependence on rains, uneconomic farm size and many other calamities beyond the control of the farmers make it difficult for them to repay in time the credit obtained for raising of crops. Conversion of earlier loans into medium term loans under scarcity conditions is resorted to in order to make available new loans for cultivation. However, total debt burden is likely to increase beyond the repaying capacity when draught occurs in consecutive years.

6. Insufficient farm guidance

In several countries of the Region farm guidance staff is insufficient to cope up with the work of transferring modern agricultural technology to farmers. The primaries of their own cannot hire services of such staff and they have to rely on the government extension officer. Normally, the extension officer is assigned the task of extending farm guidance to farmers numbering over 1000 as against 500 recommended by the World Bank. Negative attitude of the farmers in several countries in the Region towards changes in farming practice is a big drawback to progress. They prefer their old traditional farming practice to modern

technique, which envisages higher production cost.

7. Lack of production planning

In several countries, there exists a lack of coordination in production plans at various levels. The cooperatives at the primary levels and their farmer members are left on their own to decide on what, how much and when to produce. As such, over supply or vice-versa of agricultural produce situations often arise resulting in sizeable fluctuations in prices especially at the farm level.

8. Modernisation of Management and improvement in operational efficiency

Cooperative enterprises seldom follow modern management system and hence their operational efficiency does not match favourably with the private enterprises. The agricultural cooperatives should modernise their system of management. They should improve their operational efficiency and render useful service to the members.

9. Efficiency and service conditions of the staff

Some directors and managerial staff members are either inefficient or negligent in the performance of their duties. Honoraria to the directors are low and do not provide sufficient incentives.

Improvement in the service conditions of the staff employed in agricultural cooperatives particularly in the primaries is another area which has been neglected completely. The employees of these institutions are under-paid, have no security of service and also lack opportunity of upward mobility. This has deprived these cooperatives of the services of the talented personnel and also led to migration of experienced and trained personnel to other sectors.

10. Inactive Membership and dedicated leadership

Another factor responsible for the poor pace of progress of the agricultural cooperatives is inactive membership. The members generally remain indifferent to the working of these institutions with the result that the institutions somehow become vulnerable to exploitation by clever and unscrupulous elements. Cooperative institutions like all democratic institutions flourish only if all the members are loyal and take active interest in their working.

11. Cooperative Legislation

Cooperative structure in most of the countries empower the governments to interfere in the working of the movement. Unnecessary interference has retarded the growth of the agricultural cooperatives. The cooperative legislation, therefore, need modification in such a manner that the working of cooperative institutions is immunised from needless government interference.

12. Weak Financial Base and inadequate loanable funds

The financial base of the societies is very weak and fragile. This makes them dependent on government financial assistance which in turn leads to imposition of external control. Large number of primaries in several countries do not have adequate resources in the form of share capital, owned funds, member deposits, etc., necessary to satisfy the increasing credit needs of their members. Number of primaries have confined their activities only to dispensing agricultural credit and hence they failed to generate additional income and attain a strong capital base.

Many of the primaries suffer the problem of inadequate loanable funds mainly on account of low capital accumulation which determines their outside borrowing power. Under the circumstances the farmers have no choice but run to the private moneylending sharks who provide loans at exorbitant rates of interest.

13. Cooperative Education and Training

Cooperative education and training is another area which deserves attention in the interest of overall improvement in the agricultural cooperative movement of the Region. Cooperative education continues to be by and large a neglected subject in the Region despite the reasons that it happened to be one of the Principles of Cooperation.

14. Lack of follow-up after the training of staff of cooperatives

Even where good training has been provided, lack of follow up reduces the usefulness of such training.

15. Lack of coordination among the government departments and cooperatives

In certain countries of the Region, desired coordination among various government departments and the cooperatives is wanting.

Various needs of the farmers pertaining to cultivation are required to be provided for in good time and to the extent demanded through proper coordination among various departments.

16. Resistance for amalgamation of primaries for attaining viability

In quite a few countries of the Region, experiments of amalgamation of primaries have proved futile on account of opposition from officers, leaders and even the farmer members. Economically viable and strong cooperative organisation at the primary level has no alternative.

17. Problems affecting distribution process

(a) Distribution of Farm Inputs and implements

In many countries of the Region, there is lack of systematic distribution of fertilizers and chemicals which are necessary for increasing production. As a result, farm inputs do not reach farmers at the time required. In the supply business, cooperatives encounter very keen competition from the private sector and also from government agencies. In some of the countries of the Region, the governments provide input subsidies such as fertilizers, chemicals, farm implements and machinery direct to farmers. As such the supply business activities of the agricultural cooperatives in these countries are somewhat curtailed.

(b) Lack of efficiency in marketing

In many countries of the Region, marketing of agricultural produce is not efficient. There is a lack of coordinated marketing efforts among cooperatives at various levels. Most primaries undertake marketing of agricultural produce independently of each other and as such, they are not able to enjoy the advantages of bulk sales. Provision of sophisticated and efficient marketing facilities for grading, packaging, transportation, warehousing, and cold storage become uneconomic and as such in many situations, not possible. Since marketing is done independently and in small quantities, cooperatives have very little bargaining power with wholesalers, dealers or consumers. This results in low prices and discourage farmers to improve their production.,

It was observed that generally in the countries of the Region (with certain exceptions) there are no cooperative infra-structure

which could ensure rationalisation of the distribution system. At present, the distribution system in almost the entire Region, is under the control of the private trade which is exploiting both the producers and the consumers.

PROBLEMS OF LIVESTOCK COOPERATIVES IN INCREASING PRODUCTION AND PRODUCTIVITY OF LIVESTOCK INDUSTRIES THROUGH COOPERATIVES AND RATIONALISATION OF DISTRIBUTION

The livestock rearing is an age old occupation, associated with the human civilization. It has provided valuable food for mankind, in the form of milk, meat, eggs, etc., clothing from wool and the draft power for cultivation and transport. The livestock industry is today in a state of dynamic transition with rapid developments in livestock production, processing and marketing and thereby benefiting the rural producers. There is an alround improvement in the various segments of this industry viz. dairy, poultry, swine, sheep etc. However, a lot remains to be done for increasing production and productivity in this sector, to feed the ever increasing human population.

The cooperatives can play an important role in this agrobased industry. The cooperative movement is getting momentum in most of the countries. Over the years, the most notable achievement on India's dairy scene has been the design and acceptance of a cooperative organisational structure, known as Anand Pattern, which is now having a growing impact on milk production, farm income and living standard of the rural poor. In Indonesia, the dairy cooperatives are gradually taking shape and the number of primary dairy cooperatives are rapidly increasing. The National Livestock Cooperative Federation (NLCF) of the Republic of Korea is playing an important role in increasing livestock production and productivity in the country. In Malaysia, involvement of cooperatives in livestock production, especially in poultry, has given new awareness in business operation and management to participating farmers. Pakistan has very recently introduced cooperatives in livestock sector, particularly for dairy and sheep rearing. The work is still in initial stages. In Sri Lanka, cooperatives are becoming popular in the livestock sector also. They are having about 89 dairy farming

cooperative societies. Thailand is having a number of Pig Raiser Primary Cooperative Societies and a national level apex body namely Swine Raising Cooperative Federation Ltd. There are also dairy, poultry and rabbit raising cooperatives in this country. Japan has adopted the process of amalgamation of small societies into multipurpose cooperative societies and they cover the livestock sector too.

Thus the cooperative movement is at various stages of growth and development in the countries of the Region. However, there are several problems faced by the movement. The problems of livestock cooperatives, in particular, are discussed here. It will be necessary to eliminate these problems for increasing the production and productivity of livestock industry. There are some common problems for dairy, poultry or swine raisers cooperatives and they are grouped under various stages of the set up viz. at the level of production, procurement, transportation, processing, storage and marketing.

Problems at Production level

1. The livestock producers in most of the countries of this Region are having small holdings and they lack in the knowledge of modern husbandry practices viz. breeding, feeding and management. Because of this, they are not able to obtain optimum production. Quite a number of them are absolutely illiterate. Most of the livestock owners are still not aware about the role of cooperatives in improving their own conditions.
2. Most of the cattles are thriving on poor grazing and they get very little of balanced concentrated feed. The cost of the formulated livestock feed is very often prohibitive. In India, the cost of poultry feed constitutes about 75% of the total cost of production for eggs. The balanced feed is the vital factor to maintain production level.
3. The livestock owner needs lot of funds for initial investment to procure new dairy/beef cattle, replacement stock of poultry or swine, etc. Very often he is able to manage the replacement stock from the existing stock but then he may not be able to create timely resources to purchase sufficient feed for these animals/birds, and with the result they are semistarved. The time to achieve the production age or proper fattening is prolonged which adversely affects the overall production and

productivity. For want of liquidity, the bank borrowing may be difficult and the rate of interest from private moneylenders may be prohibitive. Under such circumstances, the poor farmer has to slow down his production programme. At this stage, the major problem faced by most of the cooperatives is their own limited financial resources. They are not in a position to extend the credit facilities to their member producers and they are not in a position to contribute towards increased production and productivity.

Problems of Procurement

4. The efficient system of procurement of livestock products from the producers has to be organised by the cooperative society so as to maintain the regular supply to consuming or marketing centres. Very often the private traders may offer a little extra price at the time of high demand and some of the farmers are tempted by this temporary gain and they may not supply their regular quota to the society. Some farmers will try to send all their produce to the society at the time of surplus supply in the market when private traders are not willing to lift the produce at prevailing price. Such problems are very often observed particularly in procurement of eggs. Under such circumstances the society will not be in a position to win the confidence of the buyers for regular supply and will not be able to bargain with regular bulk consumers. Ultimately the farmer himself and his cooperative will be the losers.
5. The quality is an important factor that is to be watched at the time of procurement. In case of milk, particularly the adulteration with water is very easy at any stage. The freshness of milk is also a vital condition. The primary cooperative has to collect the milk from several producers and pool it in one can or a milk tanker. The carelessness or mischief of even one producer can spoil the entire lot. The problem with some primary cooperative is that they do not have facilities and skilled personnel to test the quality of milk on the spot. At some places such facilities are available but they do not use them daily but milk is tested at random once in a week or 10 days. In order to improve the milk quality at producers' level and to avoid the subsequent loss to the society because of milk spoilage, it is absolutely necessary to equip all the milk collecting centres with simple and easy to

operate equipments for testing the fat content and specific gravity of milk on the spot. But the society may not have the funds for initial investments. Similarly in case of beef cattle, broilers or swine, the animals or birds may not be in healthy conditions and fit for human consumption. As a result the mortality during transit and rejection at the market may cause a heavy loss to the society.

6. In some countries, the milk/egg procurement centres are located in such a way that the producer has to travel a long distance, some times even 40-50 kms., carrying milk or eggs. In such cases, each and every individual producer has to spend lot of time and money for delivering his farm products to the cooperative procurement centre. The quality of milk may get deteriorated and in eggs there may be some breakage.

Transportation Problems

7. Milk and eggs are perishable articles. Moreover the eggs are fragile. They need special transport arrangements and careful handling. For milk insulated tankers are necessary for long distance transport. For transporting the live birds— broilers, from farm to the processing unit, the trucks equipped with small cage-like compartments, are necessary. Many cooperative societies do not have such transport facilities and they have to use ordinary hired trucks, as a result of which they have to bear a heavy transport loss by way of spoilage/breakage. It may not be a viable proposition for a small primary cooperative to invest in insulated milk tanker or properly equipped large trucks because of insufficient quantity to be transported. It is, therefore, necessary that such small societies should be federated with secondary level organisations which can arrange transportation from primary cooperative to the processing units or marketing centres. The primary cooperative should look after procurement only and supply to apex organisation. But the problem in some countries is that they do not have such organisation. Each livestock primary cooperative is functioning independently. These small units are facing lot of hardships and ultimately they become sick units as a result of which the people lose the faith in the entire cooperative movement.

Processing Problems

8. Very often milk is to be transported to distant places from the producer. Their primary cooperative located in very interior villages, to the central milk processing plants. Normally such places are not even connected by good roads. As a result, it takes considerable time before it is processed and the milk may get sour. In such cases it is necessary to chill the milk before long distance transportation, particularly in hot weather. The chilling plant of economically viable size will need huge initial investments for which the primary cooperative may not have the resources. However, in some countries like Thailand the primary cooperatives are operating the chilling plants and their marketing is directly supported by the government. In Indonesia, the cooperative societies are having the facilities of only chilling units or milk pasturing plants and the milk processing plants are dominated by the private sector. Thus the major shares of consumers' money does not reach to the producer.

Problems of Marketing

9. Irregular supply and demand— The supply and demand of most of the livestock products do not remain even throughout the year. Some times there are wide fluctuations. The seasonal fluctuation in demand for poultry products particularly, eggs, create very serious problems. The consumption of eggs during summer drops by nearly 40% in countries like India. The cooperative societies who are committed to lift all the eggs, produced by member farmers, are in dilemma as to what to do with all these surplus eggs. The swine industry in Thailand also faces the cyclic problem of supply and demand. The regular cycle of over and under production is observed, which is not due to seasonal change but it is perhaps due to unplanned production.
10. Non remunerative price— As a result of low demand, the market value goes down, particularly for perishable goods. The eggs price in summer drops drastically as compared to that in winter. Very often the producer does not even realise the cost of production. As a result, the small units cannot continue their occupation. Some of the countries like Indonesia, Korea and Japan are facing the problem of imbalance between the locally

produced and imported livestock products viz. dairy products and beef. Imported materials are much cheaper as compared to local products, e.g. the imported milk price is only Yen 120/- per litre in Japan against Yen 300/- per litre for locally produced milk. This difference creates serious marketing problem.

Problems of Distribution Process

11. Inefficient supply of inputs— The cattle, poultry, swine, etc. are living machines which convert the roughages and other materials into rich, nutrient food for human beings, in the form of meal, milk or eggs. For this, they are to be provided with balanced feed in adequate quantity. In most of the countries of the Region, the cooperatives lack effective distribution arrangement for this and very few of them may be having their own livestock feed compounding plants. As a result, the livestock producer has to pay the higher price to private traders without any guarantee for the quality of feed supplied by them. Generally for animal health services and artificial insemination services, the livestock farmer has to depend on the government agencies, as a result of which the cooperatives are not in a position to establish proper liaison with their member farmers.
12. Lack of efficient marketing— The marketing of the livestock products requires special skill and the knowledge. It also needs well planned efficient organisational structure and huge revolving fund. The small primary cooperatives individually cannot handle this gigantic task and even it is not so easy for the central federation. They have to face very tough competition from the private sector. In most of the cases, the primary cooperatives are attempting to market the livestock products independently and there is no coordination among different societies. As a result they are not in a position to avail the benefits of bulk sales and do not have any effective control on local market situations. Their bargaining power with bulk purchasers is therefore very limited. Such inefficient marketing results in realisation of low prices and the producers will not have sufficient incentive to increase production and productivity of his livestock.
13. Lack of market intelligence— The market intelligence services are poorly organised in the cooperatives as a result of which

they are not in a position to rationalise the production and distribution. The uncontrolled production, at time, leads to a glut in the market.

OBSERVATIONS ON THE AGRICULTURAL COOPERATIVE MOVEMENT IN THE REPUBLIC OF KOREA

Organisational Structure

The two-tiered organisational structure of the National Agricultural Cooperative Federation (NACF) is simple making it more convenient for the primaries to deal with the national office. The primary agricultural cooperatives are organised by the individual farmers who are engaged in agricultural production and all these primary societies in turn are federated with a national organisation, the National Agricultural Cooperative Federation (NACF). Similarly on the livestock side the National Livestock Cooperative Federation (NLCF) is the apex organisation of all the local livestock cooperatives.

The Provincial/City/County offices are actually the facilitators of the business activities from top to bottom and vice-versa. Presently, the two Federations are very effective on account of the sincerity, interest and strong leadership of those people at the helm. The support given for agricultural production, marketing, financing, farm guidance and to rural welfare has strengthened the whole organisational network. Noteworthy is the farm guidance aspect which has not been given importance in most agricultural cooperatives in Asian countries. The role of the Research Department is of utmost significance which is found wanting in most of the nations of the Asian Region.

Functional Activities

The primary cooperatives are charged with multiple functions comprising provision of agricultural credit to the farmers, supply of agricultural inputs to the farmer members, such as fertilizer, pesticides, insecticides and improved seeds etc., marketing of agricultural produce and supply of consumer goods. The NACF/NLCF as an apex cooperative organisation of these cooperatives, provides financial assistance to the constituents in

regard to the agricultural/livestock credit, gives support and help to the primary cooperatives in marketing and supply of consumer goods and coordinates their activities. The cooperatives have helped the mechanisation of farming in the country. Earlier until 1982 the primary cooperatives supplied various kinds of farm machinery such as tractors, tillers, sprayers, harvestors on hire. Now these machines are available to the members for sale on credit basis. Further these institutions also provide servicing facilities with regard to the farming machinery owned by the farmer members.

Agricultural Credit/Financing Services

The cooperatives cater to the short, medium and long-term credit requirements of the members. Loans up to the value of 3 million Won are being allowed to farmer-members without any collateral security, and loans exceeding this amount are allowed against security of land or any other immovable property. Under credit guarantee system, loans are provided to farmers who have insufficient or no immovable property to offer as security.

The introduction of the mutual financing services is another important achievement of cooperatives in Korea. The deposits are pooled and utilized in the form of credit for the financial assistance to the farmers/livestock owners.

Insurance

The primary cooperatives undertake life insurance and general insurance of the members and non-members. The general insurance contain special livestock insurance, fire insurance, forest fire insurance and fidelity insurance.

Marketing

As already stated the primary cooperatives undertake marketing of agricultural produce. About 20% of the total marketable surplus of agricultural and horticultural produce is being handled by the cooperatives at present. The primary cooperatives market the produce in the marketing centres through open auction. In some cases they also sell the produce directly to the private dealers where there are no marketing centres. Besides they are also selling produce to the consumer directly. The cooperatives also provide warehouses and cold storage facilities to the farmer members.

Under the marketing programme, one of the noteworthy

activities of the NACF is its marketing information service, which provides the producers with accurate and timely market information through the cooperative marketing information centres equipped with automatic telephone answering device through the network of national communication system.

The cooperative marketing centres operated by the NACF or its member cooperatives are arranging to market the farm products by open auction amongst the authorised dealers and they charge 7% commission for this, from member farmers. The authorised dealers are allowed to earn a profit of 4% as reported by the authorities of Dae-Gu Agricultural Cooperative Marketing Centre. It appears the commission of 7% from the producers is perhaps a little bit high and it may be possible to bring it down by arranging to sell the farm products or processed goods directly to the consumers or retailers.

Training of Cooperative Leadership

The standard set in the Agricultural Cooperative Junior College is very rigid and exacting. The standards of discipline in academics and physical activities are very high. The trainees are sponsored by various cooperatives and are given employment in the sponsoring organisations after the completion of training.

Housing Programme Assistance

One aspect that the NACF/NLCF has to be proud of is the improvement of housing conditions of the farmers in the villages. It is very obvious that the unsightly tatched huts are gone and converted into more decent looking abode. In most of the countries of the Region, one can see contrast picture both in urban and rural areas. The Federations had participated in the government's housing programme by providing the farmers some of the construction materials.

Saemaul Organisation

There are Saemaul organisations such as Youth Clubs, Women clubs, Farming group, Joint working group, etc. formed under the rural integrated programme. The primary cooperatives provides necessary funds to these Saemaul organisations. The Saemaul clubs help in promoting general awakening among the members besides imparting cooperative education to the members. The women clubs are also helping in mobilisation of rural savings. The Saemaul

groups are a novel feature and are doing an admirable job.

Special Cooperatives

Special cooperatives have been formed for the farmers growing vegetables and fruits. These cooperatives undertake supply of inputs such as polythene etc. to the members, marketing of horticultural produce. Some special cooperatives have marketing centres of their own. Special cooperatives cover larger areas as compared to primary cooperatives. The number of these cooperatives is 42.

Foreign Trade

The NACF has helped the country to earn valuable foreign exchange through export efforts. About 20 commodities are being exported including canned mushrooms, ginseng powder, processed food stuff etc. The NACF has also been designated as sole exclusive channel by the Government for import of edible soyabean.

Strengthening Weak Cooperatives by Amalgamation

The amalgamation of weak and small cooperatives into a large size economically viable units proved to be very successful in Korea. Instead of phasing out the weak ones, they were consolidated and strengthened. As recommended by Mr. Lionel Gunawardana of the ICA ROEC, New Delhi, in a book he wrote on the Korean experience, amalgamation is the answer to strengthen and save weak cooperatives.

Factors contributing to success

The NLCF has taken up the task of improving the livestock production by importing superior breeds from Germany. It has also established a number of retail shops in Seoul to market the dairy and other livestock products. This will help in getting the better returns to the farmers. To keep the market price stable and also to secure regular supply of livestock products, and the livestock feed, the NLCF is importing livestock products, particularly beef and some of the ingredients for preparing livestock feed. This is helping the organisation not only in improving the marketing system but also in building up the Livestock Promotion Fund. The difference in the import cost of beef and local selling price less the marketing cost is given to the fund. This is one of the very important measures taken by the Government of Korea to provide a sound financial base

for the livestock cooperatives in the country.

There is a high percentage of recovery on the loan extended to primaries. Moreover, there is a high level capital formation and member participation at the primary level. The efficient and dedicated staff from the national level to the primaries had contributed significantly to the successful operation of the cooperatives.

The NACF/NLCF has assumed the responsibility to maintain supervision over the working of the primary cooperatives through periodical inspections and audit. The NACF/NLCF has separate staff for this purpose.

Conclusion

The cooperative movement in Korea has made tremendous progress within a short span of time which can be attributed mainly to the programme of amalgamation of small cooperative societies into big viable units, devoted leadership and general sense of individual and social discipline.

OBSERVATIONS ON AGRICULTURAL AND LIVESTOCK COOPERATIVE MOVEMENT IN JAPAN

Introduction

Japan has very limited land resources in as much as only 14% of the total land area is arable due to mountainous topography. The average holding per farm household is 1.2 hectares. Agricultural production comprises mainly paddy, fruits and vegetables. Out of the 10% farming population in the country 13.1% is entirely dependent on agriculture to make their living. 86.9% belongs to part-time I and part-time II farmers who rely on non-agricultural vocations. On account of spectacular industrial progress made by Japan during and after the 50s, there has been a continued decrease in the percentage of farming population to total population and it is estimated that it will come down from the present 10% to 7% by the closing of this century.

Organisational Structure

Japan has adopted a three-tier structure for agricultural cooperatives. They have formed the primary agricultural

cooperative societies at city, town or village level with their federations at prefectural level. The Central Union of Agricultural Cooperatives (CUAC) is a nation-wide organisation. The primary agricultural cooperatives are composed of farmers as regular members and non-agricultural inhabitants as associate members. There are two types of primary agricultural cooperatives, the multipurpose and the single purpose types. The multipurpose cooperatives form the main current in the Japanese agricultural cooperative movement. The single purpose or specialised cooperatives concentrate on the marketing of the products from that particular sector viz. fruits and vegetables, sericulture, livestock raising, etc. Their members are concurrently members of the multipurpose primary agricultural cooperatives of their area.

The primary agricultural cooperatives are federated with the prefectural level union and federations. At this level also there are two types of federations, one is composed of multipurpose cooperatives such as prefectural economic federations, prefectural credit federations, prefectural mutual insurance federations and prefectural welfare federations. The other is mainly composed of specialised cooperatives such as dairy cooperative federations, sericultural cooperative federations, horticultural cooperative federations, etc. At this level there is prefectural union of agricultural cooperatives and all primary agricultural cooperatives and prefectural federations are affiliated with this Union. The Union do not undertake business activities.

At national level there are similar two categories of national federations and there is a Central Union of Agricultural Cooperatives (CUAC). Its members are primary agricultural cooperatives, prefectural federations, prefectural unions, various national federations. The CUAC provides services such as guidance, coordination, education, investigation and it also represents the interest and will of the agricultural cooperative movement in Japan.

The cooperative organisations in Japan are having the democratic system of control and all the members on the board of directors are elected at general meeting and they in turn elect the President and Managing Director(s).

Thus Japan has an ideal structure for agricultural cooperative movement which can effectively look after all the aspects of the agricultural rural societies.

Functions/Activities

The primaries, being multipurpose in nature, are able to provide the much needed integrated services to farmer member for increasing agricultural production and farm income. These include farm guidance, credit, supply of inputs and facilities, processing, packaging, marketing, collection of marketing proceeds, etc.

Member involvement and participation in the affairs of the primaries was noteworthy. The primaries, through provision of integrated services, have succeeded in getting loyalty of their members to a considerable extent which can be seen from the high rate of member saving with the society and increasing tendency to market farm products through their cooperative institutions.

The primary cooperatives with sufficiently strong financial base, can afford to appoint required number of trained and efficient staff to cope with its various activities.

The livestock activities are carried on by the primary agricultural cooperatives. The livestock activities include helping the farmers, in proving the breed of animals, supply of animals, marketing and processing of livestock products, improvement in livestock productivity and marketing of the livestock animals.

It was observed that the bulk of income of the full-time farmers was derived from the rearing of the livestock. The cooperatives have over the years helped and encouraged the farmers to undertake mixed farming through farm guidance.

The specialised livestock cooperatives provide all the necessary inputs like compound feed, baby chicks, pigs and calves for fattening. It also markets milk, meat and eggs produced by them.

In the *Kannami-Tobu Primary Agricultural Cooperative Society*, the dairy farming operation is completely mechanised. The required machinery is jointly owned and used by the farmers. The joint venture has saved lot of overhead expenditures. They have also achieved a high level of productivity per cow. The cooperative movement here is not only performing its normal functions of marketing and services, but it is now well set for using advance scientific techniques like embryo transplantation which will revolutionize the breeding operation, resulting in faster increase in the over all production of milk. This technique will definitely help the livestock cooperatives in other countries of the Region for increasing production and productivity of livestock products.

This small primary agricultural cooperative is having its own

milk processing plant which provides the six different types of fresh drinking milk in various packs. This society is an example of dedicated leadership and active member participation.

Management

Planning is found to have been given special emphasis by the cooperative organisations at various levels. There is a very close coordination between societies at various levels in the planning process.

The management of societies is vested in the board of directors which formulates policies and programmes of management. The presidents and the managing directors are entrusted with the functions to work out further detailed programmes within the framework of the guidelines of the board of directors. The societies have separate departments to deal with various activities such as farm guidance, marketing, supply and mutual insurance.

Primary cooperative societies pay due attention to the important task of imparting cooperative education to their members through information service, newspapers, posters, holding round table discussions with members, conducting training courses and study visits, etc. The federation and the central unions are engaged in radio and T.V. broadcasting, movie productions, etc. The federations also publish periodical on agriculture and cooperative training courses are conducted by the federations to upgrade the capability of the cooperative officials and employees.

The prefectural and the central unions are charged with the responsibility of taking up with the government from time to time recommendations on any matter which may involve safe-guarding the interest of the cooperative societies. The scope of such activities include price measures for the agricultural products and taxes on farmers. The agricultural cooperative movement in Japan has succeeded in establishing a lobby of its own among the members of the "Diet" for the purpose.

The phenomenal progress made by Japanese agricultural cooperative movement in a large measure may be attributed to the dedicated, devoted and determined cooperative leadership at all levels. It needs hardly to be stressed that democratic institutions can flourish and operate efficiently only if headed by selfless and devoted leadership.

Production

The primary cooperatives provide guidance to the member farmers in regard to agricultural production, farm management and ways of living.

Formulation of production plans at the individual farmer level and the society level is one of the most noteworthy aspects of the agricultural cooperative movement in Japan. The production plans by the farmers are drawn up under guidance of farm guidance officers of the societies keeping in view the size of the farm, financial condition and other relevant factors. The farmer is provided with necessary funds to implement the plans. It is expected that the farmer will fulfil the production target allotted to him. On the basis of the individual plans of the farmers, a composite plan is drawn up for the entire area of the society.

The societies provide joint use of facilities for agricultural productions such as large size tractors, country elevators, repair workshops, pumping facilities, grading and packaging plants, breeding stations, chicken and meat processing plants. The joint use of facilities has helped the farmers particularly the small farmers in mechanisation of the farm and also in reducing the production cost. The joint use of facilities are available in the field of living such as food processing plant, barber shops, marriage halls and medical aid. A number of societies have their own rice mills, dairy plants, milk chilling plants, fruits and vegetable grading plants, etc.

A noteworthy and appreciable feature observed in this regard is what is termed as the advance order system. The societies call upon their members to place advance order for supply of production material based on their production plans as well as consumption needs. This is done in order to ensure supplies at more favourable rates. The societies after collecting the orders place them on the prefectural federations which in turn will forward such orders to the National Federation. The prices are charged on the basis of pool accounts.

Marketing

The marketing business is one of the very important activities. The primary agricultural cooperatives collect the agricultural/livestock products from its members and arranges for grading, packaging and sell through the prefectural economic federation and the national federation known as ZEN-NOH. A

small portion is also sold directly by primary agricultural cooperatives in the local market. The fruits and vegetables are mostly marketed by ZEN-NOH through wholesale markets by auction. Besides this, they are having the distribution centres from where the retailers and consumers can directly purchase their requirements. The primary agricultural cooperatives and other level marketing federations charge the pre-determined commission from the producers. Two important features of marketing are the unconditional consignment and pooling account system which are beneficial to farmers.

The Tobu Livestock Marketing Centre is having the facilities of computerised auction sale for the live animals. This makes the auction process quite accurate and speedy. The auction of one cattle hardly takes about 48 seconds. All information regarding the age, weight, sex etc. of each animal to be auctioned is provided to all the bidders in advance. This process of auctioning the livestock was also interesting.

The Prefectural and the National Federation give active assistance to the primary marketing societies in the marketing business. The prefectural federations have set up marketing centres at central points in the prefectures where the agricultural produce are sold through negotiations to super markets and other bulk consumers. The bulk of produce is, however, sold through open auction in the wholesale marketing centre in Japan of the National Federations. Additionally, the societies have commoditywise groups in respect of different commodities grown or marketed by the societies.

Other Services

The audit work of the primary agricultural cooperative societies is done by the prefectural federations. There are also elected auditors at the society level to ensure that the accounts in the societies are maintained properly.

The medical aid facilities are provided by the federations since it is beyond the capacity of primary societies. The primary cooperative societies have small plants and as such the federation provides large scale facilities to them.

The federations are playing important role in the insurance activity. The funds collected as premium are made available as loans to the primary cooperatives for use as working capital or for

disbursement as medium or long term loans to the members. This is another remarkable activity being undertaken by the primary cooperatives. Under mutual insurance business the societies undertake long term insurance such as life endowment insurance, juvenile insurance, building endowment insurance, dwelling house construction insurance and short term types including fire insurance, automobile insurance, personal accident insurance, etc. Premium charged by the societies are lower than those charged by the private insurance companies. The cooperative societies make re-insurance with the prefectural federations which in turn make re-insurance with the National Mutual Insurance Federation.

The societies as already mentioned also provide better living guidance to the farmers. Under this system farmers are advised in the methods to improve and modernise their general outlook. They are educated in the principles of sanitation, health and nutrition, etc.

The societies make it a point to encourage in every possible manner, active participation of members in the affairs and activities of the societies. This is done through cooperative education by creating consciousness among members, the commodity groups and various other ways. It is noteworthy that ordinary member in the societies displays a remarkable loyalty to his institution and identifies his interest with his organisation.

Conclusion

In spite of limited area being tended by an individual farmers, the agricultural cooperatives had experienced excess production which countries in the Region consider a success. The amalgamation and/or consolidation of small land holdings encouraged mechanisation and it became more economical through joint utilisation scheme. This integrated approach gives impetus for production and marketing of agricultural/livestock products. The most noteworthy however, is the strong leadership of the elected officers who are very dedicated in their tasks to pursue the goals of the cooperatives. All of these over-shadow minor deficiencies that the Japanese cooperative sector had been experiencing. In a nutshell, the Japanese Agricultural Cooperatives can aptly be considered as the model in South-East Asian countries.

RECOMMENDATIONS FOR EFFICIENT FUNCTIONING OF AGRICULTURAL COOPERATIVES FOR INCREASING PRODUCTION AND PRODUCTIVITY IN AGRICULTURE

ORGANISATION AND MANAGEMENT

Structure

The primary agricultural cooperative societies at the village level should be multipurpose in nature imbued with an integrated approach to bring about improvement in the production and productivity in agriculture as well as overall economic condition of the farmers through wide ranging services to them, including advancement of short, medium and long term credit, farm guidance, supply of agricultural inputs, consumer goods, marketing and processing of agricultural produce.

The agricultural cooperative framework should be composed of not more than three tiers, as multiplicity of tiers results in corresponding increase in overheads on the services rendered to the farmers by the agricultural cooperative societies and also hampers the efficient functioning of the agricultural cooperative system. The organisational set up at the secondary and apex level may either be unitary or multiple depending upon the situation from country to country; but choice in this regard should be guided by the sole consideration as to how best to help the primary agricultural cooperative societies—the kingpin of the agricultural cooperative sector.

In case of unitary system at the middle and apex level, the functions regarding credit, supply of inputs and consumer goods, marketing and processing can be performed by one organisation and in the case of multiple organisational set up, there can be multiple organisations for specified subjects of credit, marketing and processing and supply of farm inputs and consumer goods, etc.

Viable Units

Formation of large-sized primary agricultural cooperative societies is a pre-requisite to streamline and improve the working of the agricultural cooperative sector in the Region. The small cooperative societies with a limited capital base and business potential with poor operational efficiency are hardly suited to undertake diverse kinds of services needed by the farmers. At

present, in some countries primary cooperative societies are no doubt invested with multipurpose functions, but by and large diversification of activities by them is still a pious hope and their functions continue to be limited to provision of credit.

It is recommended that large-sized cooperatives ought to be formed through a programme of amalgamation of small units carried out through persuasion.

Management

- (a) The supreme authority in a cooperative society should vest in the general body meeting. In case the number of members is too large, the general meeting may delegate its authority to a representative meeting elected by the members. The general meeting should be invested interalia with powers to approve annual work programme, review the working of the society, elect a board of directors and lay down policy guidelines for them.
- (b) The management of the society should be vested in the board of directors (BOD). The BOD may elect a President/Managing Director. The BOD in the light of guideline of the general meeting should formulate programme for the working of the society and review its implementation from time to time. The President of the society should work out details of the programme formulated by the BOD and take necessary measures for its implementation.
- (c) There should be a Chief Executive to be charged with responsibility to implement the programme adopted by the BOD. He shall work under the superintendance of the President of the society, exercise control over the employees, subordinate to him and carry out the day to day administration of the organisation.
- (d) In the interest of the smooth functioning of the organisation, it is imperative that there should be a clear demarcation of functions between the BOD, President/Managing Director and the Chief Executive of the society.
- (e) There should be separate departments in the society to look after different activities, such as credit, marketing, farm guidance, supply of farm inputs and consumer goods, etc.
- (f) Every employee in the society should have a clearly defined job chart and ought to be prescribed a minimum per day work

output. Wages paid to employees should be linked with work output as far as possible.

- (g) Modern management concepts ought to be applied in order to maintain operational efficiency in the society at optimum level.

Planning

The societies should draw up short term and long term development plans for improvement of agricultural production and productivity and development of subsidiary industries to help the farmers, supplement their incomes. The society may draw a common plan for the farmer members living in its area based on individual production plans of the farmers. The higher tier societies may provide guidelines to the lower tier organisations.

Member involvement and participation

- (a) Inert and indifferent membership has been the bane of agricultural movement in the Region. Purposeful and effective measures are called for to activate the members and encourage them to participate actively in the affairs and activities of the societies. The working of the democratic institutions like cooperative societies can flourish only to the extent of the participation and involvement of the general body of its members. Active involvement of members provides a remedy to a large number of present short-comings in the working of the agricultural societies.
- (b) Commodity-wise groups to aid and advise the society about the production and marketing of various types of agricultural or horticultural crops grown in the area can contribute a great deal in the field of activating the membership.
- (c) Formation of youth and women associations will go a long way in arousing and intensifying the interest of the farming community in the working of the society.

Last but not the least, however, it is only purposeful and real service provided by the society to its members which will in the ultimate analysis help the involvement of the members with the society.

Services from higher tier organisations and linkages between cooperatives at different levels

- (a) The entire focus of the agricultural cooperative movement has

to be on the improvement of agricultural production and productivity. It should be the utmost endeavour of all those connected with the working of the agricultural cooperatives to promote vertical and horizontal cooperation among these organisations at all levels. Secondary organisations dealing with different aspects such as credit, marketing and processing, supply of farm inputs and consumer goods should help and assist the primary agricultural cooperatives in their respective spheres of working as well as undertake those functions which are beyond the scope and capacity of the limited resources of the primary cooperatives. Similarly, the apex organisation should provide active help and succour to the secondary agricultural institutions to help them perform their functions successfully. The higher tier organisations should provide organisational, financial and material support to the lower tier societies.

- (b) The higher tier societies should undertake the functions of survey and research in their respective spheres of activities and provide guidelines to the lower tier organisations. The lower tier societies on their part, should provide support, sustenance and strength to the higher tier societies and limit their business dealings to them as far as possible. In short, the agricultural cooperative societies at all levels should work in complete homogeneity.

Member Education

Member education continues to be a neglected area in the Region, inspite of the reasons that it happens to be one of the basic principles of cooperation. Member education all over the world has been recognised as an essential input for the progress and advancement of the cooperative movement. Enlightened membership is a sine-qua-non of a dynamic and resilient cooperative movement.

It is true that member education programmes in some countries are in operation but the scale of these programmes does not measure up to the magnitude of the task. What is needed is a programme of cooperative education at a massive scale. All the primary agricultural societies and also the cooperative organisations at the higher level should make member education as an essential part of their activities. The primary societies can perform this function

through information, posters, holding of round-table discussions, organisation of study visits etc. The higher tier organisations can take up this work through radio, and T.V. broadcasting and production of movie etc. and by conducting leadership courses.

Recruitment and Training of employees

(a) Recruitment of employees in agricultural cooperatives particularly at the primary level in the Region, is generally made in an unsystematic manner. Regulations ought to be framed and prescribed to govern recruitment of the personnel in the agricultural cooperative societies to ensure appointment of persons on merit.

Training programmes to impart training to the employees of cooperative organisations, are in operation in almost all the countries of the Region. It has, however, been observed that for a variety of reasons the bulk of employees engaged in the primary agricultural cooperatives continue to be untrained. It is felt that the Diploma in Cooperative Training ought to be prescribed as a pre-condition for appointment in these societies.

- (b) More emphasis ought to be laid on conducting specialised courses in the cooperative training centres and colleges to different categories of employees engaged in these institutions. For instance, a person employed in marketing section should undergo training in agricultural marketing course.
- (c) It is recommended that all types of courses conducted for the employees of agricultural societies should include subject of agriculture in their curricula so that they are equipped with basic know how about the subject.
- (d) All categories of personnel in these societies should be provided an opportunity to undergo orientation courses periodically in order to keep them abreast with the latest trends in their respective spheres of work and also to help them to upgrade their capabilities.

Service conditions of employees

It is a matter of deep concern that the service conditions of employees in agricultural cooperatives at the primary level in particular in the countries of the Region, are generally pitiable. They are underpaid and further have no security of service or upward mobility. It hardly needs to be stressed that this situation is

not conducive to the progress of the agricultural sector. It is recommended that effective measures be adopted to ensure that the service conditions of these employees be brought at par with the public sector employees.

Production

Extension and guidance

- (a) As already stated the scope of services provided by the agricultural societies in the Region to the members are extremely limited. They do not provide extension and guidance to the farmers. It is recommended that farm guidance must be included as an integral part of the activities of the societies. It is not possible for the farmers to improve agricultural production and productivity without expert advice and regular guidance in this regard.
- (b) Planned production is essential to ensure that there would not be an over supply and under supply situations resulting in sizable fluctuations in prices that are detrimental to the interests of both producers and consumers.

Modernisation of Production Methods

Average size of holdings in the countries of the Region, is generally very small. The farmers, more particularly the small farmer, continue to adhere to the age old methods of farming. The societies through farm guidance are in a position to encourage the farmers to use compost manure, increased use of chemical fertilizers and also pesticides to control the pests. The societies ought to maintain farm machines including tractors, threshers and harvesters for joint utilisation by the farmers. This will help in mechanisation of the farming and go a long way in saving the labour input cost of cultivation.

Economic Land Holdings

To overcome the problem of uneconomic farm size, farm lands need to be consolidated through legislation. In many countries where laws regarding land consolidation had been enacted, enforcement is found to be weak. As such many of the farms still remain fragmented. It is suggested that enforcement of such laws be tightened and implemented seriously. In countries where agrarian

reform is not possible due to certain reasons or other, it is suggested that the cooperative at the primary levels take the initiative to organise farmers operating these uneconomic size holdings to undertake group or joint farming in order to benefit from large scale operation especially in the field of mechanisation. There should also be legislation to prevent land fragmentation to supplement the laws on land consolidation.

Capital Accumulation

The societies should pay special attention to mobilise the savings of the farmers. The women associations in the societies can lend a helping hand in this field. This will help the societies in reducing their financial dependence on outside agencies. Subject to the agreement of the members, deductions may be made out of the sale proceeds of the agricultural products of the members at pre-decided rates and credited to their personal saving deposit accounts. Further the members may be educated to inculcate habit of thrift.

Supply and Use of Credit

- (a) The societies should ensure provision of short, medium and long-term credit to the farmers as per their production plans. The societies in addition to advancement of credit to meet farming expenses should provide to the farmers credit to help them to start dairy, poultry or pig farming.
- (b) Credit should be advanced preferably in kind as per requirements of the farmers.
- (c) The loan recoveries from the farmers poses one of the serious problems in the countries of the Region. It is recommended that the recovery of the loans should be effected through persuasion and farmers be educated in the imperative need to repay the loans in time in their own interest.

Supply of agricultural inputs and consumer goods

- (a) Timely supply of agricultural inputs like fertilizers, chemicals, pesticides, etc. and consumer goods to the farmers is an important part of the functions of the agricultural coops. These institutions should maintain retail outlets for this purpose. The primaries may obtain their wholesale supplies from the secondary or apex level organisation.
- (b) The agricultural coops. should encourage the farmers to place

bulk orders on the society for supply of production material and consumer goods. The primaries after collecting the orders may forward the same to the secondary institutions which may in turn forward further such orders to the apex organisations. Bulk order system will help in supply of production material and consumer goods at economical and competitive rates.

Land Improvement and Water Management

Land improvement and water management are essential part of any programme to improve agricultural production and productivity. The societies through farm guidance and provision of necessary funds for the purpose should help the farmers to draw up and implement land improvement plans for their farms.

It is futile to expect any improvement in agricultural production without irrigation facilities. Major portion of the lands of farmers by and large still continued to be dependent on rain water. The societies should endeavour as far as possible to develop irrigation facilities in their areas by taking up small irrigation schemes or sinking of tube-wells etc.

Further it has been noticed that even in areas where irrigation facilities through canals are available, much of the precious water goes waste in the absence of proper water management system. The societies have an important role to play in this direction.

Variety Improvement

The societies should make constant endeavour to improve the varieties of various crops or fruits in their areas in close coordination with the agricultural extension departments of the governments.

Marketing

Improvement in production will not help unless satisfactory arrangements are made to ensure remunerative returns to the producers. In the countries of the Region, the marketing of agricultural produce continues to be dominated by the private trade. The agricultural societies should take up marketing in right earnest to eliminate the private trade and middlemen from the marketing system.

It is the duty of the secondary and apex marketing institutions to set up marketing centres at central points and help the primaries in

this activity. The primaries or the higher tier marketing institutions may enter into contracts with the bulk consumers like hospitals, schools, colleges and factories for the sale of the produce or channelise the sale through consumer stores or sell the produce through open auction in the marketing centres.

Transportation

Adequate transport facilities should be provided by the cooperatives for transport of the farm produce to the market.

Grading

It is imperative to introduce grading of agricultural and horticultural produce in order to ensure better price in the market. The primary societies should educate the farmers about the importance of grading. Wherever possible mechanical graders should be introduced by the societies in the interest of uniform grading and savings of labour charges in this regard.

Processing

It is sometimes advantageous and profitable to process the agricultural produce. The primaries may, if possible, set up their own processing plants, but it is in any case the duty of higher tier marketing societies to provide infrastructural facilities for processing, warehousing and cold storages to the primary institutions.

Packaging

The packaging facilities may be established either by the primaries or the higher tier organisations.

Market Information

It is well known that there are sharp fluctuations in market rates of agricultural commodities from day to day. The higher tier organisations should devise a system whereby the primaries and the farmers are kept informed of the latest trends in the market of agricultural produce. Market information should be disseminated through the media of Radio and Television.

Mutual Insurance

The primaries ought to take up mutual insurance work including

life insurance and general insurance. The societies by taking up this work can help the farmers by charging premium at lower rates. The primary cooperatives may make re-insurance to the higher tier organisations. This will help the agricultural cooperative sector in mobilising funds which can be utilised for advancement of long term credit and also meeting the working capital requirements of these organisations.

Better Living

The societies in addition to farm guidance should also provide better living guidance to the farmers in order to help them to change their outlook, living conditions and environmental conditions. The societies should take steps for creating income generating activities, encourage saving habits among member families and assist in rationalising consumption expenditure, undertake health and nutrition education and cultural activities. The women and youth of farm families should be actively involved in these activities.

RECOMMENDATIONS FOR EFFICIENT FUNCTIONING OF LIVESTOCK COOPERATIVES FOR INCREASING PRODUCTION AND PRODUCTIVITY IN LIVESTOCK INDUSTRY

Organisation and Management

Structure

Two different types of structures are recommended. The structure recommended for most of the countries of the Region is the 3-tier system as it is functioning in Japan but in the initial stages when the number of Primary Agricultural Cooperatives is very small and composed of few member farmers the middle tier i.e. provincial or prefectural level federation may be avoided to minimise the overhead expenditure. However, for any individual sector, particularly in large countries, where large number of primary cooperative societies are functioning and having sufficient volume of produce to be handled every day, there may be a primary agricultural cooperative society at village (or group of villages) level with a county or district level unions federated to provincial or prefectural apex organisation. Such structure is functioning in dairy

cooperatives in India under Anand Pattern. Under such circumstances, there could be a fourth tier at national level.

The National Federation of Livestock Cooperatives may function only as coordinating and guiding force with marketing intelligence system attached to it. The primary level cooperative societies should arrange to collect the livestock products from the member producers whereas the secondary level organisations may arrange for processing the products in case of dairy cooperatives. In other cases the processing and marketing be handled by provincial organisations. The separate entity for livestock cooperatives is necessary in view of its specific problems and working.

Viable Units

The small and uneconomical primary cooperatives should be amalgamated with neighbouring societies. The smallest viable size be worked out for each country. The minimum number of heads of cattles, poultry or swine, as the case may be, with minimum total production may be fixed for each society, in such a way that they will have enough quantum every day to be handled economically. This should be followed rigidly to make all the units viable.

Internal organisation and management

The Board of Directors at each level should consist of elected members and some representatives of the government where there is contribution from the government. The President/Chairman should always be from the elected members. The Board of Directors should appoint the Managing Director/General Manager, Auditors and other senior officials to head the various departments under each organisation. The duties and functions of each department should also be decided by the Board of Directors according to the nature and volume of the work. The Chairman and the Managing Director may be responsible to implement the programme policies as laid down by the Board.

Planning

The societies should draw up short term and long term development plans for improvement of livestock production and productivity and development of subsidiary industries to help the producers supplement their incomes. The society may draw a common plan for the producers living in its area based on individual

production plans of the producer members. The higher tier societies may provide guidelines to the lower tier organisations.

Member involvement and participation

Each and every member producer should be motivated to take active interest in the day to day affairs and for strengthening the organisation. For this, it may be necessary to arrange for educating them about cooperative spirit and principles. The direct involvement of members and dedicated leadership is the basic requirement for the success of this movement.

Services from higher tier organisations

In addition to planning for and guiding the lower-tier, the national federation should prepare the project reports and provide skill and know-how for erecting the dairy and other livestock processing plants, livestock feed compounding factories, large cold-storages etc. This type of work may need technical experts, engineers, and other experienced personnel and lower organisations may not be able to afford to employ such efficient and highly paid staff on regular basis.

The national federation may also work as international trading company to export the surplus commodities from its member units and also arrange for import of livestock and livestock production and arrange for distribution through the provincial units only. It should also arrange for international cooperation for the rapid development and progress in this field.

The provincial federations should organise an efficient marketing infrastructure to market the livestock products from member producers. In addition, they should procure the necessary inputs and arrange for timely supply to the producers through their primaries. They should also arrange for necessary funds for providing credit facilities to its primary units. The extension education and farm guidance play a very important role in increasing production and productivity of the livestock industry. The provincial federation should have an efficient and effective organisation to deal with this aspect and they should be in a position to provide timely services to its primary unit and member producers.

The primary cooperative society is a vital link in the chain of cooperative movement. It has to induce the member for active

involvement. All the services, inputs, credits etc. to the members should be routed through the primary cooperative societies only and it should be obligatory on the part of the member producers to route its entire products through this channel only.

Linkages between cooperatives at different levels

The close linkage and coordination between various cooperatives connected with agriculture and livestock production is essential. The close link between cooperative banks extending the credit facilities and marketing societies is unavoidable. The close linkage between the two will make the loan recovery easier. Similar linkage between bankers and organisations supplying the inputs on credit in form of compounded feed, farm implements and machinery etc should be established. The linkage between all these organisations should be such that they become an integral part of the entire system of agriculture and livestock cooperative movement and function as integrated segments and inter-dependent on each other.

Member Education

The active participation and involvement of the members is very vital for the existence and success of cooperative movement and for this it is necessary to educate the members. Not only this, the members are to be educated for care and management of livestock for better production and productivity. For this, the provincial federation should conduct regular training courses and also should arrange for study visits and tours for the members to various places to demonstrate them the modern methods and techniques and to see by themselves the benefits of cooperative efforts.

Service conditions of employees

The efficient management is always linked with the service conditions of the employees. The dissatisfied person can never deliver the goods expected from him. Moreover the lucrative salaries are offered by private sector for the efficient persons and such persons in cooperative sector, if are underpaid, may be tempted to leave the job. It is, therefore, absolutely essential that the service conditions of the cooperative employees should be made as attractive as those prevailing in the private sector organisations. To improve the efficiency, the staff may be given incentives which should always be linked with his output of the work and net achievement in his sphere of working.

Production

Extension and guidance

The farm guidance for planning and production is very important. It is necessary to arrange for giving them practical training in better management practices. Demonstration should be arranged to show them the scientific methods of raising dairy/beef cattle, poultry, swine, sheep etc. and give the preliminary knowledge about the preventive measures against common diseases prevalent in the area. The livestock owners at large, are still not aware about the role of cooperatives in improving their own conditions. To overcome this problem, the cooperatives and the government will have to organise effective extension services equipped with audio-visual aids and other facilities.

Modernisation of Production methods

The science and technology in the field of livestock are available for increasing production and productivity. One of the major problems of the countries in this Region is the poor productivity of native livestock. This can be improved by vigourously following up the artificial insemination technique with frozen semen from high yielding breeds. In addition to this, the embryo transplanted technique should be judiciously employed for utilizing the unproductive cows to nourish embryo from superior and high yielding cows. This technique will be particularly suited to countries like India where the elimination of unproductive and poor yielding cows by slaughtering is not possible.

Capital Accumulation

Most of the primary cooperatives are facing the acute financial crisis and they do not have sufficient accumulated capital. It is necessary that they should create necessary resources for which it is recommended to introduce following measures.

- (a) *Share Capital:* The members may be induced to contribute towards the share capital of their societies. This can be done by asking a member to acquire one share of pre-determined value for every new addition of a particular number of young calves/baby chicks, piglets etc. By this way there will be a constant increase in the share capital. This accumulated share capital increases the bank borrowing capacity of the primary

agricultural society.

- (b) *Deduction from sale proceeds:* All members should agree for the voluntary deduction of a very small amount from the amount realised by the sale of each kg. of milk or meat or every 100 eggs sold. This amount be deposited in the individual account as personal saving deposits with the cooperative.
- (c) *Import of livestock products:* Quite a number of countries are not self-sufficient in livestock products and hence they import the same from other countries. It is observed that the imported products are much cheaper as compared to local products. The private traders getting the benefits from this import will hardly encourage to improve the local production. But if such imports are done only through Livestock Cooperatives, they can create sizable funds by taking the benefits of price differences and this fund can be earmarked only for livestock development and promotional activities. This practice is successfully followed in the Republic of Korea.

Supply and Use of Credit

Member producers should be provided with credit facilities to purchase livestock, implements, compound feed, etc. However, this credit facility should be provided in kind and not in cash. The arrangements should be made for the recovery of loans from the sale proceeds of farm products. It should be made obligatory on the part of member producers to route his entire products through the cooperative society only. The necessary funds should be made available with the primary cooperatives by capital accumulation as proposed under the "Capital Accumulation Proposal".

Supply of animal feed

As the cost of animal feed constitutes the major portion in the cost of production of livestock products, it is absolutely necessary to bring down their prices. For this, the provincial federation should establish its own feed compounding plants and thus eliminate the profit margin private manufacturer are earning. Also it is necessary to intensify research work to evolve formulae for preparing cheaper ration by utilising the industrial and agriculture bye-products, in place of conventional ingredients such as maize etc. Cooperatives set aside some funds for this. The research and feeding trials may be taken up in collaboration with the government and Agricultural Universities.

The quality control of the livestock feed is very vital for this industry. The minimum quality standard should be prescribed for each type of livestock feed and all feed manufacturers should strictly adhere to these standards. The National Livestock Cooperative Federation and provincial federations should prevail upon the government to enforce necessary regulations for quality control.

Veterinary Services

The sound health conditions of the livestock is very important for better production. Therefore, all out efforts should be taken to keep the animal in good health by taking preventive measures against common diseases and providing timely veterinary services in case of any sickness. In most of the countries normally the services of qualified veterinarians are available to the farmers from the government veterinary department. The local veterinarian is in close touch with the livestock owners in the area. The preventive vaccination should be provided free of cost to the producers.

Breed Improvement

The breed improvement is a very slow process and involves lot of expenditure. It is, therefore, suggested that the national livestock federation should create a livestock development fund and necessary amount be earmarked for research and development. Competent geneticists be employed for breed improvement programme and if necessary superior emotic germ plasm be introduced in the local breeds for upgrading them or for cross-breeding.

Marketing

Collection or Procurement

The livestock products from member producers should be collected by primary livestock cooperative societies and arrange for its marketing. At the stage of the collection, the quality control, particularly for milk is very important. For this it should be made compulsory to take a sample from each and every lot of milk brought to the collection centre and the same should be tested for fat content and specific gravity. The producer should be paid on the basis of the results of this quality tests. The milk procurement centres should be located in each village or a group of 2-3 villages

where a minimum of 100 litres of milk is available every day. In case of eggs and live fatten animals, a suitable quality test should be followed.

Processing

It is necessary to process some of the livestock products particularly milk before it can be marketed. Milk should be at least chilled before long distance transportation. It is therefore, necessary for cooperative societies engaged in marketing of this commodity to have a small chilling plant nearer to the collection centres. This chilling plant may be operated by the primary society wherever possible otherwise the secondary level union should provide such facilities. These unions should also undertake further processing like pasteurization and conversion of surplus milk into various milk products.

The secondary unions or provincial federations should have its own facilities to process beef, pork or chicken and arrange for suitable packaging in such a way so as to avoid contamination and minimise the spoilage.

Grading

All the livestock products should be graded before sending in the marketing channel. The grading should be in accordance with the laid down standards for each commodity and should be separately packed and labelled accordingly. Grading and price preference will induce the producers to supply better quality and higher grade materials.

Storage

The livestock products are perishable commodities and they have a very short self life, hence the special care is necessary in the storage. They are to be stored at very low temperature and therefore, cold storage facilities are necessary to store them. Under the prevailing marketing situations there are wide seasonal fluctuations in supply and demand for the livestock products. To prevent the glut in the market resulting in the drop in prices the surplus milk during winter or surplus eggs in summer should be prevented from reaching the market by either converting them into various products or diverting them to cold storage. Meat and meat products need deep freezers for storage.

Transportation

In most countries of the Region, all the villages are not connected by good roads. At some places the roads are so bad and uneven that there will be a lot of breakage in eggs transportation and the milk be churned resulting in the fat separation and milk will lose its homogeneity and also may be spoiled because of longer time in transportation. It is therefore suggested that the milk pockets should be connected by good roads and the government may be prevailed upto to give priority for such works.

The transportation of milk and meat etc. need specially insulated/refrigerated trucks to avoid spoilage during transit.

Retail Distribution

To earn the maximum possible returns for the producers and to minimise the share of middlemen it is necessary that producers own organisations should have sufficient hold on the marketing channel. For this, the cooperative should arrange to sell the products directly to the consumer. For effective price control at least 30% of total produce should be handled directly by the cooperatives. The large number of retail distribution centres be installed in major consuming centres from where the consumers and small retail dealers can easily purchase their requirements.

A very efficient marketing infrastructure will have to be created for this and better results could be achieved by giving incentives to the concerned staff on the basis of achievements.

Market Information

This is a very important aspect of marketing infrastructure. The market information service is particularly helpful for the commodities for which there is a daily price fluctuation. Normally, the milk market does not fluctuate very heavily but there are almost daily change in the price of eggs and meat. It is, therefore, necessary that a national network be arranged so that the day to day prices of various commodities and supply and demand position at some of the important marketing/consuming centres are collected and communicated to all the provincial federations, primary societies and member producers by radio, television and by automatic replying telephone system wherever possible.

Catering to consumer demands

Success can be achieved in the marketing if the cooperatives cater to the consumer demands. The products should be processed and packed as per the demands. The packets should be attractive and pilfer proof and should carry necessary marking to indicate the grade and quality. For some of the commodities like milk the consumer may prefer the regular home delivery. Catering to such needs will increase the sale and earn better returns.

Consumers Education Programmes

In countries like Indonesia and Thailand, the consumption of fresh milk is not very popular. In India, there are several taboos against the consumption of eggs, which adversely affects the sale of the products. For this, the consumers' education campaign should be launched by the provincial federations and the national unions through mass media like radio, television, newspapers, etc. The public health department of the government and women organisations should be mobilised for this purpose.

Other Services*Insurance*

The life and general insurance in some of the countries is under private sector whereas in others it is under public sector. The livestock insurance is not very popular in most of the countries. However, to avoid the hazards due to outbreak of any diseases or death due to certain other reasons and to cover the risk for the credit given, it is necessary that the cooperatives may encourage their members to insure their livestock. The premium for this may partly be subsidized by the cooperative or by the government. At a later stage, the production loss due to any minor ailments can also be insured.

RECOMMENDATIONS FOR GOVERNMENT

1. It has been observed that in some countries of the Region the cooperative Acts invest excessive powers in officials of the government departments dealing with Cooperation. Unnecessary and arbitrary interference in the working of the

societies has resulted in curbing the initiative of the managements of the cooperative institutions which has retarded the progress of the agricultural cooperative sector. It is recommended that the cooperative Acts in the countries of the Region should be amended in such a manner that the anti-democratic provisions are deleted and cooperative institutions allowed to function as autonomous organisations. This will help in emergence of cooperative leadership in the movement of requisite calibre. The governments are further urged not to make any amendments in the Cooperative Acts without consultation of the cooperative leadership.

2. The governments in the countries of the Region should launch programmes for consolidation of holdings of the farmers which are at present fragmented and scattered. It is noteworthy that consolidation of holdings is a pre-condition to any programme for improvement in agricultural production.
3. It has been observed that in some countries of the Region regulations governing distribution of fertilizers and insecticides etc. are not conducive to the channelisation of these inputs through cooperatives. For instance, in some countries the government provides subsidy on fertilizer etc. directly to the farmers. It is recommended that fertilizers and chemicals, etc. should be channelised through agricultural cooperatives only.
4. In some countries of the Region, land reforms have yet not been carried out fully and tenant farmers can be ejected from cultivation at the will by the landlords. It is recommended that the tenant farmer should be provided protection against ejections by the landlords through amendments in the land tenancy acts.
5. It is observed that on account of continued population pressure on land in the countries of the Region, the average size of farm holdings which is already small is under the process of further sub-division and fragmentation due to inheritance laws regarding agricultural property. It is recommended that the laws of inheritance in respect of agricultural land should be amended in such a manner that further sub-division of holdings below specified size is stopped.
6. The governments in the countries of the Region should assist the cooperatives in the programme of amalgamation of small and unviable units through enabling legislations and other measures.

7. In countries where large arable uncultivated lands are still available for agricultural development, small and tenant farmers who operate uneconomic holdings should be resettled in these areas where land settlement cooperatives should be promoted.
8. In the countries which are importing livestock and livestock products, the cost of production of local products is very high as compared to the imported ones. There is a huge profit margin in the sale of imported products but the benefit of this margin remains with the private traders. It is, therefore, recommended that such countries may authorize only the national agricultural/livestock cooperative federations to import such livestock products and generate a fund which should be utilized only for livestock promotion activities in the country.
9. The government may pass necessary administrative orders or legislations for the quality control of the livestock feed and processed livestock products and also for necessary restrictions on the import and export of livestock and livestock products, raw materials for preparing the livestock feed, etc.
10. For increasing the production and productivity, it is recommended that the government may establish the several livestock research stations where the research work on the genetical improvement of existing breeds, embryo transplantation process, disease control, utilisation of agricultural and industrial bye-products in place of conventional use of grains for preparing livestock feed, etc. should be undertaken and the extension wing of the cooperatives should carry the advance technology from laboratory to the farm.
11. The subject of agricultural cooperation and animal husbandry be introduced in the syllabi of the middle and high school levels. By this the cooperative spirit will be implanted in the developing minds of young children and they will know some basic aspects of animal husbandry and agriculture. It is, therefore, recommended that governments may take suitable measures in this direction.

PROGRAMME

Sept. 12-18, 1984.		Study visits in the Republic of Korea
Sept. 19		Arrival in Tokyo, Japan
Sept. 20 (Thurs)	1000-1100	Orientation by IDACA
	1100-1230	Inauguration
	1400-1700	Country Reports (Presentation of Background Papers)
Sept. 21 (Fri)	0900-1230	Country Reports (contd.)
	1400-1500	"Cooperative Principles.—Discussion on Preparation of Guidelines for Primary Coopera- tives to play an effective role for assisting in increasing production and productivity in agri- culture and livestock industries". —by Mr. Lionel Gunawardana
	1500-1700	Group Work
Sept. 22 (Sat)	0930-1230	Country Report on Japan —by Mr. S. Futagami, Manager, International Department, CUAC
Sept. 23		Sunday
Sept. 24 (Mon)		National Holiday
Sept. 25 (Tues)	0930-1230	Japanese Cooperative Experiences in Increasing Productivities of Agricultural and Livestock Industries —by Mr. Kiyoshi Fujimoto, Managing Director, IDACA
	1400-1700	Lecture (continued)
Sept. 26 (Wed)	0600-0630	Visit to the Tokyo Central Vegetables and Fruits Wholesale Market
	1400-1700	Rationalisation of Agricultural and Livestock Products Distribution —by Mr. Ikou Ikuta, Managing Director, Research Institute of Agricultural Cooperatives and Labour Management.
Sept. 27 (Thurs)	0930-1230	"Dairy Situation in Japan and counter measures taken by the Movement" —by Mr. Koichi Nishihara, Managing Director, Central Dairy Council
	1400-1700	Discussions
Sept. 28 (Fri)	0930-1230	"History and Performances of Kannami-Tobu Agricultural Cooperative" —by Mr. Haruo Kondo, Former President of the above society
	1400-1700	Discussions

Sept. 29 (Sat)– Oct. 2 (Tues)		Study Visits
Oct. 3 (Wed)	0930-1230 1400-1700	Discussion with Mr. Iwao Yamaguchi, Senior Managing Director, CUAC “Role of Cooperatives in Increasing Production and Productivity of Agriculture” —by Mrs. Wannee Ratanawaraha, Thailand
Oct. 4 (Thus)		Group Discussions, and Plenaries Preparation of Report
Oct. 7 (Sun)		Preparation of Report (contd.)
Oct. 8 (Mon)		Presentation of Report Evaluation

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THE INTERNATIONAL COOPERATIVE ALLIANCE

is one of the oldest of non-governmental international organisations. It is a world-wide confederation of cooperative organisations of all types. Founded by the International Cooperative Congress held in London in 1895, it now has affiliates in 66 countries, serving over 360 million members at the primary level. It is the only international organisation entirely and exclusively dedicated to the promotion of cooperation in all parts of the world.

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

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