

**AN OVERVIEW OF
CONSUMER COOPERATION
IN ASIA**



International Cooperative Alliance

Regional Office for Asia, "Bonow House"

Friends Colony, New Delhi 110065 - India

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CONSUMER COOPERATION
IN ASIA**

Compiled by :

**W U Herath
Secretary
ICA Committee on
Consumer Cooperation for Asia**



International Cooperative Alliance
Regional Office for Asia
'Bonow House', 43 Friends Colony (East)
New Delhi 110 065 - India
Tel : (91)11-6835123
Telefax : (91)11-6835568
Telex : (81)31-75025 DICA IN

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AN OVERVIEW OF CONSUMER COOPERATION IN ASIA

PREAMBLE

Considering the vicitude of socio-economic development levels in the Asian Region, reviewing the situation of consumer cooperative movement is a difficult task. Nevertheless, an attempt has to be made in order to determine the needs and priorities of future action.

A review is limited in the light of inadequacy of information and survey reports in many countries, specially in newly opened countries such as North Korea and Vietnam. However, an attempt has been made to collect and define the information available in order to provide a clear picture on every country in the Region.

Pacific region has been excluded from the document. In addition, the report is limited to member countries of the ICA.

The objective of the report is to provide the reader with information on consumer cooperation, especially in countries included and general picture of cooperative movement in the context of socio-economic growth during past few years in order to assess the level of development. An attempt has also been made to identify problems and prospects for future.

General overview has been undertaken to analyse the overall situation with a view to look into future prospects of the Asian Region in the development of consumer cooperative movement.

GENERAL OVERVIEW

The consumer cooperative movements in the Asian Region can be classified into the following categories in terms of levels of development in consumer cooperation:

1. Developed consumer cooperative movements.
2. Open market oriented consumer cooperative movements.
3. Distribution oriented consumer cooperative movements.
4. Least developed consumer cooperative movements.

The term 'development' has been considered in terms of provision of services to members, involvement of members in managing cooperatives and also the source of economic output of the enterprises.

1. *Developed Consumer Cooperative Movements.*

The only country which fall into this category is Japan. As highlighted in the country report, Japan achieved a higher growth of development in consumer cooperatives within a short period. Last decade has shown steady growth in keeping with the overall economic growth rate in Japan. In comparison with the growth rate of other sub-sectors of cooperative movement, the consumer movement has shown higher rate of growth more than agriculture or fisheries cooperatives.

The turnover of consumer cooperatives has been achieved partially due to potential increase with a higher purchasing power of consumers. The limitation imposed upon Japanese consumer cooperatives limited sales of goods only to member consumers has become a blessing in disguise. The cooperatives are compelled to base their operations on the needs of their members which again has given impetus to produce and process quality goods for the clientele. CO-OP brand commodities have come into the market in this way.

Another important feature of the cooperatives is the participation of housewives who represent the actual consumers. The membership of some consumer cooperatives have higher percentage of female members, sometimes exceeding 90%. The social system which necessitated women to remain at home, looking after the family matters led them to find the cooperatives a forum for their fulfillment of daily needs as well as social needs. Higher literacy rate among women contributed to awareness of all aspects of nutrition, family health and even technology which has been a contributing factor in the fast growth in consumer cooperatives. However, the housewives' rule in family is fast changing at present but alternative measures are being experimented through groups of workers collectives to facilitate working women members role in cooperatives. One has also to consider that modern automated technology no longer demands workers confined to offices or factories but allows them to perform their job at home or at their leisure. Information technology will do the revolution very soon in Japan.

The consumer cooperatives in Japan were able to keep upto most recent changes in supermarket functions in Europe, Scandinavia and the U.S. They took new layouts, display techniques and information systems while having an advantage of more or less protected membership. They could minimize sales promotion expenditure, limiting themselves to member information devices and working with or managed by HAN groups.

Being the only country in the Region with highest grown domestic demand on consumption, Japan could undertake innovative approaches such as shopless consumer cooperatives (e.g. Seikatsu Club) with demand for quality and safe consumer goods irrespective of higher prices.

Group management to get better output has been a Japanese management feature adopted by consumer cooperatives too through Han groups. It is surprising that the consumer cooperatives enjoying places with first five of cooperative organisations, with highest turnover such as Nadakobe and Kanagawa cooperatives are managed by members who are basically housewives. This phenomena is very distinct from European or Scandinavian consumer cooperatives.

However, the Japanese consumer cooperatives too have faced some similar problems like any other large consumer cooperatives in another developed countries. Some of them are:

- over-expansion due to mergers or new membership
- inadequacy in member relations
- over capitalization.

Future of developed consumer cooperative lie with the ability to sustain the members involvement in the business operations as well as management of cooperatives, keeping pace with the competition.

2 Open Market Oriented Consumer Cooperative Movements

The cooperative movements who depend on and believes in open market competition and depend on non-members more than members fall into this category. Malaysia, Singapore and Thailand are clear examples. In Thailand, there are some cooperatives falling into distribution oriented cooperatives, but major business share of consumer cooperatives are with urban based bigger consumer cooperatives.

One important feature of these movement is the the patronage provided by other organisations. The Komart chain which has bigger share in consumer cooperatives as a subsidiary Central Cooperative Bank and the NTUC Fairprice chain is patronized by the trade union movement.

The distinct feature of these movements are as follows:

- The business with non-members in higher than the members.
- The supermarkets or self service shops adopt the private sector sales strategies.

- They carry a merchandise with many varieties in one commodity resulting small per capita sales per item that a cooperative carrying a limited items with one brand preferred by members.
- The margins are negligibly lower than open markets.
- The management of business operations basically lies with the professional managers.
- The members relations are limited to interest on share capital and patronage dividends.
- Social activities and member involvement of society activities are low.
- The membership and the clientele is normally very large.
- The success of the cooperatives depend on the open market competition.
- These cooperatives normally emerge in the countries where open economic policies prevail.

Success of these cooperatives depend on the identification of a specific clientele in form of cooperative or otherwise. Generally, membership function as a reference group more than owners of the organization.

Highly competent professionals are vital for the success of these cooperatives. Singapore has shown a clear indication of forwardness in this direction maintaining a higher rate of growth every year. Higher purchasing power of consumers is also a pre-condition for success of such cooperatives.

The other feature is the coverage of these cooperatives in Singapore and Malaysia are confined to urban areas, where the clientele with higher purchasing power is concentrated.

For a business venture, above features are positive factors, but sometimes they may become negative factors as in the case of some Komarts in Malaysia and some urban supermarkets in Thailand.

Some of the bigger cooperative supermarkets too are affected by the above factors as well as competition with private sector. Same is the case with Malaysia. Both countries enjoy comparatively steady economic growth and a higher per capita income. In the process of development, many consumer oriented multinationals and local supermarkets with foreign collaboration have come into operation. All three countries have bigger supermarket chains by Japanese, British and American company collaborations. One of the most recent development in Thailand is the

opening of MAKRO wholesaling company, which adopts unique system of servicing their members who joints.

Fortunately none of these countries have bigger market companies who serve bulk buying individual customers.

In this situation, the cooperatives could hardly exist when it tries to grow in a broader and casual customer group by adopting cooperative form of enterprises, which demand certain ethics and values in their operations. It is a dichotomy faced by Malaysian and Thai movements. They have to select between the two business strategies.

3. *Distribution Oriented Consumer Cooperative Movements*

Distribution is meant to be dealing with essential commodities which are price controlled or guided by government specifications. There are many developing countries in the Region which fall into this category. China, India, North Korea, South Korea, Sri Lanka and Vietnam. All these countries have comparatively low per capita income, low economic growth rates, low foreign reserves and heavy foreign debt except in the case of China. Governments in many countries have adopted closed economic policies, excepting South Korea and Sri Lanka. The imports are normally restricted or closely supervised by the governments. These limitations ultimately result in limited consumer market.

The consumer goods are limited to essentials, some of which are again in short supply. The governments who have the obligation to look after the welfare of the community, making use of cooperatives consciously or unconsciously ensure fair distribution of essential consumer commodities. Therefore in many of the countries one could find governments supporting consumer cooperatives through tax exemptions or concessions, subsidies, contribution to the share capital (India). The inevitable result of this is the heavy government involvement in cooperative societies. This may take the form of rigid legislation, deputation of government officers to manage cooperatives or supervision of boards of management. One positive factor is that the governments would not allow cooperatives to collapse.

The features of business in this category of consumer cooperatives are as follows:

- Wholesaling and imports undertaken normally by the government companies.
- The stocks are apportioned and distributed through cooperatives.
- The consideration for apportionment of stocks is the number of households covered by the cooperatives more than the membership.
- Profit margins and prices are guided by the govern

ment more than the market mechanism.

- The members or boards of management or business managers have very limited say in business operations.
- Social security systems or rationing schemes are operated through these consumer cooperatives.
- Normally supervision and auditing of business operations are handled by government officers.
- The cooperatives deal with limited number of consumer goods. The criteria used is the adherence to daily needs of consumers.
- Sometimes cooperatives enjoy monopoly in the distribution of some essential commodities.

In this situation the consumer cooperatives normally function as distribution channels. Their concern would be the efficiency shown in fair distribution of commodities and adherence to government procedures. Competency in managing business operations would become unimportant as the business is ensured through agency system and monopolies. This is advantageous where there is minimum competition with private sector. Otherwise, as in the case of Sri Lanka in late seventies, when the government suddenly opened the market, the cooperatives became obsolete. Same thing happened in Indonesia and Bangladesh too.

In this situation, the business operations are too traditional and ignore the market and the consumer taste. The members hardly have a say in business, as the procedures are already laid down. They receive a marginal benefit only. The cooperatives too are happy with the clientele given to them. When they are privileged with wholesale distribution of a commodity, their wholesale business could become the major activity of business.

4. *Least Developed Consumer Cooperative Movements*

Normally, the least developed movements do not own an effective national level federation. They also do not possess a systematically developed consumer cooperative movement. Many of such countries have a very low growth rate of economy and marginal per capita income. They suffer from many problems connected to least developed countries such as low gross domestic product, higher population growth rate, lower life expectancy, illiteracy, agricultural orientation and subsistence farming, low foreign reserves, heavy foreign debt, etc. Sometimes cooperative movements too are at the elementary stage.

Bangladesh, Philippines, Indonesia and Pakistan, which fall in this category do not have properly developed or systematic consumer cooperative network. They have a very marginal effect on the community. The visible features of

these movements are:

- Marginal coverage of the community
- Small unviable organisations
- Dealing with limited number of items
- Lack of proper channels of procuring merchandise
- Liquidity problems, uneconomic operations
- Inefficient management system
- Inability to operate in an open economy.

The governments, by and large, too do not patronize cooperatives. Either they have open market policies as in the case of Indonesia or ignore the cooperatives completely. Normally such countries do not have social welfare schemes. Private sector has a monopoly in some countries. In such a situation, the consumers are normally exploited and even consumer protection laws do not function properly.

One has to start from the very basics of forming or developing cooperatives in these circumstances. Very few options remain possible.

DEVELOPMENT OF ALTERNATIVES FOR CONSUMER COOPERATIVE MOVEMENTS IN DEVELOPING COUNTRIES

A survey conducted by the UNCTAD as reported in the Handbook of International Trade and Development Statistics in 1987 reveals that the annual growth rate of GDP for developing countries has fallen from 5% to 1% during the decade. This resulted in the reduction of availability of resources to inhabitants of developing countries and also contractions of living standards. This has also resulted in widening the gap of GDP per capita income between developing and developed countries. This situation prevails within the Region itself. GDP per capita income in 1987 in Japan was US\$ 20833 and South Korea US\$ 2826 whereas in Bangladesh it was US\$ 135 only. The consequences have been reflected in unemployment, reduction of earnings and also decline in welfare, nutrition, health and education.

The global regression experienced during the last decade has compelled developed countries to adopt many measures of keeping the balance of growth rate. They adopted measures such as:

1. Using modern technology to reduce the cost of production as well as raw material content of output.
2. Cut down on the import of raw materials and basic commodities from developing countries.

3. Protectionism towards agro-based commodities produced within the countries.
4. Aggressive sales campaign for mass-produced commodities for the markets in developing countries.
5. Cut back on the industrial production in order to create artificial demands.
6. Prohibitive interest rates imposed on international money lending to developing countries.

Protectionism affected not only developing countries in the Region but also developed countries like Japan in agricultural commodities.

The industrial development and technological development have created the concept of market economy. The traditional societies were disintegrated to become individualized market societies.

In a market economy situations private companies either working at the national level or multinational level would become competitive and transcend their approaches to business. In order to accrue more profits, selling techniques should become more aggressive and the consumer has to be manipulated. Manufacturers in developed economies have used communication strategies to advertise and market their synthetic products over tropical and natural products. The manufacturers and sales agencies start planning obsolescence in order to achieve replacement sales. Communication technologies such as television, satellite communication systems and computer based information technology has become useful. The advertisements have become more attractive to the psychology of an average customer.

Even with the temporary nature of commodities, prices start escalating due to foreign exchange rates and interest on consumption capital credit facilities provided by developed countries and multinational marketing agencies.

In a commercially oriented economy, the values are gradually changed. This change is accelerated by the behavioral techniques used by private companies. Some companies have started using total customer responsiveness (TCR) which try to bridge the gap between the supplier, distributor and the customer. The MAKRO wholesale company which started its business in Bangkok has started using members as their customer groups. Chinese companies have started merging with farming community in Philippines.

These approaches would bring in not only more profits but also the stability in business.

Customer reference has three advantages: firstly, the companies would be able to study and influence the psychology of consumers. One could think of even psycho-thera-

peutic techniques for customer influence. Secondly, the companies could create new markets and new customer groups. Thirdly, the companies could get customers to participate in the operations of sales process. Self service shops or supermarkets have been originated which not only cut down the costs but also involve consumers to select the merchandise and involve them doing things. Do-it-yourself packages are a new method. One can clearly see this in Bangkok restaurants and fast food chains all over Asia.

This present sales strategies are being introduced in the Region irrespective of a developed or a developing country. The other trend has been the pushing for monopolies in importing and wholesaling. Indonesia, Thailand and Philippines are clear evidence for such practices. This has been accelerated with the mergers of big business houses. In the process, few companies control the stocks and regulate the markets. The other alternative used is bulk buying.

The companies have another advantage of having very flexible legislation and few controls by the state. They function within their own ethics too. Many cooperatives in the Region are more or less subject to fractionalistic behaviour on the part of the government. In the process, they are subject to dependence on the subsidies and concessions and managers deputised. Sometimes, the legislation is too prescriptive thus hindering the business decisions. This is true specially in the case of countries having British form of cooperative legislation. One could see the tendencies such as in Philippines to withdraw from cooperative registration in order to survive.

Specially in the countries, where the consumer cooperatives are treated as distribution agencies, would not need that much aggressive competition with the private trade as they do not face such problems. Socialist countries in the region and countries like India are in a safer situation to adjust themselves to become economically viable and efficient. Government supervision and intervention is inevitable in these countries. A via media has to be found to minimize government intervention in business management operations. In addition, the potential leadership that has emerged with this influence has to be minimised in order to ensure more democracy in cooperatives and active participation of members in business activities and management of societies. Otherwise, these organisations either become pseudo-cooperatives or face with weak democratic unit. When sudden government policy changes start liberalising economy, the consumer cooperatives are the most affected ventures as what happened in Sri Lanka. When the new government adopted liberal trade policy and withdraw subsidies on consumer commodities in 1979, 70% of the consumer cooperatives in Sri Lanka incurred heavy losses. These cooperatives would need considerable time to bring back the members who have withdrawn from the cooperatives branding them as 'government ration shops'.

However, there are common factors which have affected the present day consumer cooperatives in the Region, except in Japan:

- Apathy of membership or inactivity
- Lowered market share in consumer business
- Distorted character as cooperatives
- Liquidity problems
- Obsolete business practices in terms of modern technological developments.

As business organisations, they may need to adopt several strategies in keeping with new trends:

*** Launch customer oriented business practices**

So far the success of business is assessed in terms of market share. In order to achieve this, the strategy has been buying stocks at a lower price in large quantities and set up distribution channels. The small cooperative cannot afford to do this. The emphasis should therefore be to radical changes in customer or member responsiveness with service factor added. As an example, Seikatsu Club is one of the organisations whose first priority has set to their members needs and responses.

*** Invite more customer responses**

So far the sales staff and executives of cooperatives are confined to shops. They do the need analysis through ad hoc consumer responses. The strategy should be adopted to undertake work in these fields and spend more time on listening to consumers.

*** Innovative Approaches for selling**

The present sales techniques are confined to traditional shop methods and sales talk. Sometimes an attempt is made to learn from new techniques from private sector. The cooperatives should encourage more innovative approaches for sales.

*** Quality and Safe goods**

Quality has become the order of consumer business. The most modern shops are conscious of quality and safety of goods for consumers. The consumer protection movements have created an awareness on this direction. The cooperatives should insist on quality and be selective on various brands, this could become symbol of quality.

To strengthen the forces within the consumer cooperatives, they should:

Mobilize consumers into strong participative con

sumer enterprises.

Strengthen the management of consumer cooperative organization which should result in surplus and viability of operations.

Integration of consumers with producers to achieve mutually helped economic activities and integra

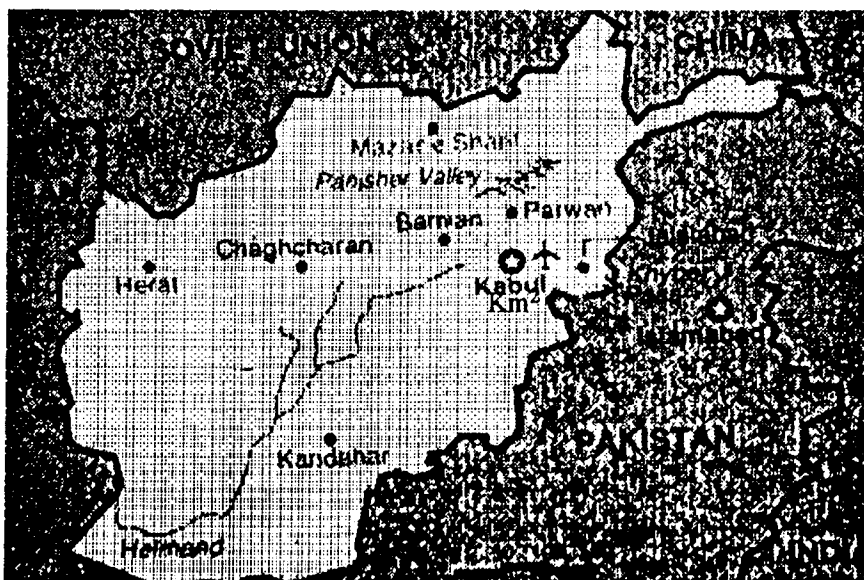
tion of members into a cohesive group.

The future of consumer cooperative movements in the Asian Region does not depend on the competition with giant multinationals, but mobilising their members into force in managing a business which provides the needs of the consumers according to their responses and wishes.

AFGHANISTAN

01. BASIC INFORMATION

- Land Area : 648000
- Density (per sq.km) : 28
- Climate :
- Life Expectancy : 39
- Adult Literacy Rate (aged 15+ as at 1988): 12%



- Major Industries : Cotton, Woollen, cement, sugar
- Major Agriculture : Wheat, maize, rice, vegetables, timber.
- Major Exports : Natural gas, fruits, carpets, oilseeds, cotton
- Major Imports : Petroleum, sugar, textile, vehicles.

02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	14.5	15.4	14.2	14.5
	Annual average growth rate	2.5	2.4	2.6	2.4
	Total (bn in US\$)	3.5	1.85	3.52	3.52
	Per capita income	155	110.5	250	250
GROSS DOMESTIC PRODUCT	Growth Rate %	NA	NA	NA	NA
	Consumer Prices % change	NA	NA	25	NA
	Money growth rate %	NA	NA	NA	NA
	Agriculture as % GDP	54	68.8	69	57.2
	Industry as % GDP	11.3	13.8	14	23.7
FOREIGN RESERVES (US\$ M.) EXCLUDING GOLD		699	296	256	
OUTSTANDING FOREIGN DEBT (US \$ M.)		NA	NA	1434	
STUDENT POPULATION	Primary	1.11M	1.11M	1.11M	NA
	Secondary	124488	124455	124500	NA
	Tertiary	31717	38000	38000	NA
WORK FORCE TOTAL (MILLION)		3.9	3.9	3.9	5.56
HEALTH	Hospital beds per 1000	0.2	0.32	0.32	NA
	Doctors per 1000	0.6	0.06	0.06	NA

03. COOPERATIVE MOVEMENT IN AFGHANISTAN

The initiation to introduce Cooperative System was made during 1960's. The FAO made an important contribution to the development of cooperatives in Afghanistan. The first Cooperative Law was enacted in 1974. The Department of Cooperative Development was established during the same year.

The Government announced a plan for the establishment of 4500 cooperatives during the 5-year plan period starting in 1979. However, a change in the plan was made later to consolidate the existing cooperatives rather than organising new cooperatives.

The type of cooperatives introduced in Afghanistan was agricultural multi-purpose cooperatives. These cooperatives were credit oriented. In 1977, there were 133 multi-purpose agricultural cooperatives with a total membership of 15393. Cooperatives were concentrated in 13 provinces out of a total of 29 provinces. The coverage was 478 villages out of a total of 35364 villages in the country.

The situation of multi-purpose cooperatives in 1984 was as follows:

i. No. of cooperatives	:	1293
ii. No. of members	:	198,000
iii. Area of operation (total)	:	163000 ha.
iv. Paid up Share capital	:	Afs.61 million (US\$ 2.1 million)
v. Loans advanced:		
a) Production loans	:	Afs.19.9million (US\$362,000)
b) Marketing loans	:	Afs.118.7 million (US\$ 2.1 million)
vi. Supply of Agri.inputs	:	Afs.18.7 million (US\$340,000)
vii. Marketing:		
a) Internal	:	38,200 tons of commodities
b) Exports	:	14,000 " "

Export commodities were raisin, fresh grapes and Karakul skin.

The Central Union of Peasants Cooperatives of the Democratic Republic was established in 1980. This organization is the Apex body of cooperatives which undertake promotional and services operations at the national level.

The banking system in Afghanistan consists of six banks. The Afghanistan Bank, 2 commercial banks and a special banks including the agricultural and commercial bank, which was founded in 1954 as a subsidiary of the Afghanistan Bank to provide village development. These banks play an important role in promoting development in rural areas. 25% of the population depend on agriculture for their living. The institutional credit supplied by these banks aimed at replacing money lenders and support cooperatives to bring about developmental change and political reforms at the village level.

04. CONSUMER COOPERATIVE MOVEMENT IN AFGHANISTAN

There is no strongly developed consumer cooperative movement in Afghanistan. Due to the military operations and disturbances in the countryside, the multi-purpose cooperatives have been mobilised to distribute essential commodities to the community.

The Central Union of Peasants Cooperatives procures commodities on behalf of primary cooperatives and channel them through multi-purpose cooperatives. The items are normally controlled and limited to daily essentials.

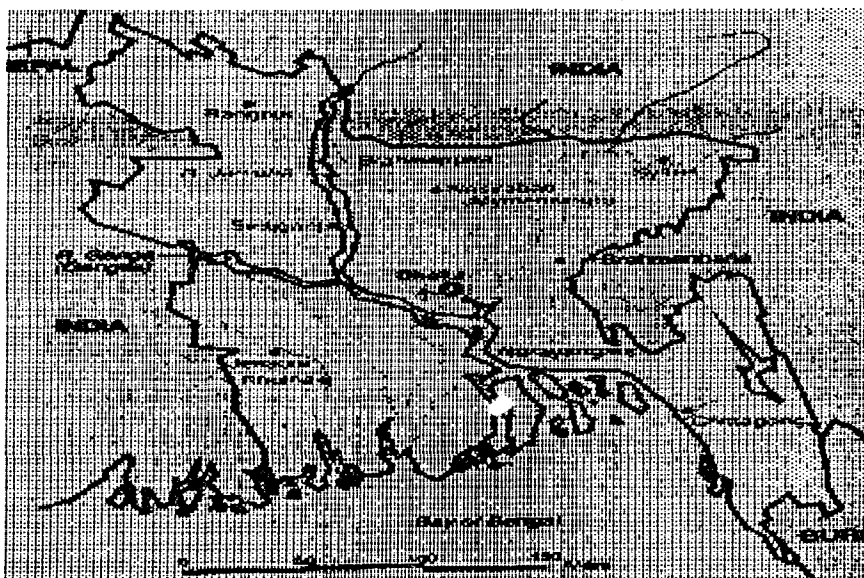
05. PROBLEMS AND FUTURE PROSPECTS

The future of cooperative movement in Afghanistan depends on the political developments in the country. Afghanistan is undergoing a difficult period in terms of political stability and economic development. The government which came to power after a military coup in 1978 had aimed their policies towards transforming the traditional rural society into a more dynamic and modern society. The strategies adopted were subjected to turbulent resistance.

The inner fighting has resulted in destroying the infrastructure and also the decline in the trade volume by 7.26% in 1988 while imports declined by 15.75%. Except the essential items such as wheat flour and cooking oil the trade was vested in the private sector. Private sector has been given an increasingly important and expanded role in the economic development. However, the state still promotes cooperatives in the agricultural sector. Many international agencies affiliated to UN system have come out with various economic and social rehabilitation programmes.

The future of cooperatives in Afghanistan lies with the political stability in the country.

BANGLADESH



01. BASIC INFORMATION

- Land Area : 144
- Density (per sq.km) : 685
- Climate :
- Life Expectancy : 50
- Adult Literacy Rate (aged 15+ as at 1988): 29%
- Major Industries : Jute, Fertiliser, paper, textile, iron, sugar
- Major Agriculture : Grain, Tea, potatoes, pulses, tobacco, fish
- Major Exports : Manufactured goods, food
- Major Imports : Plant, equipment, consumer goods, petroleum

02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	99.6	104.1	107.1	109.5
	Annual average growth rate	3.1	2.7	2.7	2.7
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	12.71	13.47	14.34	14.40
	Per capita income	130	128	136	135
	Growth Rate %	3.70	4.82	4.00	5.7
	Consumer Prices % change	NA	9.94	10.36	12.5
	Money growth rate %	34.4	25.8	17.10	16.50
	Agriculture as % GDP	47.00	50.40	47.00	48.74
	Industry as % GDP	9.9	9.5	8.7	9.79
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		500	350	634	827.9
OUTSTANDING FOREIGN DEBT (US \$ M.)		4352	5929	6400	8361
STUDENT POPULATION	Primary	9M	8.92M	9.12M	10.79M
	Secondary	2.6M	2.49M	2.66M	2.75M
	Tertiary	0.47M	0.47M	0.67M	0.43M
WORK FORCE TOTAL (MILLION)		31.9	31.0	32.0	32.6
HEALTH	Hospital beds per 1000	0.27	0.28	0.26	0.32
	Doctors per 1000	0.16	0.16	0.13	0.19

03. COOPERATIVE MOVEMENT IN BANGLADESH

The history of Cooperative movement in Bangladesh emerges from 1904 during the British colonial period. It had never experienced proven strength upto the creation of East Pakistan in 1947. The movement had a bias towards agriculture credit. These societies were village based and too small as units. The natural calamities which affected Bangladesh had a negative impact on the cooperatives too. Annual famines and floods hit the country all the time. Many of the 25,000 cooperatives existed when partition took place in 1947 were to be liquidated by 1957.

The government introduced new concept of cooperation called multi-purpose cooperatives at the village level during the 50s. These societies were to undertake multi-services including credit, production and consumer services, covering several villages which would ensure their economic viability. More than 4,000 such cooperatives were formed during '50s. They too had problems of lack of member participation and managerial inefficiency ultimately.

Government again took a special interest in early 1960s and encouraged the formation of agricultural, industrial, consumer, housing and many other types of cooperatives. Central Cooperative Banks and also a National Cooperative Bank (Bangladesh Samabaya Bank) too were formed to finance these cooperatives. Bangladesh Jatiya Samabaya Union was formed as the apex union.

Another parallel development took place with the Comilla experiment in local development. The exercise started with the development of infrastructure and irrigation schemes at the village level developed into an integrated rural development programme. This programme gave birth to a new type of cooperatives supported by the government, parallel to traditional types of cooperatives.

A distinct development in the cooperative movement was the emergence of women cooperatives with its own structure from village level to national level. One basic factor behind this development was the Muslim culture prevailing in the country.

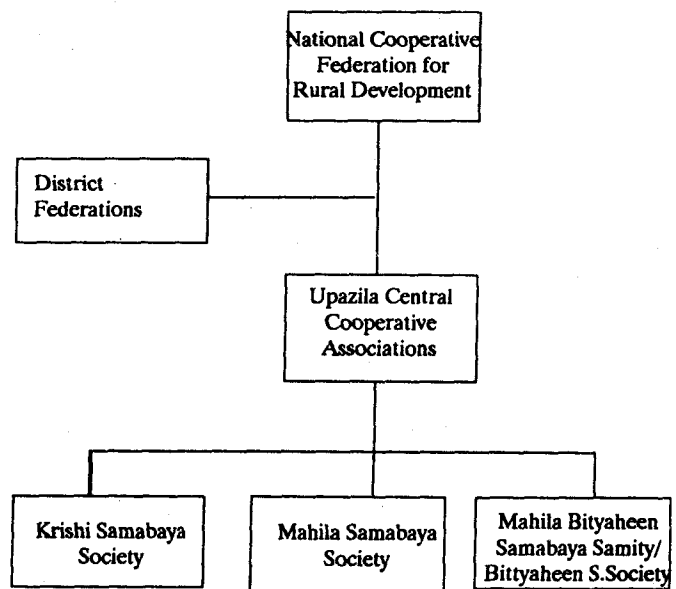
The government however encouraged two-tier structure for cooperatives after liberation of the country in 1971.

The number of cooperatives as at 1987 are as follows:

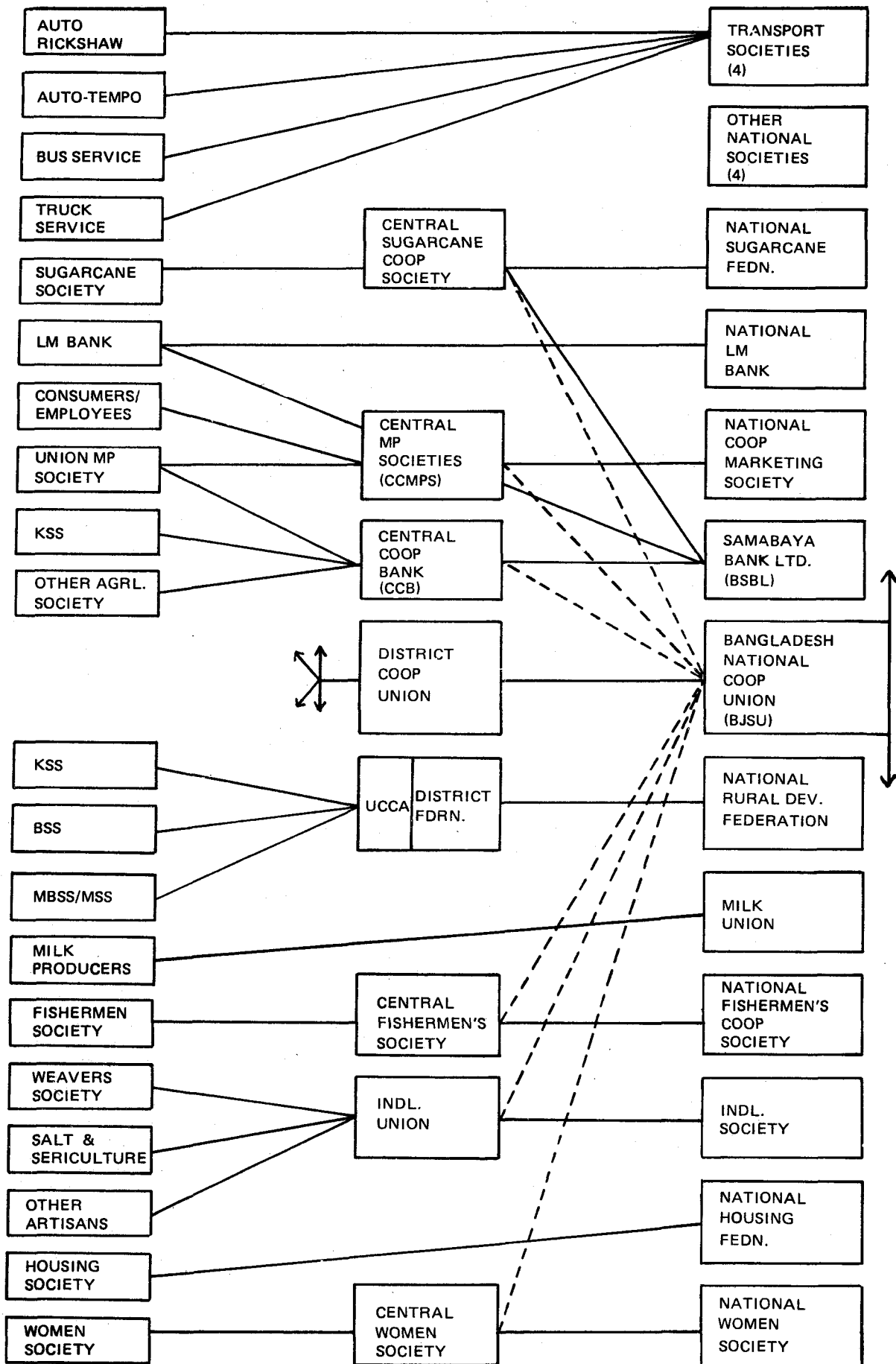
	No. of Societies	Members (000s)
<i>Two-tier Cooperatives</i>		
Agricultural Societies	53619	1814
Women's Societies	7623	297

Societies for assetless	9345	253
Other societies	703	21
Sub-Total	71290	2305
<i>Traditional Cooperatives</i>		
Union Cooperative Multi-purpose Societies	4121	1300
Fishermen's Societies	3728	389
Agricultural Societies	25920	1119
Weavers' Societies	2720	510
Sugarcane Societies	693	125
Women's Societies	913	40
Milk Societies	177	30
Other societies	10042	763
Sub-total	48314	4337
Grand Total	119,604	6642

The organizational chart of two-tier cooperative movement is as follows:



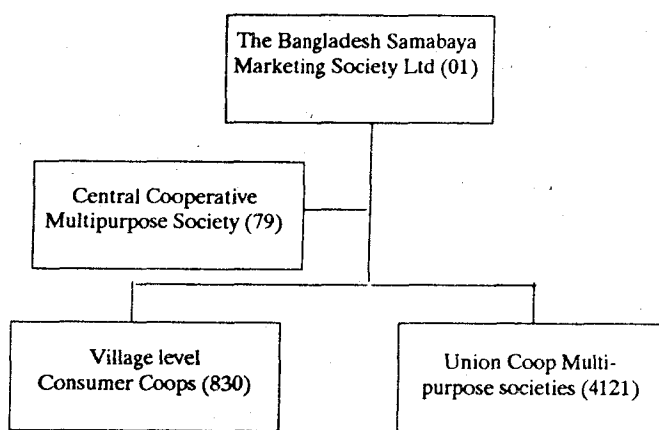
The organizational structure of traditional cooperatives is given in the chart on the next page:



04. CONSUMER COOPERATIVE MOVEMENT IN BANGLADESH

There is no distinct consumer cooperative movement in Bangladesh. The consumer services are carried out by other types of cooperative societies - specially by Central Multipurpose Cooperatives and Women Cooperative Societies. However, one could note that there are institutional consumer cooperatives functioning in the government offices and housing complexes.

The structure of consumer oriented cooperatives is as follows:



The business results of these consumer cooperatives as at 1988 are as follows:

No	Item	National level	Secondary level	Primary level
1.	Members of Mng. Committees	12	948	49452
2.	Employees	127	237	8242
3.	Share Capital*	4.4	7.9	38.6
4.	Reserve Fund*	2.1	2.3	12.8
5.	Deposits*	12.2	3.8	26.9
6.	Loan Repayable*	9.3	23.5	250.4
7.	Working Capital*	16.9	39.8	328.7
8.	Loan Recovery(87-88)*	1.6	2.1	174.2
9.	Loan Realisable*	20.2	24.8	250.4
10.	Total Purchases*	2.5	3.6	41.2
11.	Total Sales (87-88)*	2.8	2.9	42.3
12.	Total Income*	0.5	3.1	3.5
13.	Net Profit*	0.2	1.2	1.2

(* Values are in million takas)

The government utilized apex, secondary and primary MPCSSs for distribution of consumer commodities, after independence in early '70s. They too engaged women's cooperatives for the purpose. Both Bangladesh Samabaya Marketing Society and Bangladesh Jatiya Mahila Samabaya Society (National Women's Cooperative Society) performed a yeoman service to the consumer during this period. The BJMSS had 44 Central Womens Cooperatives in the provinces to undertake this service. They too are engaged in distributing goods which come under relief schemes. Summarily, these organisations were functioning as distribution channels for government sponsored consumer relief schemes. When the economy grew slowly, the government allowed more liberalisation of consumer trade which resulted in the growth of the private sector and the deterioration of consumer cooperatives.

05. PROBLEMS AND FUTURE PROSPECTS

The constitution of Bangladesh has accepted cooperatives as the second sector of the economy. It has tried to promote agriculture oriented cooperatives through BRDB concept of cooperatives which was subject to heavy financing by various foreign donors who were interested in the rural development in Bangladesh. The progress made after a decade of operations has been subjected to heavy criticism by evaluation teams. Several missions by IDA (81) and World Bank (88) went into this issue and came out with problems and constraints of the programme. Some of the international development journals too carried many contributions on the subject. Some of the generally accepted problems are:

- The funds meant for helping rural masses to bring about relief and self reliance in their living conditions did not reach them but spent in the process of channelling through institutions.
- The quantum of activities covered only a small proportion of the population.
- The exercise has hardly achieved its objective of creating financially viable and self managed cooperatives able to sustain themselves, without continuous government subsidies.

These problems are generally relevant to BRDB sponsored cooperatives. The traditional cooperatives continued to deteriorate due to lack of subsidies and financial and managerial incompetency. The upliftment of consumer cooperatives have to depend on the peoples participation in economic activities. Bangladesh experienced worst natural calamities during the past four years which affected the national economic development activities and the daily living of people. Severe flood in 1987 restricted growth to only 2.6%. The floods in 1988 did a worst damage. 2000 industrial units were damaged. Flood damage to cooperatives

was around 2.3 million tonnes. The credit granted could not be recovered.

At present, the government encourage open market economy. The market forces are allowed to work freely.

The Government decided to close down the Consumer Supply Cooperatives (COSCOR) in 1989. The Trading Corporation of Bangladesh, set up by the government in 1972 to import and hold buffer stocks of essential commodities so as to help stabilise the market in times of scarcity and which was handling 80% of imports one time has now been reduced to a minor business venture.

The consumer market in Bangladesh much depend on the imported consumer goods. The internal resources are confined to limited production of agricultural commodities. Although the government had wanted self-sufficiency in food grains by now, the target has been postponed to 1992 due to natural calamities experienced. Restricted import lists are getting dropped. This tendency paved way to boost up import companies which would ultimately control the consumer market. The consumer cooperatives have to enter into the field if they are to survive. The price control has been liberalised with the result competition and monopolies have come into play. However consumer market in Bangladesh has been limited due to low per capita income which resulted in low purchasing power of the consumer. High population growth, low productivity and inflation has aggravated the situation.

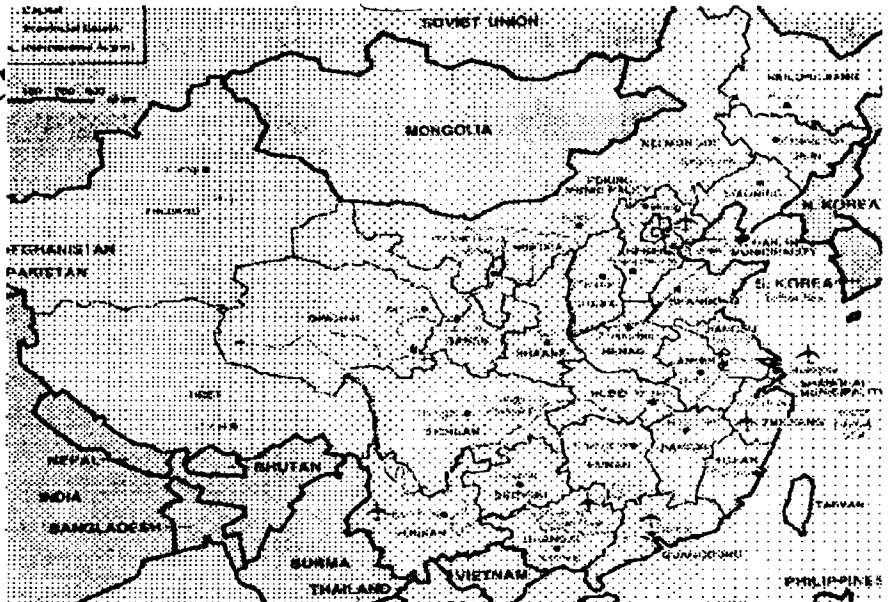
However, the so called traditional structure of cooperatives created in Bangladesh provides an ideal framework

to re-vitalize the consumer activities. The Marketing and Supply Cooperative society has a sound infrastructure to work with. Atleast there are few multi-purpose cooperatives, institutional consumer cooperatives and women's consumer cooperatives functioning well. There is also an enlightened group of leaders and members prevalent within the system. Some of the Central Cooperative Banks and the National Cooperative Bank are active at present.

The ICAROA organised a study of consumer cooperatives which resulted in a national workshop in 1989. The workshop identified the following areas as vital for improvement in order to re-vitalize the consumer cooperative movement:

1. Re-organising the existing structure of consumer cooperatives.
2. Increasing the infrastructural facilities (warehouses, retail shops, transport, etc.).
3. Revitalise the existing National Cooperative Marketing and Supply Society to import consumer goods and organise a distribution system.
4. Improvement in the quality of employees and managing committee.
5. Enhancing member participation.
6. Raising working capital through shares and deposits.
7. Formation of new consumer cooperatives.
8. Suggest amendments to the Cooperative Law.

PEOPLES REPUBLIC OF CHINA



01. BASIC INFORMATION

- Land Area(000 Km²) : 9561
- Density (per sq.km) : 97
- Climate (varied) : 4.7o-25.5°C
- Life Expentancy : 66
- Adult Literacy Rate (aged 15+ as at 1988): 73.3
- Major Industries : Textiles, Cement, Iron, Steel, Coal
- Major Agriculture: Rice, Wheat, Cotton, Soya
- Major Exports : Cotton, Oil, cereals, textile
- Major Imports : Cereals, Steel, Iron, timber, fertilizer

02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	1034.5	1050	1062	1089
	Annual average growth rate %	1.3	1	1.3	1.4
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	328.4	264.9	262	295
	Per capita income	335	220	250	234
PRODUCT	Growth Rate %	9	N.A.	7.8	9.3
	Consumer Prices % change	4	8.8	6	7.3
	Money growth rate %	20.7	21.8	51	31.3
	Agriculture as % GDP	37	46	20	31
	Industry as % GDP	41	125	59	46
FOREIGN RESERVES (us\$ M.)EXCLUDING GOLD		16800	11447	13143	19007
OUTSTANDING FOREIGN DEBT (US \$ M.)		3000	N.A.	19312	29300
STUDENT POPULATION	Primary	135.8M	133.7M	133.7M	128.4M
	Secondary	44.0M	51.7M	51.7M	54.0M
	Tertiary	1.21M	1.73M	1.73M	2.0M
WORK FORCE TOTAL (MILLION)		465	498.7	494	528
HEALTH	Hospital beds per 1000	2.07	2.14	2.14	2.23
	Doctors per 1000	1.33	1.36	1.35	1.37

03. COOPERATIVE MOVEMENT IN THE PEOPLES REPUBLIC OF CHINA

The origin of cooperative movement in China dates back to 1900. The movement was introduced with credit cooperatives in north China. Later, the movement was diversified with farming cooperatives and agricultural marketing cooperatives. Multipurpose cooperatives came into existence during the 1920s.

As a result of a National Cooperative Conference held in 1935, the first cooperative law was promulgated.

During 1930s and 1940s, the industrial cooperatives were formed. In 1938, the Committee for Industrial Disputes was formed in Shanghai.

The unification of China in 1949 after the revolution brought about a developmental change in cooperatives. The land reforms gave new impetus to cooperatives. In 1949, a basic policy for Cooperative Development was formulated. The government's common programme gave much importance to Supply and Marketing cooperatives. The new small holders, who received land under land reform joined together to form cooperatives. The government gave subsidy for these cooperatives in the form of tax relief. As a result, by 1932, there were 33,000 supply and marketing cooperatives.

By 1955, Mao Tse Tung supported merger of small cooperatives into Agricultural Producers Cooperatives which are large and viable. He also propagated rapid cooperativisation of economy in order to achieve targets of 5 year plan. The strategy followed was manifold:

- creating larger planning units
- promoting greater rationalization of land use
- use of intensive labour for infrastructural development
- consolidation of cooperatives

The members of cooperatives were required to transfer their land other capital resources to the cooperative society, for which they received compensation. They were to work as teams in the field. Ultimately by the end of April 1958, 100% of peasant community was organized into Agricultural Producers Cooperatives. However, traditional farmers resented the programme though discreetly.

Due to withdrawal of support by USSR and US blockades, the state set up communes to overcome difficulties. The 750,000 Agricultural producer cooperatives existed at the time, was grouped into 26,000 communes. The objective was labour mobilization for farming and public work. The communes managed industrial and commercial activities and essential economic and social services.

However, communes got into difficulties due to poor management and crop failures. Therefore, the restrictions of private plots and markets were relaxed. As a reaction to this, hardcore ideologists started cultural revolution.

The changes came by 1978 after Mao's death: pilot experiments in the separation of politics from economic organization was undertaken. Contract systems with teams cooperatives was introduced and gradually cooperatives became independent. By 1979 private markets were allowed.

One important development was the freedom given to cooperatives to market their surpluses with other cooperatives or other regions. Producers were given freedom to use distribution agencies, self managed sales agencies or commission agents.

Thus 6 types of cooperatives came into existence:

- Agricultural cooperatives
- Supply and Marketing Cooperatives
- Credit Cooperatives
- Industrial Cooperatives
- Labour Service cooperatives
- Handicrafts cooperatives

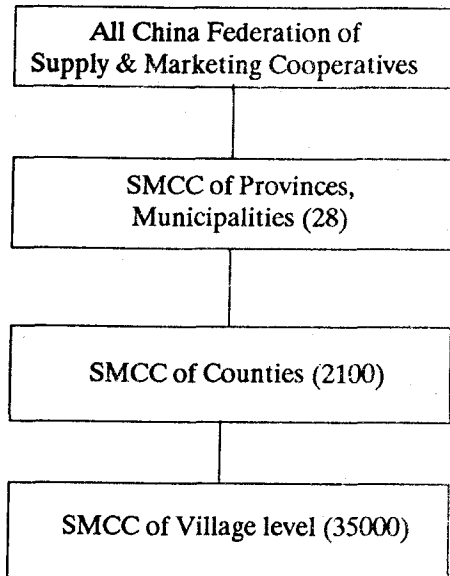
At present the strength of the cooperative movement is as follows:

Supply and Marketing Cooperatives at Village level	35,000
Supply & Marketing Cooperatives at County level	2,100
Credit Cooperatives	55,000
Rural Industrial Cooperatives	1.3 mil.
Handicraft Cooperatives	62,000
Labour Services cooperatives	12,000
Cooperatives of unemployed	N.A.

04. CONSUMER COOPERATIVE MOVEMENT IN PEOPLES REPUBLIC OF CHINA

A specialised consumer cooperative sector is yet to be developed in China, if we speak of the same in the sense of western, scandinavian or Japanese consumer cooperative movements. There is no market economy functioning due to which competition or interplay market forces are not visible. However, there is a network of consumer oriented supply and marketing cooperatives, providing consumer services to the community.

The structure of supply and marketing cooperatives is as follows:



These cooperatives maintain following customer services:

- Industrial products wholesale centres	26,000
- Agricultural and Sideline products distribution centres	60,000
- Trade Centres	2,200
- Waste Material Collecting stations	24,000
- Retail shops	470,000
- Catering, Social Service centres	50,000
- Storing and transport services	6,500
- Processing enterprises	17,000

Until 1954, the handicraft sector and supply and marketing sector were functioning together under All China Federation of Cooperatives, when supply and marketing cooperatives split off and formed the present All China Federation of Supply and Marketing Cooperatives.

At present, 85% of peasants are shareholders of SMCC. They possess a share capital of 2.5 billion yuan. Annual turnover is 130 billion yuan. Work force is 4 million people.

The services provided by the SMCC are:

- Marketing of cotton, lamb, tea and live stock products
- supply of agricultural inputs and farm machinery
- supply of other consumer goods

- recycling of waste material
- restaurants
- agricultural credit
- rendering of technical services
- research

The SMCC provides educational services through 1400 educational institutions, 79 secondary vocational services, 179 provincial and prefectural cadre training schools and 1200 staff training schools.

Although not so important as SMCC, the 'people run enterprises' organized by unemployed youth from late seventies too are engaged in consumer services. They too are engaged in production work.

05. PROBLEMS AND FUTURE PROSPECTS

At present China is undergoing a phase of political controversy and stabilization. If foreign collaborators launch restrictions of trade and industries, the situation may affect the country further in addition to present inflation rate. Banking system too had their share of problems. Money supply grew by 27.13% in 1988. The retail price index was up by 19.2%.

However, the influence of the present political situation cannot be expected to influence cooperative sector.

The Supply and marketing cooperatives aspire to achieve the following objectives in the future:

- develop new services for commodity production in rural areas in order to open new areas of production.
- develop economic cooperation with economic enterprises at any level among regions.
- develop agricultural and sideline production through the use of new technology.
- Introduce various methods of business management.
- Open up purchase and distribution centres.
- develop education and technical undertakings
- improve management efficiency.

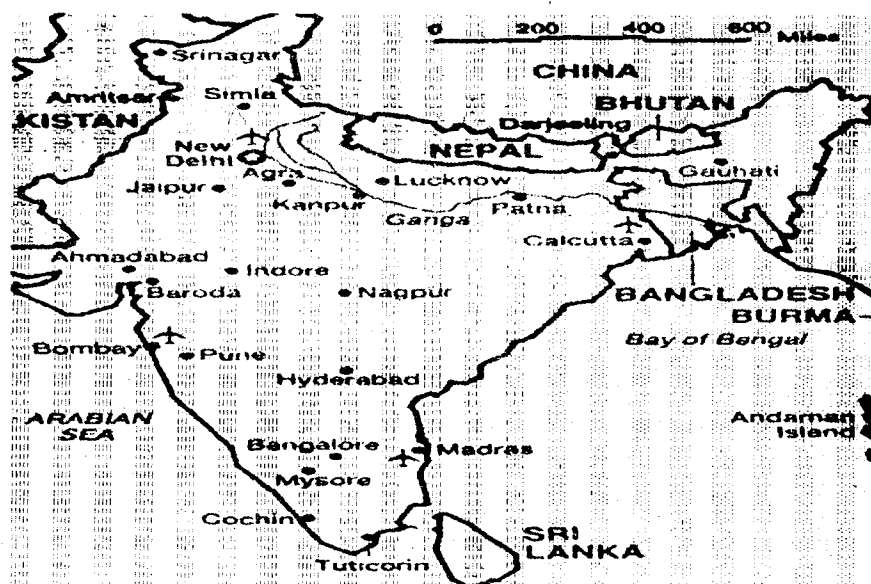
The geographical and demographic constraints inhibit expected rate of growth in consumer cooperatives. The limitation in the consumer market is another limiting factor for business expansion. The competition too is marginal which results in stagnant management development. Management training may need improvement.

A strategy has to be developed to further strengthen the existing integration of producers with consumers.

INDIA

01. BASIC INFORMATION

- Land Area : 3288
- Density (per Km²): 231
- Climate : Tropical
- Life Expentancy : 54
- Adult Literacy Rate (aged 15+ as at 88): 36%
- Major Industries : Steel, Cloth, Cement, Fertiliser, Automobiles, Oil, Coal, Copper, Iron, etc.
- Major Agriculture : Rice, Wheat, Sugar, Cotton, Jute, Tea, etc.
- Major Exports : Gems, garments, engineering goods, cotton, tea
- Major Imports : Petroleum, machinery, iron, steel, chemicals.



02. GENERAL DEVELOPMENT INDICATOR

		1985	1986	1987	1988
POPULATION	Total Population (Million)	746.4	785	800.3	816.8
	Annual average growth rate	2.0	2.3	2.1	2.0
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	126.2	165.86	172.48	182.51
	Per capita income US\$	164.4	220	260	209
	Growth Rate %	8.5	4.2	5.0	4.1
	Consumer Prices % change	9.3	8.9	7.5	9.8
	Money growth rate %	11.3	15.7	14.9	18.6
	Agriculture as % GDP	43.6	37.2	36.0	37.0
	Industry as % GDP	22.3	16.7	24.0	25.0
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		4693.5	5977	6427	4877
OUTSTANDING FOREIGN DEBT (US \$ M.)		17534	21374	36383	38603
STUDENY	Primary	119.5M	121.5M	123.9M	129.2M
POPULATION	Secondary	28.7M	29.3M	19.7M	20.1M
	Tertiary	2.1M	6.2M	3.7M	3.8M
WORKFORCE TOTAL (MILLION)		271.3	283.4	292.0	296.0
HEALTH	Hospital beds (per 1000)	0.8	0.8	0.79	0.91
	Doctors (per 1000)	0.27	0.28	0.27	0.42

03. COOPERATIVE MOVEMENT IN INDIA

The concept of cooperation was introduced to India with the enactment of Cooperative Credit Societies Act of 1904. Further expansion into other fields was sanctioned by 1912. The initial type of cooperatives was of Raiffeisen Credit type.

Although there was a steady progress at the beginning, world recession hit the cooperatives in late twenties, which resulted in collapse of many cooperatives.

Second world war initiated consumer cooperatives to distribute consumer goods. The government too encouraged people to set up agricultural cooperatives for supply of agricultural inputs.

Cooperatives were given impetus by the government of independent India in 1947. All 5-year plans launched contained a specific role for cooperatives in economic development. Cooperative sector was looked upon as a balancing sector of the economy i.e. balancing private sector and public sector.

The rural credit survey undertaken in 1954 initiated many changes including increased role for land mortgage cooperative banks and establishing linkages between credit and marketing.

The national policy on cooperatives delivered by the government in 1977, laid down the future policy of the government. Main features are as follows:

1. Cooperation to be built up as one of the major instruments of decentralized labour intensive and rural oriented economic development.
2. Close association of cooperatives with the process of planning and social change.
3. Cooperatives to be developed as a shield for weak.
4. Promotion of cooperative development on a national basis and removal of regional imbalances in the cooperative growth.
5. Development of cooperatives as an autonomous and self-reliant movement free from undue outside interference and excessive control, as also from politics.
6. Development of cooperatives based on enlightened participation of broad membership, free from domination of vested interests.
7. Development of a strong and viable integrated cooperative system for total and comprehensive rural development.
8. Development of a network of agro-processing and in

dustrial cooperative units.

9. Development of the consumer cooperative movement to strengthen the public distribution system.
10. Formulation of a streamlined organizational system and simple and rationalized procedures for cooperatives.
11. Development of professional management for cooperatives.

The Sixth 5-year plan (1980-85) was formulated in keeping with the new policy.

India, being a federal form of government, has made cooperation a state subject. Each state has its own cooperative legislation. The central government has a supervision over multi-state cooperatives and also national cooperative federations.

Following are the number of cooperative organizations in India by the end of 1981 (NABARD statistics)

1. Apex level cooperative federation (NCUI)	1
2. National level cooperative federations	15

Marketing Cooperatives

3. State marketing federations	29
4. State commodity marketing federations	7
5. District and regional marketing federations	350
6. Primary marketing societies	3600

Dairy Cooperatives

7. State milk producers cooperative federations	11
8. Milk Supply unions	270
9. Milk supply primary societies	34652

Sugar Cooperatives

10. Cooperative sugar factories	200
11. State federations of sugar cooperatives	8

Tobacco Cooperatives

12. Tobacco growers cooperatives	1782
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Consumer Cooperatives

13. State cooper consumers federations	15
14. State cooperative marketing consumer feds	7
15. Central Wholesale coop consumer societies	590
16. Primary consumer cooperatives	19000

Credit & Banking cooperatives

17. State Cooperative Banks	27
18. Central Cooperative Land Development Banks	25

19. Stage Federations of Urban Coop Banks	6
20. Urban Cooperative Banks	1281
21. Industrial Cooperative Banks	9
22. All types of cooperative credit societies	123687

Fisheries Cooperatives

23. State Federations of fishermen's coops	13
24. District/Regional feds of fishermen's coops	69
25. Primary fishermen's cooperative societies	7748

Housing Cooperatives

26. State Cooperative Housing federations	22
27. Primary cooperative housing societies	36835

Industries Cooperatives

28. State Feds of Industrial Cooperatives	16
29. Central Industrial Cooperatives	149
30. Primary Industrial Cooperatives	32740
31. Flagging and Tanning Cooperatives	920
32. Pottery Cooperative Societies	740
33. Hand Pounding of Paddy & Cereals Coops	1008
34. Oil Crushing Cooperatives	2013
35. Palm Beer Makers Coop Societies	8969
36. Cane, Gur and Khansari Cooperatives	479
37. Canning of Fruit & Vegetables Coops	44
38. Other Village Industries Cooperatives	4213
39. Handicraft Industries Cooperatives	2495
40. General Engineering Coop Societies	2008
41. Chemical Engineering Cooperatives	382
42. Leather Goods Cooperative Societies	764
43. Construction Material Coop Societies	1003
44. Sericulture Cooperative Societies	217
45. Coir cooperatives	577
46. Spices cooperative societies	68
47. Miscellaneous coop industries	6836

Textile Cooperatives

48. State Spinning Mills Coop Federations	6
49. State Handloom coop federations	8
50. Spinning cooperatives	66
51. Handloom cooperatives	12005
52. Powerloom cooperatives	934
53. Cooperative Processing houses	4
54. Weavers cooperative societies - state	625
55. Weavers cooperative societies - central	92
56. Weavers cooperative societies - primary	15541

Labour Cooperatives

57. State Labour Cooperative federations	8
58. Primary labour cooperatives	20000

Educational Cooperatives

59. State Cooperative Unions	22
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Disadvantaged groups cooperatives

60. Cooperatives for Scheduled Castes & Tribes	400
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Total	344,965
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04. CONSUMER COOPERATIVE MOVEMENT IN INDIA

The details of the number of consumers cooperatives appear in the previous heading. The National Cooperative Consumers Federation of India (NCCF) originally concentrated on handling government regulated commodities. The federation has now diversified its business into groceries, pulses, tea and non-controlled textiles. It handles exports to USSR and Middle East and imports dried fruits and other items.

The first primary consumer cooperative society started in Madras in 1904. Many consumer cooperatives were organized during the second world war. After recommendations by the Natesan Committee to study consumer cooperatives, Central sector scheme for strengthening consumer cooperatives is under implementation.

Indian consumer cooperatives have a 4-tier structure:

National Cooperative Consumers Federation

State Consumer Cooperative Federation

District Wholesale Cooperative Societies

Primary Consumer Cooperative Societies (village)

The membership in cooperative consumer societies at present is about 6.28 millions. Wholesale cooperatives, too have individual members numbering 2.24 million.

Total share capital of state federations is Rs.370 million. 85% of the share capital is contributed by the government. Wholesale cooperatives have a share capital of Rs.480 million, out of which 70% is contributions by the government. The primary cooperatives have a share capital of Rs.290 million, out of which 25% has been contributed by the government. Working capital of State federations is Rs.170 million, wholesale stores Rs.1592 million and primary cooperatives Rs.1255 million. The performance of consumer cooperatives are given as follows:

National and state level federations carry out wholesaling function, whereas primary cooperatives undertake retailing. None of the organizations do any credit sales to institutions or consumers. However, capital goods are sometimes sold on hire purchase schemes but the quantum of business is marginal.

India has introduced consumer laws in 1986. State level and district level forums are to be set up for redressal measures to the consumer. The rights of consumers were defined in the Act as "the right to be informed about the quality, potency, purity and price goods; to protect him against unfair trade practices; the right to be assured of access to a variety of goods so as to avoid monopolies, the right to be heard, the right to seek redressal against unfair trade practices and exploitation, the right to be educated about consumer goods". A 3-tier machinery for redressal of the grievances of consumers was provided in the Act:

- i. National commission at the National level
- ii. State commissions at the state level
- iii. District forums at the district level.

The formation of these bodies are in progress. Some of the states have adopted the Act and formed commissions and 50 district forums out of a target of 439, have been set up.

The National Cooperative Consumers Federation has state level warehouses and few processing centres. They too maintain few department stores in capital cities such as Delhi. During 1986-87, the NCCF made a turnover of Rs.135 crores with a Rs.50.7 million gross surplus. The total average wholesaler's consumer business in the cooperative sector is about Rs.12,000 million. The retail turnover of city based consumer cooperatives is about Rs.15,000 million and rural consumer cooperatives about Rs. 9,000 million. However, the consumer cooperatives account for only 3% of the market share of retail business in the country. By the end of 1987, 58% of retail consumer federations, 50% of wholesale stores and 45% of urban primary cooperatives has net profits.

In addition to the share capital contribution to consumer cooperatives, the government undertakes auditing of consumer cooperatives. Some times the government appoints Chief Executives to consumer cooperative organizations.

The consumer cooperatives do not enjoy any tax concessions or benefits in India.

05. PROBLEMS AND FUTURE PROSPECTS

The 7th Five Year Plan (1985-90) in force at present has expected the following role from the cooperative sector:

1. Cooperatives should provide the fullest support to agricultural production programmes.
2. The policies and procedures of cooperatives will be further realigned to ensure that the benefits of cooperative flow increasingly to small farmers and weaker sections.

3. All the viable primary agricultural credit cooperatives at the base level will be developed as multi-purpose cooperatives for distribution of credit, agricultural inputs and consumer goods. The concept of services to the farmer under 'one-window'.
4. Strengthening of cooperative structure at various levels and coordination among different sectors of the cooperative movement.
5. In the marketing of coarse grains and pulses, cooperatives will have special incentives.
6. National/state/district level cooperatives are to be organized for special commodities like oilseeds, forest products, etc.
7. The role of cooperatives in the export of agricultural commodities to be enlarged and strengthened.
8. In the cooperative processing of agricultural produce, special emphasis is to be laid on increased processing of members' produce so that value added benefits reach them.
9. The storage capacity with the primary cooperatives should also be used for providing pledge credit to small and marginal farmers.
10. A large programme of workers cooperatives is to be undertaken.
11. Intensive programme of training procedures will be taken up to meet the need for professional managers.
12. National level funding to support credit and other programmes.

As one can see, the main emphasis of the programme is agriculture-oriented. India is an agriculture based economy still. Although agricultural cooperatives enjoys certain privileges such as subsidies and guarantees, consumer cooperatives enjoy nothing. As the food and daily need of the consumer is no longer problems in India, no wonder the government has different priorities.

The National Cooperative Consumers Federation itself faced severe setbacks during the last few years, which ended up in the suspension of the board of management and legal battles. The liquidity and reserve position of the NCCF eroded and the existing organization barely manage to maintain atleast present level of operations. With the change of the management, it is expected that there will be positive changes.

Some of the problems faced by primary consumer cooperatives are:

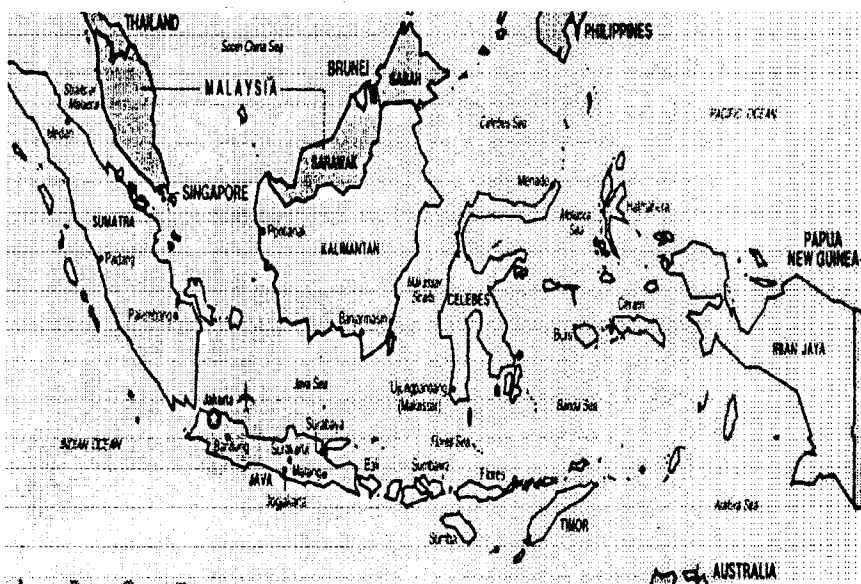
- Lack of know-how in retailing due to which selling techniques, layout of shops and display are not upto professional standards.
- Lack of member participation in the management of consumer cooperatives.
- Profitability of average consumer cooperatives has become low.
- Non-coordination between producer cooperatives and consumer cooperatives.
- Heavy government intervention in the management of larger consumer cooperatives through deputisation of executives.

The per capita income in India is rather low. This affect the primary consumer cooperatives located in rural areas. However, as the income distribution is seriously uneven, the urban areas have a better potential for setting up of bigger department stores. Cities such as Bombay, Delhi and Bangalore already have such big ventures. However, primary cooperatives would have to remain and develop as efficient service ventures, supplying all convenient goods and daily necessities. As India possesses a strong structure of specialised national federations, collaborations with such producer federations will undoubtedly bring more strength to consumer cooperatives.

INDONESIA

01. BASIC INFORMATION

- Land Area(000 Km²): 1919
- Density (per sq.km) : 87
- Climate : Tropical
- Life Expentancy : 58
- Adult Literacy Rate (aged 15+ as at '88) : 26%
- Major Industries : Textiles, Steel Vehicle assembly, Cement, Cigarettes and Plywood
- Major Agriculture : Rice, coconut rubber, palm oil, cassova, coffee, sugar
- Major Exports : Palm oil, Cassova coffee, sugar
- Major Imports : EuiPMENT, oil, chemicals, base metal, tobacco, beverages.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	162.2	166.4	174.9	177.4
	Annual average growth rate	2.1	2.1	2.1	1.7
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	79.3	80.74	86.47	57.0
	Per capita income	510	540	530	292
	Growth Rate %	4.2	1.6	3.5	NA
	Consumer Prices % change	12.0	6.04	7.3	8.28
	Money growth rate %	24.0	10.5	11.6	22.7
	Agriculture as % GDP	26.0	25.1	23.5	25.83
	Industry as % GDP	33.0	30.1	30.1	14.41
FOREIGN RESERVES (us\$ M.)EXCLUDING GOLD		4364	4991	5020	5304
OUTSTANDING FOREIGN DEBT (US \$ M.)		24016	32480	34600	48000
STUDENT POPULATION	Primary	24.7M	29.27M	30.8M	30.96M
	Secondary	4.2M	8.04M	9.76M	10.34M
	Tertiary	1.5M	1.02M	1.27M	1.44M
WORK FORCE TOTAL (MILLION)		53.9	65.7	63.82	62.45
HEALTH	Hospital beds per 1000	0.7	0.67	NA	0.64
	Doctors per 1000	0.1	0.11	NA	0.13

03. COOPERATIVE MOVEMENT IN INDONESIA

The cooperative movement of Indonesia obtained legal identity with the enactment of Cooperative Law of 1915, which was subsequently amended in 1927. The model was more or less based on British-Indian cooperatives. The first type of cooperatives to be introduced was thrift and credit cooperatives.

Indonesia gained independence in 1949. The article No.33.1 of the Constitution of Indonesia states 'The economy shall be organized as a joint endeavour based upon the principle of brotherhood. This provision mooted the idea of cooperatives to become the main strategy for development at that time.

In 1930, there were 8 cooperatives which grew to 574 by 1939. During the Japanese rule cooperatives became a tool of colonial government. They were to collect agricultural produce for Japanese forces. After independence, there were 27650 cooperatives with a membership of 5,276,278 during 1960. By and large the cooperatives were independent and managed by members themselves. After 1960, the government intervention grew substantially. Specially rice collection and distribution of essential commodities were government concerns in cooperatives. With the support of the government, the cooperatives grew to 74,079 by 1965.

The cooperative rules were formed and enacted in 1967. With this there was more government supervision with increase of facilities for cooperatives. The government

initiated a reorganization programme for cooperatives. As a result non-agricultural cooperatives came down to 12,000 in 1980 from 23,000 in 1974. On the other hand agricultural cooperatives were more supported by the government. All 4 Five-year development plans from 1969 to 1989 supports agricultural cooperatives only.

The present agricultural cooperative structure based on 'Koperasi Unit Desa (KUD). The concept was based on a Pilot project called BUDD (Village Unit Enterprise). In 1987, BUUDs were transformed into KUDs. This programme grown to set-up 7000 cooperative service plans (TPK) in the villages, 150 cooperative centres (PPK) and 60 cooperative administration centres (PAU) at the district levels. 36 KUD unions were formed with an apex KUD body called INKUD by 1988.

KUDs are basically multipurpose cooperatives. They look after all aspects of agricultural production and marketing and also consumer business.

The classification of cooperatives in Indonesia is given in the table on page 27.

Cooperative statistics according to provinces as at 1985 are given in the table on page 28.

Organizational structure of the movement and the government agencies is given in the chart on page 29.

ANNEX TABLE : I

SUMMARY OF COOPERATIVES IN INDONESIA
BY TYPE - 1977

Type of Cooperatives	Number of Societies	Number of Members	Number of Staff	Sales Rps. Million	Volume of Credit issued Rps.	Surplus Rps. Million	Members Deposits (Share capital Rps. Million)	Capital Assets Million	Borrowings Rps. Million
Village units (KUDs)	4,045	3,003,668	7,853	167,981.8	6,680.3	1,350.6	2,153.7	52,066.5	49,221.0
Small scale plantation	297	59,073	734	6,629.9	634.9	239.8	177.0	1,060.6	644.9
Fisheries	248	65,777	490	1,416.2	151.9	28.6	145.0	371.0	191.8
Livestock & poultry	108	6,758	97	342.5	91.4	14.6	52.5	110.0	50.6
Textiles	74	16,418	2,943	23,075.7	335.7	138.0	3,653.9	12,836.9	8,549.1
Wood products	53	2,058	59	143.8	9.3	5.2	28.7	57.5	28.4
Hides	9	439	42	51.2	12.5	2.0	11.9	31.5	12.5
Metal goods	30	2,246	49	58.8	41.9	8.0	13.0	58.8	40.1
Pottery & stone work	35	1,704	49	41.8	4.4	2.7	10.1	23.7	12.8
Woven handicraft	16	1,342	4	42.0	16.9	4.3	2.9	19.6	16.2
Chemicals	17	1,861	22	200.1	7.3	5.5	6.5	84.4	76.1
Building materials	8	542	42	58.8	4.5	4.3	7.1	23.2	11.4
Misc. small industries	23	1,926	127	351.3	5.3	10.4	94.1	232.1	129.2
Services & credit	826	213,140	4,535	1,453.6	23,605.8	657.5	2,692.4	5,563.8	2,236.7
Food & drinks	11	1,589	8	22.5	14.6	0.8	6.8	10.5	3.5
Functional groups (consumers)	5,747	1,088,642	5,417	128,048.5	42,203.5	3,232.7	10,973.0	30,271.7	16,917.0
Consumers	93	17,033	101	278.1	158.5	16.7	45.8	84.0	22.6

Source : Directorate General of Cooperatives

COOPERATIVE STATISTICS ACCORDING TO PROVINCES AS AT 1985

PROVINCE	KUD			NON-KUD COOP.			Nat.	Total
	Prim.	Sec.	Nat.	Prim.	Sec.	Fed.		
D.I. Aceh	295	2	-	519	24	2	-	922
Sumatera Utara	434	2	-	1,239	35	1	-	1,711
Sumatera Barat	226	2	-	655	19	2	-	974
Riau	198	1	-	429	9	1	-	638
Jambi	179	1	-	267	1	-	-	448
Bengkulu	162	1	-	269	4	-	-	436
Sumatera Selatan	315	1	-	510	21	2	-	849
Lampung	213	1	-	257	6	1	-	478
Sumatera	2,092	11	-	4,225	119	9	-	6,456
DKI, Jaya	-	-	-	1,137	15	-	-	1,152
Jawa Barat	992	2	-	3,132	65	5	-	4,196
Jawa Tengah	586	2	-	2,755	57	3	-	3,403
D.I. Yogyakarta	61	1	-	668	55	2	-	757
Jawa Timur	740	2	-	2,792	64	6	-	3,604
Jawa	2,739	7	-	10,484	226	16	-	13,112
Bali	84	2	-	403	18	1	-	508
Nusa Tenggara Barat	145	2	-	403	18	1	-	568
Nusa Tenggara Timur	109	1	-	294	3	-	-	407
Timor Timur	66	1	-	56	1	-	-	124
Bali-Nusa-Timor	404	6	-	1,166	29	2	-	1,607
Kalimantan Barat	212	2	-	368	16	3	-	601
Kalimantan Tengah	138	1	-	220	1	-	-	360
Kalimantan Selatan	189	1	-	54	7	1	-	738
Kalimantan Timur	224	1	-	319	2	2	-	548
Kalimantan	763	5	-	1,447	26	6	-	2,247
Sulawesi Utara	122	1	-	378	21	1	-	523
Sulawesi Tengah	133	1	-	234	5	-	-	373
Sulawesi Selatan	450	2	-	1,210	32	13	-	1,707
Sulawesi Tenggara	163	1	-	307	7	1	-	479
Sulawesi	868	5	-	2,129	65	15	-	3,082
Maluku	119	4	-	185	10	1	-	319
Irian Jaya	94	1	-	257	4	-	-	356
Maluku-Irja	213	5	-	442	14	1	-	675
Federations	-	-	1	2*	22**	2***	18	45
National	-	-	1	2*	22**	2***	18	45
Total	6,701	39	1	19,895	501	51	18	27,224

Remarks : Data collection is done monthly per telephone.

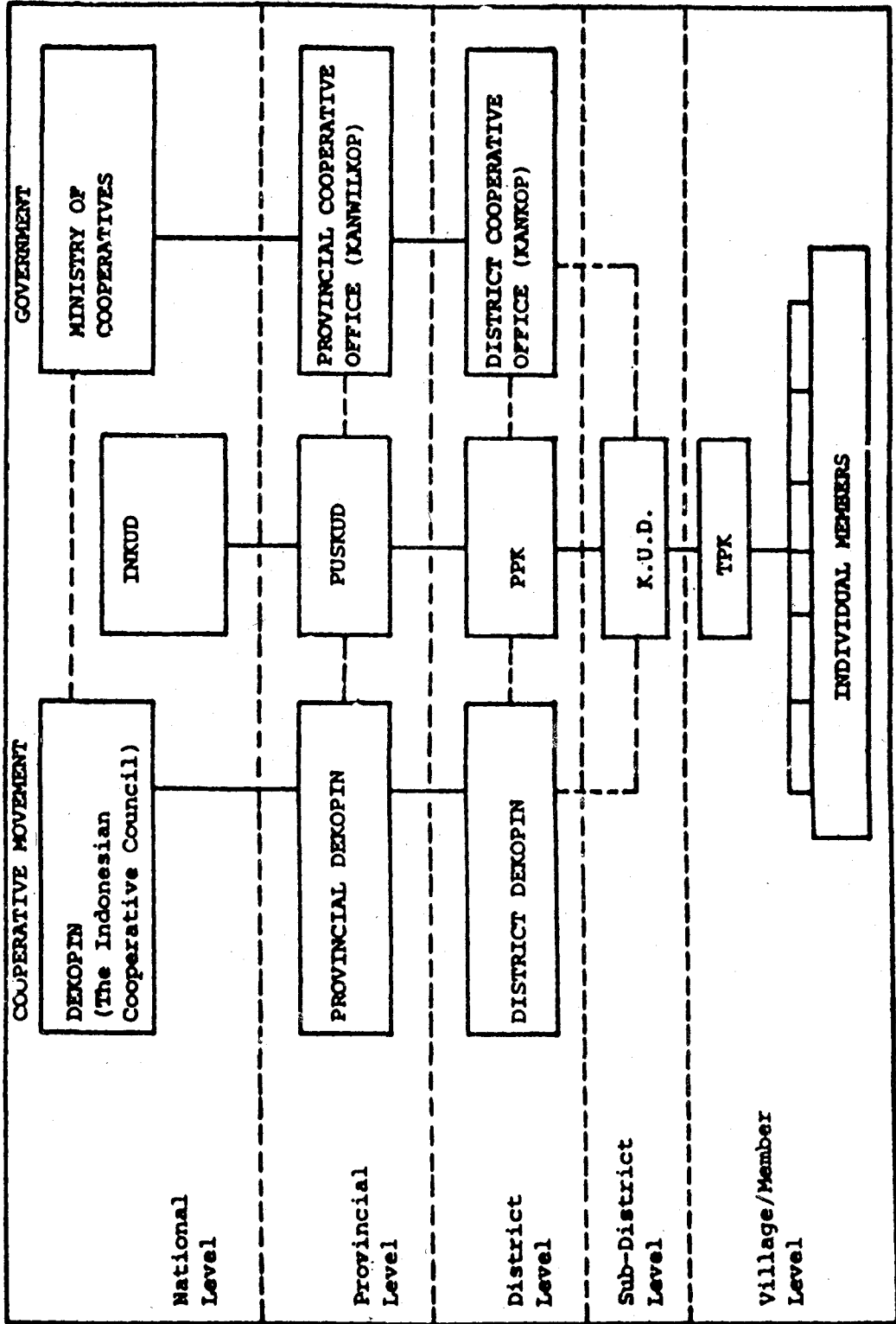
*Primary cooperatives that operate all over Indonesia.

**Secondary cooperatives which operate in more than one province.

***Federations operating in the whole of Indonesia.

Source : Ditjen Blk, Department of Cooperatives.

**COOPERATIVE MOVEMENT AND MINISTRY OF
COOPERATIVES IN INDONESIA**



Courtesy of D. Prakash

04. CONSUMER COOPERATIVE MOVEMENT IN INDONESIA

There is no properly developed consumer cooperative movement in Indonesia, except some consumer cooperatives organized in offices. Many voluntary groups, existed as informal groups, faced elimination with the advent of KUDs in consumer activity. KUDs being multi-purpose cooperatives, have undertaken consumer services too. They used to undertake marketing of agricultural produce of members. BULOG (National Logistics Agency) is the main buyer. It was established by the government in 1967 to secure adequate supply of basic food stuff to consumers and to ensure fair and stable prices to producers. It also enjoys the monopoly for import and domestic purchase of foodstuffs. It operates 27 provincial offices and 68 district offices throughout Indonesia.

KUDs too undertake marketing of spices, copra, rubber and sugar. They also undertake minor processing of rubber and Kopra." The single purpose consumer cooperatives had their peak period during the sixties, when they had 18043 societies with 3.6 million members. They took over business from foreign traders and distributed essential commodities. When the trade was made open again, many societies collapsed.

Many of the existing consumer cooperatives are urban based. many institutional consumer cooperatives supply goods on short term credit.

Some of the so-called functional groups consists of women groups and scouts groups.

Institutional consumer cooperatives are normally led by senior officers of the institutions. Their activities are normally confined to dealing with daily needs of members.

05. PROBLEMS AND FUTURE PROSPECTS

With the stagnation of economic growth, Indonesia depend basically on foreign collaborations and foreign borrowing for its development efforts. Many multinational companies have collaborated with local companies in many sectors including consumer business.

The cooperatives dominate basically in the agriculture sector. In spite of an impressive performance, KUDs face many problems:

- Inadequacy of competent permanent staff.
- Lack of involvement by the members in the activities and management of cooperatives
- Managerial inefficiency
- Lack of proper management systems
- Liquidity problems
- Bad debts

However, the government has declared its Five Year Plan (Pelita V) starting from 1990. Under the plan the government expect to adopt a policy of integrated cooperative development and concentrate on strengthening KUDs to become self-reliant. The target for the period is 2000 KUDs. The strategy would be organizational development and development of business operations.

One interesting strategy suggested is to make use of agency including private for the development of cooperatives. State corporations and even other NGOs are to be used. However, the concentration will mainly be on KUDs.

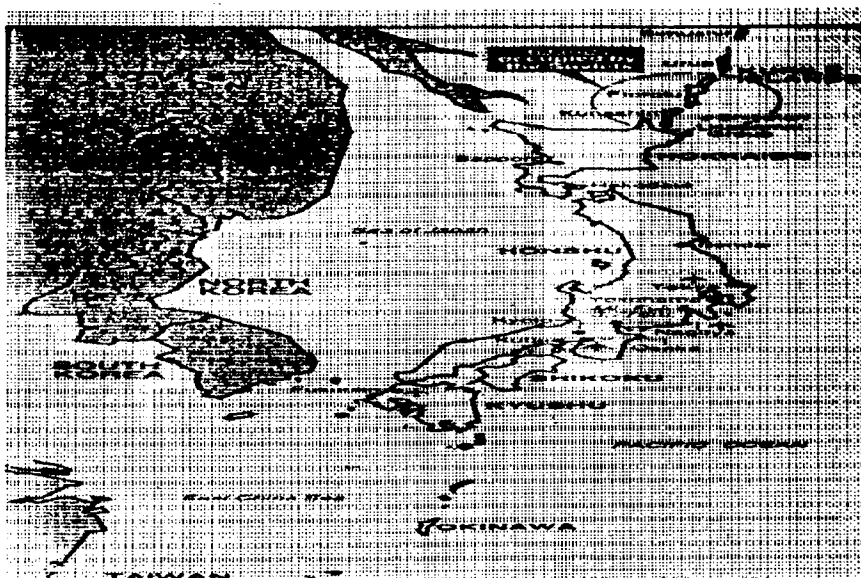
The consumer business in Indonesia basically remains with the private sector. The share of cooperatives is negligible. The main concentration of private sector is in the urban areas. However, there is a strong need to develop urban consumer cooperatives in order to counter balance the monopoly of the private sector, which has a virtual monopoly. This cannot be done by creating big supermarkets aimed at non-members, but mobilising small groups who are motivated to organize themselves into cooperatives. One positive factor in the open economic policies of the government which can be utilised to develop bargaining power with distribution companies.

The KUDs functioning at the villages have a great potential to be developed as consumer cooperatives.

JAPAN

01. BASIC INFORMATION

- Land Area(000 Km²): 377.8
- Density (per sq.km) : 324
- Climate :
- Life Expentancy : 78
- Adult Literacy Rate (aged 15+ as at 1988): 99%
- Major Industries : Iron, Steel, motor vehicles, electronics, machine tools, coal.
- Major Agriculture : Fisheries, rice, beef, pork, logs, vegetables.
- Major Exports : Machinery, equipments, motor vehicles, iron, steel, chemicals, vessels, textiles.
- Major Imports : Petroleum, food, machinery, equipment, shellfish, coal.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	119.9	121.5	122.2	122.7
	Annual average growth rate	0.7	0.7	0.6	0.5
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	1235	1340.7	1480	2545
	Per capita income (US\$)	7109	8316	8837	20833
	Growth Rate %	5.3	4.0	3.5	3.8
	Consumer Prices % change	2.8	1.9	1.6	0.9
	Money growth rate %	7.3	8.4	8.7	10.4
	Agriculture as % GDP	4.06	3.2	3.1	3.0
	Industry as % GDP	42.0	93.2	93.5	93.8
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		25420	41530	42230	90284
OUTSTANDING FOREIGN DEBT (US \$ M.)		NIL	NIL	NIL	NIL
STUDENT POPULATION	Primary	11.47M	10.7M	10.2M	9.87M
	Secondary	5.83M	6.1M	6.1M	5.90M
	Tertiary	4.89M	5.3M	5.4M	1.99M
WORK FORCE TOTAL (MILLION)		57.3	58.1	58.5	54.1
HEALTH	Hospital beds per 1000	11.8	14.6	12.34	14.9
	Doctors per 1000	1.4	1.5	1.49	1.56

03. COOPERATIVE MOVEMENT IN JAPAN

The cooperative movement in Japan emerged from the Agricultural Cooperative centre. During the ancient feudal times, the Japanese farmers had informal mutual-finance societies similar to the agricultural cooperatives. This was during the early part of the 19th century. After the Meiji Restoration in 1868, Japan was transformed into a modern society from a feudal one. The marketing societies introduced during this time, which dealt with silk and tea, were similar to the present marketing cooperative societies. Therefore, it is justifiable to say that Japanese cooperative movement was started as a voluntary farmers' movement.

The first Cooperative Society Law was enacted in 1900. Under this Act, 4 types of primary societies, i.e., credit, marketing, purchasing and processing societies were given legal status. Since then, there was several amendments to the main act. One major revision was made in 1909 to give legal status to the Federations. The amendment made in 1930 allowed industrial cooperatives to become legal entities.

After the second world war, the Cooperative Law was divided into specialized cooperative laws. The Agricultural Cooperative Society Law was enacted in 1947, whereas the Consumer Livelihood Cooperative Society Law was enacted in 1948. Similarly, separate laws for fisheries and forestry were also formulated subsequently.

After the reorganization of agricultural cooperatives, a 3-tier system was adopted. The 3 levels are primary agricultural cooperatives, prefectural federations of agricultural cooperatives and national federations of agricultural cooperatives. Similar pattern was followed in other sectors too. One common feature of all the cooperatives was that they were re-organized as compulsory organizations during the world war II. After the defeat of Japan, a rigorous land reform took place, initiated by the occupying forces. This exercise has changed the structure and functions of agricultural cooperatives drastically.

The national guidance federation of agricultural cooperatives established after the second world war was reorganized into the present Central Union of Agricultural Coop-

eratives (CUAC) in 1954. The small agricultural cooperatives were encouraged to go in for mergers during the 1960s, when the law of amalgamation of societies for agricultural cooperatives was enacted in 1961. Since then, the voluntary amalgamation process takes place up till date.

Fisheries industry in Japan started developing during the 19th century. Specialised fishing villages were established all over the country. Fishermen were granted rights to explore the seas fronting their village on a common basis. They were to pay taxes to the feudal lords. After the meiji restoration, village level fishermen's unions were set up. Later, they were taken under industrial union law in 1900. The present Fisheries cooperatives in Japan were successors to the meiji fisheries union.

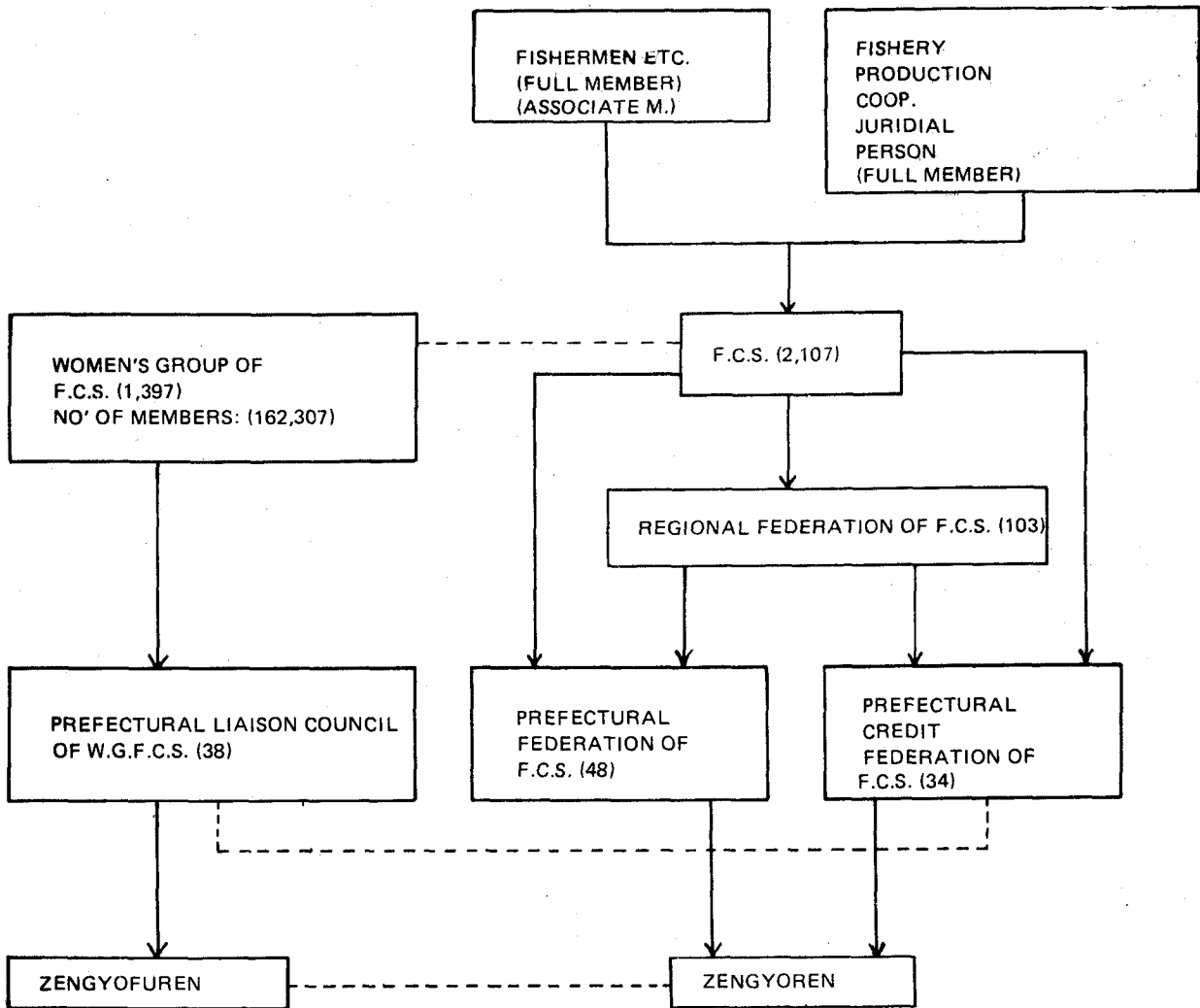
After the second world war, a separate law was enacted for Fisheries Cooperatives, titled Fishing Industry Cooperative Association Law. Under this law, the industry was limited to actual fishermen.

Fish products play a very important role in the food habits of Japanese nation. Historically, the Japanese people were fish eaters. As Japan does not have sufficient fish products, it is compelled to import fresh and processed fish from other countries.

At present there are 5 types of fisheries cooperatives:

1. Fisheries Cooperatives set up geographically
2. Fisheries production cooperatives,
3. Fisheries products processing cooperatives
4. Federation of Fisheries Cooperatives
5. Federation of fisheries processing cooperatives.

Fisheries cooperatives too have a 3-tier structure, i.e. primary, prefectural and national levels. National Federation of Fisheries Cooperative Associations (ZENGYOREN) is the umbrella organization for fisheries cooperatives. The following charts indicate the progress and organizational structure of fisheries cooperatives in Japan:



NOTE : The figures on the bracket indicate the numbers as at the end of fiscal year 1987.

NUMBER AND MEMBERSHIP OF FCAs BY TYPE

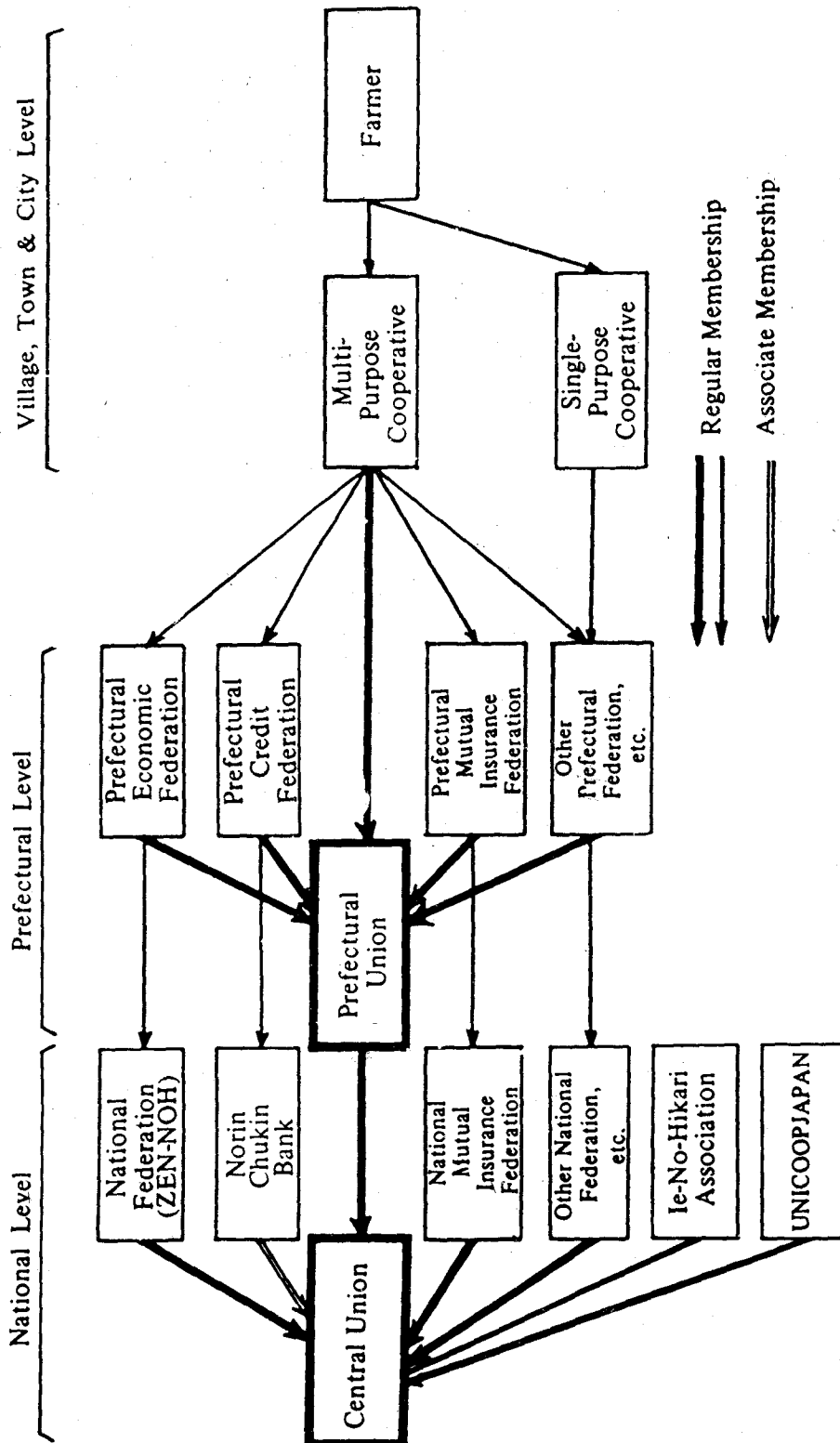
AS ON MARCH, 1965

TYPE OF FCA	# FCA	# FCA MEMBERS		
		TOTAL	REGULAR	ASSOCIATE
LOCAL FCA	2,151	567,554	397,501	170,053
FISHERY SPECIFIC FCA	280	18,643	16,707	1,936
INLAND WATER FCA	733	490,431	436,331	54,100
SEAFOOD PROCESSOR'S CA	188	6,476	6,476	—
FISHERY PRODUCTION CA	817	5,790	5,790	—
TOTAL	4,169	—	—	—

Source : Ministry of Agriculture, Forestry and Fisheries; Yearly Report on Seafood Industry Cooperative Associations.

The structure of agricultural cooperative is as follows:

Structural outline of agricultural cooperative movement



There are two types of agricultural cooperatives in Japan:

1. Multipurpose Agricultural Cooperatives
2. Single Purpose Agricultural Cooperatives

Multipurpose agricultural cooperative societies undertake all aspects of the life of a farmer, including supply of credit and agricultural inputs, supply of consumer needs, better living activities, food processing and also mutual insurance schemes.

The table on page 36 would show the present situation of agricultural cooperatives.

As one could see, the number of societies have declined. The reason is that mergers have taken place, especially with multipurpose cooperative societies. The table on page 37 gives the scale of operations of multi-purpose cooperatives at the end of March 1986.

The illustration on page 38 will show the activities of agricultural multipurpose cooperative societies.

Mutual insurance business of agricultural cooperatives has grown in considerable measures. This scheme covers long term insurance such as life endowment insurance, juvenile insurance, building endowment insurance, dwelling house insurance and short term types such as fire insurance, cooperative building fire insurance, automobile insurance, automobile liability insurance, personal accident insurance and fixed term life insurance. The activities are supported by the National Mutual Insurance Corporation.

The agricultural cooperative movement is financed by Norinchukin Bank as the Central Bank for Agricultural Cooperatives in Japan, set up in 1923. The Bank has grown over a period of time and has become one of the most powerful banks in Japan. They have also set up a branch in New York for additional investments.

The chart on pages 39, 40 and 41 indicates the integration of Japanese Cooperative organizations into the national structure.

04. CONSUMER COOPERATIVE MOVEMENT IN JAPAN

The Japanese Consumer movement started during the Meiji restoration period. There were 4 cooperative societies mentioned in 1879.

Nada and Kobe cooperatives were founded in 1921. These societies have merged in 1962 to become the world's Fourth largest consumer cooperative society.

There were several consumer cooperative organiza-

tions under the Industrial Cooperatives Law. One historical development was to form the housewives associations to promote and patronize consumer cooperative shops. The first such association was formed in Kobe cooperative in 1924.

The consumer cooperatives had a setback during the second world war. With the destructions during the second world war, consumer cooperatives were used to deal with the issue of essential commodities. After the second world war, a separate law for consumer cooperatives was enacted.

The Cooperative League of Japan formed in 1945 was transformed into the present Japanese Consumers Cooperative Union (JCCU) in 1951.

During the immediate post-war period, a specialised type of consumer cooperatives called workers' consumer cooperatives were formed.

Historically, the Japanese women had a secondary role in the economic activities of the family. Due to the tradition, cooperative discouraged women's participation as members and the membership was generally registered in the men's names. Therefore, the women's associations had only an advisory role on consumer activities. They handled the fields of household economy and merchandise. Realising women's role in consumer matters, the National Women's Council of JCCU was set up in 1957.

An important development during this time was the emergence of HAN groups. The Han groups were formed in 1956. Han means a basic union of organization in Japanese. In 1964, the JCCU Congress accepted Han groups as the basic organization of consumer cooperative movement. At present, the Han group has become the members' group, which represent the needs of the members. The relationship between Han groups and the consumer primary society is shown in the chart on page 42.

One more important development in the consumer sector was to set up University cooperatives during the period 1965-1977. These University cooperatives have now been federated into the National Federation of University Cooperative Associations (NFUCA). These university cooperatives undertake catering facilities, book shops, travel agency work, medical facilities to the university students who are members.

The Japanese consumer cooperatives are strongly managed and participated by the members, especially Han groups. The consumer associations and also associated trade union movements, support the consumer cooperative movement and take up issues in relation to environment, nuclear arms and other production, campaign and lobbying for the betterment of consumers. The following chart provide information on the present situation of consumer cooperatives.

Number of Agricultural Cooperatives (primary)

	1960/61	1970/71	1980/81	1985/86	1986/87	1987/88
Multi-purpose agri. coops.	12,050	6,049	4,528	4,267	4,205	4,072
Single-purpose coops.						
Gen. service	973	437	221	214	215	215
Sericultural	6,293	2,557	1,190	890	673	607
Livestock	3,052	644	495	370	366	360
Dairy	—	715	628	574	565	560
Poultry	—	288	247	232	221	215
Grass land	—	1,023	846	882	867	859
Horticulture	679	571	557	541	537	538
Rural Indust	597	334	214	195	193	191
Settlers	4,789	3,484	452	371	364	351
Farm Broadcasting	—	169	106	89	89	88
Others	463	319	235	229	224	221
Sub-total	34,204	10,541	5,191	4,587	4,314	4,205
Grand Total	46,254	16,590	9,719	8,854	8,519	8,277

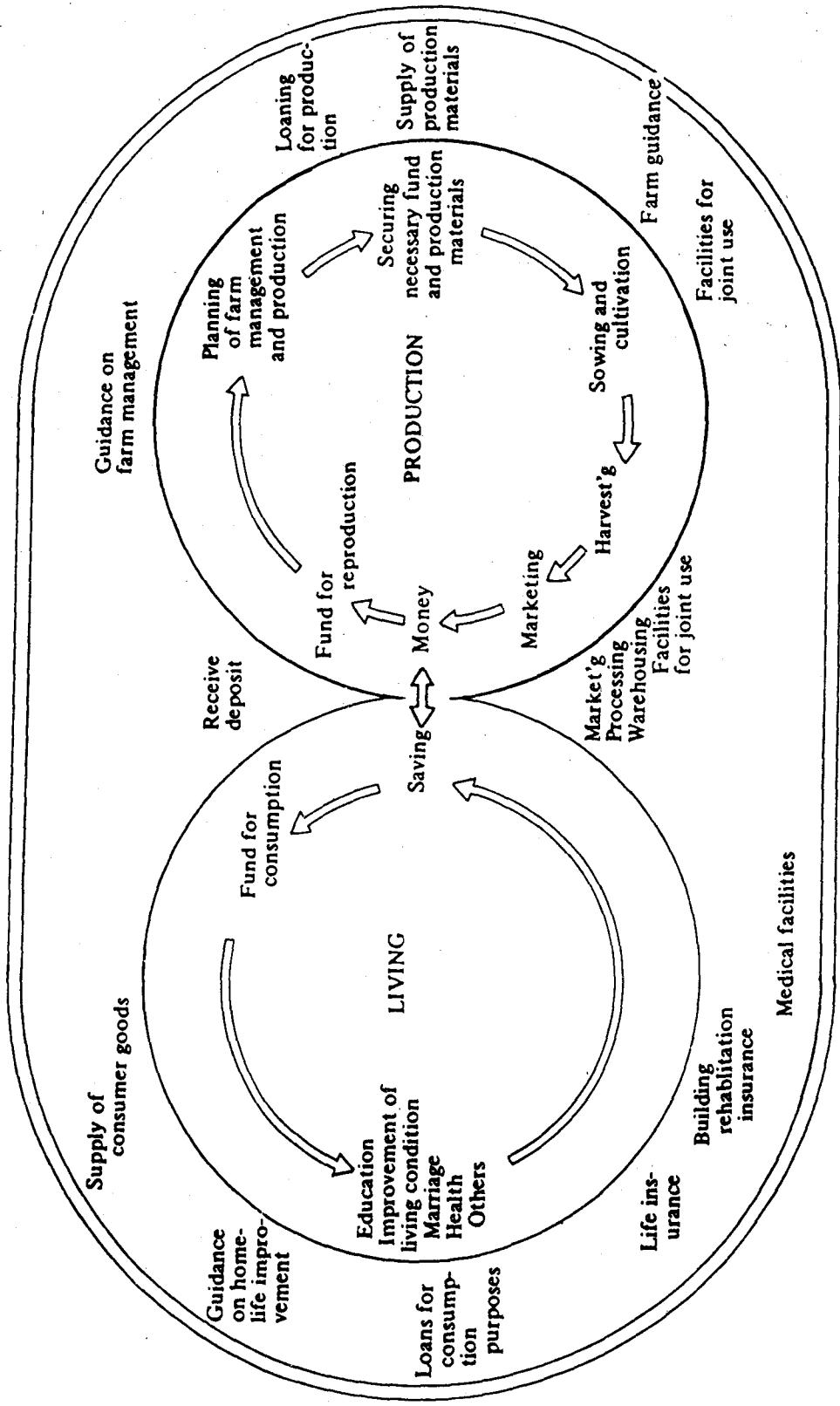
Source: MAFF, "Statistics on the number of Agricultural Cooperatives," 1987.

Figures of Multi-purpose Cooperatives at the End of March 1986

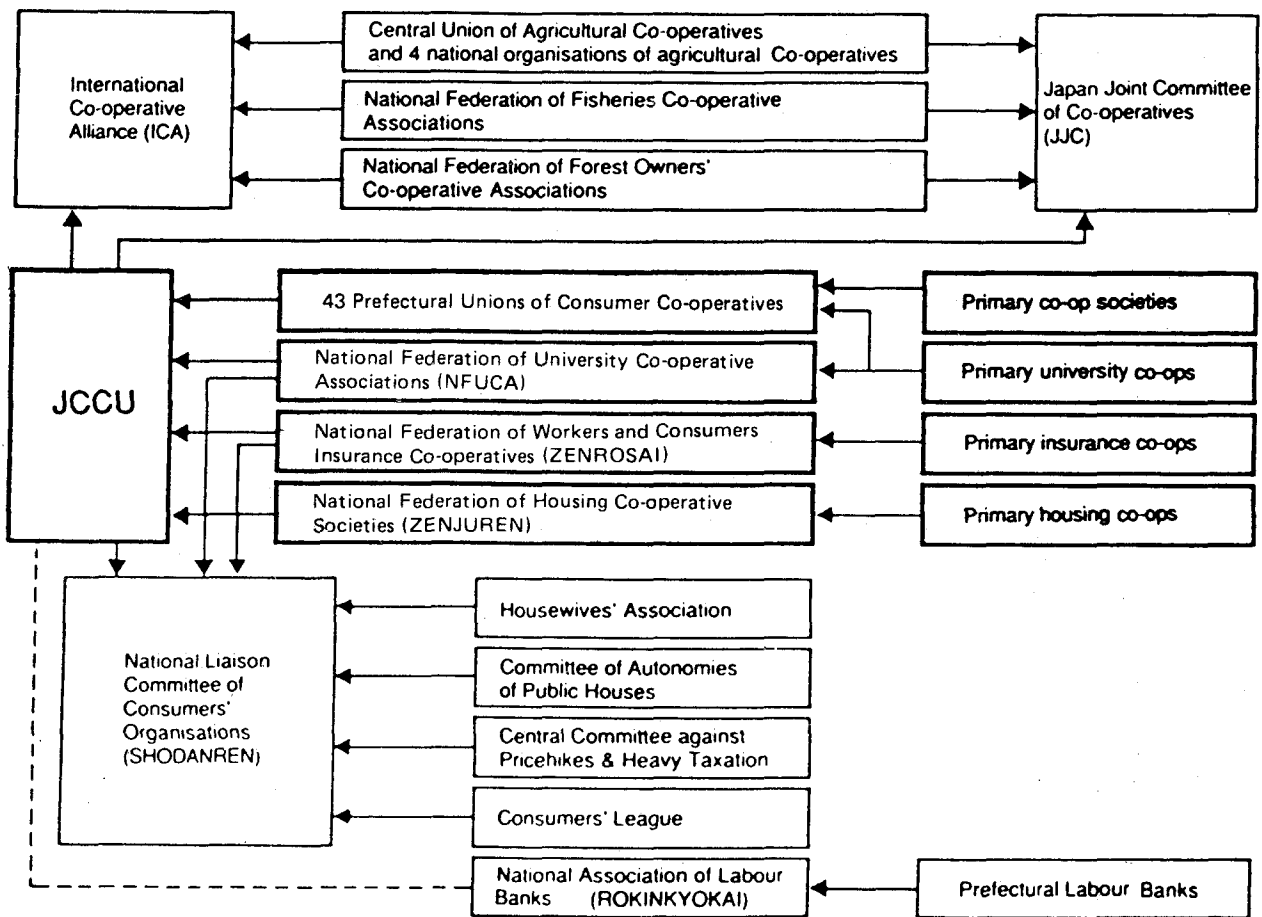
	Total	Per Society
Number of societies surveyed	4,194	
Membership		
Regular members	5,556,370	1,324.9
Associate members	2,597,987	619.4
Total	8,154,357	1,926.5
Elected Officials		
Directors	60,061	14.3
(Out of which full-time)	5,646	1.3
Auditors	16,617	4.0
Total	76,678	18.3
Employees		
General managers	3,202	0.8
Farm advisers	19,188	4.6
Better living advisers	2,948	0.7
Other employees	272,082	64.9
Total	297,420	71.0
Paid-in share capital (¥1,000)	967,932,095	230,789.7
Volume of business (¥1,000)		
Marketing	6,112,225	1,301,285,599
Purchasing	3,397,172,579	1,098,267,953
Balance of borrowings	1,870,384,825	445,966.8
Balance of saving	39,342,076,663	9,380,562.0
Long-term insurance	23,004,045,377	5,484,989.4
Current Surplus Unappropriated (¥1,000)	243,950,570	58,166.6
Number of Coop Stores	1,866	0.4

Source: MAFF, "Statistics on Agricultural Cooperatives – 1986 Business Year"

ACTIVITIES OF MULTI-PURPOSE SOCIETY



JCCU Members and Related Organisations



**JAPANESE
CONSUMER
COOPERATIVES -**

SUM-UP OF JAPANESE COOPS

	1987	1986	'87/'86(%)
PROGRESS IN FIGURES			
Co-op societies (No.)	658	663	-0.8
Members (No.)	11,801,752	11,070,985	+6.6
Han groups (No.)	746,474	659,592	+13.2
Han members (No.)	4,685,397	4,280,409	+9.5
Han members ratio (%)	39.7	38.7	-
Total turnover (Y Mil.)	2,209,894	2,016,478	+9.6
Retail sales (Y Mil.)	1,959,206	1,823,751	+7.4
Services sales (Y Mil.)	250,581	192,727	+30.0
Others (Y Mil.)	107	-	-
Share capital (Y Mil.)	162,149	137,744	+17.7
Share capital per member (Y)	13,739	12,442	+10.4
Co-op bonds (Y Mil.)	77,728	80,008	-2.8
Retail outlets (No.)	2,190	2,143	+2.2
Sales area (m ²)	984,319	942,840	+4.4
Full-time employees (No.)	47,890	46,702	+2.5
JCCU wholesale (Y Mil.)	339,147	304,090	+11.5
JCCU CO-OP brands			
Wholesale (Y Mil.)	228,869	216,256	+5.8
Co-op retail share in Japan (%)	2.58	2.41	

JAPANESE TOP 10 COOPS

	<i>Turnover</i> (Y Mil.)	'87/'86 (%)	<i>Members</i> (NO.)	'87/'86 (%)
1. Nadakobe	266,559	+4.0	896,150	+6.7
2. Kanagawa	128,105	+4.5	692,776	+8.9
3. Sapporo Citizen	120,881	+2.0	561,144	+5.8
4. Tokyo Citizen	67,876	+9.7	314,232	+14.8
5. Toyota	56,921	+2.1	152,275	+9.3
6. Saltama	55,111	+9.6	221,670	+16.3
7. Miyagi	51,641	+5.6	258,483	+8.6
8. Efu	49,022	+6.3	210,565	+8.8
9. Kyoto	46,220	+5.3	247,619	+9.3
10. Osaka Izumi citizen	38,846	+12.5	155,032	+9.1

MAJOR JAPAN DATA

Population	121,049,000 (1985)
Households	38,133,000 (1985)
Gross National Product	344,880 billion yen (1987)
Private consumption	198,784 billion yen (1987)
Retail sales	101,719 billion yen (1985)
Consumer Price Index	
Food	98.2 (fiscal year 1985 as *100*)
Total	100.4 (1985 as *100*)

BASIC FIGURES OF NON-RETAIL COOPS

(MEDICAL COOP)

Co-op societies (No.)	117
Members (No.)	1,088,968
HAN groups (No.)	17,628
HAN Members (No.)	282,717
Hospitals (20 and more beds) (No.)	80
Clinics (less than 20 beds) (No.)	187
Beds (No.)	12,336
Doctors (No.)	1,546
Nurses (No.)	7,764
Other staff (No.)	6,915
Turnover (Y Mil.)	143,322

INSURANCE COOP

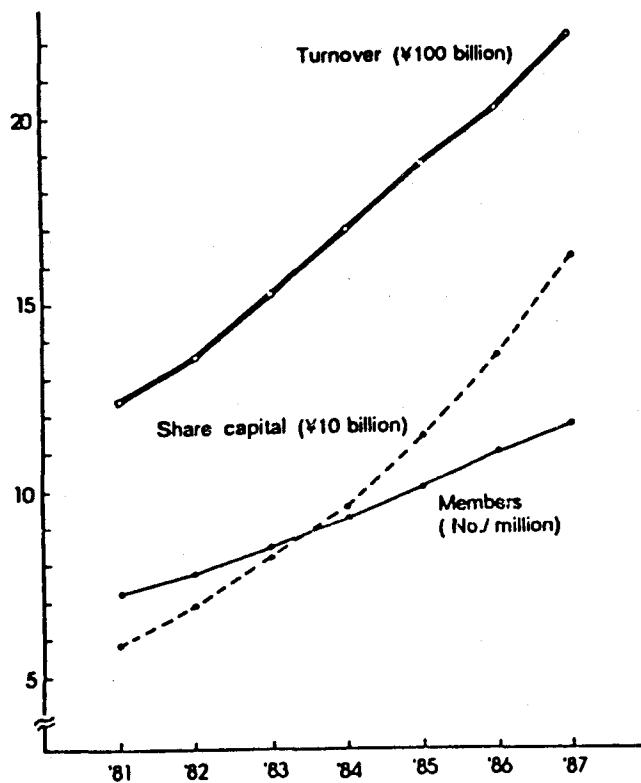
Co-op societies (No.)	47
Policies (No.)	25,800,000
Premium income (Y Mil.)	162,700
Claims paid (Y Mil.)	77,600
Full-time employees	2,278

UNIVERSITY COOP

Co-op societies (No.)	160
Members (No.)	925,923
Turnover (Y Mil.)	143,151
Full-time employees (No.)	2,500

HOUSING COOP

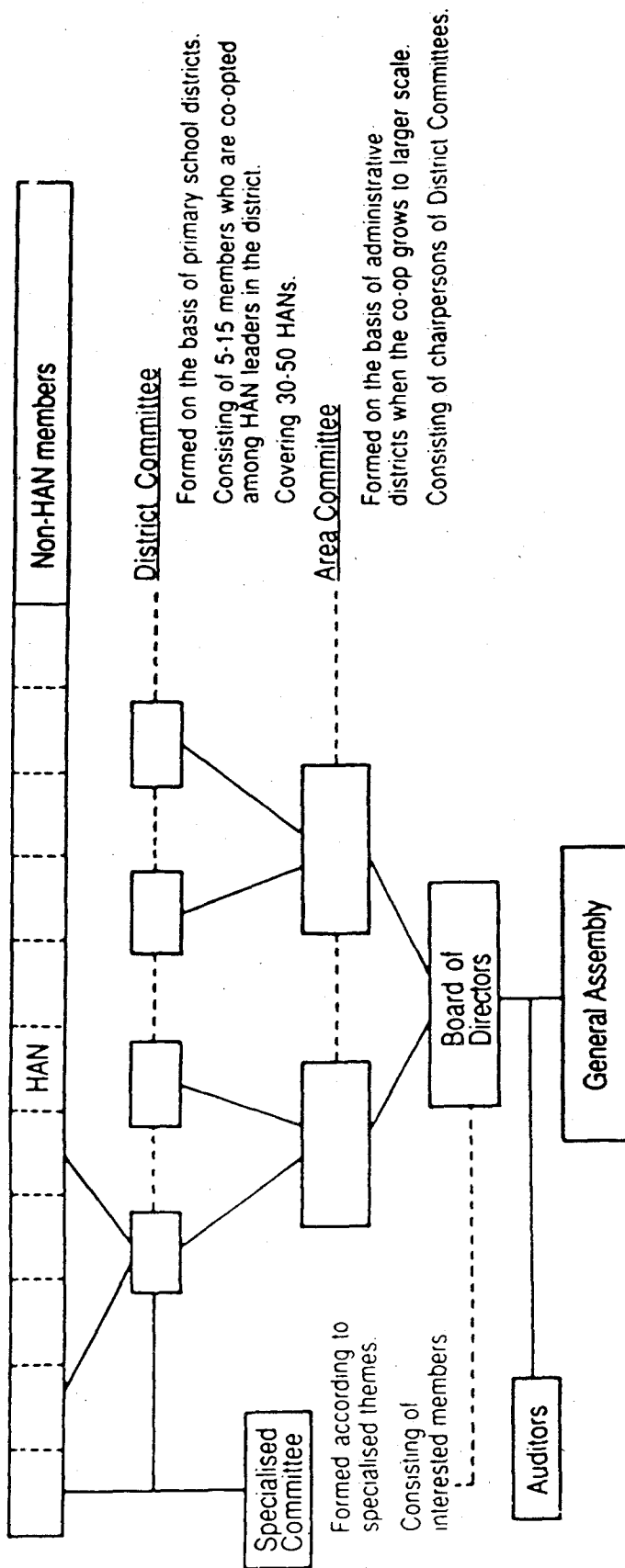
Co-op societies (No.)	49
Members (No.)	866,000
Housing units constructed (No.)	2,769
Full-time employees (No.)	460



COMPOSITION OF COOP. STORES

	Number (%)	Sales area (%)	Turnover (%)
- 200m ²	46.5	9.8	14.6
201 - 500m ²	27.4	20.0	21.7
501 - 1,500m ²	20.7	38.8	38.1
1,501 - 3,000m ²	3.9	16.9	14.1
3,000m ² -	1.5	14.5	11.5

Administrative Structure of Co-op Society



05. PROBLEMS AND FUTURE PROSPECTS

The Japan has grown into a major industrial power globally. In the process, the main thrust of Japanese economy has been the industrial sector. The agricultural cooperative movement, which made a major contribution towards the restoration of self-sufficiency in food situation in Japan, gradually declined in its membership as well as their turnover. At present, the agricultural cooperative sector represents only 3% of the entire population. Farm population too are getting declined due to migration to the cities by the young population. The young farmers who are left in the farms are unable to make up families due to the non-availability of brides for them.

The liberalization of import of agricultural commodities has a negative effect on agriculture. Due to the pressure from the United States, the government is beginning to liberalize import of beef, oranges, etc. The cost of production of agricultural commodities in Japan has become higher due to the small holdings and also the cost of inputs and labour. Although the land consolidation has been tried, the process is slow and has its limitations due to the topography of the country. The Central Union of Agricultural Cooperatives has been discussing these aspects and trying to find ways and means of overcoming these problems. The national Congress of Agricultural cooperatives held in 1988, has discussed this aspect and adopted resolutions on the future strategies as follows:

- Encouraging low cost production through improved cultivation practices and adjustments of use of farm land.
- The setting up of regional farm management groups who will discuss and introduce new systems for farm management.
- Introduction of new methods of supply-demand plans.
- Distribution and processing of farm products to meet consumer needs.
- Diversification of farm life.
- Better living activities for diversified family needs.
- Creation of regionalised communities through inter-

change and harmony.

- Lobbying for financial de-regulation.
- Participation of farmers' successors and women as regular members and their involvement in management.

The consumers cooperative movement has had a steady growth during recent times due to high purchasing power of consumers. Japan has been reported as having the highest per capita income in the country. However, according to JCCU, the growth rate of consumer cooperatives has not been to the level of national growth rate and also losing turnover growth in comparison to the previous years. During 1988, the per capita turnover has also decreased. One of the main factors for this has been the consumption tax levied by the government.

The Japanese consumer cooperative movement has been increasingly relying on the strength of their members for the stable growth. In order to achieve full capacity of the consumers, the consumer cooperatives are planning to involve members more and more, in deciding on the merchandise they carry. The consumer cooperatives have also taken action to update with most modern supermarket systems by study tours to developed countries and also trying innovative approaches.

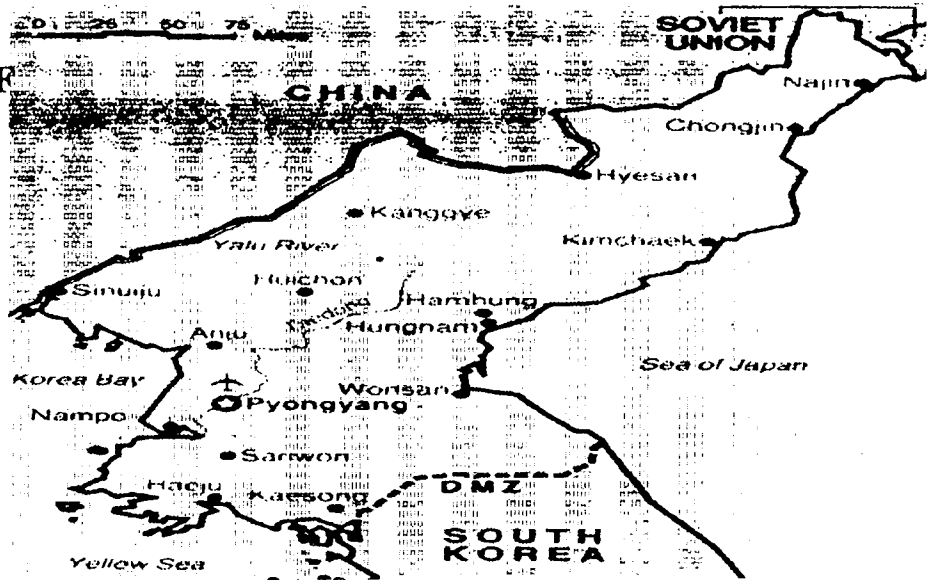
As a parallel development, the elite class of consumers have formed into what they call as Living Cooperatives (Seikatsu Club) which tried to lower the cost of operations by not having elaborate consumer shops and sales staff and also inviting members to perform voluntary functions and participate in the food preparations.

However, generally speaking, due to the specialized nature of activities and due to the large scale of operations, the sub-sectors in the cooperative movement such as consumers, agriculture and fisheries have not been able to achieve coordination. One could also see parallel consumer shops being promoted by agricultural cooperatives as well as consumer cooperatives in the same vicinity. The issue has not become that much complicated still, but would have future effects. The Joint Committee on Cooperatives functioning as an informal body at present, would have an important role to play in the future to consolidate the cooperative movement in Japan.

DEMOCRATIC PEOPLES REPUBLIC OF KOREA (DPRK)

01. BASIC INFORMATION

- Land Area(000 Km²): 122.3
- Density (per sq.km) : 169
- Climate : 4 distinct seasons
- Life Expentancy : 68
- Adult Literacy Rate (aged 15+ as at 1988): NA
- Major Industries : Steel, cement textiles, chemicals.
- Major Agriculture : Rice, Maize, Potatoes, wheat, Barley, Wille
- Major Exports : Coal, rice, silk cement, marine products.
- Major Imports : Petroleum, chemicals, grain, machinery.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	19.6	20.5	21.4	21.9
	Annual average growth rate	2.4	2.3	2.5	2.5
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	18.1	19.7	20.1	20.5
	Per capita income (US\$)	923	956	1123	1114
	Growth Rate %	NA	4	2	2
	Consumer Prices % change	NA	NA	NA	NA
	Money growth rate %	NA	NA	NA	NA
	Agriculture as % GDP	NA	NA	NA	NA
	Industry as % GDP	NA	NA	NA	NA
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		NA	1800	3000	3000
OUTSTANDING FOREIGN DEBT (US \$ M.)		1900	NA	NA	NA
STUDENT POPULATION	Primary	2.5M	2.5M	NA	NA
	Secondary	2.5M	2.5M	NA	NA
	Tertiary	1M	1M	NA	NA
WORK FORCE TOTAL (MILLION)		10.0	10.3	8.1	7.0
HEALTH	Hospital beds per 1000	NA	NA	NA	NA
	Doctors per 1000	NA	NA	NA	NA

03. COOPERATIVE MOVEMENT IN NORTH KOREA

The cooperative movement in North Korea merged during late forties. The country, being a socialist country, provides special status for cooperatives under the constitution.

The means of production in the Democratic Peoples Republic of Korea is the property of the state and cooperative organizations. The government legally protects the property of the cooperative organizations.

The government has taken initiative to promote cooperatives in all sectors, including production and service sectors. The government has provided legal identify for cooperatives and ensures for cooperative activity in any specific field. It also provides financial support and provides subsidies and incentives. The government policy too has given following facilities for cooperatives:

- Commodity pricing policy favouring cooperatives.
- Autonomy of cooperatives.
- Auditing to be undertaken by a separate inspection commission.
- Recruitment of staff is handled by the cooperatives.
- Respect the right of Boards of management to be independent.
- Promotional role played by the government.

The Central Bank of DPRK provides credit facilities to the cooperative sector.

The consumers cooperatives were introduced in 1946. After the war of liberation, in order to overcome the problem of organizing industries essential for daily life, the industrial cooperatives were organized in 1947, followed by fisheries cooperatives organized in 1948. The credit cooperatives were introduced in 1958. Marketing cooperatives were introduced in 1958.

04. CONSUMER COOPERATIVE MOVEMENT IN NORTH KOREA

The apex organization for consumer cooperative movement is the Central Union of Consumer Cooperatives. There are provincial consumer cooperative committees and district consumer cooperative committees functioning in addition to apex union.

The government assists financially to construct retail shops and public catering network.

The cooperatives are required to pay the government a percentage of their profit. This is determined on the size, membership and profit for the year. The boards of management are elected including Central union.

The progress of consumer cooperatives as in 1987 is as follows:

No. of consumer cooperatives	3471
Membership	1,566,000
No. of urban and district consumer cooperatives	169
No of provincial unions of consumer cooperatives	12
Total turnover ('000 won)	2,825,000
Turnover of public catering ('000s)	380,000
Income of consumer service - establishments ('000 won)	160,000
Profit ('000 Won)	91,700

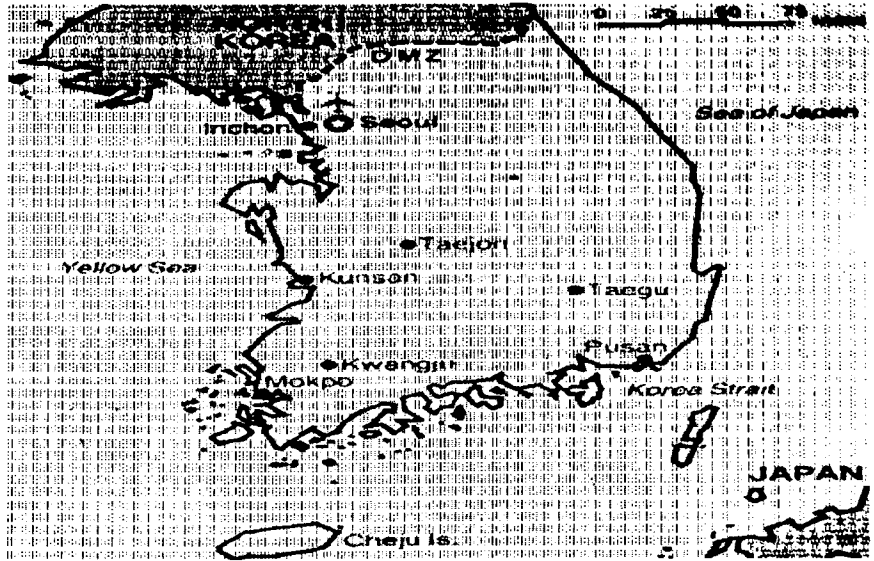
05. PROBLEMS AND FUTURE PROSPECTS

Lack of data and studies is the main constraints for assessing the situation in North Korea. However, socio-economic development during recent past has not been bright. The significant factor during recent past is the increasing trade with USSR. The economy remain closed and centralised. In this situation, consumer cooperatives would normally continue to distribute essential commodities. However, it could be expected that the government would continue to patronize consumer cooperatives in the years to come.

REPUBLIC OF KOREA

01. BASIC INFORMATION

- Land Area(000 Km²) : 99.2
- Density (per sq.km) : 419
- Climate : 4 seasons - -5° - +33°C
- Life Expentancy : 68
- Adult Literacy Rate
(aged 15+ as at 1988) : 96%
- Major Industries : Textiles, Iron,
Steel, Petroleum, ships, cars
- Major Agrigriculture : Grain, vege-
tables, fruits, livestock, fishery
- Major Exports : Chemicals, electro-
nics, motor vehicles, textiles, foot-
wear, primary products.
- Major Imports : Raw materials, oil,
capital goods, consumer goods.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	42.0	43.3	42.1	42.6
	Annual average growth rate	1.6	1.6	1.4	1.3
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	80.3	81.23	95.0	121.3
	Per capita income	1884	1954	2296	2826
	Growth Rate %	7.5	6.1	11.0	12.0
	Consumer Prices % change	2.5	2.5	2.3	7.8
	Money growth rate %	10.0	15.6	18.0	19.1
	Agriculture as % GDP	13.9	14.1	12.8	11.4
	Industry as % GDP	28.8	32.3	30.1	30.3
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		6910	8051	8114	11726
OUTSTANDING FOREIGN DEBT (US \$ M.)		40400	47500	36000	35567
STUDENT POPULATION	Primary	5.26M	5.2M	4.8M	4.82M
	Secondary	4.67M	4.9M	4.9M	4.82M
	Tertiary	1.06M	1.3M	1.1M	1.1M
WORK FORCE TOTAL (MILLION)		15.5M	15.5M	15.5M	16.4M
HEALTH	Hospital beds per 1000	2.1	2.4	2.5	2.02
	Doctors per 1000	0.7	1.1	1.0	0.91

03. COOPERATIVE MOVEMENT IN REPUBLIC OF KOREA

South Korea has a long tradition of primitive forms of cooperation such as KYE during Silla Dynasty (57 BC-935 AD) formed voluntarily by more than 2 persons for mutual help or HYANGYAK. During Yi Dynasty (1392-1910) the cooperatives were meant to be a self-governing organization at the village, township or country level.

During the Japanese rule, various agricultural organizations were established in order to ensure economic stability. These include agricultural organizations, financial associations, farmers associations and industrial associations. However, these cooperative forms of organizations had little impact on the community.

Fresh attempts were made to establish formal cooperative organizations during 1950s. As a result Agricultural Bank was formed while other associations were also reorganized.

A new Agricultural Cooperative Law was enacted in July 1961. Agricultural Cooperatives and Agriculture Bank were merged into multipurpose agricultural cooperatives. National Agricultural Cooperative Federation was established.

Fisheries Cooperatives were set up in 1903. Korean Fisheries Law formulated in 1908. These fisheries associations were increased to 204 in 1930. By 1940, 12 Provincial Federations were set up. However Fisheries Cooperative Law was enacted as late as 1962. Accordingly, National Federation of Fisheries Cooperatives was created. Livestock cooperatives too had a simultaneous development. The National Livestock Cooperatives Federation was formed in 1981.

Credit cooperative movements came later. The first credit cooperative union was started in 1960. After enactment of Credit Union Law by the government in 1972, National credit Unions Federation was formed in 1973.

The present situation of cooperative movement is as follows (as at 1982):

Type	No. of primary coops	Member-ship	Average member-ship/coop
Agricultural Coops	147	32099720	1425
Fisheries Coops	721	37038	1903
Livestock Coops	126	76071	604
Credit Unions	1498	926173	618
Total	3169	3239002	1022

Korean cooperative movement is not diversified as in other countries. The NACF is the strongest Apex Federation and multi-functions such as agricultural credit, insurance, marketing and supply of agricultural input and consumer services.

Out of all types of primary cooperatives, only 334 were running at a loss in 1982.

04. CONSUMER COOPERATIVE MOVEMENT IN REPUBLIC OF KOREA

There is no legislation for consumer cooperatives at present. There are informal groups who have joined consumer cooperatives and also there are 4 national consumer cooperative federations functioning at present. They do not have relation with each other. They are also not recognized by the government.

The formalised consumer activity is carried out by the agricultural primary cooperatives and the NACF.

The major activities of the NACF are:

1. Guidance (farm, living, information, cultural and research)
2. Purchasing (agricultural inputs, consumer goods)
3. Marketing (domestic and foreign)
4. Processing
5. Banking & credit
6. Cooperative Insurance
7. International cooperation.

Following figures represent the importance of consumer activity at the NACF:

Item	Turnover in 1982 (in million won)
Food	62,026
Clothing	3,174
Kitchenware	3,457
Sanitation goods	8,955
Housing material	4,175
Stationery	730
Durable goods	14,794
Sundries	4,983

	102,294

The primary agricultural cooperatives maintain 1435 chain stores in Korea. The NACF help them in procuring consumer goods through their central distribution centre in Seoul and 6 provincial distribution centres located in major cities. Chain stores of primary cooperatives are the only consumer cooperative shops in rural areas. The primary cooperative also operate mobile stores to supply consumer goods to farmers.

05. PROBLEMS AND FUTURE PROSPECTS

The general problem of democratization of cooperative movement is now taking place with election of chairman and boards in primaries and at the national level.

Specially, the agricultural cooperative movement has been expanded tremendously, during the past few years. The turnover has been increased by 100% from 1970. NACF itself has around 15,000 staff members. With the rapid industrialization of the country, demand for consumer services is growing every day. The increased per capita income will bring more purchasing power to the consumer. If the NACF and primary agricultural cooperatives are to keep

pace with the development, tremendous efforts have to be made. The present structure of the agricultural cooperatives would not be able to cope up with the demand. In addition, they will not be able to keep a balance among their multiple services. The growing market economy and consumer market will have a severe impact on cooperatives.

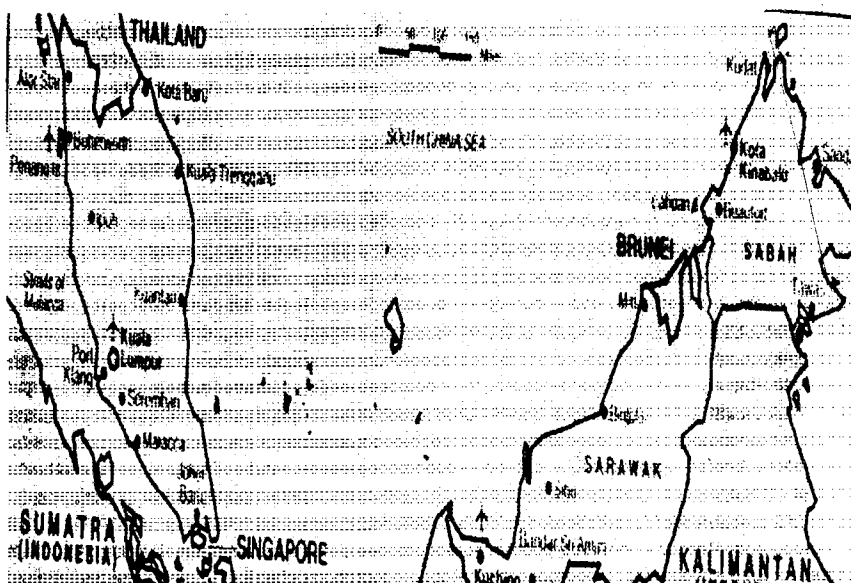
On the other hand, one could see a growing parallel consumer movement in Korea. Labour movement has given encouragement to set up single purpose consumer cooperatives, although they are not that effective at present. The 4 national level consumer cooperative federations are active in demanding for separate consumer legislation. One of their problems has been the lack of understanding and coordination among themselves. These organizations also have a women's element as a strong force.

It is timely to re-assess the present formal cooperative consumer services and the capacity the present structure have to undertake further expansion. It is also right time to enter into consumer market in a big way before it is grabbed totally by growing private supermarkets and multinational companies.

MALAYSIA

01. BASIC INFORMATION

- Land Area(000 Km²) : 330.4
- Density (per sq.km) : 47
- Climate : Tropical
- Life Expentancy : 67
- Adult Literacy Rate (aged 15+ as at 1988) : 76%
- Major Industries : Electrical Goods, food, [etrp;ei, transport equipment, minerals, textiles, natural gas.
- Major Agrigriculture : Rubber, Palm, Sawlogs, cocoa, rice, pepper.
- Major Exports : Crude oil, sawlogs, rubber, palmoil, tin.
- Major Imports : Machinery, manu- factured goods, food, petroleum, sugar.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	15.3	15.8	16.1	17.0
	Annual average growth rate	2.4	2.4	2.4	2.4
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	27.37	25.37	26.34	33.05
	Per capita income	1960	1574	1636	1953
	Growth Rate %	5.9	1.5	2.1	5.2
	Consumer Prices % change	5.0	1.0	1.5	2.5
	Money growth rate %	12.0	5.5	11.1	5.01
	Agriculture as % GDP	23.0	20.8	21.4	21.0
	Industry as % GDP	30.0	19.7	20.9	25.0
FOREIGN RESERVES (us\$ M.)EXCLUDING GOLD		4044	5221	7410	7701
OUTSTANDING FOREIGN DEBT (US \$ M.)		24410	15140	16630	17623
STUDENT POPULATION	Primary	2.1M	2.19M	2.23M	2.27M
	Secondary	1.16M	1.29M	1.32M	1.34M
	Tertiary	55110	43258	48655	47946
WORK FORCE TOTAL (MILLION)		5.58	5.21	5.57	6.08
HEALTH	Hospital beds per 1000	1.68	1.61	1.21	1.61
	Doctors per 1000	3.92	3.2	0.33	0.33

03. COOPERATIVE MOVEMENT IN MALAYSIA

The Malaysian cooperative movement started with the enactment of a bill for the constitution and control of cooperative societies in 1922. During the early years, the cooperative movement was promoted by the government. The main purpose of introducing cooperative movement was to tackle the widespread indebtedness of workers, farmers and government staff members.

During the first year of introduction, 6 rural credit societies, 3 government servants' cooperative thrift and credit societies and 2 cooperative stores were established.

Out of these societies, the Government Servants' societies progressed well than the others. Later, general purpose societies were introduced in rural areas, undertaking multiple functions of producing and services. There was a steady progress of the movement, until the Japanese occupation in 1941. There were 307 cooperative societies functioning at that time.

During the second world war, the societies were reorganized and by the end of 1947, there were 841 cooperative societies.

There were many types of cooperatives including thrift and loan societies, rural credit cooperatives, employees credit cooperatives, farming and marketing societies, store societies and general purpose societies.

The cooperative movement went into changes during the establishment of the Federation of Malaysia in 1963 and also the separation of Singapore from Malaysian Federation in 1965. However, farmers' cooperatives and fishermen's cooperatives were unable to function satisfactorily during the 60s and 70s. Therefore, a reorganization was launched and Farmers' Associations Organization was established in 1972 and the Fishermen's Development Authority was established after some time. These authorities were government bodies, who were to coordinate cooperatives within the sector.

The present situation of the cooperative movement in Malaysia is as follows:

One of the latest types of cooperatives introduced was the district development cooperatives and the cottage industry cooperatives, which were introduced in early 80s. The district development cooperatives were aimed at encouraging people in rural areas to carry out development projects on self-help basis. As of 1987, there were 76 such cooperatives. Upto 1988, there were 27 cottage industries cooperatives.

There are two national cooperative organizations in

Malaysia, viz. ANGKASA and The Cooperative Union of Malaysia.

The Cooperative Union of Malaysia was formed in 1983 in order to assist and promote the development of cooperative societies mainly in urban areas. ANGKASA was established in 1971 to consolidate cooperative societies in Malaysia and to represent Malaysian cooperative movement. The Cooperative Union of Malaysia has 1283 cooperatives as members, whereas the ANGKASA has 1127 cooperative as its members. However, ANGKASA plays a powerful role nationally and internationally.

04. CONSUMER COOPERATIVE MOVEMENT IN MALAYSIA

The consumer cooperative movement in Malaysia was introduced in 1930. By 1940 there were only two consumer societies. There were 21 consumer societies functioning in 1950. One distinct feature in the consumer cooperative movement in Malaysia is its single purpose concept.

According to a survey conducted in Malaysia in 1980, there were 90,037 retail establishments out of which 389 or 0.4% only were cooperatives or cooperatively owned. The output of cooperatives were M\$ 94 million, representing 0.8% of the retail business. In 1981, there were a total of 266 consumer cooperatives. This number dropped to 233 in 1982 and to 224 in 1983. The decline still continues. The membership in consumer cooperatives in 1983 was only 877,574.

In 1984, the total number of retail outlets were 266, which had an annual sales turnover of M\$ 139.34 million.

The membership mainly consisted of employees in government departments or other employees' groups in other institutions. Universities and some educational institutions too had the membership of 7227 in their consumer cooperatives.

The consumer cooperatives operated 3 big supermarkets, 12 canteens and 11 petrol stations in addition to the grocery shops. In 1984, 144 cooperative shops run their business with profit.

In comparison to the annual rate of GNP, the growth amounted to 8% in 1970s and around 5% in 1980s. Performance of consumer cooperatives is not impressive.

The per capita income is substantially higher than in other developing countries in the Region, having the benefit of better economic growth rate over the population growth rate. Therefore, the purchasing power grew in overall situation in the country. One has to notice that FELDA Trading Corporation, which is a government body, is also operating 235 retail outlets with an annual turnover of

M\$.185.23 million. In addition, there is a sharp increase of supermarkets in the cities, the most recently started was Youhan supermarket with Japanese collaboration.

There is no national level consumer cooperative federation in Malaysia. However, the Malaysian Cooperative Consumers Society, which has set up modern supermarkets under KOMART project and also running a very big supermarket in Kuala Lumpur. The society was set up as Malaysian Cooperative Agencies Society in 1969, which was renamed as Malaysian Cooperative Consumers Society (MCCS) in 1964. The society has several types of consumer business as follows:

- i) Wholesaling and retailing of consumer home appliance (PROKOP) with 40 show rooms throughout Malaysia.
- ii) KOMART supermarkets (12)
- iii) Import and export of consumer commodities.
- iv) Central buying and warehousing facilities
- v) Provision of general insurance services
- vi) Marketing franchise products.

The distinct feature of this society is that it has a secondary level organization, whose members are Cooperative Central Bank, Malaysian Cooperative Insurance Society, National Land Finance Cooperative Society, the Malaysian Cooperative Supermarkets Society and Johor Cooperative Industrial Society.

The dichotomy of Malaysian consumer cooperative system is the existence of most modern supermarkets as well as small primitive retail shops in rural areas. In addition, the government organizations like FELDA and RISDA are also functioning parallel to the consumer cooperative system.

Another recent development is to set up school cooperative societies, which are basically consumer stores. Nearly 50% of the schools have already been covered. In 1985, there were 568 school cooperatives with a membership of 345,000 and having an annual turnover of over M\$ 15.45 million. The school cooperatives have been organized into a separate national federation. The school cooperative society system receive patronage from the Ministry of Education and the school authorities.

05. PROBLEMS AND FUTURE PROSPECTS

The Malaysian Cooperative Consumers Society (MCCS) and Shamelin, which was another big consumer cooperative society having a chain of retail shops all over the country,

had ambitious plans for their business. The MCCS, with Japanese consumer expertise, set up 12 KOMART supermarkets, basically in urban areas and wanted to establish 15 more shops through out the country. However, the progress, as at present, has been marginal or on the decline. Shamelin projects could not proceed further and 3 KOMART shops have already been closed down.

One of the features in these big consumer cooperatives has been that either they function as secondary level organizations or have a marginal membership. Although they have a plan to organize a separate cooperative consumer society to operate KOMART supermarkets, the attempts had marginal results. The business operations of these shops or supermarkets depended upon non-members and the entire business strategy was to attract more customers rather than members.

As a result of liquidity problems faced by the Central Cooperative Bank, the capital formation of MCCS got affected severely. At present, the MCCS-operated business has a problem of finding enough working capital to sustain the present level of business. The business operated through PROKOP has been a steady and profitable venture but the organization is facing organizational problems at present.

One of the important factors found in Malaysia, is the existence of very strong consumer associations. The Federation of Malaysian Consumer Associations (FOMCA) and Consumer Association at Penang are strong enough to influence the authorities and business houses to observe atleast basic principles of consumer protection, such as safety of products and sanitary conditions. The cooperative systems could use these forums for attracting the consumers and to attract more members to cooperatives.

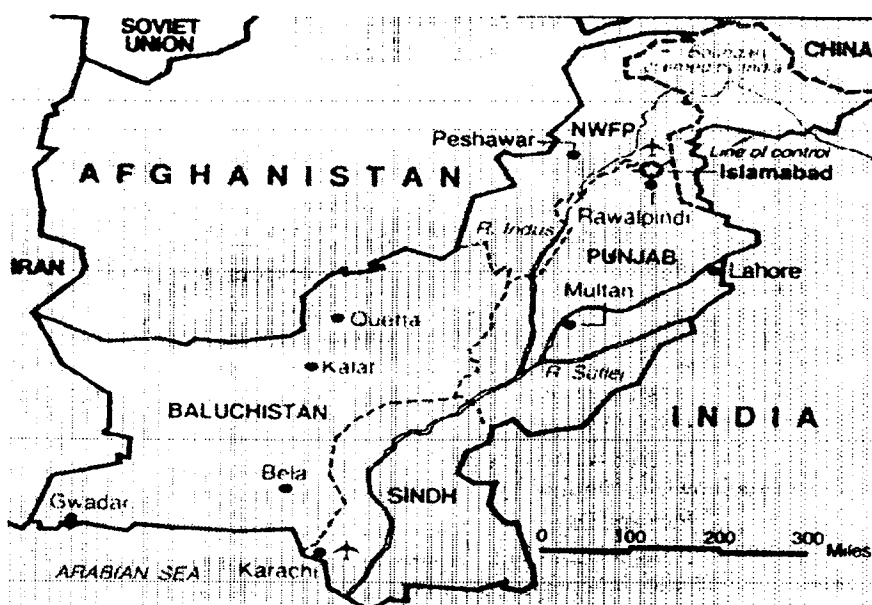
The Malaysian Cooperative Supermarket Society at present runs only 1 big supermarket at Kuala Lumpur. The two outlets they had in Petaling Jaya and Seramban were closed.

When we consider the present consumer business in Malaysia, one important trend, at present, is the emergency of big supermarkets with multi-national collaboration. They exist in Kuala Lumpur and Petaling Jaya basically. However, one could expect sharp expansion in the near future. Therefore, the cooperative supermarkets having non-members as their clientele would cause many difficulties. They would not have enough strength to receive a better market share and control over the wholesale or import business. Therefore, it would be vital for Malaysian Consumer Cooperative system to look for new methodologies to motivate members and housewives to manage their operations.

PAKISTAN

01. BASIC INFORMATION

- Land Area(000 Km²) : 804
- Density (per sq.km) : 125
- Climate : Tropical
- Life Expentancy : 54
- Adult Literacy Rate (aged 15+ as at 1988) : 22%
- Major Industries : Cotton, Cement, Fertilizer, Sugar, vegetable, Ghee.
- Major Agrigriculture : Wheat, rice, cotton, sugarcane, timber.
- Major Exports : Sports goods, rice, cotton textiles, carpets.
- Major Imports : Petroleum, Plant & Machinery, transport equipment iron, steel, vehicles.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	97.3	101.9	104.6	103.8
	Annual average growth rate	2.8	2.8	2.9	2.9
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	29.64	34.58	33.15	38.48
	Per capita income	316	334	371	390
	Growth Rate %	6.0	7.3	6.5	5.8
	Consumer Prices % change	10.0	7.23	5.0	7.0
	Money growth rate %	8.1	12.6	5.64	14.3
	Agriculture as % GDP	29.07	20.82	25.83	24.8
	Industry as % GDP	23.0	14.4	19.83	20.0
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		1062	748	450	360
OUTSTANDING FOREIGN DEBT (US \$ M.)		12399	11655	11700	13901
STUDENT POPULATION	Primary	7.31M	8.38M	8.08M	8.1M
	Secondary	3.01M	3.12M	3.14M	3.1M
	Tertiary	4.55M	6.0M	5.5M	5.5M
WORK FORCE TOTAL (MILLION)		27.3	28.8	28.8	30.5
HEALTH	Hospital beds per 1000	0.51	0.58	0.58	0.60
	Doctors per 1000	0.31	0.44	0.43	0.43

03. COOPERATIVE MOVEMENT IN PAKISTAN

The introduction of cooperative movement in Pakistan goes back to the British colonial days when it was a part of British India. The cooperative movement was started in 1904 and started growing with the credit cooperative movement. The cooperative movement had influence from the government machinery all through out. During the 1920s, marketing cooperatives and consumer cooperatives came into existence. The Cooperative Societies Act of 1912 expanded the scope of cooperative activity. With the introduction of legal reforms in 1919, cooperation became a provincial subject and various provincial governments started having their own legislation. However, Punjab, North-west Frontier province and Baluchistan, which formed Pakistan, continued with the Act of 1912. However, when Pakistan was separated after independence in 1947, the Cooperative activity was disrupted. With the exodus of business community from Pakistan side, the Central Cooperative Banks helped individuals and many new cooperatives for their business in marketing consumer activities and also industrial undertakings. In this process, cooperatives became predominantly farmer-cum-traders' organizations. As a result the Credit Enquiry Commission of 1959 suggested to increase the supervisory powers of the Registrar, with the result the government supervision became more rigid.

However, when the change of government came for a military rule, the cooperative activity has become marginal. All Central banks in Punjab resulted in eliminating the entire secondary structure of the credit cooperative system in 1976.

However, the credit cooperative sector is still dominant in Pakistan Cooperative movement. The cooperative financing system as represented by provincial cooperative banks are also strong. The cooperative financing system has a 3-tier structure; primary level cooperatives, provincial level cooperative banks and the national level Federal Bank for Cooperatives.

Agricultural credit cooperative societies provided short term, medium term and long term loans to their members. They raise funds from share capital and borrow extra money from the provincial banks. They help provide agricultural inputs and farm machinery.

In addition to credit cooperative societies, there are supply and marketing cooperatives and at the national level, federations of supply and marketing cooperatives. However, agricultural cooperatives too are facing problems such as uneconomic business, liquidity problems and later of managerial skills.

04. CONSUMER COOPERATIVE MOVEMENT IN PAKISTAN

Pakistan does not have a properly developed consumer cooperative movement. Some of the consumer cooperative functions are handled by cooperative supply and marketing societies. The consumer commodities are supplied through the National Super Cooperative Cooperation (NSCC), which is a semi-government body. Lack of information on the present situation in the cooperative movement is a constraint for analysing the proper situation.

05. PROBLEMS AND FUTURE PROSPECTS

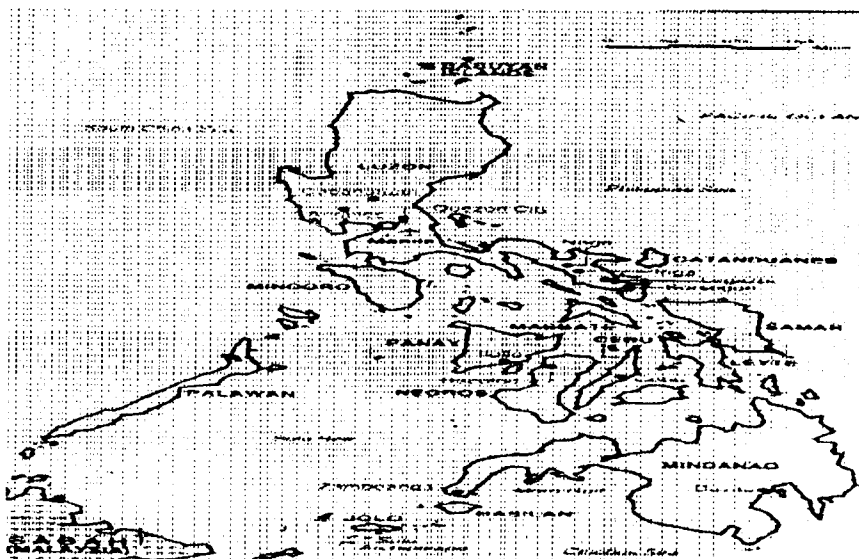
During the military rule, the progress of the cooperative movement got affected. The Cooperative Policy Declaration of the government in 1962 has had marginal impact on the later development. The Registrars' powers remain the same and existing cooperatives are supervised by the government closely.

The future of the cooperative movement in Pakistan lies with the further democratization of the political situation and also encouragement to have independent and autonomous cooperative movement.

THE PHILIPPINES

01. BASIC INFORMATION

- Land Area (ooo Km²): 300
- Density (per sq.km) : 182
- Climate : Tropical
- Life Expentancy : 66
- Adult Literacy Rate (aged 15+ as at 1988) : 83%
- Major Industries : Food, Petroleum Coal, Footwear, cloth, chemicals, electric machinery.
- Major Agriculture : Rice, cone, coconut, banana, pineapple, sugarcane
- Major Exports : Semiconductors, garments, coconut products, chemicals, fish.
- Major Imports : Crude oil, electric and electronic machinery, iron, steel chemical compound.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	54.5	58.1	61.5	63.2
	Annual average growth rate	2.6	2.5	2.8	2.8
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	34.14	31.9	30.13	33.94
	Per capita income	656	535	515	460
	Growth Rate %	-3.95	1.0	1.5	4.6
	Consumer Prices % change	50.0	23.1	5.0	9.5
	Money growth rate %	38.2	13.1	12.9	14.4
	Agriculture as % GDP	21.8	25.1	27.1	25.5
	Industry as % GDP	36.4	32.0	32.7	25.3
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		864.7	1098	2459	433
OUTSTANDING FOREIGN DEBT (US \$ M.)		24845	26252	28256	28649
STUDENT POPULATION	Primary	8.64M	8.99M	9.5M	9.68M
	Secondary	3.15M	3.51M	3.58M	3.75M
	Tertiary	1.49M	1.59M	1.78M	2.05M
WORK FORCE TOTAL (MILLION)		20.46	20.33	20.9	21.2
HEALTH	Hospital beds per 1000	1.6	1.45	1.44	1.66
	Doctors per 1000	0.36	0.88	0.14	0.15

03. COOPERATIVE MOVEMENT IN THE PHILIPPINES

The concept of cooperation in its modern definition was introduced by Dr. Rizal, the national hero of the Philippines, when he organized a marketing cooperative in 1896. The first cooperative law was enacted in 1915 as Rural Credit Law. The Cooperative Marketing Law was enacted in 1927. The Commonwealth Act enacted in 1940 provided for the expansion of cooperatives in to other fields.

The government established the Cooperative Administration Office in 1950. Another government institution called the Agricultural Credit and Cooperative Financing Administration was established through Republic Act No. 821 in 1952. The objective of this establishment was to launch a programme to emancipate farmers from usury and to establish the farmer controlled marketing system with a view to removing the exploitation of farmers by middlemen traders. Under this Act, the Cooperative Marketing Corporation was established. This system was reenacted in the form of Agricultural Land Reform Act in 1963. The tasks of promotion and organization of agricultural cooperatives were transferred to the Agricultural Productivity Council set up under this Act.

The Philippine's Non-agricultural Cooperative Act of 1957 facilitated the expansion of the movement into other fields. This situation continued until 1972 but did not have much progress in the movement due to problems of capital formation, poor supervision, inadequate marketing facilities and member inactivity.

When the Market Law was declared in 1972, the legislation was abolished and the powers were vested in the President of the Philippines. In 1973, the Presidential Decree No. 175, called 'Strengthening the Cooperative Movement' was declared. Under the decree, different cooperative laws were consolidated and placed under a government agency called Bureau of Cooperative Development (BCOD)

The agrarian reforms which took place under Presidential Decree 27 of 1972, paved the way to strengthening the cooperative movement. Village associations, which can be treated as pre-cooperatives-Samahong Nayan- were organized. The total membership was 1 million in these organizations. Continuous education, savings and discipline were emphasized. using their savings the Samahong nayons organized area marketing cooperatives to do marketing functions and cooperative rural banks to undertake credit cooperative functions. Subsequently a national association of cooperative rural banks called 'BANKOOP' was formed.

At present, the following organizations function as national level Cooperative Federation:

a) Agricultural sector

National Federation of Samahong Nayons
Federation of Cooperative Rural Banks
Cooperative Marketing System of the Philippines
Cooperative Insurance System of the Philippines
Cooperative Management System in Cooperatives (now defunct)

b) Non-agricultural sector

National Publishing Cooperative, Inc.
Philippines Cooperative Services, Inc.
National Association of Training Centres for Cooperatives
Cooperative Federation of Philippines, Inc.
Philippine Federation of Women in Cooperative Dev. Inc.
National Federation of Consumer Cooperatives Inc.
Philippine Federation of Credit Cooperatives Inc.
National Marketing Vendors Cooperative Services Inc.

The present situation of primary cooperatives by types is given in the table on page 59.

04. CONSUMER COOPERATIVE MOVEMENT IN THE PHILIPPINES

According to statistics available, the second largest sector in cooperatives is the consumer cooperatives. In 1967, there were 2640 consumer cooperatives, representing 33,000 members. In 1977, the number of consumer cooperatives dropped to 437, but the membership has grown to 97,000. By 1986, the number increased to 804 registered consumer cooperatives. There are two types of consumer cooperatives at present:

- i) Institutional type of consumer cooperatives
- ii) Community type of consumer cooperatives.

The table on page 60 gives a break down of consumer cooperatives:

Regional distribution of Primary Cooperatives by Type, 1423 Cooperatives, Philippines, October 1988

REGION	ALL COOPS	CREDIT		CONSUMERS		SERVICE		MARKETING		PRODUCERS		MULTI PURPOSE	
		NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
PHILIPPINES	1423	776	54.5	313	22.0	55	3.9	80	5.6	40	2.8	159	11.2
1. Ilocos	149	86	57.7	45	30.2	2	1.3	8	5.4	3	2.0	5	3.4
2. Cagayan	129	72	55.8	26	20.1	1	0.7	10	7.8	8	6.2	12	9.3
3. Central Luzen	104	53	51.0	16	15.4	2	1.9	17	16.3	5	4.8	11	10.6
4. Southern Tagalog	208	121	58.2	25	12.0	20	9.6	17	8.2	6	2.9	19	9.1
5. Bicol	69	32	46.4	10	14.5	5	7.2	4	5.8	1	1.5	17	24.6
6. W. Visayas	126	62	49.2	38	30.2	3	2.4	8	6.3	3	2.4	12	9.5
7. C. Visayas	72	37	51.4	24	33.3	1	1.4	1	1.4	-	-	9	12.5
8. E. Visayas	39	24	61.5	9	23.1	2	5.1	1	2.6	-	-	3	7.7
9. W. Mindanao	36	9	25.0	13	36.1	1	2.8	4	11.1	2	5.6	7	19.4
10. N. E. Mindanao	84	46	54.8	22	26.2	5	6.0	2	2.4	2	2.4	2	8.3
11. S. E. Mindanao	110	39	35.4	20	18.2	4	3.6	4	3.6	6	5.4	37	33.6
12. N. W. Mindanao	73	27	37.0	20	27.4	2	2.7	4	5.5	3	4.1	17	23.2
NCR	224	168	25.0	45	20.1	7	3.1	-	-	1	0.4	3	1.3

CO-OPERATIVE SOCIETIES & MEMBERSHIP, 1981-1985

Regional distribution and proportion of active consumer cooperation by type, 313 consumer cooperatives. Philippines, October 1988.

REGION	ALL TYPES						INSTITUTIONAL						COMMUNITY					
	TOTAL		ACTIVE		TOTAL		ACTIVE		TOTAL		ACTIVE		TOTAL		ACTIVE			
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%		
PHILIPPINES	313	100.0	280	89.5	113	100.0	108	95.6	200	100.0	172	86.0						
1. Ilocos	45	14.4	39	86.7	11	9.7	10	90.6	34	17.0	29	85.3						
2. Cagayan	26	8.3	24	92.3	12	10.6	12	100.0	14	7.0	12	85.7						
3. Central Luzon	16	5.1	10	62.5	3	2.7	3	100.0	13	6.5	7	53.8						
4. S. Tagalog	25	7.9	24	96.0	8	7.1	8	100.0	17	8.5	16	94.1						
5. Bicol	10	3.2	10	100.0	3	2.7	3	100.0	7	3.5	7	100.0						
6. W. Visayas	38	12.1	36	94.7	10	8.8	10	100.0	28	14.0	26	92.9						
7. C. Visayas	24	7.7	20	83.3	5	4.4	5	100.0	19	9.5	15	78.9						
8. E. Visayas	9	2.9	8	88.9	2	1.8	2	100.0	7	3.5	6	85.7						
9. W. Mindanao	13	4.2	12	92.3	2	1.8	2	100.0	11	5.5	10	90.9						
10. N. E. Mindanao	22	7.0	21	95.5	5	4.4	4	100.0	17	8.5	16	94.1						
11. S. E. Mindanao	20	6.4	20	100.0	5	4.4	5	100.0	15	7.5	15	100.0						
12. N. W. Mindanao	45	14.4	40	88.9	39	34.5	35	89.7	6	3.0	5	83.3						

Although there is a consumer cooperative federation registered, the institution does not function at present.

In 1963, there was an apex organization called the Filipino Cooperative Wholesale Society, which went into liquidation in 1979 due to management problems.

There is an organization called Metro Manila Consumers Cooperative Federation, having a membership of 15 societies but has limited activities. Most of the active consumer cooperatives are institutional cooperatives such as private offices, factories, hospitals, banks, colleges and universities. The number of these cooperatives have relatively higher purchasing power. Out of the open type or community based consumer cooperatives, the best performance has been reported in Mindanao and Visayas regions.

05. PROBLEMS AND FUTURE PROSPECTS

The new government's medium term Philippine Development Plan, covering the period 1987-92 has an important place demarcated for cooperatives. The government provides a better role for the private sector and specially non-governmental organizations and provide voluntary agencies such as cooperatives.

The new constitution adopted in 1986 has specifically mentioned that cooperatives will also be allowed to own and

manage mass media and also cooperatively owned education institutions may be entitled for exemptions from taxes and duties. The constitution further states that the state has recognized the right of farmers, farm workers and land owners as well as cooperatives to participate in the planning, organization and management of agrarian and national resources programme. As the democratization programme continues in the Philippines, the cooperative movement as a whole would be expected to play an important role in national development.

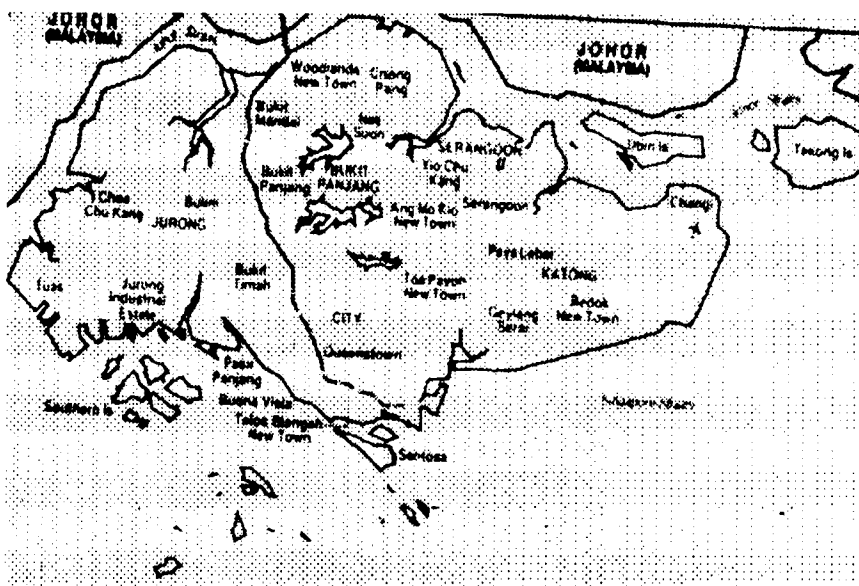
However the consumer cooperative movement, at present is weak and needs organization. The present economic policies in Philippines provides for a strong private sector influence. The Philippines is more or less dominated by multi-national and local companies dealing in import and distribution business in consumer commodities. The Chinese Supermarket chains and also American and British companies have a monopolistic domination over the market. Therefore, a market share in consumer business for cooperatives is more or less non-existent.

The economic viability of existing cooperatives will have to be assessed. The viable cooperatives would have to be re-organized and strengthened with active participation of housewives. The procurement and distribution system of consumer cooperatives would have to be strengthened and assessed.

SINGAPORE

01. BASIC INFORMATION

- Land Area (000 Km²): 0.6
- Density (per sq.km) : 4412
- Climate : Tropical
- Life Expentancy : 73
- Adult Literacy Rate (aged 15+ as at 1988) : 86.8%
- Major Industries : Petroleum, electronics, food processing, fabricated metal, transport equipment.
- Major Agriculture : Nil
- Major Exports : Machinery, Transport equipment, mineral fuel, manufactured goods.
- Major Imports : Machinery, mineral fuel, manufactured goods, chemicals.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	2.5	2.6	2.6	2.6
	Annual average growth rate	1.2	1.1	1.1	1.0
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	16.3	17.7	17.97	19.04
	Per capita income	5219	5847	6431	7325
	Growth Rate %	8	2	-6.7	9
	Consumer Prices % change	1.2	0.5	-1.4	0.5
	Money growth rate %	11.9	3.8	10.0	12.0
	Agriculture as % GDP	0.9	0.8	6.6	5.2
	Industry as % GDP	51.9	36.88	36.2	28.5
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		9346.7	12300	12560	15741
OUTSTANDING FOREIGN DEBT (US \$ M.)		317.8	2119	4001	138
STUDENT POPULATION	Primary	290800	278060	268820	261399
	Secondary	182343	190328	203088	201125
	Tertiary	30991	39693	42007	44747
WORK FORCE TOTAL (MILLION)		1.2	1.18	1.21	1.2
HEALTH	Hospital beds per 1000	3.9	3.0	3.03	7.69
	Doctors per 1000	0.9	1.0	1.0	2.20

03. COOPERATIVE MOVEMENT IN SINGAPORE

Cooperative movement was introduced to Singapore by the government, with the enactment of the Cooperative Societies Ordinance in 1925. It started with credit cooperatives. However, the initiative to promote Thrift cooperatives was taken by the government employees and office workers. By 1925, the total membership of the few societies stood at 237. The first consumer cooperative society in Singapore was organized in 1936. During the Japanese occupation period (1942-1945), the cooperatives ceased to function. After the second world war, the movement was expanded to cooperative housing, banking, stores and insurance.

During the 1960s, the Singapore National Trade Union Congress (NTUC) started playing an important role in modernising cooperative programmes. It promoted several cooperative societies including insurance cooperatives and transfer cooperatives in 1970, dental care societies in 1971, consumer cooperatives in 1973 and a book cooperative in 1974. The Singapore National Cooperative Federation Ltd.(SNCF) was registered in 1980 as the apex organization.

The recent developments in the cooperative movement in Singapore is the formation of Premier Security Society in 1984 and the Premier Computer Cooperative Society in 1988. The table on page 63 provides the progress of the Singapore cooperative movement.

As at 1948, the summary of the types of cooperatives is as follows:

Thrift and Credit	29
Multi-purpose	16
Consumer	4
Housing	1
Insurance	1
Transport	1
Medical	1
Services	1
Investment	1
Apex	1

The latest Cooperative Societies Act came into operation in 1980. The new act encourages the development of the cooperative movement by the establishment of a Central Cooperative Bank and an apex cooperative organization.

04. CONSUMER COOPERATIVE MOVEMENT IN SINGAPORE

The first attempt to organize a consumer cooperative came in 1947, with the introduction of Singapore Cooperative Stores Society Ltd, followed by 3 other cooperatives until 1958.

The national trade union movement promoted NTUC Welcome Consumers Cooperative Ltd in 1973. This cooperative society was merged with the present NTUC Fairprice Cooperative Ltd in 1983. It is a multi-purpose cooperative society, registered to stabilize the cost of living in Singapore, through its retailing and trading operations. At present the Fairprice Cooperative stands as the largest consumer cooperative organization in Singapore. It operates 34 supermarkets and departmental shops, 2 coffee shops, a printing workshop and a training division. Its annual turnover is about S\$330 million. It has 80 institutional members and over 100,000 individual members.

The trading results in the Fairprice cooperative is grown tremendously during the recent past. It has reported a growth rate of 11.6% in 1989. It had an increase of net profit by 33% over the previous year. The membership in 1989 is 132,000.

One of the developments in the recent past was to sign a sistership agreement with the Sapporo Citizen Cooperative of Japan.

05. PROBLEMS AND FUTURE PROSPECTS

The consumer cooperative movement in Singapore has had a steady growth with the establishment of NTUC Fairprice Cooperative Society. It has grown as a giant consumer business, competing with other department stores and supermarkets in Singapore. The clientele has been identified properly and the services have been aimed at meeting their needs. However, it has been noticed that the involvement of individual members in the business operations and the management of the cooperative has yet to be strengthened. The society draws considerable number of non-members on whose business the profitability remains at large.

There are other consumer cooperative societies such as Singapore Police Multi-purpose Society, etc. functioning effectively, though they are small in number. The Consumer Association of Singapore would become a promoter of consumers' rights and protector of consumer interest, which could be utilized for the benefit of the consumer cooperatives as against the private supermarkets and department stores.

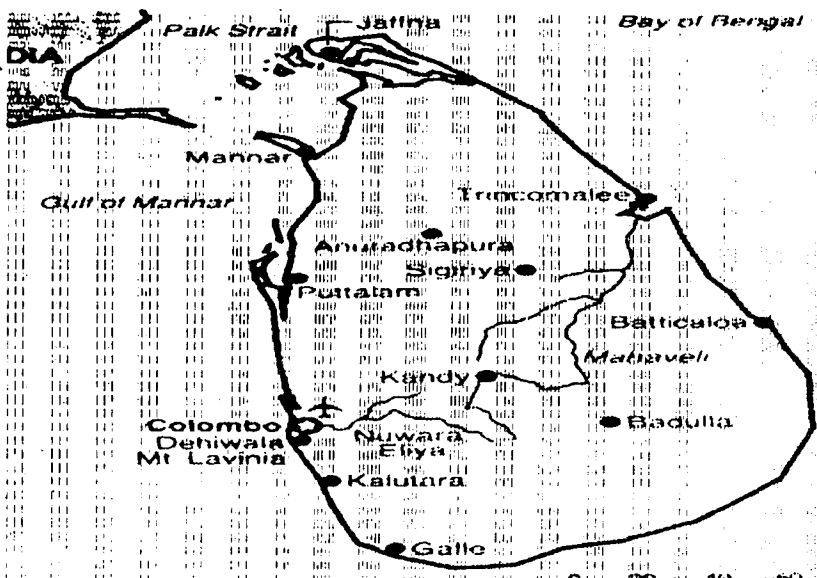
Type of Society	1981			1982			1983			1984			1985		
	No of Soc	Membership*		No of Soc	Membership*		No of Soc	Membership*		No of Soc	Membership*		No of Soc	Membership*	
		Inst	Individ		Inst	Individ		Inst	Individ		Inst	Individ			
1. Thrift & Loan ^b	39	6	29,904	37	6	31,168	36	6	32,193	34	6	32,866	32	6	29,286
2. Consumer	6	43	26,897	5	45	27,539	4	—	807	4	—	896	3	—	791
3. Multi-Purpose	18	20	52,799	21	15	55,405	19	58	76,752	20	75	90,993	18	78	96,407
4. Housing	1	—	2,449	1	—	2,453	1	—	2,458	1	—	2,479	1	—	2,473
5. Transport	1	20	5,893	1	22	6,426	1	23	6,552	1	25	6,504	1	26	6,374
6. Insurance	1	103	71,905	1	103	76,467	1	102	82,921	1	109	90,035	1	115	98,256
7. Medical	1	14	—	1	19	—	1	19	—	1	19	—	1	19	—
8. Investment	1	27	—	1	27	—	1	27	—	1	27	—	1	27	—
9. Land Purchase	1	—	23	—	—	—	—	—	—	—	—	—	—	—	—
10. Producer	2	—	263	2	—	247	2	—	246	2	—	245	2	—	244
11. Service	2	17	39	2	12	28	2	12	28	3	14	27	2	15	6
12. School	2	—	835	2	—	778	2	—	851	2	—	850	1	—	872
13. Apex	1	28*	—	1	40*	—	1	47*	—	1	52*	—	1	56*	—

* Membership has been divided into institutional and individual where possible.

^b Credit Societies are incorporated in Thrift and Loan Societies

Inst = Institutional
Individ = Individual

SRI LANKA



01. BASIC INFORMATION

- Land Area (000 Km²): 65.4
- Density (per sq.km) : 247
- Climate : Tropical
- Life Expentancy : 70
- Adult Literacy Rate (aged 15+ as at 1988) : 85%
- Major Industries : Food, beverages, tobacco, textiles, chemicals, petroleum, rubber, plastic.
- Major Agriculture : Tea, Rubber. Coconut, paddy, sugar, fisheries.
- Major Exports : Tea, rubber, coconut fish.
- Major Imports : Consumer goods, investment goods, petroleum.

02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	16.1	16.6	16.3	16.6
	Annual average growth rate	2.2	2.0	1.8	1.8
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	4.6	5.38	5.71	6.68
	Per capita income	297	339	354	360
	Growth Rate %	3.8	5.3	4.5	3.5
	Consumer Prices % change	14.0	7.0	8.0	7.7
	Money growth rate %	16.9	11.5	5.1	14.7
	Agriculture as % GDP	28.4	26.6	27.1	23.6
	Industry as % GDP	27.0	15.2	15.6	16.1
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		521	388	308	281
OUTSTANDING FOREIGN DEBT (US \$ M.)		2718	3440	3077	3818
STUDENT POPULATION	Primary	2.4M	NA	7.6M	3.95
	Secondary	1.3M	NA	3.95	3.95
	Tertiary	60886	NA	24967	19966
WORK FORCE TOTAL (MILLION)		5.7	4.7	4.1	4.7
HEALTH	Hospital beds per 1000	2.9	2.9	2.85	2.86
	Doctors per 1000	0.3	0.2	0.13	0.5

03. COOPERATIVE MOVEMENT IN SRI LANKA

Sri Lanka is known to have had primitive forms of cooperative efforts in the rural areas during the past few centuries. However, the cooperative movement was formally introduced in 1904, with a credit cooperative society, which has been legalized with the first legislation on credit cooperative societies in 1911. Between 1911 and 1921, considerable development was made in the thrift and credit cooperative sector. Later, several other types of cooperatives such as hospital cooperatives, housing cooperatives and marketing cooperatives were established. The consumer cooperative movement was introduced during the second world war in order to ensure a fair distribution of consumer commodities. After the second world war, agricultural production and marketing societies were established in order to deal with the economic depression which followed. During this time, the emphasis was made on the agricultural production as well as distribution of consumer commodities.

A major re-organization took place in 1957 with the introduction of multi-purpose cooperative societies aimed at meeting the production and consumption demands of members at the village level. However, these cooperatives did not observe economic viability at the time of their establishment.

The other major reorganization took place in 1970, when the legislation was drastically changed. With the new government policy on economic development, the cooperative sector was treated as the second sector, after state sector. The Five-year plan of the government specifically gave a role in the economic development policies and plans to the cooperative sector. Accordingly by using the emergency and the provisions of the new act, the government amalgamated many multi-purpose societies. The number of multi-purpose societies were curtailed to 300. Unviable multi-purpose cooperatives were deregistered and liquidated. These large multi-purpose societies formed subsequently had around 35-40 branch shops, a rural bank and a marketing section on an average. The overall membership was 15,000.

The credit cooperative sector, which forms the largest number of cooperatives and substantial number of individual members had a steady progress upto the second world war and was stagnant upto late 70s. Subsequently, there was a period of awakening from 1980, after which a comprehensive form of inter-lending and resources sharing practices started many credit cooperatives.

Agricultural cooperative sector is also strong in the cooperative movement in Sri Lanka. This consists of multi-purpose cooperatives, tea, rubber and coconut producers cooperatives, dairy cooperatives, young farmers coopera-

tives, animal husbandry cooperatives and other agricultural cooperatives. The Textile Weavers Cooperative Societies have been important during the post-war days but with the liberalization of textile trade in 1979, the importance of these societies was deteriorated and these societies confined to handloom sector as major types.

Fisheries Cooperative societies form an important group in the fisheries sector. As there are no private companies functioning in this sector, they have become the only institutional arrangement for fishermen.

School cooperatives, which have been introduced during 1930s, still play an important role for young cooperators. They organize canteens, book shops and some other consumer services to the school children. The table on page 68 gives details of the primary cooperative societies in Sri Lanka.

There are 7 apex level cooperative organizations functioning at present:

- i. The National Cooperative Council of Sri Lanka
- ii. The Sri Lanka Cooperative Marketing Federation
- iii. The Sri Lanka Rubber Cooperative Societies Union
- iv. The Sri Lanka Coconut Producers Cooperative Societies Union
- v. Fisheries Cooperative Federation of Sri Lanka
- vi. Sri Lanka Industrial Cooperative Union
- vii. Thrift and Credit Cooperatives Federation of Sri Lanka

04. CONSUMER COOPERATIVE MOVEMENT IN SRI LANKA

The consumer cooperative movement was first initiated in Sri Lanka in 1942 with the emergence of the second world war. By 1945, there were 4000 stores cooperative societies, having 1 million members. After the war, the importance of stores cooperative societies has dropped but they continued to function. However, one important function of these societies was handling of rationing scheme for people below the poverty line.

In 1957, the government decided to integrate the consumer function with the multi-purpose cooperative societies. Ambitious plans were made to set up one multi-purpose society for every village. The number of societies ultimately set up by 1967 was 4000. The movement was subjected to a re-organization as a result of a Royal Commission headed by Dr. A.F. Laidlow. With the change of government in 1970, the multi-purpose cooperative societies were amalgamated into 3782 branch primaries and former multi-

purpose societies were to become branches to these primaries.

The present multi-purpose cooperative societies are the largest cooperatives having 2.9 million members and having around 9000 retail outlets. These societies basically undertake consumer activities. They also carry out the government's poor relief programmes.

These consumer cooperative societies have representative bodies at the general assembly and elect 7 members as board of directors.

05. PROBLEMS AND FUTURE PROSPECTS

The present multi-purpose cooperative societies in Sri Lanka have become large organizations having an average of 15000 members. One of the major problems confronting the management and operations of multi-purpose societies was the inactivity on the part of individual members. The board of management was detached from the individual members.

Until July 1989, there was no apex organization for consumer cooperatives. The Cooperative Wholesale Establishment (CWE), originally set up to save the cooperative movement and to become a cooperative body has existed from 1943 as a government import and distribution, the government was able to control the food distribution and

the channeling of various consumer services to the common people. After 1979, when the government liberalized the consumer trade, many local and multi-national companies have gone into consumer business. However, the CWE continues to serve the cooperative societies as a major import agency. As a result the cooperative societies have lost a fair amount of profit margin and also substantial business, failing to obtain a considerable market share in the business. This situation continues to aggravate.

The government supervision and control over the consumer cooperatives has been very strong all through out. Many business decisions were vested with the registrar, specially in the case of long term capital investment. In the course of inexperienced administrative officers who became executives in the department who would not take proper business decisions.

It is notable that the consumer cooperatives in Sri Lanka still engages in traditional business strategies. Supermarkets and department stores of recent origin has introduced most modern sales techniques and display methods.

The political and economic turbulences upto recent times has had no effect on the functioning of consumer cooperatives but during the recent months, the situation has deteriorated due to the break down of supplies and disruption of distribution network.

ANNEXURE I

NUMBER AND TYPES OF PRIMARY COOPERATIVE SOCIETIES

Serial No.	Type of Society	1982	1983	1984	1985	1986
01	Multi-purpose	290	290	289	286	283
02	Credit	1570	1685	1758	2216	4406
03	Tea, Rubber, Coconut	76	68	70	64	73
04	Dairy	89	101	100	113	154
05	Young Farmers	30	20	22	23	19
06	Animal Husbandry	—	—	—	—	17
07	Other Agricultural	77	49	48	43	50
08	Textile	35	33	32	31	31
09	Fisheries	90	72	74	72	68
10	Small Industries	272	252	193	185	190
11	Schools	1156	994	878	868	775
12	Hospitals	08	09	09	07	07
13	Electorates	69	51	48	48	38
14	Labours	66	67	62	64	57
15	Other Types	163	129	140	173	162
Total		3991	3820	3723	4193	6330

THAILAND

01. BASIC INFORMATION

- Land Area (ooo Km²): 514
- Density (per sq.km) : 100
- Climate : Tropical
- Life Expectancy : 64
- Adult Literacy Rate (aged 15+ as at 1988) : 86%
- Major Industries : Cement, integrated circuits, petroleum, cars, sugar, textiles.
- Major Agriculture : Rice, tapioca, maize, sugarcane, rubber, jute.
- Major Exports : Rice, rubber, maize, tapioca, tin, prawn, sugar, precious stones, textiles.
- Major Imports : Non-durable consumer goods, raw material, oil, petroleum products.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	51.7	52.8	53.6	54.7
	Annual average growth rate	2.0	2.0	2.1	2.1
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	39.3	37.24	40.18	48.2
	Per capita income	794.2	579.41	612.39	881.0
	Growth Rate %	6.2	4.4	3.4	8.5
	Consumer Prices % change	3.8	1.7	2.7	5.0
	Money growth rate %	23.3	10.18	13.1	20.2
	Agriculture as % GDP	22.5	18.03	17.34	15.9
	Industry as % GDP	26.1	28.77	28.94	24.1
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		2555	2616	3759	5304
OUTSTANDING FOREIGN DEBT (US \$ M.)		9517	12776	14071	12175
STUDENT POPULATION	Primary	7.82M	7.82M	8.15M	7.1M
	Secondary	2.13M	2.24M	2.48M	2.0M
	Tertiary	400634	379648	400000	180558
WORK FORCE TOTAL (MILLION)		25.89	29.14	27.91	28.7
HEALTH	Hospital beds per 1000	NA	1.33	1.31	1.34
	Doctors per 1000	0.158	0.159	0.16	0.17

03. COOPERATIVE MOVEMENT IN THAILAND

The first cooperative society introduced in Thailand was an unlimited liability credit cooperative society set up in 1916. The government enacted a special legislation called the Civil Association Amendment Act. This society provided agricultural credit to farmers. The amendment to the Act in 1928 allowed expansion of cooperatives into various other types. At the end of 1954, there were 22 types of cooperatives with a total number of 19,338 societies.

In 1943, the Bank for Cooperatives was organized to serve as the financing agency for agricultural cooperatives. It was replaced by the Bank for Agriculture and Agricultural Cooperatives in 1966.

A fresh legislation was enacted in 1968, titled 'The Cooperative Societies Act'. This legislation facilitated the expansion and improvement of cooperatives and had two new features, i.e. amalgamation of cooperatives and the establishment of Cooperative League of Thailand. In 1969, the government initiated a programme of amalgamating small village level credit cooperatives into agricultural cooperatives. By 1973, 6603 village credit cooperatives were amalgamated into 410 agricultural cooperatives. There are 6 main types of cooperatives at present:

1. Agricultural Cooperatives
2. Fisheries Cooperatives
3. Land Settlement Cooperatives
4. Thrift and Credit Cooperatives
5. Consumers Cooperatives
6. Services cooperatives

The following table provide information on the performance of these cooperatives as at 1984. In addition, 7 national federations, 26 regional federations with an umbrella organization called Cooperative League of Thailand (CLT) function at present.

The credit cooperative movement and consumer cooperative movement have two common features:

- servicing of groups of people living in the same area,
- servicing of groups of people employed by the same undertaking.

The Cooperative Promotion Department (CPD) function as the supervisory agency for cooperatives. The chart on page No. 74 provide the organizational structure of the cooperative movement in Thailand.

04. CONSUMER COOPERATIVE MOVEMENT IN THAILAND

The consumer cooperative movement in Thailand was initiated during the second world war. A large number of cooperatives were organized at the initiative of government for handling and distribution of scarce consumer goods. Large number of these cooperatives were organized mainly by government employees and salary earners. In 1955, there were 214 consumer cooperatives in the country.

The Cooperative Wholesales Society of Thailand was established in 1952. The objective was to procure and arrange supply of essential consumer commodities to consumer cooperatives. However, the consumer cooperatives had stiff competition from private trade all throughout. Therefore, the number of societies declined to 139 in 1966. In 1969 the Agricultural Marketing Cooperative Federation and Consumers Wholesale Society was merged together to become Cooperative Marketing and Purchasing Federation, serving both the consumer and marketing societies. However in 1973, the consumer cooperatives have decided to form a Federation of their own. The present Consumer Cooperative Federation of Thailand came into existence in 1976. So far 136 consumer cooperatives have become its members.

There are two types of consumer cooperatives functioning at present:

- Community based consumer cooperatives
- Institutional based consumer cooperatives

In 1980 there were 208 consumer cooperatives in the country, out of which 49 belonged to the institutional category.

There are two national level consumer federations functioning at present i.e. Consumer Cooperative Federation of Thailand (CCFT) and Vocational Consumer Cooperative Federation of Thailand (VCCFT). However, these two federations have not yet gone into large scale business with their member organizations. The approximate number of individual members in the consumer cooperatives is 402,000. The number of consumer cooperatives grew to 217 in 1988, out of which 42 were located in Bangkok area.

The main source of procurement of stocks is from the wholesalers. Even the bigger cooperative supermarkets such as Pranakorn and Chiangmai are also procuring their stocks from the private wholesalers.

05. PROBLEMS AND FUTURE PROSPECTS

With the steady economic growth experienced by Thailand during the last few years, the competition with private

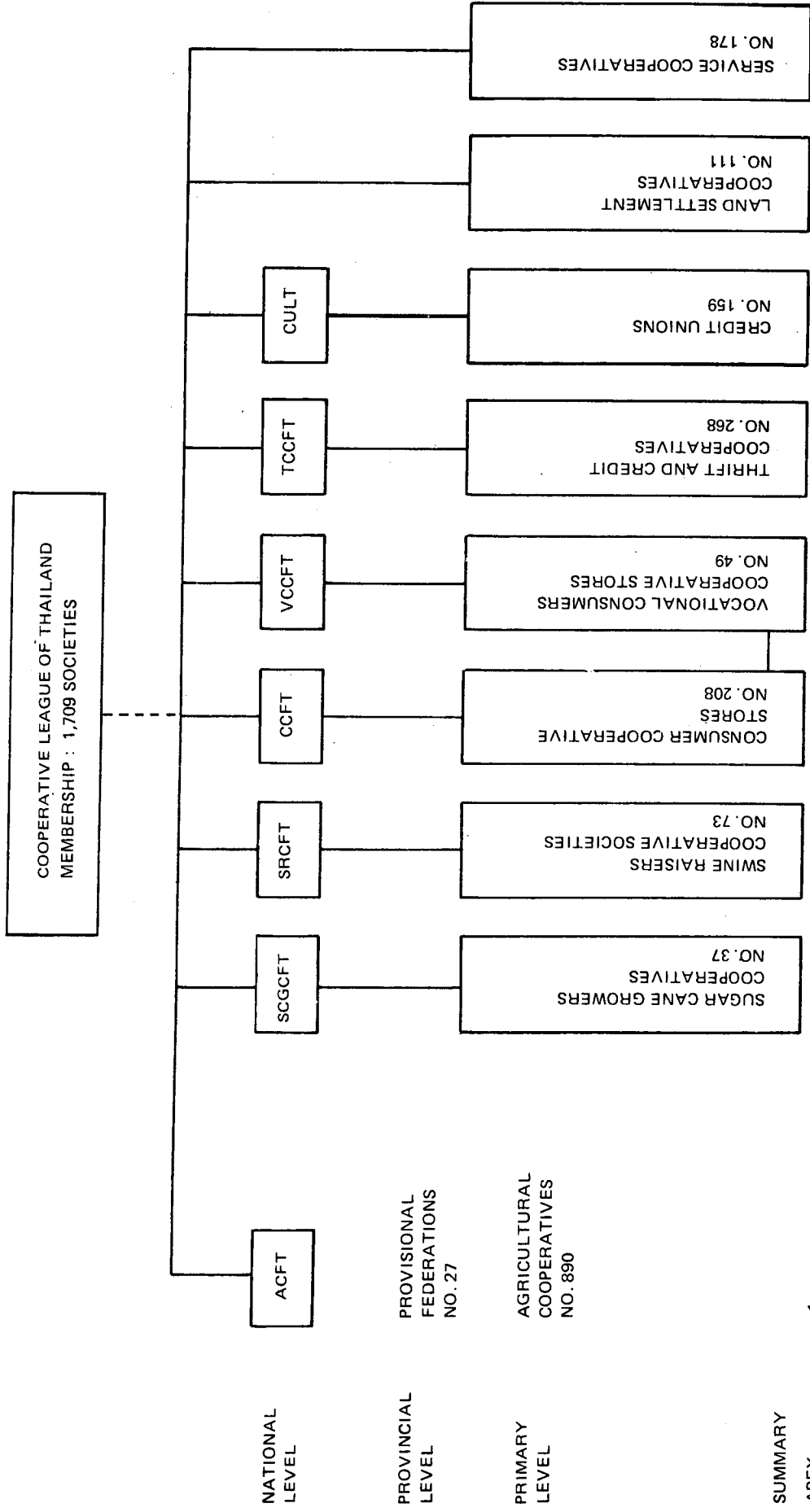
supermarkets became stiff. The Pranakorn Consumers Cooperative Society, being the pioneer in supermarket system in Thailand, itself has got into difficulties in this competition. A survey conducted by the ICA in 1984 has revealed the following problem areas in the consumer cooperative movement in Thailand:

- Location of many cooperative stores are not suitable for business.
- The lay out and the display methods used are traditional.
- Many cooperative societies do not have modern trading or merchandising policies.
- Cooperatives have experienced difficulties in procuring their stocks at lower prices.

With the expansion of consumer cooperatives, it appears that the members have got isolated from the business decisions and the management of the consumer cooperatives, atleast in the case of bigger cooperatives. Supermarkets and minimarkets are especially aiming at non-members as the main target groups. They adopt the consumer sales techniques and business strategies as in the case of private sector supermarkets. However, this situation has aggravated due to the influx of multi-national consumer business companies from Japan and Hong kong. The trend will continue in the future. The competition has already affected even the wholesale business.

The future resurrection of consumer cooperatives in Thailand would depend on the involvement of members in their business operation and management of cooperatives as well as utilization of proper business strategies which should be innovative and draw consumer responses.

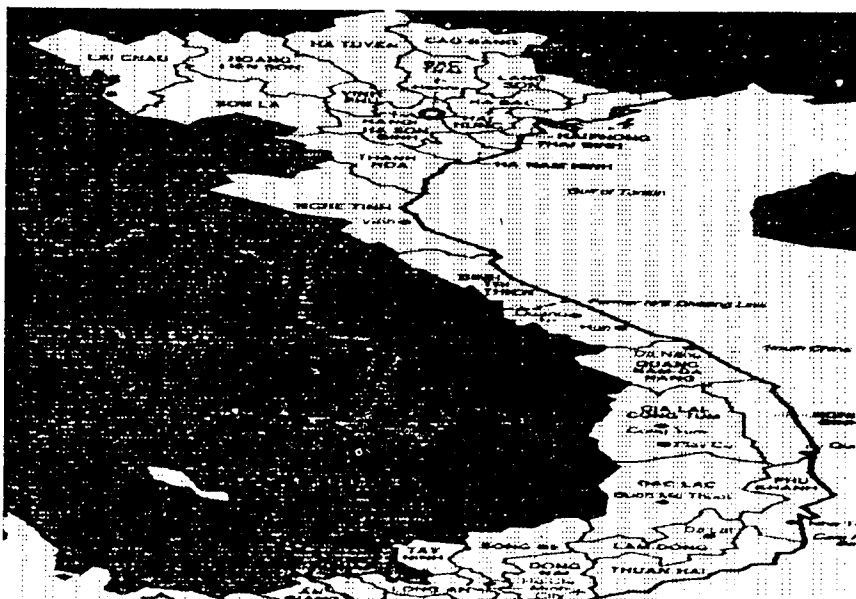
AN OVERVIEW OF COOPERATIVE STRUCTURE
IN THAILAND



VIETNAM

01. BASIC INFORMATION

- Land Area (000 Km²): 329.6
- Density (per sq.km) : 181
- Climate : Varied
- Life Expectancy : 63
- Adult Literacy Rate (aged 15+ as at 1988) : NA
- Major Industries : Electricity, Cement, cotton fabrics, paper, fish sauce, sea fish.
- Major Agriculture : Grain, sugar, tea, coffee, rubber.
- Major Exports : Coal, rubber, tea, coffee, wood, shrimp, potatoes
- Major Imports : Petroleum, fertilizer, steel.



02. GENERAL DEVELOPMENT INDICATORS

		1985	1986	1987	1988
POPULATION	Total Population (Million)	58.3	62.0	62.2	65.2
	Annual average growth rate	2.3	2.5	2.6	2.6
GROSS DOMESTIC PRODUCT	Total (bn in US\$)	NA	NA	NA	NA
	Per capita income	NA	NA	NA	NA
	Growth Rate %	NA	NA	NA	NA
	Consumer Prices % change	NA	NA	NA	NA
	Money growth rate %	NA	NA	NA	NA
	Agriculture as % GDP	45	45	45	45
	Industry as % GDP	26	26	26	26
FOREIGN RESERVES (us\$ M.) EXCLUDING GOLD		16	NA	NA	NA
OUTSTANDING FOREIGN DEBT (US \$ M.)		6000	6170	5477	6170
STUDENT POPULATION	Primary	NA	NA	NA	NA
	Secondary	NA	NA	NA	NA
	Tertiary	NA	NA	NA	NA
WORK FORCE TOTAL (MILLION)		29	34	34	34
HEALTH	Hospital beds per 1000	5.0	3.4	3.4	3.4
	Doctors per 1000	0.8	0.3	0.3	0.3

03. COOPERATIVE MOVEMENT IN VIETNAM

The cooperative movement in Vietnam has an integrated mechanism under the democratic centralisation of economic development in Vietnam. The Central Union in the country is concerned with industrial and handicrafts cooperative organizations. The cooperatives are free to choose production activities in the private sector arrangements. However, there is a certain degree of direction and control in terms of allocation of resources, quota and pricing systems.

The 6th National Congress has emphasized the need for re-structuring economy with a view to improve productivity levels. The decision of the congress was to adopt a multi-sector economic structure i.e. there will be the state sector and private sector. The cooperative production groups and collectives would belong to private sector. The individual and family enterprises too would belong to private sector.

The diagram on page 77 gives the present structure of cooperative movement in Vietnam.

There are about 24,000 cooperatives functioning under the apex federation called Central Cooperative Union. About 6000 cooperatives are of large size having between 150-1000 employees. Approximately 75% of all industrial employment is concentrated in cooperatives and small enterprises. The cooperatives are a major force in the production of consumer goods, having more than 60% of the share. There are also export-oriented cooperatives. The intermediary cooperatives or secondary level cooperatives are at the provincial level. There are 40 cooperative unions, supervising the work of cooperatives in 500 districts. The cooperative union provides a range of services to the primary

cooperatives, such as procurement, marketing technology and managerial training and research.

04. CONSUMER COOPERATIVE MOVEMENT IN VIETNAM

The consumer cooperatives in Vietnam play an important role in channelling the consumer commodities to the community. One of the distinct features under these services is the barter system. These consumer cooperatives also handle supply of inputs, marketing of products, etc. The northern part of Vietnam has a long history of cooperatives but southern Vietnam has recent history only. The consumers and Training cooperatives were founded in late 1970s. The consumer cooperatives in southern part of Vietnam have restaurants and tailor shops in addition to the sale of consumer commodities. The consumer cooperative movement in southern Vietnam is comparatively more developed than those in the northern part. High inflation rate-as high as 700%-has gripped Vietnam in recent times. This has affected the consumer business especially.

05. PROBLEMS AND FUTURE PROSPECTS

Vietnam consumer cooperative movement, has undergone certain changes during the recent times. It has been influenced by the technical training from Socialist countries and has adopted their techniques and methods. However, shortage of training and educated man power has been the major handicap in the functioning of consumer cooperatives. Shortage of resources and facilities have been constraints for efficient functioning of cooperative systems. With the introduction of private trade, the government is withdrawing subsidies and compel the cooperatives to become self-governed and self-sufficient.

