

# ENHANCING COOPERATIVE CAPABILITY

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**Afro-Asian Rural Reconstruction  
Organisation**



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



# **ENHANCING COOPERATIVE CAPABILITY**

**Report and Papers of  
Top Level Cooperative Leaders Conference**

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**Top Level Cooperative Leaders' Conference**

on

**“Enhancing Cooperative Capability”**

November 7 — 12, 1983, Tokyo, Japan.

held under the joint auspices of

**The International Cooperative Alliance**

Regional Office & Education Centre for South-East Asia.  
(ICA ROEC),

**The Afro-Asian Rural Reconstruction Organisation, (AARRO),**

**The Central Union of Agricultural Cooperatives of Japan, (CUAC),**

and

**The Institute for the Development of Agricultural Cooperation  
in Asia (IDACA)**

Top Level Cooperative Leaders  
Conference  
on  
**Enhancing Cooperative  
Capability**

Tokyo, Japan  
7th — 12th November 1983

**REPORT AND PAPERS**

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**AFRO-ASIAN  
RURAL RECONSTRUCTION  
ORGANISATION**



**INTERNATIONAL COOPERATIVE  
ALLIANCE**  
Regional Office & Education Centre  
for South-East Asia

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## Foreword

In most developing countries of Asia and Africa, cooperatives play a significant role in the process of socio-economic development but all too often they lack the vitality and dynamism so essential in a member-owned, people-centred movement. The cooperatives often perform functions dependent only on government sponsored programmes in respect of distribution of essential consumer goods or the procurement of agricultural commodities based on price support programmes etc., but fall short of effective performance as institutional infrastructures of the people, which the members could use for finding solutions to their socio-economic problems. Often, governments tend to manage, control and direct cooperatives, leaving little or no room for member involvement and participation. At the other extreme cooperatives also continue to languish for lack of government support.

It was against this background that the Top-Level Cooperative Leaders' Conference was jointly organised by the Afro-Asian Rural Reconstruction Organisation (AARRO), New Delhi, the International Cooperative Alliance, Regional Office and Education Centre for South-East Asia (ICA ROEC), New Delhi, in collaboration with the Central Union of Agricultural Cooperatives (CUAC), Tokyo, Japan, and the Institute for the Development of Agricultural Cooperation in Asia (IDACA), Tokyo, Japan, on the theme of "Enhancing Cooperative Capability". The purpose of the Conference was to examine closely the various factors that affected cooperative growth and development and to evolve strategies that would enable cooperatives to play a more effective role in development.

The Conference was attended by both representatives of governments comprising, Ministers/Heads of Departments concerned with cooperative development from several countries in Asia and Africa as well as the non-official leaders of the cooperative movements which were members of the ICA from Asia. This collaborative effort of the AARRO and the ICA provided a useful forum for the exchange of wide and varying experiences

and for the drawing up of guidelines for enhancing cooperative capability.

The discussions centred round 7 papers presented under three main heads: (i) Cooperative Development; (ii) Cooperatives and the Poor; and (iii) Integrated Rural Development.

### **(i) Cooperative Development**

Three papers were presented under this head. The first by Mr. J.M. Rana, examined the role of cooperatives in national development identifying both the areas in which efforts need to be made to improve cooperative functioning as well as the areas in which cooperatives can make important contributions to the development process in third world countries. Outlining a framework for cooperative development, Rana's paper emphasises the need to strengthen primary units, to integrate the activities of the different level cooperatives from the primary to the national level and the need for vertical coordination in order to build a cohesive cooperative sector in the developing countries.

The other two papers are by Mr. G.K. Sharma and Dr. V. Shanker, both dealing with the role that Governments can play in developing a viable and self-reliant cooperative system. Tracing the historical evolution of cooperatives in both the developed and developing countries and the differences therein, Sharma's paper highlights the antecedents of the pervasive role that governments play in cooperative functioning, while Shanker argues for the continuing importance of active government role in cooperative development under the present day economic conditions and the imperatives of the welfare state. Both papers highlight the trade-off between government control and cooperative autonomy. Sharma outlines the recommendations made by ILO in areas where government policy can make significant improvements in cooperative functioning. Shanker, emphasising lack of local involvement and initiative as the main cause of the poor performance of cooperative movements and calls for a change in government attitude towards cooperatives—from government run institutions to organisations of the people. Governments can do this by engendering incentives for cooperative activity through cultivating local organisers and

change agents who in turn can motivate and educate people to form cooperatives. This would ensure that cooperatives so formed would emerge from below and fulfil real and specific needs of the people.

## **(ii) Cooperatives and the Poor**

Two papers were presented on Cooperatives and the Poor. In the theme paper, Mr. R.B. Rajaguru raises various issues for discussion which will lead to the formulation of guidelines for action by both governments and cooperators. Reviewing the cooperative experience, he highlights the inability of cooperatives to help the poor as well as the varied explanations put forward for it. On the other hand, he cites examples to demonstrate the viability of cooperatives to tackle this problem provided they are (1) not regarded as merely business organisations but take into account the special economic constraints on effective utilisation of cooperative potential imposed by poverty and (2) the approach is "interest group" oriented but within an integrated framework. He raises a number of questions as to what can be done at different levels to direct the cooperative effort towards tackling problems of poverty through participatory productive effort.

The second paper by Mr. Alf Carlsson on 'Cooperatives and the Poor' from the donor angle, was presented on his behalf by Mr. Bengt Kjeller. Mr. Bengt Kjeller in his presentation outlined the principal guidelines governing development assistance insofar as the Swedish Cooperatives were concerned and emphasised the following main objectives of such assistance: (i) promotion and the growth of resources both human and material; (ii) assistance towards the reduction of social and economic inequalities; and (iii) working towards the achievement of self-reliance and independence both political and economic.

With these objectives in view, the SCC would provide support on a movement to movement basis or in other ways mutually agreed upon by the SCC and the recipient movement.

## **(iii) Integrated Rural Development**

Two papers were presented on the subject of Integrated

Rural Development. In these papers an attempt was made to study the possible fallacies in the existing approaches to rural development and to explore the possible institutional and procedural reforms that could be made in the planning and implementation of rural development programmes with a view to increase their effectiveness in realising the objectives of cooperative development. The paper by Mr. R.P.S. Malik, appreciating the role of people's organisation in the development process, specifically examines the role the cooperatives can play in furthering the objectives of rural development and argues for recognition of cooperatives as a nucleus of development. The paper then examines the inter-relationships that exist between and within various organisations responsible for rural development and suggests ways of improving them.

The second paper is by Mr. S. Nakagawa on Agricultural Cooperative Movement and Long-Term Planning. The paper is a Case Study of the Mikkabi-cho Agricultural Cooperative Society located in the Shizuoka Prefecture in Japan. This paper focusses on the distinguishing feature of this highly successful society, and its practice of long-term planning since the early 1960s. The evolution and process of long-term planning are described in detail. The paper traces the success of the cooperative to its active member participation. The society draws up long-term plans for each member household taking into account their aspirations and income goals. These are then reflected in the overall five year plan for the Society itself. The paper provides a rare insight into the working of a successful cooperative effort.

#### **(iv) Conclusions and Recommendations**

The papers provided the background and raised issues for subsequent discussion on enhancing cooperative capability in developing countries (between government representatives and non-official cooperators). The discussion led to the formulation of a large number of far-reaching conclusions and recommendations relating both to the different aspects of cooperative development discussed in the papers as well as to the different levels at which efforts were required to enable

the cooperative to become effective people's organisations. A summary of these recommendations is presented in the first section.

Thanks are due to the top-level leaders both from governments and from the non-official sector in cooperatives who took time out to be at this very important Conference organised jointly by the AARRO, the ICA, the CUAC and IDACA. They brought to bear, in stimulating discussions, their considerable experience in the field of cooperative development to evolve practical, workable recommendations, which would go a long way in enhancing cooperative capability in the various countries of Asia and Africa. Thanks are also due, in particular, to the host organisations in Japan, the CUAC and IDACA, for their untiring efforts and excellent arrangements and also to the Mikkabi-cho Agricultural Cooperative which was the centre of focus in the field visit undertaken by the participants to the Conference. Finally, appreciation is extended to the staff of AARRO and ICA ROEC for the secretarial work and preparation of the manuscript and the production of the book.

R.B. RAJAGURU  
*Regional Director*  
ICA ROEC.

Dr. B.S. MINHAS  
*Secretary General*  
AARRO.



# **REPORT**





# REPORT

## Theme and Working of the Conference

The theme of the Conference was 'Enhancing Cooperative Capability' and was discussed under three broad heads: (1) Cooperative Development, (2) Cooperatives and the Poor, and (3) Integrated Rural Development.

Papers were presented by the representatives of International Cooperative Alliance (ICA), Afro-Asian Rural Reconstruction Organisation (AARRO), International Labour Organisation (ILO), Japanese Cooperative Movement and the Swedish Cooperative Centre (SCC) as indicated below :

*Cooperative Development:*

1. Mr. J.M. Rana, ICA
2. Mr. G.K. Sharma, ILO
3. Dr. Vineeta Shanker, AARRO

*Cooperatives and the Poor:*

1. Mr. R.B. Rajaguru, ICA
2. Mr. Bengt Kjeller, SCC

*Integrated Rural Development*

1. Mr. R.P.S. Malik, AARRO
2. Mr. Susuma Nakagawa, Japan

The discussions, which were issue oriented, centred around the contribution of cooperatives to national development and problems relating to formation of an appropriate institutional infrastructure conducive to the greater participation of cooperatives in the implementation of national development programmes with particular reference to integrated rural development and poverty alleviation.

The Conference took note of the assessment of the past experience, the current position and the emerging trends on the above-mentioned subjects in the countries of the Afro-Asian region as ably reflected in the theme papers read by resource persons and in the observations and comments made by the delegates.

The conclusions reached and the recommendations made

by the Conference on each of the three topics are presented below :—

## **SECTION-I : COOPERATIVE DEVELOPMENT :**

The Conference was of the opinion that, due to certain inherent characteristics, cooperative organisations are eminently suited to play an important role in national development. In the recommendations that followed in regard to the priorities of cooperative development for the attainment of national goals, the Conference emphasized that the cooperatives would be able to play their role only if they are based on well established cooperative principles, structures and adequate finance and only if they effectively try to mobilise the spirit of self-help, self-reliance and local initiative.

### **A. Priority Areas/Fields For Cooperative Development**

The Conference considered the areas of the national economy in which cooperatives can make a significant contribution. In this regard the priority areas indicated were as follows:

#### *(a) Food Production, Processing and Distribution :*

There is an urgent need to increase food production and develop an effective system of equitable food distribution and improved methods of food processing and utilisation. The Conference recognised the great importance of agricultural and fishery cooperatives for this purpose.

#### *(b) Urban and Industrial Cooperatives :*

The Conference felt that in view of the rapid growth of population in the countries of the region, alongwith migration from rural areas, more than half of the Third World would soon be living in urban areas. The Conference was of the view that there is ample scope for cooperative activities in urban areas for the provision of consumer goods, credit, medical, transport and housing facilities. It also emphasised the importance of cooperative development in rural areas, particularly,

at the village level, to check rural migration.

In order to provide income generating activities for men and women, formation of cooperative industrial societies both in urban as also in rural areas is urgently needed. The Conference considered that this would not only contribute to the larger supply of industrial products but also check migration of the rural population to towns and cities by providing employment opportunities in rural areas.

*(c) Saving, Credit and Insurance :*

With a view to sustaining continued growth of cooperative activities and spreading cooperative development to cover almost all aspects of members' needs, thrift and savings are of vital importance for raising the required capital resources. In addition, it would also lead cooperatives towards self-reliance. The Conference stressed that in modern times there should be some degree of protection of members against risks to life and property, etc. Hence, cooperative insurance activity was also considered essential. This activity would further add to the availability of financial resources for cooperative development.

*(d) Inter-Cooperative and International Trade :*

The Conference recommended that cooperatives should be assisted and encouraged to enter into inter-cooperative and international trade in order to promote the economic interests of the producers and consumers in the countries of the Afro-Asian region.

*(e) Other Types of Cooperatives :*

The Conference felt that there is ample scope for taking up cooperative activities in the field of handicrafts, agro-based industries and welfare services to cater to the felt needs of members.

**B. Measures for Removal of Constraints to Cooperative Development.**

After having specified new directions for cooperative development, the Conference proceeded to outline measures for the

removal of various constraints to successful development and functioning of cooperatives which required urgent attention. They are mentioned below :

*(a) Development Towards Self-reliance*

The cooperative policy should be directed towards enabling cooperative movements to formulate their own development plans. Governments should ensure that their medium term plans of national development incorporate the cooperative development plans formulated by cooperatives.

The Conference emphasised that these development plans should be formulated by each cooperative organisation through effective involvement of members in the planning process. Area cooperative development plans and national plans should follow the same principle of member involvement.

The objectives of planning should be the emergence of a self-reliant cooperative movement as speedily as possible.

*(b) Education and Training for Greater Member Participation:*

In order to be a true cooperative, a cooperative society should be owned and managed by members through democratic means and methods. Effective and intensive member education programmes are most essential to ensure member commitment for achieving this objective. The Conference strongly recommended that the member education programmes should aim at engendering an ideological commitment towards a cooperative way of life, improving the management of cooperatives and enhancing the occupational efficiency of members. Member education should be planned on the basis of a careful assessment of the economic and social needs of members.

The Conference recommended that Cooperation be included in the curricula of schools and colleges and practical training to students be imparted through setting up students' cooperatives.

*(c) Increased Involvement of Women and Youth :*

The Conference was of the opinion that women and youth, who together constitute more than half the population, should be encouraged to join cooperatives. This could be achieved

through special programmes designed to motivate them to take part in cooperative activities. These special programmes would have to relate to the specific and distinctive needs of these two groups. Their participation, it was felt, would greatly strengthen the cooperative way of life.

*(d) Cultivation of Local Leadership :*

The Conference emphasised the need for creation of local leadership within the organisation by imparting leadership training to local people and by giving them scope to expand their capabilities by exposing them to practical situations. Special programmes should be designed for this purpose. In this connection, training of chairmen and members of the Boards of Directors is exceedingly important.

The Conference considered that with a view to building up strong cooperatives, education and training of members of the Boards of Directors and potential leaders is a most powerful tool. This should be an on-going programme and it should be handled by the cooperative organisations.

*(e) Professional Management for Efficient Cooperative Functioning :*

The Conference identified poor management as one of the causes of indifferent performance and failure of the cooperative movement. In this connection the Conference expressed the view that cooperative organisation can grow and improve their services only through professionally competent management. The Conference suggested that professionalisation of cooperative management can best be achieved by the establishment of comprehensive personnel policies right from the stage of recruitment, job training, appropriate salary structure, job security and career development opportunities.

*(f) Changes in Organisational Structure :*

This topic was discussed under two different sub-heads:

*(i) Strengthening Primary Cooperatives—The Conference*

considered the need for bringing about changes in the organisational structure of cooperatives and in the relationship amongst cooperatives at different levels with a view to enhancing their capability for enlarging their share in the national development. The primary cooperative society is the basic unit. It should cater to the economic and social needs of its members and function as an economically viable unit; and

(ii) Formation of National Cooperative Federations—The Conference recommended that formation and strengthening of national level federations and unions is vital for development of healthy and autonomous cooperative organisations. They should promote growth of local cooperative societies and look after their interests.

In order to move with the fast changing economic situations the Conference emphasised the need for technical assistance, project identification, feasibility studies, monitoring and evaluation of cooperative development programmes by national organisations. Cooperatives should use their own experiences and the experience available elsewhere to develop appropriate models for their own development.

Cooperatives should also make adequate arrangements to build up a positive image for themselves through appropriate publicity in the national, regional and local media, in addition to its own publicity organs. The task of spreading knowledge of the principles and practices of cooperation to new members should also be taken up more effectively by national level organisations.

As regards relationship amongst cooperatives at different levels, the Conference emphasised the importance of national federations with a view to providing linkages and technical know-how and thereby bringing the members of the primary units within the modern economic system. The Conference stressed that the vertical link-up also would raise the competitive capacity of members of the base level units. The Conference recommended that together with this vertical link-up, the horizontal relationship among different societies and functional federations should be strengthened as this would go a long way in building up a cohesive cooperative sector.

### **C. The Relationship between Cooperatives and the Government :**

The Conference examined the role of government in ensuring efficient functioning of cooperatives. Questions relating to the kind of role that government should play in promoting cooperative development, and where the line between government action support and members' initiative needs to be drawn, were considered by the Conference. The Conference was of the opinion that the role of the government should be confined to promoting and supervising cooperatives and in no case should the government manage and run cooperatives.

The Conference felt that dependence on government should be progressively reduced. There should be greater emphasis on ownership and management of societies by members. This could be attained through increased member contribution to capital formation and through ploughing back surpluses.

### **SECTION-II: COOPERATIVES AND THE POOR**

The Conference took note of the following specific features of the rural economy : (a) the widening gap between the rural rich and rural poor, between the rural and urban sectors and between developed and under-developed areas, and (b) the slow rate of development in the context of increasing population pressure in rural areas.

The Conference arrived at the following consensus:

The determination and identification of the poor would vary from country to country. It was generally agreed that the poor were those who belong to the economically weaker sections of the society and lacked the basic needs of life. They essentially comprise small and marginal farmers, landless agricultural and non-agricultural labourers and the rural handicapped and the exploited workers, jobless and the handicapped in urban areas.

The causes of their poverty were identified as follows.

- lack of assets
- lack of education and skills
- lack of bargaining power and economic opportunities
- high prices
- non-acceptance of change.

The Conference noted that the current situation in the Afro-Asian region could be categorised under two broad heads: (a) where the national governments have launched well-defined poverty alleviation programmes, and (b) where such well-defined programmes are yet to be launched.

In the situation such as in (a) above, the Conference felt that cooperatives should play a major role in the implementation of poverty alleviation programmes. Their immediate objective should be to provide the institutional environment in which the rural poor can have the necessary incentive to increase the level of production and efficiency of their hitherto under-utilised resources and can receive fair returns for the commodities which they produce.

For ensuring a flow of benefits from cooperatives to the poor, the Conference recommended that it was necessary to provide certain safeguards and reservations and to ear-mark resources for the poor. More specifically, the Conference recommended that (a) there should be a provision for open membership in cooperative societies and that there should be a right to appeal in cooperative legislation for the poor if they are denied membership, (b) the poor should be given adequate representation on the Boards of Management of Cooperatives, and (c) cooperative societies should ear-mark adequate proportion of resources and services for the poor.

The Conference recommended that the cooperative sector should take the following steps in the poverty alleviation programmes :—

- organise cooperatives among the rural folk
- strengthen existing cooperatives
- educate people in the principles of cooperatives
- teach technical skills through cooperative activities
- strengthen the mass base and include the poor strata in the work programme
- educate the poor to pool their efforts and meagre resources for common needs
- integrate/amalgamate to ensure better bargaining power,
- involve women and youth as agents of change in creating attitudes towards cooperatives, and
- build leadership for effective management and a sense



of belonging by tapping the intelligent rural folk.

The Conference recommended that the government should recognise cooperatives as a medium for dialogue with the poor people and for involving them in the planning of poverty alleviation programmes and in the implementation of such programmes. The Conference suggested that where the government has funds for development, a definite share should be channelled through viable cooperatives. More specifically, wherever the national governments are implementing structured development programmes in their central planning systems, cooperative organisations should be the medium for delivery of these programmes and services, with provisions for flexibility and adaptation at the village/local level.

The Conference further recommended that government aid programmes should be focussed on improving marketable surplus of those who have productive assets and in respect of those who have limited assets, the programme should help in improving their assets base, marketable skills and incomes.

### **SECTION-III: INTEGRATED RURAL DEVELOPMENT**

The Conference reviewed the strategies of rural development which have been practised in the past and are currently in operation in the Afro-Asian countries and emphasised the need to adopt an integrative approach to rural development. The Conference was of the opinion that it was neither possible nor desirable to give any universal definition to the concept of integration. The integrative approach should ideally take into account the various sub-sectors such as agriculture, rural industries, drinking water, health and family care, education and other important social services. However, the extent to which integration should be practised will depend on the socio-economic conditions prevailing in a particular situation at a given point of time. As such the concept of integration is a flexible one and its specific content should be determined in the framework of objectives set for rural development and the available resources.

In view of the fact that the poor strata constituted a large and growing proportion of the population in the rural areas, the Conference stressed that the programmes aimed at poverty

alleviation should have particular relevance to integrated rural development.

The Conference concluded that building up socially oriented institutions of the people would be an important condition for the successful implementation of integrated rural development programmes and that institutions based on cooperative ideology, with emphasis on democratic management, would be eminently suitable for such programmes.

The Conference felt that the multipurpose cooperative societies, involving participation by all sections of the village should be the preferred model. However, in respect of specialised economic functions such as dairy development, fisheries, weaving, etc., specialised cooperatives may also be set up.

The Conference took note of the fact that some of the social factors such as religion, beliefs etc., which were inhibiting, in varying degree, the implementation of certain components of integrated rural development programmes, should be attended to by involving relevant change agents and by launching a massive functional literacy programme.

The Conference felt that the target groups for the integrated rural development programmes may be classified into well-defined categories like (a) landless labourers, (b) small and marginal farmers, and (c) other farmers and rural people such as artisans etc.

The Conference recommended that the main approach for the landless labourers and artisans had to be to increase their employment opportunities and to upgrade their skills. For the small and marginal farmers, it was considered necessary that the main task should be that of ensuring security of tenure and development of their land holdings by providing irrigation, soil conservation and reclamation, enhancing their capability for receiving credit, input supplies, the marketing and processing facilities, and improving their farming techniques and farm management.

The Conference reiterated the earlier recommendation in respect of the poor, i.e. to ensure increased participation in cooperatives of the landless, small and marginal farmers, and artisans.

The Conference recommended that land reform was very essential for achieving integrated rural development with bene-

fits flowing to all sections of the people in rural areas. In addition, government should also build the necessary infrastructure in the form of irrigation, transport facilities, communications, public education system, etc., in order to speed up integrated rural development. It was also essential to develop small and cottage industries and agro-industries in addition to agricultural development programmes for the purpose of achieving successful rural development. In regard to the above, the Conference stressed the importance of micro level planning and harmonising it with the national development plans.

It was felt that rural development being a very extensive and comprehensive programme, effective coordination amongst the various agencies such as government, quasi-government, non-government and non-profit people's institutions was very important. The Conference recommended that effective institutional framework such as coordinating agencies/committees/commissions be set up at the various levels of planning and implementation with well-defined objectives, programme directions and responsibilities.

The Conference also felt that it would facilitate implementation of rural development if the implementation was assigned to specified agency/commission on the lines of rural development agencies. Such an agency/commission should be set up at district/sub-regional level, consisting of representatives of various implementing departments of governments, non-governmental institutions and people's institutions.

To ensure that the limited resources made available for rural programmes are utilised within the time frame and do not lapse, it was suggested that the budget allocation for relevant subsidies and grants made by the various government agencies for rural development programmes, should be transferred to such an agency/commission.

The Conference recognised the importance of technical and institutional infrastructure for developing rural societies and also in solving the existing problems confronting the rural poor. The Conference was of the opinion that setting up of an institutional network for this purpose was both expensive and beyond the reach of most developing countries.

The Conference therefore recommended that Food and Agriculture Organisation (FAO), International Labour Organisation

(ILO) and other agencies of the U.N. System should strengthen the existing national institutions connected with rural development and the cooperative movement by providing financial assistance, technical manpower with the relevant experience for developing institutions and physical facilities, and for promoting (a) training, and (b) research in technical and socio-economic aspects of rural development with particular emphasis on poverty alleviation.

The Conference stressed the importance of strengthening international, non-governmental organisations like the ICA etc., for enhancing their capabilities for providing greater assistance to the cooperative movement for implementing the rural development programmes in the member countries. Similarly, the Conference recommended that international organisations set up on regional basis such as AARRO and the Asian and Pacific Regional Agricultural Credit Association (APRACA), etc., should be strengthened to enable them to play a more effective role in providing assistance to the various governments in developing countries.

It was also recommended that the national institutions in developing countries should exchange experience and expertise in implementing the programmes of rural development including strengthening of regional institutions for training, information processing and dissemination, and management. Such institutions could be very helpful in making comparative studies on various aspects of implementation of rural development programmes, particularly through cooperatives, and they could be very helpful fora for exchange of ideas, practices and experiences for evolving strategies and programmes for rural development.

The Conference felt that there was need to coordinate the activities and programmes of various international and regional organisations, and national institutions with interest in regional bodies viz., AARRO, ICA, Asean Cooperative Organisation (ACO), Asian Development Bank (ADB), Institute for the Development of Agricultural Cooperation in Asia (IDACA), APRACA, etc., and recommended that these organisations/institutions should get together and evolve appropriate arrangements for coordination.

The Conference reviewed the current situation in regard to

bilateral assistance and cooperation in the implementation of rural development programmes particularly through the cooperative movement. It was reported that such bilateral relations in many countries are on government to government basis. In situations where diplomatic ties do not exist between the concerned countries, special difficulty was being encountered in organising cooperation on bilateral basis. The Conference recommended that alternative channels like the Chambers of Commerce, Cooperative organisations, and other non-governmental bodies may be encouraged for organising cooperation on bilateral/multilateral basis.

The Conference felt that the international organisations like FAO, ICA, ILO and regional organisations like, AARRO, ACO, ADB could play an important and useful role and could provide very effective fora for establishing cooperation amongst the cooperative movements in the concerned countries for implementing rural development.

The Conference felt that there was considerable scope for developing cooperative assistance programmes on a movement to movement basis in addition to the programmes operated by or through international organisations.

The ICA and AARRO should keep themselves informed of cooperative aid programmes by other international agencies and inform their respective members of the availability of such programmes.

The Conference suggested that at the national level a council/committee should be established with representatives of both government and the cooperative sector to advise, coordinate, follow-up and evaluate various aid programmes to cooperatives.

The Conference recommended that national organisations in each country must take meaningful steps to implement the recommendations of this Conference.

Finally, the Conference also recommended that the Afro-Asian Rural Reconstruction Organisation and the International Cooperative Alliance should make efforts to see that these recommendations are sent to the relevant government departments or national organisations in each country and that some debate/discussion is initiated on them. Further, the Conference recommended that the ICA and AARRO should extend their full support to national organisations implementing the recommendations adopted by this Top Level Cooperative Leaders' Conference.

## Programme

*Monday, 7 November 1983*

- 0930 — 1100 Inaugural Session.  
1100 — 1130 Tea Break.  
1130 — 1230 **Subject area 1 : Cooperative Development—**  
\*Presentation of papers and discussion.  
1230 — 1400 Lunch Break  
1400 — 1500 Discussion contd.  
1500 — 1530 **Subject area 2 : Cooperatives and the Poor—**  
Presentation of papers and discussion.  
1530 — 1600 Tea Break  
1600 — 1730 Discussion contd.

*Tuesday, 8 November*

- 0900 — 1030 **Subject area 3: Integrated Rural Development—**  
Presentation of papers and discussion.  
1030 — 1100 Tea Break.  
1100 — 1200 Discussion contd.  
1200 — 1230 **\*\*Formation of Committees.**  
1230 — 1400 Lunch Break.  
1400 — 1730 Committee Meetings.

*Wednesday, 9 November*

- 0900 — 1200 Continuation of Committee meetings (Reports would be finalised and handed over to the Secretariat by 12 Noon).

\*Each paper will be presented for 15 minutes.

\*\*The Conference will divide itself into three committees. Each Committee will be assigned one subject area for in-depth discussion, drawing up conclusions and recommendations and suggesting appropriate action programmes. A Drafting Committee, comprising chairmen and rapporteurs of the committees, will be constituted.

1200 — 1430 Lunch Break.  
1430 — 1730 Plenary : Presentation of Committee Reports.

*Thursday, 10 November*

0900 — 1200 Drafting Committee meetings : Formation  
of draft conclusions and recommendations.  
1200 — 1400 Lunch Break.  
1400 — 1730 Final Plenary : Adoption of conclusions,  
recommendations and action programmes.

11 & 12 November Field Visits.

# Participants

1. Mr. Pi-Feng Hong  
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# **WORKING PAPERS**

## **I-Cooperative Development**





# **Role of Cooperatives in National Development**

**J.M. RANA\***

A large amount of thinking and planning has already been carried out by the United Nations and its specialised agencies and by the International Cooperative Alliance over the last few years. Based on this enormous work, among which should be mentioned the outstanding document of Dr. A.F. Laidlaw on "Cooperatives in the Year 2000" discussed at Moscow Congress, the ICA has formulated a "Policy for Cooperative Development". This policy has been evolved through discussions at the ICA Cooperative Congress in Moscow held in October, 1980 and the ICA Central Committee Meeting held in Rome in October 1982. After its adoption by the Rome Central Committee Meeting, the ICA has issued a document entitled "An ICA Policy for Cooperative Development", a policy that, in the words of the ICA Director, Mr. A.E. Saenger, "reflects the views, aspirations and commitments of the entire cooperative movement and fits into the framework of the UN Third Development Decade". In view of this the following documents have been principally drawn up in preparing this paper.

- (i) An ICA Policy for Cooperative Development.
- (ii) Cooperative in the Year 2000—document prepared by Dr. A.F. Laidlaw which was presented at and discussed by the ICA Congress held in Moscow.
- (iii) Resolution adopted by the ICA Congress, Moscow, "Cooperatives in the Year 2000".
- (iv) Resolution on Cooperative Development Policy adopted by the ICA Central Committee Meeting held in Rome in October 1982.

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The Paper has been divided into two Sections: Section I first emphasises the need for a common understanding about the concept of "Cooperation" as a basis of discussion on the role of cooperatives and then outlines the main elements of an ICA Policy in regard to the role of cooperatives in national development. Section II presents some examples of national policies in regard to the theme of this paper, then makes a quick survey of cooperative situation in the region with special attention to agricultural cooperatives in view of their preponderant position and suggests a framework for strengthening the cooperative movements so that they could make the expected contribution to national development.

## I—ICA POLICY ON COOPERATIVE DEVELOPMENT

### Relevance of Cooperative Ideology

It is important to be clear and to have an agreement regarding the basic ideology and principles of the cooperative organisation, since it is through this organisation that we seek to make contribution to national development. The cooperative movement as we understand it, developed from the small beginnings of the Rochdale Society in 1844. The movement has now spread in almost all parts of the globe. Three distinct groupings of the cooperative movement can broadly be made:

(i) Cooperatives in the industrialized west, (ii) Cooperatives in the Socialist countries of eastern Europe, and (iii) Cooperatives in the developing countries. While there are important differences among cooperatives in these three different categories, there is a basic identity amongst them even though they operate in different political, social and cultural milieus. This common identity and concept of Cooperation can be understood with reference to the Cooperative Principles which are accepted by all cooperative movements affiliated to the ICA. Dr. Laidlaw in his report states "The overriding concept present in all cooperatives is this : a group of people, small or large, with a commitment to joint action on the basis of democracy and self-help in order to secure a service or economic arrangement that is at once socially desirable and beneficial to all taking part." This commonly accepted basis of cooperative activity and its principles

and methods of work must be respected by those within and outside the cooperative movement who seek to promote it, help it and want it to make its due contribution to national development. Nay, the ideology of the movement and its principles must serve “as a star to steer by in the future” particularly for those who are attempting to build a strong and dynamic movement, for the failures and the disappointing performance of cooperatives in many a country is the result of the contravention of long-established and proven cooperative principles.

### **Significant Areas for Cooperative Contribution**

The ICA has formulated its policy in regard to cooperative development efforts in the developing countries for the period upto the year 2000. The period upto the year 2000 has been chosen for two reasons:—

- (i) “The United Nations Organisation has set a number of socio/economic targets for the year 2000. Such targets include adequate nutrition, health for all, and other social benefits. It is understood that they can only be achieved by popular participation and self-help. The cooperative movement has a significant role to play in this development process.
- (ii) The Laidlaw Report to the Moscow Congress dealt with policies and developments up to the year 2000 with special emphasis on the contribution of the cooperative movement to development efforts”.

The guidelines suggested provide a well considered perspective for the next 17 years in a world which is changing very fast. These guidelines could be utilised by the national governments and cooperative movements when formulating their plans of cooperative development for shorter periods, say five or six years, to be further broken-up into annual plans for operational purposes. It is hoped that a systematic and planned approach of this nature will enable us to make progress for enhancing human welfare through cooperative effort.

It has been stressed that in its efforts to aid the development process, “the basic objective of the ICA policy on cooperative

development is the establishment and growth of independent democratic and viable cooperative organisations, in which men and women participate on equal terms. These organisations must be capable of serving their members efficiently and contributing to economic growth and social equity in their respective communities and/or countries”.

The policy then proceeds to specify the areas in which cooperatives can make important contributions to the development process in the Third World:

(i) *Food and Nutrition*

Special emphasis in economic development in the Third World must be given to increased food production in combination with more efficient systems of food distribution and improved knowledge of food processing and utilisation.

There is ample evidence that land reform, supplemented with other means, can substantially increase productivity. In total, 600 million people in the rural areas of the developing world lack access to the land. As productivity in small labour-intensive forms is usually considerably higher than in the large estates, redistribution of land would be an effective means of increasing food production, especially if combined with agricultural cooperatives, fishery cooperatives, productive and workers cooperatives, supported by saving and credit institutions. Development of the fishing industry is of great importance for the supply of food.

(ii) *Urbanization and the Cooperative Movement*

It is estimated that by the year 2000, more than half of the population in the Third World will live in urban communities. Due to the fact that migration from rural areas is added to the natural population increase, the growth of the cities is very rapid. The production of dwellings, water and sewage systems, as well as the installation of transport facilities, schools, retail stores, etc... do not keep up with escalating needs. Consequent-

ly a great and growing majority of the population will have to live in slums and shanty-towns.

Slum improvement is one of the urgent policy areas in developing countries. This is a field where "help to self-help" is especially important and where there is a large scope for cooperative activities, not least in the fields of consumer, credit and housing cooperation.

(iii) *Employment and Industry*

Cooperative organisation, particularly in small and medium-scale industrial enterprises offers a viable alternative to other forms of industrial organisation. It is particularly appropriate to the application of labour-intensive productive techniques. Therefore, it is important to promote industrial producers' cooperatives, both in rural and urban areas. Industrial cooperatives in urban areas can offer income-generating opportunities for both men and women. Such cooperatives in rural areas can contribute to the provision of industrial products and at the same time reduce the migration into the cities.

(iv) *Savings, Credit and Insurance*

Development is not only a question of mobilizing human resources. It is also necessary to mobilize capital and to ensure a minimum degree of security against the risks of life. It is true that in many developing countries the State provides a certain amount of capital to cooperatives, in the form of grants and loans. Other sources of credit should also be identified.

However, if a cooperative organisation is to stand on its own feet and attain the necessary self-reliance, it has to raise a considerable part of the capital required from among its own members.

Savings and credit cooperative societies, which have played and will continue to play an important role especially in strengthening the economic security of their members, at the same time provide capital for coopera-

tive investments. Cooperative banks can make decisive contributions to the establishment and expansion of co-operative organisations in a financially sound way. The same is true of cooperative insurance societies.

(v) *Other Types of Cooperatives*

There is a great number of other cooperative organisations, for instance in the fields of handicrafts, processing, health and welfare services. Well managed they all satisfy important needs of the members and of the community.

In this context it is essential to mention the innumerable associations which are voluntary, democratic, self-help organisations formed in order to satisfy specific needs of their members—but which do not meet all the requirements for registration as cooperative movement. It may be a group which digs a well, acquires a handpump and elects a person to be responsible for the maintenance of the pump. Such “pre-cooperatives” have been organised in great numbers by people—often among the poorest groups of the population—who join hands in solving common problems, be it in urban slums (e.g. sewage disposal) or in rural areas (irrigation, transport). These self-help groups are natural allies of the cooperative movement. There should be good opportunities for many of them to develop into formal cooperative organisations, given access to the necessary guidance and training. In all circumstances, however, the future will call for a great variety of cooperatives of all sizes as well as of pre-cooperatives”.

**Priorities for Securing Cooperative Development**

The ICA policy document next proceeds to outline the priority areas to which attention must be given in order to achieve sound and lasting cooperative development. These priorities are listed below:—

(a) *Development towards self-reliance*

In most developing countries, Governments pursue an

active policy for the promotion of cooperative organisations in the frame of their own development plans. Their objectives are the growth of self-reliant cooperative movements. In order to achieve this goal weaning procedures should be designed which are acceptable to all parties. They should be in the form of time-bound plans for the transfer of functions—i.e. related to education and training—from State institutions to the movement. Such procedure shall be promoted and supported by ICA as a matter of high priority.

(b) *Democracy*

A cooperative organisation can retain its character only if it is owned and controlled by its members in a truly democratic way. This presupposes not only effective democratic organisation but also—and no less indispensable—an enlightened membership. One of the high priorities for ICA shall be to encourage and assist member organisations in their endeavours to organise an effective and committing member education. Its resources have been very limited, but measures have been taken to increase the capacity in order to better meet the needs of member organisations. In educational activities stress should be laid on the involvement of women—a largely untapped resource in cooperative democracy.

(c) *Involvement of Women*

In a true cooperative democracy men and women participate on equal terms. ICA shall assist in the attainment of this objective by influencing public opinion and by supporting programmes that aim at raising the status of women, e.g. by means of literacy campaigns, nutrition education, income generating projects for women, developing of thrift and loan societies. In all these fields cooperation has proved to be an effective instrument of change.

(d) *Education and Training*

It has been both the faith and the experience of co-operators that education and training is necessary for healthy

cooperative development. Cooperative education is a basic principle of cooperative action and it is essential that education and training programmes should continue to be accorded the highest priority and adequate provision for this should be included in all development projects. In particular, education and training programmes for members as well as committee and board members at field level are vital for good cooperative performance. Without this, the desired level and quality of popular participation in the control of independent cooperatives cannot be expected.

(e) *Professional management*

Another matter of high priority is staff training. Too often, and not only in developing countries, cooperatives fail because of bad management. Cooperative organisations can grow and improve their services only through the professionalisation of management. Therefore, an efficient system of cooperative staff training is a vital necessity.

(f) *Promotion of Effective Personnel Policy*

In order to retain skilled staff, cooperative organisations must establish comprehensive personnel policies, including adequate recruitment and training, competitive salary systems, job security and career possibilities.

(g) *Promotion of National and Apex Organisations*

The promotion of national and apex organisations is an important part of the development of an autonomous cooperative movement. The main burden of promoting the establishment and growth of local cooperative societies will be carried by these unions or federations.

(h) *Research*

It is necessary that due attention is given to the examination of needs for technical assistance, project identification, feasibility studies, monitoring and evaluation



of cooperative development programmes. These elements should be included in all ICA supported projects, including seminars and conferences. ICA should, moreover, take an active part in the search for innovative models of development programme”.

## II—COOPERATIVE SITUATION IN SOUTH-EAST ASIA

An attempt would be made below to state the salient features of Cooperative Development in South-East Asia particularly during the last twenty years. The term “South-East Asia” is used to denote the countries served by the ICA Regional Office and Education Centre for South-East Asia.\* Attention has been given only to the developing countries and hence the remarks made do not apply to Australia and Japan, unless specifically referred. The author is not dealing with the situation in the African countries represented at this Conference as he does not have any particular knowledge about the cooperative movements of these countries.

### Cooperatives and National Plans

The movements in almost all the countries were sponsored by the colonial rulers as an attempt to relieve usury and/or alleviate poverty. Inspiration and lessons were drawn from many sources but especially from the consumers cooperative movement of U.K. and the Raiffeisen movement of Germany. After achievement of independence, the cooperative movements were assigned an important place in the national development policies and plans in several countries. For example, in India the First Five Year Plan (1951-56) gave considerable importance to cooperatives and went so far as to state that the success of the Plan may be judged by the extent to which it is implemented through cooperative organisations. This policy which has been continued over the years has been succinctly stated in the Third

\*The Countries in the membership of the ICA ROEC are : Australia, Bangladesh, India, Indonesia, Japan, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka and Thailand. In addition ICA provides services to Nepal and Afghanistan as and when possible.

Five Year Plan in the following words: It is quoted at some length since it echoes the viewpoints embodied in the ICA Policy on Cooperative Development and the concept of cooperative communities enunciated in Dr. Laidlaw's Report.

“In a planned economy pledged to the values of socialism and democracy, cooperation should become progressively the principal basis of organisation in many branches of economic life, notably in agriculture and minor irrigation, small industry and processing, marketing, distribution, supplies, rural electrification, housing and construction, and the provision of essential amenities for local communities. Even in medium and large industries and in transport, an increasing range of activities can be undertaken on cooperative lines. The socialist pattern of society implies the creation of large numbers of decentralised units in agriculture, industry and the services. Cooperation has the merit of combining freedom and opportunity for the small man with benefits of large-scale management and organisation as well as goodwill and support from the community. Thus, a rapidly growing cooperative sector, with special emphasis on the needs of the peasant, the worker and the consumer becomes a vital factor for social stability, for expansion of employment opportunities and for rapid economic development. Along with a growing public sector and a private sector which functions with responsibility to the community as a whole, the influence of cooperation extends far beyond the particular activities organised on cooperative lines, and gives to the social structure and the national economy, balance, direction and a sense of values.

Economic development and social change are equally vital elements in the reconstruction of India's social and economic structure. Cooperation is one of the principal means for bringing about changes of a fundamental nature within the economy. As was stated in the Second Five Year Plan, in a country whose economic structure has its roots in the village, cooperation is something more than a series of activities organised on cooperative lines; basically, its purpose is to evolve a scheme of cooperative community organisation

which touches upon all aspects of life.”

In Malaysia, the Prime Minister spoke in 1970 about the role of cooperatives in national development in somewhat different, yet very positive terms:

“It is only since our attainment of Independence that the cooperative movement in Malaysia was made to bear some significance to our national life. The Government, conscious of the importance of the cooperative movement, has rightly brought it into and within the structure of the nation’s overall economic planning. While the cooperative movement, has achieved a measure of success in some of its endeavours, there is still much room for improvement. It is evident that in some respects it is unable to meet the challenges facing the nation in our quest for modernisation and advancement.

I would like to take this opportunity to state here that I consider it essential that we should have a new and indeed a more vigorous concept of cooperative movement in Malaysia. It is necessary that our approach to cooperative development should be attuned to the reality of our society. I am pleased that the Minister of National and Rural Development, who is now responsible of Cooperative Development, has set up a committee to review our whole concept of this movement. Cooperative Movement is an important means of achieving the objective of the Government’s economic policy, that is, the need for providing employment to our people, for giving equal opportunities and for bridging the gap between the haves and the have-nots so that the wealth of the country will be more justly and equitably distributed and social injustices eliminated.

The cooperative movement should essentially be geared towards this end. It must, therefore, be invigorated and injected with greater dynamism in order to be a really efficient and effective vehicle for progress. We should review the whole structure and operational machinery in order to provide a stronger basis for the movement.”

A later contribution from ANGKASA, the National Co-operative Organisation of Malaysia, to ICA ROEC's publication 'Recent Changes, Trends and Developments of the Cooperative Movements of South-East Asia' brought out in 1979 confirms the continuation of the above policy : viz. the cooperative movement to "contribute towards achieving the goals of the New Economic Policy i.e. to eradicate poverty among the people of the country irrespective of their race and religion and in restructuring the society by improving the social and economic balance among the races in the midst of a developing economy."

Thus generally speaking, in almost all countries of the Region the cooperative movement is expected to play a key role in national development and particularly in increasing farm production, raising levels of living of farmers and improving the rural economy.

### **Government and Cooperatives**

In almost all developing countries of the Region there is a Cooperative Department headed by the Registrar of Cooperative Societies. The Registrar has wide ranging functions vis-a-vis cooperative movement and his powers are fairly extensive. Generally speaking cooperatives are assigned certain areas and certain tasks in development programmes. Government also provides financial and technical assistance to cooperative organisations within the framework of its development policy. The quantum and nature of assistance varies from country to country. While in some countries the assistance provided is pretty large, in others it is relatively small. In a few countries such as, India and Sri Lanka governments have established quasi government institutions to provide support to the cooperative movements. These institutions are: National Cooperative Development Corporation of India and Cooperative Management Services Centre in Sri Lanka. In the Republic of Korea the major thrust to cooperative development is provided by the National Agricultural Cooperative Federation wherein there is considerable government involvement. In addition the Central Bank or the Agricultural Development Bank in many a country assists the cooperative movement and the target groups such as farmers and fishermen through provision of finance at concessional

rates.

There are two separate papers on "Government Role and Policy for Cooperative Development" which we are sure would go in depth into various aspects of this vital subject area.

### **National Cooperative Organisations**

The post-war period saw the establishment of national co-operative organisations both of ideological and business type in almost all countries of the Region. In Asia, the earliest ideological organisations to be established in their present forms were the Central Union of Agricultural Cooperatives and the National Cooperative Union of India, both in 1954. Indonesia, Malaysia and Sri Lanka followed suit and most others established their national bodies in the sixties.

In the business field, most countries of the Region now have national agricultural cooperative marketing federations. Some have established even specialised product-wise national federations to support the activities of the primary marketing cooperative. For example, India has a Federation in respect of sugar, Sri Lanka for rubber and coconut, the Republic of Korea for livestock.

National fisheries federations exist in Bangladesh, India, Indonesia, Japan, Republic of Korea and Sri Lanka. National consumers cooperative wholesales function in India, Japan, Indonesia and Thailand. In the field of industrial cooperatives national federations exist in Bangladesh, India, Indonesia and Sri Lanka.

The above picture would show that the cooperative movements in the different countries have made progress in varying directions. It also gives some indication of the priorities of the various countries in respect of cooperative development as evidenced by the completion of the pyramidal structure with the national body at the top. It may also be added that the capability of the national cooperative organisations whether of ideological or business type varies considerably as between different countries. At the one end of the spectrum are the well-established national bodies such as the Central Union of Agricultural Cooperatives of Japan and the Japanese Consumers' Cooperative Union which are strong and dynamic bodies providing vigorous leadership

and active support to their affiliates. At the other end of the spectrum are countries where national bodies have been recently formed such as in the Philippines and Pakistan and they are ably trying to mobilise movements' resources under very capable leaders. It is generally recognised that in most countries the national cooperative organisations need to be strengthened through enhanced member base and member participation, professional management, increased financial resources and greater technical capability. This was the consensus particularly in respect of ideological national organisations at the Regional Seminar on "How to Improve the Effectiveness of National Co-operative Organisations" held by the ICA ROEC in February 1980. The same situation prevails in respect of national cooperative business bodies also; the development projected in India's Sixth Five-Year Plan has relevance beyond India:

"The programme and policies of cooperative federations at the state as well as the national level would be so oriented as to make these institutions more effective as federations of affiliated cooperatives. They would, thus, be called upon to enlarge not only their own business but at the same time, provide leadership to their affiliated organisations and lend full support to them in their business operations."

To this picture should be added the fact that there are powerful national cooperatives in India and Malaysia which have made their impact felt on the national economies. They are Indian Farmers' Fertilizer Cooperative (IFFCO) and Krishak Bharati Cooperative in India and the National Land Finance Cooperative Society of Malaysia, and the Malaysian Cooperative Insurance Society. At present IFFCO has three plants in operation, two manufacturing ammonia and urea and one manufacturing complex fertilizers product. In 1979-80 IFFCO had a paid up capital of over US\$80 million, total turn-over of \$139 million and a surplus of US\$21 million. Today IFFCO is the largest single producer and seller of chemical fertilizers in India with 11% of the total nitrogenous fertilizer production and 23% of the total phosphoric fertilizer production in the country. This cooperative can claim to be an industrial giant since its paid-up capital and turnover are as high as the top most few companies in the private

sector in India; in fact its paid-up capital is higher than that of any industrial institution outside the public sector. Promotional and educational work is a special feature of IFFCO marketing operations. Among other things, IFFCO has set up a Cooperative Rural Development Trust. The trust has established the Moti Lal Nehru Memorial Farmers Training Institute at Phulpur in Uttar Pradesh State with the purpose of training and providing professional leadership at the village level for improving the standard of agriculture. To this end the Institute conducts short and medium-term training programmes for young men from farms spread over the country. Krishak Bharati Cooperative has been promoted by IFFCO for the purpose of constructing the Hazira Fertilizer Complex near Surat with a capital cost of \$750 million. IFFCO is also collaborating in a joint venture in Senegal.

In Malaysia the National Land Finance Cooperative Society is a unique institution established to own rubber and other plantations by the plantation labour. In 1978 the society had 56,000 members, owned 35,000 acres of land consisting of rubber, oil palm, coconut and tea plantations and had share capital of US\$8.7 million and fixed assets of US\$19.11 million. When the British companies wanted to withdraw, the formation of this society prevented fragmentation of rubber estates; had fragmentation taken place, it would have caused considerable dislocation, unemployment and untold misery to plantation labour. The society later expanded its operations to other plantation crops thus making a signal contribution to the national economy and the enhanced well-being of plantation labour—the owner workers of the society. The President of the society made the following remarks regarding the achievements in his address to the Society's Annual General Body Meeting held in 1978:

“Eighteen years ago when fragmentation disrupted the lives of people and when the then Government found itself unable to move in any direction, our Society started this cooperative answer of united effort and self-reliance.

Ours is an organisation based on the strength of the members. The NLFCS is a socio-economic movement.”\*

\*1977 and 1978 Annual Reports and Accounts of the National Land Finance Society Limited - P. 52.

## Rural Cooperatives

By far the largest number of cooperatives are to be found in agricultural sector in all countries of the Region excepting Singapore. Generally the primary cooperative society in the rural areas is the Multipurpose Cooperative Society (M.P.C.S.) which aims to provide a comprehensive range of services to the farmers and others living in the rural areas. In Japan the comprehensiveness of the services provided by the Multipurpose Cooperative Society in the rural areas is truly remarkable; the society encompasses the entire life of the farm families. In the words of Dr. Laidlaw, the multipurpose cooperative society "provides farming inputs and markets the agricultural products: it is a thrift and credit organisation, an insurance agency, a centre for consumer supplies; it provides medical services, and hospital care in some places: it has extension and field services for farmers, and a community centre for cultural activities. In short, this kind of cooperative embraces as broad a range of economic and social services as possible. Life for the rural people and the whole community would be entirely different without such a cooperative."\*

The Republic of Korea is another country which has made tremendous progress in agricultural cooperatives particularly during the last decade. In Korea the cooperative activity is organised on a multipurpose basis at all levels, viz. the primary level, and the national level, as compared to Japan where at the higher levels there are specialised federations for credit, marketing and input supply, insurance, etc. An important development in Korea has been, as in most other countries of the Region, to amalgamate the village level cooperative society into viable cooperative organisations at the township level. In 1979 the average number of members per primary society was 1,294 as against 130 in 1966. On an average the primary society employed 17 persons. As a result of increased capability of the primary societies the cooperative structure has been rationalised by bringing the primary societies into direct relationship with the national agri-

\*Japan's development in other cooperative sectors especially fisheries, consumers' cooperative activity in both rural and urban areas, cooperative insurance and women's participation is also exemplary.



cultural cooperative federation; the county federation has been converted into a branch of the national federation. The phenomenal progress made by the agricultural cooperatives in Korea can be judged from the following figures:

*In U.S. Dollars*

Year	Deposits	Loan Advanced	Supply of Farm Inputs	Marketing of Farm Inputs	Insurance	Warehouses transport vehicles, etc	Total turnover
1972	10,938	10,938	18,880	18,323	—	1,302	56,381
1980	722,266	945,052	492,838	373,958	487,500	27,474	3,049,088

The agricultural cooperative system now plays a very vital role in the life of the farmer and is at the centre of all agricultural development activity. Chronic poverty that existed upto the early 60's is now totally banished. Gradually the farmers cooperatives have increased their savings deposits in primary cooperatives to an extent where they are now able to meet most of the short-term credit demand in the locality. In fact in some primary cooperatives the deposits of member-farmers are in excess of actual demand for short-term credit. The future role of credit activity of agricultural cooperatives will be in regard to supply of medium-term and long-term credit whose demand is rapidly increasing.

It should be emphasised that both in Japan and Korea the successful implementation of land reform programme created the necessary basis for successful cooperative development. (The average size of cultivated land per farmer in 1980 was 1.02 hectares in Korea). The success of the agricultural cooperative movement in Korea could be attributed to the creation of a viable primary cooperative organisation at the township level; its integral links with the National Agricultural Cooperative Federation; the leadership, technical know-how and the services provided by the NACF in the form of agricultural inputs, marketing outlets, credit supply, extension services, and support to societies in training personnel and other assistance in the form of

supervision, guidance, auditing and investment planning; and the infra-structure created by the government and the people through mutual effort in the Saemaul Movement. The Saemaul (now village) Movement—a self-help community movement—made a great contribution to the development of agricultural cooperatives. The Saemaul movement was intended to build up “better work ethic” of farmers by inducing farmer’s participation in action programmes and projects. Diligence, self-help and co-operation were the slogans of the Movement. The agricultural cooperatives and the Saemaul Movement working hand in hand have made a tremendous contribution to agricultural development in the Republic of Korea in the last decade, improving in the living environment and in raising living standards in the rural areas. The rural areas have been provided with running water supply, better roads, improved houses in place of the earlier rice-thatched huts, electrification of the entire countryside and establishment of village halls for social functions such as community activities, agricultural training, etc. National average rice yields (polished rice) increased from 3.3 tons per hectare to 4.9 tons during the period 1970-77. Farmers income also rose rapidly; the average farm income increased from US\$1,025 in 1971 to US\$3,681 in 1978. It must be stressed that women played an important part in the movement especially in mobilising savings through informal credit groups and through utilising the funds so collected for social projects such as group cooking facilities, establishing children’s playgrounds, etc.

This remarkable success story would be incomplete without mentioning the enormous contribution made by the Saemaul Leaders’ Training Institute in Suwon. In this regard Dr. Jin Hwan Park, the present Dean of Agricultural Cooperative College has the following to say in his paper presented to the 23rd Meeting of the ICA Regional Council for South-East Asia in 1981: “The training programmes of the Institute in Suwon have brought many impacts; it has contributed greatly for an effective implementation of the integrated rural development programmes; it has contributed for the extension of the Movement from the rural to the non-farm sectors to make better work ethic of the Korean people; it has contributed for keeping of a clean government.”

In most other countries of the Region attempts have been

made to improve the capability of agricultural cooperative movement. The size of the primary cooperative societies in almost all countries of the Region has been enlarged. However, the range of services provided by them yet remains rather limited. In the absence of an equal distribution of land ownership among the farmers, the rural cooperative society continues to be dominated by the well-to-do farmers and it has not become an agent of rapid agricultural development and transformation of the countryside on a nationwide scale as has been witnessed in Japan and Korea. There are particular cooperative areas and geographical regions in almost every country where cooperatives have demonstrated their capability and made effective contributions to rural development. Examples of such development are the model KUDs in East Java and North Sumatra, Indonesia, outstanding cooperative bank and marketing society in Nueva Ecija area of Central Luzon in the Philippines, the National Cooperative Land Finance Society in Malaysia, the Sandelankawa Multipurpose Cooperative Society and the Coconut Cooperatives in Sri Lanka and Cooperative fertilizers production, Cooperative sugar production and cooperative dairying in India. What has been achieved in respect of certain products and in some geographical regions as mentioned above is remarkable. Tribute must be paid to the governments and to the leaders and managerial personnel of cooperatives responsible for such outstanding work. However, what is wanted is a nationwide development on the entire rural front because it is only then that people living in rural areas would enjoy the fruits of development and the agricultural sector would make its due contribution to full-scale national development.

### **Fishery and Industrial Cooperatives**

Barring one or two countries in the Region, fishery cooperatives are at a rather initial stage of development. More or less the same situation prevails in respect of artisanal and industrial cooperatives which are regarded so vital from the point of view of income generation and employment by the Laidlaw Report and by the ICA Policy for Cooperative Development. Planners in different countries would have to pay special attention to the fishery cooperatives and the industrial cooperatives if they

are to play an increased role in national development effort and to help people in these depressed strata of society.

### **Consumer and Housing Cooperatives**

In the field of distribution of consumer articles the cooperative movement has made slow but steady progress during the last 20 years. The rural cooperative societies in quite a few countries play an important role in supplying basic necessities of life to the rural people. In urban areas consumer societies have been established in increasing number, some of whom have achieved striking successes. Some of the prominent ones are Phranakorn Consumers Cooperative Society in Thailand, Cooperative Super Market Society of Malaysia and some Cooperative Super Bazars in India. However, they need support through cooperative wholesaling and cooperative distribution centres. The tempo of consumer cooperative development has not matched the rate of rapid urbanisation in the Region. The development of cooperative distribution of basic foodstuffs and other consumer articles both for rural and urban areas is a crying need and much more carefully planned and well administered programmes are needed to achieve significant results in this field.

Housing is a basic need of the people. The explosion in population and the steadily accelerating migration of people from rural to urban areas has worsened the situation not only in towns and cities but also in rural areas. There is great scope for utilising the self-help principle in tackling the mounting housing needs of the people and improving the environment in which they live. However, so far cooperative housing activity, although it exists to some extent in Malaysia and India, has not received the priority it deserves.

### **Savings, Credit and Insurance**

In the field of savings, credit and insurance cooperative organisations have played an important role particularly in the rural areas. In several countries the rural cooperative society has been a source of great strength to the farmer vis-a-vis moneylender whose nefariousness in the Asian context has been legendary. However, in several countries this is an area in which problems

of overdue loans, infiltration by politicians and use of cooperative institutions for political purposes have damaged both the image and efficacy of the cooperative institution. In several countries urban thrift and credit societies and credit unions have played a very important role in helping the salaried persons and sometimes even the daily wage earners with much needed credit for production, social and educational purposes. In some countries such as in Japan, Korea and India the cooperative banking system has made a decisive contribution to the development of co-operative marketing and processing.

As regards cooperative insurance sector, successes have been achieved in Japan, Malaysia and Korea. Philippines also has established a Cooperative Insurance Society in recent years. In some countries like India and Sri Lanka the cooperative insurance has been nationalised and there does not appear to be any scope for cooperative insurance. The situation in other countries needs to be explored.

### **Women and Youth Participation**

As regards women's participation, the member movements have initiated efforts to involve women in cooperative activities. These efforts have been stepped up since 1975, the UN Year for the Women during which the ICA ROEC had organised a Regional Conference on "The Role of Women in Cooperative Development" in Malaysia. National Committees of women have been established in most countries of the Region. The Project for Consumer Education and Information for Women in Sri Lanka which has been supported by the Swedish Cooperative Centre has demonstrated the value of women's involvement from the point of strengthening the activities of cooperatives and for improving women's situation in areas such as nutrition, income generation, health, etc. In several societies 20% of the women population have been participating actively and a number of women cooperators have been elected to management committees with much benefit to the cooperative societies. Useful lessons have been learnt and techniques evolved for increasing women's participation in cooperative movement through this project. ICA ROEC is disseminating these lessons and techniques to other movements in the Region. Cooperative projects for

women have been started in other countries such as Thailand and India. The contribution made by women to thrift and savings in the agricultural cooperatives of Korea has been described. In Japan women play a very important part in agricultural, fishery and consumers cooperatives; in fact women outnumber men in consumers cooperatives at the local level. However, in most developing countries women's participation in the cooperative movements generally continues to remain at a low level. A greater consciousness needs to be created and a vigorous campaign launched for bringing a significant proportion of women into the cooperative mainstream by the year 2000.

Similarly cooperative movements need to pay much greater attention to roping in youth in cooperative activities. Their involvement in cooperatives can inject the much needed vitality. Systematic programme should be developed for this purpose.

### **A Framework for Cooperative Development**

It has been noted that among the developing countries in the region Korea has achieved striking success in agricultural cooperative development. Fishery cooperatives there also have achieved noteworthy progress. Significant successful pockets exist in almost all countries of the Region and in respect of dairying and sugar, cooperatives in India have developed to an extent whereby they make a far-reaching impact on the lives of their members and on the national economy as a whole. The three outstandingly successful nationwide cooperatives in Malaysia and India demonstrate that it is feasible for the cooperative form of organisation to operate large-scale commercial, agricultural and industrial enterprises requiring modern sophisticated machinery as well as managerial and technical expertise. Japan leads the way in cooperative development in agriculture, fisheries, consumer activity and many diverse fields and its cooperative experience is of much value to the movements in the Region. On the basis of this enormous experience, especially of the last three and a half decades of the post-war period, it is possible to suggest a framework which could make for successful cooperative development. This framework is outlined below in

order to suggest guidelines rather than prescribe any rigid model.

- (a) The primary cooperative society is the basic unit wherein members are organised in order to provide them with commonly needed economic and social services. It is most important that this grass-roots organisation functions as a vital body. It must be successful as an economic entity and at the same time must have members taking lively interest in its affairs, and giving it their support by way of patronage and capital. Economic success dictates a larger size while member participation considerations suggest the need for a small cohesive group(s) of members. The success of the primary cooperative society would depend on its ability to harmonise these two somewhat contradictory requirements. In a modern competitive world, the size of the society can be kept small if it is left with only a relatively few simple functions as in the case of "Amul Dairy Model" in India and the District (regional) federation takes over all the complex tasks of planning, operating processing plant, marketing, provision of veterinary and other animal husbandry services etc. Alternatively, if the size of the society is enlarged as in regard to multipurpose cooperative society in Japan and Korea (we may call it 'Japan-Korea Model') to make it a viable unit, member groups for production if necessary cropwise, and for other functions must be organised and be functionally linked with the work and management of the society. It is the lack of such member activity which is responsible for the relative lack-lustre performance of many a large amalgamated cooperative society in several developing countries. The above two models provide us with a structural pattern that could be adopted for the primary cooperative society in any sector of cooperative activity.
- (b) Reference has already been made to the importance of the district/county cooperative federation and the national cooperative unions/federations. Basically, it is the federations and not the local cooperatives that give the members access to production inputs, the financial system, the market and technical know-how and thus bring them within the modern economic system. It is this vertical link-up which

raises the competitive capacity of the ordinary man. In this regard, firstly it is essential that the capability of the federations at all levels is raised; they need to have more capital, professional management and technical personnel to be able to serve their affiliates more effectively. Secondly, they need to integrate their activities in a carefully planned manner, all the way up from the primary to national union/federation. Much of the weakness of the cooperative movement in many countries could be traced to the lack of sufficient integration and the low business capabilities of the federations. The burden of developing the local cooperatives and the integrated cooperative structure must be carried by the National Unions and Federations. Hence the ICA Policy for Cooperative Development lays stress on the promotion and strengthening of national cooperative bodies.

- (c) The vertical integration of the cooperative movement should be reinforced by horizontal relationships among the various sectors of the cooperative movement at all levels. The sixth principle enunciated by the ICA Commission on Cooperative Principles "Cooperation Among Cooperatives" emphasises both vertical as well as horizontal coordination. Dr. Laidlaw in his report states that, if observed in proper spirit, this principle can build "a cohesive cooperative sector." Dr. Laidlaw further states that the future development of cooperative system can be ensured only through the building of a cohesive sector in the economy of each nation.
- (d) Cooperative Credit and Banking system in the developing countries particularly in rural areas is plagued with problems of overdue loans and defaults as well as low deposit mobilisation. Financial discipline is of paramount importance both for members and their cooperative credit institutions. Early cooperative pioneers emphasised thrift as an important feature of a sound cooperative credit system. Capital formation that can take place as a result of members savings adds great power to the movement. Honouring one's obligation of timely repayment is another such feature. Disregard of these time-tested cooperative practices by multi-purpose/credit cooperatives has led to the weakening of the



cooperative fibre. The basic financial principle of cooperative finance has always been, in sequence, savings, creditworthiness, loans and timely repayment. Even the poorest people are prepared to save as was demonstrated in Comilla Project in the erst-while East Pakistan (now Bangladesh), and in Korea by the women through their informal credit groups. In both countries surprisingly the techniques were similar; save few cents every week and put aside a handful of rice every day in a Rice Saving Jar kept in the kitchen. That the poor cannot save is a myth long exploded by cooperatives in numerous countries. What is needed by the farmers is access to an institution in which they have confidence and a situation wherein productivity and farm incomes are rising continuously. Capital build-up in cooperative organisations can then be sustained and made an engine of development. Further, as has been demonstrated in Japan and Korea, credit organisations must be effectively linked with farm supply, marketing and extension services.

In most countries governments have given liberal financial assistance to cooperatives especially farmers' cooperatives and to farmers. Government help in the beginning would be needed and should be given in carefully designed programmes. But dependence on government funding must be reduced and can be reduced if the above time-tested principles of financial discipline in cooperatives are scrupulously followed. Further, as mentioned earlier, rising productivity and market development must be simultaneously ensured, in order to keep up the tempo of saving, and increased investment and improved living standards.

In the urban setting the cooperative thrift and loan societies have been responsible for spearheading considerable cooperative development in Malaysia, including the establishment of their own cooperative Central Bank and the Cooperative Insurance Society of Malaysia. This cooperative financial system has led to considerable developments in cooperative housing in the country.

- 3) Economic benefits to farmers can be considerably enhanced if their produce is marketed after processing. Similarly, agro-industries could be set up to supply farmers agricultural inputs at lowest possible costs. In view of their greater eco-

conomic power, these enterprises are able to supply agricultural extension services and thus help farmers to further increase their production and to make investments in rural community development. It has been found that where successful cooperative processing organisations operate, they have made far-reaching impact on the social and economic life of the members as well as on the rural countryside.

- (f) It needs no emphasis that cooperative leadership is of paramount importance for successful growth of co-operative organisations. It is for this purpose as well as for ensuring member participation, that the ICA Policy for Cooperative Development has suggested that education and training programmes should continue to be accorded the highest priority.
- (g) As the movement has grown in Asian countries in size and as its activities have diversified, professional management is of critical importance. In this context the need for comprehensive personnel policies has been stated by the ICA Policy for Cooperative Development.
- (h) Last and most important is the assistance and support of the Government. The cooperative movement is a movement of persons of ordinary means. These organisations whether of farmers, fishermen or consumers are pitted against well-entrenched and powerful business interests. In view of this government help is essential if they are to overcome their initial handicaps. A well conceived and effectively implemented government policy vis-a-vis cooperative movement is essential to ensure the growth of self-reliant cooperative movements.

### **Conclusion**

The International Cooperative Alliance initiated in the early fifties a policy of actively assisting the development of cooperative movements in the developing countries of the world. In pursuance of this policy a series of steps were taken which culminated in the establishment of the first Regional Office and Education Centre for South-East Asia in 1960. Later two Regional Offices have been set up in Africa. Since its estab-

lishment the ICA ROEC for S-E Asia has played a very important part in the cooperative development in the region in several ways, particularly through its intensive education and training programmes. The impact of its work has been felt through the establishment of quite a few national cooperative organisations which later affiliated to the ICA, through its support to cooperative movements in the leadership and management training and member education programmes, through stimulating interaction among the movements within the region and finally by launching in a selective way pilot or demonstration projects. It is a matter of satisfaction that the Evaluation Team appointed by the Swedish Cooperative Centre and the ICA to assess the work of the ICA ROEC found that the movements in the Region were appreciative of the work of the ROEC, and that they described the ICA ROEC's contributions as follows: 'The following expressions were frequently used to characterize ICA's role and functions: "Originator", "innovator", "providing a mechanism for the exchange of experiences", "facilitator", "catalytic agent" "initiator of pilot projects", etc.—expressions which revealed members' perceptions and sometimes expectations of ICA RO's. It would be a privilege for the ICA ROEC to continue its efforts in the furtherance of cooperative development in the region within the framework of ICA Policy for Cooperative Development.

While mentioning the work of the ICA ROEC and its commitments to assist the member-movements, tribute should be paid to the Swedish Cooperative Movement and its great Cooperative Leader, late Dr. Mauritz Bonow who have given full financial support to the educational and training programmes of the ICA ROEC since 1960. But for this support the ICA ROEC would not have been able to make the contributions which it has made over the years.

Another organisation whose activities have made remarkable contributions to the agricultural cooperative movements in the region to which tribute should be paid is the Institute for the Development of Agricultural Cooperation in Asia (IDACA), established by the Japanese Agricultural Cooperative Movement in the year 1963. IDACA is celebrating its 20th Anniversary now and we take this opportunity to wish it many years of successful work in the service of the Asian and international coope:

rative movement.

### **Points for Discussion**

In the light of the above review and especially in the light of the guidelines suggested by the ICA Policy for Cooperative Development, the Conference may like to:

- (1) identify areas of national economy to which cooperatives can make significant contributions;
- (2) identify constraints, weaknesses and points of strength of cooperative movements with a view to outlining a strategy for enhancing the capability of the cooperative movements so that they could play effective part in the process of national development; and
- (3) suggest ways in which an effective organisational structure can be developed so as to build a "cohesive cooperative sector" in each of the Regional countries.

# **Role of Government in Cooperative Development**

**DR. (MISS) VINEETA SHANKER\***

## **Introduction**

This paper is divided into two sections. In the first section we examine, at the conceptual level, the need for cooperatives in economic development. The second section deals with the role of governments in promoting cooperative development.

## **SECTION-I**

### **Context and Background**

In most of the developing nations of Asia and also Africa, the state of agriculture is a binding constraint on economic growth. Agriculture is, in these countries, the largest sector, accounting for approximately 60-90% of the total population and contributing 40% or more of the Gross National Product. Moreover, the structural features of these countries are such that the potential for sustained growth of this sector, which will at the same time ameliorate its inequitous character, is limited. Together with a high man-land ratio, ownership of land is highly concentrated. The consequent narrow base of agricultural production limits, on one hand, the marketable surplus available for industrial expansion, and on the other, the demand for industrial goods. Agricultural productivity is low and a large proportion of the rural population lives below the poverty line. Given these conditions, it is foreseeable that the agricultural sector will continue to be the important sector in these economies for some time to come. The immediate problem facing these countries today consists of raising both land and labour pro-

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ductivity in agriculture so as to raise agricultural output and improve the standard of living of a large section of the rural population. In other words, in order to achieve the twin objectives of growth and social justice, these developing nations have to broaden the social base of agricultural growth.

For most of these countries, it has now been some years since they achieved independence and initiated the process of planned development. In order to analyse the need and importance of cooperative development in these countries, it is necessary to look at cooperatives in the context of agricultural policies already adopted and their impact on agricultural growth and rural inequalities.

### **Case for Cooperatives**

It is not possible to go into the details of the development experience of all the countries, some general features of this experience can however be highlighted. It must be pointed at the outset that most of these countries have included cooperatives in their development planning, in some form or the other.<sup>1</sup> Broadly speaking there have been two trends: (1) There are some countries where agriculture is organised around cooperatives. That is to say that cooperatives provide in these countries the essential institutional framework for the implementation of agricultural development plans. By and large this is true mainly for the socialist countries. Japan, Korea and Taiwan, outside the socialist group, have also built up an impressive structure of cooperative institutions in rural areas.<sup>2</sup> (2) In other countries, cooperatives form a part of the overall agricultural development planning. This is the case in the so-called market economies.

In the first category of countries, cooperatives are a part of the ideological framework and cooperation is looked upon as an end itself.<sup>3</sup> In the second case, they are regarded as instruments for effective implementation of the agricultural policies<sup>4</sup>. It is our contention, to be argued later, that even in the free market economies, given the structural constraints in agriculture and the increasing necessity for agriculture to absorb a growing proportion of the population, cooperatives are fast becoming necessary for these economies for achieving their objectives of growth with equity.

In the market economies, the deeply embedded structural inequalities, together with the prevailing structure of political power, reproduce and reinforce the skewed distribution of economic power. As such, even where policies have appeared to be radical and innovative in formulation, they have, in actual implementation, tended to leave out the large numbers of small and marginal farmers and landless agricultural labourers from the benefits of growth. Within the market framework, the instruments of public policy available with governments invariably imply a trade-off between economic growth and social justice. Governments have usually opted for the former objective, on the assumption that economic expansion through its linkage and demonstration effects, would draw within its net growing numbers of the poor. They have, however, found that while partial success in terms of productivity and output increases has been achieved, it has, in the main, remained concentrated among small sections comprising the better-offs. Moreover, even in those regions where some absolute benefits have trickled down, relative inequalities have been exacerbated. These narrowly confined productivity gains, have, in the wake of progress, heightened the crisis of expectation, enhanced conflicts and created a threat to stability.

On the other hand, policies placing a greater emphasis on equity aspects have been inadequate in their scope. The specific target group oriented programmes instituted by governments have been more in the nature of palliatives and represent piecemeal attempts. Moreover, even where these programmes have been radical in formulation, their implementation has been thwarted by locally dominant elites who have been able to divert and pre-empt the developmental resources for themselves. It is becoming increasingly evident that developmental policy is unlikely to be successful in terms of either equity or productivity unless it simultaneously addresses itself to alteration of the bases of economic power in the villages.

Cooperatives provide a mechanism which is capable of simultaneously confronting both the problems of growth and equity.<sup>5</sup> By bringing together the assets—both labour and material—particularly of the small farmers (whose cultivation is otherwise unviable), cooperatives overcome the resource constraints faced by these farmers. They are thus able to overcome the process

of gradual decimation that is inherent in the working of a highly stratified rural economy. They represent a structural alternative which has the economic basis for productivity increases and the organisational basis for a more equitable transformation of the agrarian structures.

### **Historical Development and Importance of Government Support**

Cooperatives are essentially of two kinds: those that are formed as a result of spontaneous action of the people themselves and are therefore mainly member-controlled and, those that are formed by governments as instruments for the implementation of development programmes.

Historically, spontaneous cooperatives were formed only in the developed countries and that too in the initial phases of their industrialisation.<sup>6</sup> Under the then pre-dominant economic philosophy of *laissez faire*, individual private enterprise, coordinated by the Invisible Hand, assured maximum social welfare as well. The role of the State in the economic affairs of the nation was consequently minimal and restricted to the provision of conditions suitable for the effective operation of private individual enterprise. Initially, the functions of the State were to ensure law and order. Subsequently, these were expanded to include the provision of infrastructural facilities and public utilities, which demanded large sum outlays beyond the scope and means of any one individual. However, as the economic system became more complex and market imperfections crept in, it was no longer sufficient for the State to continue playing a minimal role in the economic affairs of the country. With increasing economic intervention, spontaneous cooperative development, without active support from the government, became gradually more and more unlikely, even in the developed countries.

In the developing countries, cooperatives were introduced by the colonial governments and hence were, from the beginning, an instrument of the State. After Independence, government role in cooperative development was further reinforced in these countries due to a number of reasons. The newly independent nations looked upon political independence as a necessary step towards accelerated economic growth and freedom from poverty



and backwardness.<sup>7</sup> They adopted varied programmes of economic development and social change. Planning and hence greater governmental control in the economic sphere were natural corollaries of this approach. Moreover, fired by nationalist ideals, these newly independent nations envisaged the correction of existing inequalities and imbalances as an integral aspect of government functions. Cooperatives, in so far as they represented an organisational form for overcoming problems of social inequality and low productivity, were included in some form or the other in their national planning efforts. To this extent, cooperatives in the post-Independence era were a part of the developmental strategies. Thus, the close relationships between governments and cooperatives in developing countries are rooted in their colonial history and the political and economic imperatives faced by them at the time of Independence.

It has been found that cooperatives formed through the spontaneous initiatives of the members are likely to be more successful.<sup>9</sup> On the other hand, where they are imposed by governments as part of the development strategy, they fail to enlist the active support, enthusiasm and participation of the people or their members, leading to eventual and inevitable decline. -However, given the present day rural disparities and divisions along caste, faction and community lines and the deeply embedded structure of dependence, exploitation, poverty and illiteracy, the spontaneous grass-roots movements for cooperatives is unlikely to take place. Moreover, even where the beginnings of a realisation of the economic and social potential of cooperatives and their establishment have been made, they have soon been squashed by the more powerful rival groups.<sup>10</sup> The rural power structure and existing social divisions are such as to inhibit the spontaneous emergence of cooperatives as a viable, attractive form of economic organisation in the rural sector.

Under the circumstances narrated in the few previous paragraphs, only those options which are in the category of the second best, would appear feasible. The present situation necessitates promotion by or help from governments or other outside agencies in the setting up of rural cooperatives. We shall not discuss here the role of non-governmental agencies except in so far as the attitude of the government towards them is con-

cerned. We then come to government sponsorship and promotion of cooperatives and return to the original dilemma of active member support vs. government control.<sup>11</sup>

The question really boils down to the kind of role that government can and should play in promoting cooperative development and where the line between government support and individual or member initiative is to be drawn. In order to do so the objectives that cooperatives are expected to achieve need to be clearly set out. Moreover, as cooperatives already have a history in most developing countries, an evaluation of the past experience, and the lessons to be learnt from it, constitute a necessary step in the discussion of the role of governments in cooperative development. The objectives and experience of cooperatives are discussed in the following two sub-sections.

### **Objectives**

One of the major problems confronting developing countries is that of raising the living standards of large sections of the population, who are progressively denied such opportunities in the normal functioning of the market economy. Cooperatives provide an organisational form for doing so on a stable and self-generating basis. For, unlike welfare doles and ex-gratia payments, they aim at overcoming the economic constraints faced by small scale private entrepreneurs by raising their ability to increase output and productivity. Cooperatives thus aim to bring about structural transformation. Although their primary objective is social : a more equitable re-distribution, they aim to do so by strengthening and developing the economic base of the weaker sections. *Cooperatives, are, thus, economic organisations with a social purpose.* Objectives such as self-reliance and self-generating growth fall within their overall objective.

### **Experience with Cooperatives**

By and large, cooperatives in developing countries have failed to fulfil their objective of strengthening the economically weak. They have thus been unable to bring about the socio-economic structural changes. Rather, it has been found that

they have tended to reproduce and often reinforce the inequalities and hierarchies prevalent in the external environment. The consequence has been that the already better-off have been able to take a greater advantage of the cooperatives by cornering the benefits, be it in the form of easy credit, subsidised inputs or preferential marketing. This has led to a further concentration of economic power within the hands of the few, exacerbation of the existing exploitative relations and greater concentration of political power as well. Moreover, in terms of broad economic criteria too—particularly the ability to evolve as self-reliant organisations—cooperatives have not been successful.

As has been argued above, in the present context of developing countries, active government initiative and support is a must for cooperative development. Cooperatives face two major constraints in the initial years, for the resolution of which they have to be dependent on the government. The two areas of dependence are (i) financial assistance and (ii) managerial assistance.

With respect to the first, there are two kinds of situations that may arise. In some cases, inadequate government's funds have been forthcoming. With little collateral to offer, these cooperatives have been unable to raise funds on their own or from other financial institutions. In other cases, the reverse situation arises. Governments tend to overwhelm the cooperatives with financial support. With little *quid pro quo* arrangements they create a reliance towards themselves on the part of cooperatives.

In the formative years, cooperative members have little managerial skills and governments often appoint managers to ensure efficient running of cooperatives.<sup>13</sup> In addition, the deployment of public funds necessitates government regulation and control. Thus, governments often play a major role in the functioning of cooperatives. Few conscious attempts are made by them to institute measures that will gradually replace government assistance with self-help. Withdrawal of government support under these conditions leads to financial bankruptcy and collapse of cooperative institutions.<sup>14</sup>

The dependence on government has further adverse consequences for the development of the cooperative spirit and success of the cooperative effort. The dependence so created, and the active role and controlling power of the government in cooperative functioning, leads to a shift in responsibility

of cooperative affairs from cooperative members to government officials. The decline in autonomy and decision making powers further reduces the interest and commitment to cooperative endeavour. This is also accentuated by the dominance of cooperatives by the better-off sections, who as is well known, have better relations with the bureaucracy. As membership is universal, the poorer members have little incentives or enthusiasm for the cooperative ventures.

Barring a few outstanding exceptions, cooperative experience has gone against the very rationale of cooperative organisation. They have not resulted in the pooling of resources and efforts of the rural poor or in a flow of benefits to them. Dominated as these organisations are by the rich, the cooperative movement has not been able to bring about any structural changes. Neither has it proved itself as an economically viable organisational form.

## SECTION-II

### **The Role of Government**

The above discussion on the failure of cooperatives does not in any way undermine the rationale on which cooperatives are based, nor the potential of such forms of organisation in making a frontal attack on poverty and inequality simultaneously. Some fundamental changes do however need to be made both in the government approach to cooperatives and in the structure of cooperative organisation.

There are several ways in which one can begin to discuss the role that governments can and should play in promoting cooperative development. One of the more common approaches is to classify government intervention under broad fields of activities such as legislation, finance, management, education etc. It may, however, prove more fruitful to discuss the role of the government at different stages of cooperative development. This might highlight the changing role of the government as cooperative organisations proceed from the simple to the complex. The four stages in the *mis en oeuvre* of a cooperative society or movement are (1) conceptual framework, (2) promotion, (3) establishment, and (4) evaluation or regulation.

## Conceptual Framework

Most developing countries have introduced cooperatives of some kind or the other as a part of their national development programmes. However, by and large, the cooperative movement in these countries has failed to gather momentum. There are only a few isolated cases of successful cooperative societies. A time for re-thinking the role of cooperatives in rural development has now come. And an important part of this re-thinking is the reformulation of the concept of cooperatives in the light of past experience.

A pre-condition for successful cooperation is a certain degree of equality among members as this reduces the possible areas of conflict. Several studies corroborate the view that cooperatives, even in underdeveloped countries, have been relatively more successful where there has been relatively greater homogeneity amongst members.<sup>15</sup> The experience of countries, such as Japan, Taiwan, Korea and some of the centrally planned economies are further evidence of this. In these countries, relative equality in the agricultural sector was ensured through far reaching land reforms prior to the launching of the cooperative movement. In other developing countries, where initial agrarian inequalities were marked, cooperatives have failed. They have, as pointed out in the earlier section, tended to reproduce within themselves the inequalities of the agrarian society around them.

Cooperative experience demonstrates that, by and large, cooperatives have been successful in those areas where initial inequalities were relatively less marked and particularly where land reforms had already ensured a broadly equitable pattern of land distribution. It is not, however, possible to prescribe radical land reforms as an essential pre-requisite to effective cooperative development. Such solutions are often not politically feasible. In these circumstances, in order to ensure that cooperatives do not become strongholds of the rich, some means for protecting the interests of the weak within the cooperative framework need to be evolved. One such measure is to restructure cooperatives so that they include only relatively homogenous groups as members. This would avoid clash of interests and traditional conflicts.<sup>16</sup>

The other fundamental change required in the field of cooperative development is in the government's approach towards them. While most countries do look upon structural change and removal of poverty as objectives of cooperatives, they tend to deal with cooperation as a means rather than an end in itself. By this is meant that cooperatives tend to be looked upon as instruments of agricultural development policy which can be manipulated to achieve the above objectives. In consequence, as argued in the previous section, cooperatives tend to become government administered organisations where directives flow down from the top and which have little direct link with the target groups. This is what can be termed the "political administrative-patronage approach".<sup>17</sup> Under this system, policies are determined by the interests of the decision makers and cooperatives become an institution through which welfare doles are distributed for the sake of political stability. This approach has been to a large extent the reason behind the failure of cooperatives to enlist the active and enthusiastic support of its members.

There is now a general consensus that in the absence of local involvement and people's participation, cooperatives are unlikely to succeed. At the same time it has also been amply demonstrated that under the existing inequitous and exploitative structure with its deeply embedded dependency nexus, local initiative is unlikely to emerge spontaneously. Governments have to play an active role in motivating the people and educating them of the benefits of cooperation. It is often contended that the individualistic nature of the peasants prevents them from coming together in a cooperative. This is a myth that needs to be dispelled. The resistance on the part of farmers to what is to them a completely unknown form of organisation stems from the historical association between ownership rights in land and assured food supply. To form a cooperative, they need a minimum assurance that their land rights remain unviolated, and that the new institutions (cooperatives), sought to be installed by the government, will not aggravate their already onerous conditions of existence. In fact, they need to be convinced of the virtues and benefits of cooperation. The practice hitherto followed by governments to appointing officials to run the cooperatives and forcing the people, through pressures and incentives, to join cooperatives further alienates them from any involvement in the cooperative.

The end result is the creation of attitudes of dependence on governments which makes the ultimate aim of making the cooperatives self-reliant increasingly difficult to realise.

What is required then is a change in attitude towards cooperation—to a recognition that in order to succeed, they have to be organisation of the people. Here comes the importance of communicating the cooperative ideology to the people at grass-roots level. This can best be done, not through the government agencies, but through change agents chosen from among the people themselves. In order that the people be convinced of the benefits of cooperation, cooperative principles need to be explained to them by those in whom they have confidence. The role of organisers and social agents of change chosen from amongst the people themselves becomes very important.<sup>18</sup>

Thus two important changes are required. One is to change the approach of governments towards cooperatives: Begin to consider and regard them as organisations of the people rather than as institutions of structural change imposed on them from above. The other might be a considered move towards changes in the constitution of a cooperative—the limitation of its membership to equals.

### **Promotion**

Within the framework of the two guiding principles for cooperatives discussed above, the government has to play an active role in ensuring certain pre-requisites which make cooperation a possibility. These pre-requisites provide the general conditions within which cooperatives can function effectively.<sup>19</sup> That governments have to play an active role in the promotion of cooperative development cannot be disputed. What becomes crucial to the success or failure of the cooperative movement is the manner and extent to which they should intervene so that it does not suppress either the cooperative principles or the cooperative identity.<sup>20</sup> The axle on which a successful cooperative movement turns is the cultivation of organisers and change agents at the grass-roots. Cultivation of change agents from amongst the people, particularly, from the weaker sections, becomes the primary responsibility of the government. Education is the means through which this can be achieved. Thus govern-

ments have to recognise education as the major growth force and concentrate on it as a first step towards successful cooperation. This education has to be of different kinds, such as—

- (1) training a core group of relatively active and popular people from the village in the principles of cooperation i.e., cultivating change agents who can then form the crucial link between the government and the people;
- (2) training the potential cooperative members in management, accounts and book keeping—an area where a severe lack of skills exists and which underlies a great deal of direct government intervention in cooperative functioning; and
- (3) training of cooperative members (when formed) in improved methods and new techniques of production.

The first two types of training are pre-requisites to cooperative formation. The third represents in-job training with a view to continuously upgrading the skills and productive potential of the cooperative members. Education must, of necessity, be of an on-going nature.

In the identification of change agents governments should take help of voluntary organisations working in the area who would know the local people. It is through the intervention of such voluntary groups who have a knowledge of the local area and command respect of the local people that the cooperative ideology could be creditably and successfully disseminated. Voluntary groups address themselves essentially to the problems of the poor and disadvantaged sections of society. Governments could avail of their services to promote the idea of cooperatives with homogenous interest groups as members. As cooperative law is based on the principle of open and voluntary association, governments cannot encourage these common interest group cooperatives through laws. However, in actual cooperative practice, the bye-laws of each cooperative society permit it to limit its purpose and define its membership. Examples of cooperative societies of relatively homogenous groups are not uncommon—the commodity producer groups in Japan are only one such example; Nepal, Malaysia, Thailand and India are experimenting with other such cooperatives. Governments could



make this indirect encouragement effective through preferential allocation of public funds, available under the various programmes for the poor, to such cooperatives.

We have pointed out above that an equitable land re-distribution is a desirable condition for promoting cooperatives. However, all governments do not find such radical land reforms politically feasible. As a second best measure, to avoid further concentration of land, governments might impose bans on private land transfers. All land for sale might be purchased by the governments and distributed among cooperatives. Another land reform measure is consolidation of holdings.<sup>21</sup> Small farmers not only have uneconomic holdings but their land is usually fragmented and the plots scattered wide apart. Consolidation itself results in productivity gains through economies of scale of various types. The need for consolidation is enhanced when cooperatives are to be organised for homogenous groups. The setting up of such cooperatives is greatly facilitated if the land of its member is contiguous.

Provision of physical infrastructure may also be a part of the promotional activities of the government. In developing countries, initial conditions in agriculture are often such that without large scale investments cooperatives, even if formed, will not result in any material benefit to its members. For example, land levelling may be essential for commencement of agriculture or an irrigation canal in a drought prone area etc. However, the exact need and extent of government intervention in the provision of physical infrastructural facilities would depend on the specific local conditions. What is demanded of governments is a flexible attitude that permits adjustments according to the genuinely felt needs of the people as expressed through the local change agents.

Apart from the physical infrastructure governments must ensure a general economic environment conducive to the growth of cooperation. One such condition is that of price stability.<sup>22</sup> In conditions of backward agriculture, markets are under-developed and not well articulated. Consequently, markets cannot play their classical role of providing the necessary (and correct) signals for demand and supply adjustments. One of the underlying factors is the constraint on the free and timely flow of information. Market uncertainties and severe price

fluctuations, in an agriculture, dependent on the vagaries of nature, compound the risk of cultivating high income commercial crops. Small and marginal farmers with their very low risk bearing capacity prefer in such cases to reserve a large part of their land for subsistence crops, which may not have a comparative advantage in the region. Even within a cooperative organisation, farmers would be reluctant to go in for the most efficient cropping pattern unless price stability was ensured. Governments must therefore regulate prices such as to provide the necessary incentives for increasing production. This implies national level planning for demand and supply adjustments.

A clear cut agricultural technology policy would also go a long way in helping to create an environment favourable to cooperatives. In the context of an inequitable private land holding structure, the functioning of the market economy leads to further distortion in the agrarian structure. With land concentration on one hand, and high level of unemployment and underemployment on the other, technological choice in agriculture becomes of crucial importance. Again it falls on the government to guide these broader and more pervasive decisions.

Closely related to the question of appropriate technology for agriculture is the promotion of research for development. The kind of investment and coordination that such research demands, the government alone can take its responsibility. However, research in order to achieve its purpose must have application value. This requires two kinds of information flows—one from the grass-roots to the research organisation and the other from research laboratories to the cultivators' fields. Voluntary agencies and local organisers and change agents can play an important role in the dissemination of knowledge and of the results of its application.

The need for close cooperation amongst cooperative members and the government is not restricted to the area of research alone, but extends to areas such as policy, planning etc. Hence, governments need to provide a forum for exchange of views and ideas between the members, the experts and the government officials. They should evolve some mechanism for free and democratic exchange with the help of local change agents. One such mechanism is the creation of a representative body of cooperatives which then participates in discussions with the

government and experts. However, the actual nature and composition of such a body should be left to cooperative initiative. Governments should encourage but not directly participate in its formation.

### **Establishment**

The above discussion highlights the areas where government initiative is needed to create an environment in which cooperatives can emerge as alternative forms of organisation. The broad framework having been established, government can also play an active role in helping with the actual formation of cooperatives.

We have argued above, that rather than form cooperatives by pressurising people and playing an active role in their functioning, governments should rely on local organisers and change agents to spread the cooperative ideology and motivate the people to come together to form cooperatives. This still holds true. However, governments can facilitate the formation of cooperatives in several ways.

The first is by simplifying the cooperative laws in such a manner as to eliminate unnecessary procedural delays. Laws should be simple and clearly stated without any ambiguity. Moreover the procedural requirements should be clearly spelt out and be minimal in number. In so far as the actual functioning of the cooperative is concerned, its bye-laws should be formulated by the cooperative members themselves. They could, in the initial phase of the cooperative movement, be subject to overview by governments or the cooperative department or any other appointed agency to verify that cooperative principles are not violated. Cooperative laws should also be flexible enough to accommodate different types of cooperatives. Moreover, safeguards could also be built in against fraud and corruption.

In order to ensure the formation of successful cooperatives, governments should stipulate that (1) Cooperatives are organised so as to overcome the principal constraint or bottleneck to growth and development, and (2) Government assistance of any kind should not be disbursed through cooperatives but to cooperatives who then take decisions regarding further

distribution among members. To take the first point, conditions vary a great deal both inter and intra-regionally. Since the primary operative area of cooperative is the micro or grass-roots level, it becomes crucial to take into account the specific nature of the problems faced by the local economy and in it, by the target group—the subsistence framers etc. The kind of cooperative needed would vary substantially from area to area depending on the main obstacle faced by the small and marginal farmers. In some areas, provision of irrigation facilities alone may lead to substantial gains in productivity. Accordingly, cooperatives may be organised with the primary task of improving water resources as they were in Vietnam,<sup>23</sup> or, on the other hand, if the quality and scale of land is not such that agriculture can be profitably organised, cooperative may be organised around other and new forms of productive activity may be organised e.g., poultry, dairy, vegetable gardening etc. Similarly, the middleman may be the major detrimental factor and his functions of warehousing and marketing may be taken up by cooperatives. The conditions can vary immensely and solutions would be far from uniform.

The identification of the principal constraints should however be left to the organisers and change agents as well as the potential members of the cooperative. This will ensure that the cooperative organisation set up will fulfil the felt needs of the people.

The above emphasis on overcoming the principal constraint on a priority basis is not to suggest that the different aspects of the rural economy are not inter-related. In fact they are connected in such a fine mesh of intricate and complex relations that they require a holistic rather than a finely disaggregated view. Isolated solutions can at best have a partial success. However, the magnitude of the problems in agriculture as well as the resource limitations—be they financial, managerial or organisational—are such that a concerted and simultaneous attack on all fronts as a first step is likely to fail. Therefore, what is being advocated here is the firm entrenchment of the cooperative institution as a viable form of economic organisation as a primary goal. Once the cooperative has gained a firm foothold in the rural set-up, its role would expand under

local initiative to cover the different facets of the rural economy.

For a cooperative to gain such a foothold and credibility, it has to respond initially to the immediate need of the people and prove its viability. There are two crucial issues here: (1) the cooperative, to earn the confidence and interest of its members, has to be so organised as to ensure a flow of benefits in the short term, and (2) at the same time build the foundation for a longer term solution. In view of this cooperatives need to be built around activities which attack the root cause of the problems as identified by the members of the cooperatives themselves.

There are two major constraints that cooperatives face in the initial phases. The first is the lack of managerial skills. As indicated earlier, this problem is overcome with a training and education programme, considered to be a necessary pre-requisite to cooperative formation. The other constraint is financial. The economic situation of the subsistence farmers being extremely weak, they are in no position to raise the initial resources from amongst themselves. Government in the performance of its welfare role of providing assistance to those who cannot resolve their economic difficulties on their own, must extend financial assistance to the newly formed cooperatives. There are however, two dangers if the funds are too easily available from the government, namely : (1) of dependence on government, and (2) of misuse of government's assistance—financial and other. These two problems can be solved by making the funds available to the cooperatives as loans against cooperative assets as collateral. This places a responsibility on the members for repayment and thereby a stake in the success of the cooperative venture. It has been advocated that these funds should be made available on easy terms—namely on low interest rates and with a long repayment schedule. Contrary to this, we consider that government funds should be made available at the prevailing market rates so as to avoid placing a premium on government loans which in a situation of scarcity is bound to lead to misappropriation and misuse. Rather, the governments should ensure that these funds are forthcoming to cooperative institutions, that the latter are not discriminated against either by the government's rules and regulations or by the other financial institutions. Grants or aid can be made conditional on pro-

ductive use and timely repayment of loans. In fact, a system of incentives could be built into the credit system, with rebates offered if loans repayments are raised internally and on time. An additional precaution, is to ascertain that the liability of the loans falls on the cooperatives. This can be ensured by making the assistance—loans or inputs etc—available to the cooperative organisation rather than to individual members of the cooperative. The latter tends to make the cooperative membership a means to benefit from government assistance. The cooperative management being the decision making authority, the former ensures member interest and participation in the cooperative functioning.

### **Evaluation**

In so far as cooperatives are a part of the planned development effort and receive public funds, it becomes incumbent on the government to review their progress. The review is done with a view to ascertain if cooperatives in their present functioning can or do fulfil the national objectives of raising productivity and improving the standards of living of the poor. An evaluation of the individual cooperative societies in terms of both their specific local aims and the broader framework forms an essential part of this exercise.

In this connection it is useful to recall the operative definition of cooperatives—that of business enterprises with a social purpose. We have argued above that in order that cooperatives are able to play a part in bringing about social transformation, they have to first establish themselves as viable economic organisations. We also noted that given the lack of staying power of their members, the economic benefits have to flow within a short span of time in order to retain membership and participation. It is only after their economic viability has been established that the social benefits would follow. More, the kind of cooperatives advocated here: associations of homogenous interest groups, would help to resolve one aspect of the problem of social justice viz., the reverse flow of benefits to the better-off sections. Hence, governments should phase their criteria of evaluation over time. For example, in the initial period, the criteria evolved should take cognisance of the difficulties faced by cooperatives as a

comparatively new form of organisation and of the economic weakness of its members. Consequently, it may be necessary to allow cooperative organisations a longer gestation period. Moreover, as an initial criterion the accrual of material benefits to the members, irrespective of the financial returns may be a sufficient norm. Subsequent norms could be:

- (i) whether the cooperative has begun to generate resources from within, and
- (ii) whether it has resulted in a greater equality within its membership or further social divisions.

In short, cooperatives should be given a chance to mature before being loaded with additional economic and social responsibilities. The government should strive to evolve a system of graded responsibilities with commensurate built-in incentives in order to enable the cooperative movement to expand and grow in stature.

### **Some Concluding Remarks**

Any discussion of the role of governments in promoting cooperative development would be incomplete without considering the very real dilemma faced by governments viz., state control vs. cooperative autonomy. The very fact that in the present day context, cooperatives cannot emerge spontaneously and have to be carefully nurtured by the government gives the latter controlling authority over them. An additional pressure to regulate cooperative activity is created by the fact that the government deploys public funds for cooperative development. The need on the part of the government to ensure effective utilisation of its funds constitutes the rationale for government control. Compounding this fact is the severe lack of skill and training on the part of the members to run the cooperatives themselves. A further consideration is the need to safeguard against embezzlement and fraud. Consequently, government in their attempts to ensure the efficient running of the cooperative organisation impose a number of rules and regulations on cooperatives.

Government intervention in the running of cooperatives, on

the other hand, has had detrimental impact on their long term objective of self-reliant growth. Government intervention tends to create dependence on government funds and initiative and often leads to the shifting of responsibility for the success of the organisation from the cooperative members jointly to some government department. This tends to curb member initiative, interest and participation in the affairs of the cooperatives, thereby undermining the very potential force necessary for the viability of the cooperative form of organisation.

Governments are caught in the dilemma of where to draw the line between control and autonomy. They have to decide at each stage the extent of control they should exercise or the degree of freedom they should grant the cooperative. There has been tendency in the past, warranted to a large extent by the innumerable cases of embezzlement of funds and default, towards greater controls, with the result that cooperatives have become mere extensions of government departments.

Cooperatives, emerging through local initiative and having equals as members, avoid this traditional trade off by doing away with need for government control. Governments could encourage these cooperatives by concentrating essentially on engendering incentive for cooperation through local organisers and change agents. The governments also have a role to play at the more fundamental level of attitude changes and skill formation and thereby creating the basis for the spontaneous formation of cooperatives. Cultivation of a core group of change agents who can educate and motivate the people to form cooperatives ensures that cooperatives so formed, will emerge from below rather than be imposed from above and will fulfil a real and specific need of the people. Here the role of the government is relegated to the provision of the general conditions and basic infrastructure which favour the formation and efficient functioning of cooperatives. Government intervention is thus merely indirect, while the responsibility of actual running of the cooperative is that of the members themselves. This ensures that cooperatives are and remain a people's organisation.



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# “Government Role and Policy for Co-operative Development”

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In practically all Asian countries, the co-operatives have been able to build a wellspread infrastructure covering vast rural and urban areas and their membership, turnover and even profitability have increased manifold in the last few decades. However, despite its vast growth and expansion many of the intellectuals, thinkers, social workers and administrators have started expressing serious doubts about its utility in the present context of development. It is very often being said that co-operatives as they stand today cannot solve the socio-economic problems of developing countries and particularly help those who are below the poverty line. They do not question the concept of co-operation but the way in which the co-operatives are working in the developing countries today. It is often expressed that co-operative leadership has developed vested interest which is working more for its own interest than the members and society at large and not prepared to re-orient its working so that the fruits of co-operative endeavour percolate to the real needy. The co-operative departments are too rigid and with their control genuine co-operatives are not able to function freely and independently with enlightened approach. Further with all the powers with the government to control and direct the co-operatives, the so called vested interest continues and many of the regulations are acting more of a hindrance in its workings than help. One may or may not agree with this criticism but those who are concerned and involved with co-operatives and their development have to think and consider why such feelings

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have developed about the co-operatives and what can be done to erase such impressions by the government and co-operative leadership.

Further, in recent years many organisations are being sponsored which for all practical purposes are co-operative in nature but in order to save themselves from the jurisdiction of co-operative law and co-operative department they neither name them as co-operatives nor get registered as such. We have therefore to analyse and find out the reasons for this trend and the growing lack of faith in the co-operatives. Also, how far the governments are responsible for this trend and what they can do to remedy the situation.

While dealing with this question first we need to have a look in the historical background of the changes that have come in the outlook and working of the governments as well as the co-operatives, particularly, in developing countries in the recent past.

### **Asia—Pre Second World War**

Co-operation in various forms has been a tradition in most of the Asian countries. These were need-based and bound by the social force. Mutual co-operation was considered essential for the welfare of the individual and the society. Governments had no say in it. The present legal framework of co-operation in Asia was first introduced in India by the colonial power—the British—as a result of the Report of Sir Frederick Nicholson (1892) who put forward a strong recommendation for the establishment of co-operative credit associations on Raiffeisen lines to tackle rural indebtedness. Thus came the first Co-operatives Societies Act of 1904. This was followed by the Dutch in Indonesia in 1915. While the British wanted co-operatives as institutions for giving relief to rural people from indebtedness, they did not want the co-operatives to become peoples organisations with self initiative and unity. The co-operative legislation, therefore, was drafted to ensure that co-operatives did not develop as peoples own initiated economic and social independent activity as in Europe but as a government sponsored and directed legal economic entity to give relief from rural indebtedness. Thus the idea of promoting co-operatives in Asia though came

from the west but the motive was different. In the west, it was peoples initiative to join together to fight exploitation. The governments were not involved in the socio-economic affairs of the people. It followed the policy of **Laissez-faire**. In Asia the initiative came from the government because for political implications the government wanted to keep a watch on all organisational activities of the people.

On this question, Mr. Weeraman ex-Regional Director of ICA in Asia in his foreword "State and Co-operative Development", published by ICA have observed:

"In the newly-liberated countries of Asia, such as India, Ceylon, and Malaysia, the Co-operative Movement was introduced in the early years of this century by the British who then held sway over these countries. They enacted co-operative laws, to provide the necessary legal sanctions and safeguards, and set-up departments of government for promoting the movements."

"The co-operative legislation however went beyond the co-operative law of the United Kingdom. The Industrial and Provident Societies Act of 1852, the first co-operative law to be passed in the world, provided in the person of the Registrar of Industrial and Provident Societies a neutral in the internal affairs of co-operatives. The British laws in India and elsewhere however provided for a Registrar who was both a promoter and a regulator. Under this law the people did not look for leadership outside the ranks of the government. The Registrar and his officials were the only persons who really mattered, for their approval was required by law for every internal transaction of importance such as fixing the borrowing and lending limits, writing-off dues, purchasing and selling property. The elected committee of a co-operative society did not have the freedom to act on its own. Not having the ultimate responsibility they also did not give their best attention to any question; for, the law provided that these questions should be referred to the Registrar. Naturally the Registrar was the leader."

### **Co-operatives after Second World War**

After the Second World War most of the Asian countries

became independent and popular democratic governments were formed. The people had high expectations from their own governments and national leaders were committed not to rule alone but also to improve the living conditions of their people. The concept of "welfare state" had already taken shape in place of "laissez-faire". The national leaders in the free developing countries could not think of any other better institutional base to reach the people than the co-operatives. It was considered that through co-operatives, people could practice democracy at grass-roots and improve their socio-economic conditions and therefore they deserve all support from government. The first Prime Minister of free India Jawaharlal Nehru was so impressed by co-operatives that while addressing one of the ICA meetings in Delhi in November 1960 he said and I quote:

"But my outlook at present is not the outlook of spreading the co-operative movement gradually progressively, as it has done. My outlook is to convulse India with the co-operative movement, or rather with co-operation; to make it, broadly speaking, the basic activity of India, in every village as well elsewhere; and finally, indeed, to make the co-operative approach the common thinking of India."

And these were the feelings of most of the national leaders in the developing countries.

By the time many of the countries in Asia got independence, the concept of governments' involvement in the promotion and supervision of co-operatives introduced by the colonial power who could not trust people initiative had become so deep rooted and acceptable approach that the new national governments while on the one hand encouraged and promoted the co-operative with liberal finance and administrative support, on the other, their hold and control on the co-operatives became increasingly stronger. The authorities started treating co-operatives like an infant who could be provided with all the facilities but could not be trusted nor be allowed to stand on his own feet and go about without an escort. And this has become a vicious circle.

## **Government Policy**

So what should be done. But before that let us see what the governments in some of the Asian countries expect from the co-operatives and what is their declared policy towards co-operatives.

### **Bangladesh**

The Government Policy on Co-operative Development in Bangladesh as enunciated in the country's Second Five Year Plan, 1980-85 reads as follows:

“Constitution of the village government will go hand in glove with the complete restructuring of the co-operative system, bringing the entire country under one type of Co-operative system, in place of the existing dual system i.e. those under IRDP system and the others under the department of co-operatives. The IRDP should be converted into a Rural Development Department, instead of continuing as a programme, to take all promotional activities to develop the functional system of co-operatives. The task of organisation of village co-operative societies will be easier with the existence of the village government which could work as an active recipient of development inputs and support services including co-operatives. These inputs and support services will have to be delivered in large measure during the Second Five Year Plan. The entire working force of the rural community should be brought into productive process. It is, therefore, proposed that co-operatives of functional groups may be formed in each village with the landless group, the small farmers, youth, women, weavers, fishermen, artisans etc. These groups may be federated at the village or union level depending on experience and their viability in due course.”

The policy has further been elaborated under the caption “Uniformity in co-operative structures and strengthening its functions” as noted below:

“An integrated and unified co-operative structure for participation of all the groups in the society is proposed to deve-

lop during this plan period. The proposed structure will start at the grass-root level. Primary co-operatives of the functional groups will be developed at the village level, viz KSS, small farmer groups, the landless group, the youth and women groups, the fishermen and weavers groups etc. These functional groups organised as primary co-operatives will be federated at the village level under the Village Co-operative Association (VCA). The production plan, land-use plan, supplies and services etc. will be coordinated at the VCAs. The VCA in its turn will be federated to the Thana Union of Co-operatives (TUC) at the thana level. All the co-operative societies will then gradually be merged into this structure and function as an economic arm of the village, union and thana parishad. All the input supplies and services will flow from the national agencies like BADC, BKB, etc. to the production units through the co-operative channels and TUC and VCA. Under the same VCA and TUC system, the marketing, processing, storage, and transportation can be developed and linked up with the production process. Each functional group will have a management or executive committee. The VCA will have their own management or executive committees composed of representatives from the management or executive committees of the functional groups. The TUCs will likewise function with management or executive committees from the representatives of the management or executive committee of the VCAs."

In the recent years, government has made some changes in the above policy on co-operative development. With the abolition of the village government, development of co-operatives has been decided to be on two-tier system based on "Comilla model" instead of proposed three-tier proposed in the Second Five Year Plan. The IRDP has been converted into a semi-Government organisation under the title "Bangladesh Rural Development Board." The unification of the existing two system of cooperatives in the field of agriculture is going on. It has been decided that the Bangladesh Rural Development Board will do all promotional activities of the agriculture co-operatives, the landless and the women. The department of the co-operatives will continue and perform its regulatory functions



such as audit and inspection of the co-operatives.

With the implementation of the declared policy of the present government of up-grading the Thana as Upazilla and decentralisation of power to the Nirbahi Officers of the Upazillas, the power of registration of KSS (primary agricultural co-operatives) has been delegated to the Nirbahi officers and that of the landless (BSS) and the women (MSS) co-operatives to the Thana Central Co-operative Association (TCCA).

## **India**

Co-operation in India is not a federal but a state subject. Promoting co-operatives is one of the Directive Principles under its constitution. Particularly after the Second Five Year Plan co-operatives have been recognised to be promoted and encouraged by the government.

The national co-operative policy resolution adopted in 1971 states:

“The All India Conference of State Co-operation Ministers, having considered the role of the co-operative movement in national planning and development and the need for promoting and preserving the democratic character of the co-operative movement and the business efficiency of co-operative institutions, resolves that:

- (a) Co-operatives shall be built up as one of the major instruments of decentralised, labour intensive and rural oriented economic development.
- (b) Co-operatives at all levels shall be closely associated with the process of planning for economic development and social change.
- (c) The Co-operative Movement shall be developed as a “shield for the weak”. Small and marginal farmers and agricultural labourers, rural artisans and ordinary consumers belonging to the middle and lower income groups shall be provided the maximum scope to participate in the co-operative programmes and a massive effort will be made for the involvement of millions of our masses in the co-operative movement.

- (d) Co-operative development shall be promoted on a national basis, and regional imbalances in co-operative development shall be progressively removed.
- (e) The co-operative movement shall be built up as an autonomous self-reliant movement, free from undue outside interference and excessive control, as also from politics. The autonomy of the co-operatives shall be based, inter-alia on increasing generation of internal resources, mobilising savings in rural and urban areas, and decreasing dependence on resources from outside financial institutions and government.
- (f) A vibrant co-operative democracy shall be built up based on enlightened participation of broad-based membership free from the domination of vested interests.
- (g) Co-operative movement shall be cleaned of corruption and malpractices which surely damage the fair name of co-operation and harm the very principles for which the movement stands.
- (h) In the rural areas, a strong, viable and integrated co-operative system shall be built up to promote total and comprehensive rural development by progressively strengthening the links between credit, supply of agricultural inputs, agriculture production including ancillary activities like dairy, poultry, fishery and piggery, marketing and distribution of essential consumer articles.
- (i) A net-work of co-operative agro-progressing and industrial units shall be built up to provide gainful and economic links between the growers and the consumers.
- (j) The consumer co-operative movement shall be built up to strengthen the public distribution system and act as a bulwark of consumer protection and as an instrument of price stabilisation.
- (k) Co-operatives shall be promoted as efficient institutions with streamlined organisations and simple and rationalised procedures.
- (l) Professional management shall be built up in the co-operative institutions through a sustained programmes of recruitment of suitable personnel and their systematic training.

## Indonesia

Article 33 of the 1945 Constitution of Indonesia states that Co-operatives has a place and even an important role to play in the development of Indonesia. Decree No. IV/1973 of the People's Consultative Assembly emphasizes the necessity to increase the activities of the Co-operatives to enable them to play a genuine role in the Indonesian economic order.

The III Five Year Plan of Indonesia (Repelita III) lays down "in the implementation of national development, all domestic funds and forces should be utilized. This should also be accompanied by policies and steps aimed at supporting, guiding, developing and promoting the capability of economically weak groups to participate in the process of development. In this framework, co-operatives constitute one of the instruments and means commensurate with the aims and purposes earlier mentioned."

"Apart from that, co-operatives at the same time become an important economic organisation in the framework of increasing savings and production. Co-operative could also be an instrument in solving disharmony in society i.e. as an organisation of economically weak group in society. This means that fostering co-operatives is in line with the basic principles of economic democracy which provide that the community should play an active role in development activities, besides guaranteeing the implementation of the principle of an equitable distribution of burdens and the results of development in accordance with the sense of justice."

Under the IV Five Year Plan (Repelita IV) it has been stated: The efforts to promote the development of co-operatives will be directed towards: (i) raising the capability of the village unit co-operatives and other primary co-operatives to act as independent business entities; (ii) promoting co-operative activities in various sectors, for example: in trade, agriculture, manufacturing, electricity, loans and savings accounts; and (iii) enhancing the co-operatives ability to co-operate, either individually or other non co-operative business organisations.

To achieve the three objectives, cross sectorally integrated policies will be implemented in the sectors of education, trade and co-operatives, regional government, procurement and distribution of food and other essential commodities, as well as in the

transportation, and credit sectors.

### **Republic of Korea**

After the liberation in 1945 the article 115 of the then constitution had provided:

“The state shall encourage the development of co-operatives founded as the self help spirit of the farmers, fishermen, and the small and medium businessmen, and shall guarantee their political impartiality.”

In 1961 when the co-operative law was enacted its article 1 stated, “to assure the balanced development of the national economy by increasing agricultural productivity and improving the economic and social status of the farmers”.

The co-operative law provides for a movement which is independent of the government and also for elections at all levels. The members of a primary society elect their president and four directors; representatives at the higher levels are elected correspondingly. In 1961, however, an interim emergency legislation was enacted which is said to be still valid. According to the regulation the president of the NACF appoints the presidents at secondary and primary levels with an approval of the Minister of Agriculture and Fisheries. However, according to the Agricultural Co-operative Law, the president of the NACF is nominated by the President of the Republic with a recommendation of the Minister of Agriculture and Fisheries and the President of the NACF appoints the directors of the NACF with an approval of the Minister of Agriculture and Fisheries whereas an auditor of the NACF is appointed directly by the Minister of the same.

### **Malaysia**

The new economic policy states that the government’s long term planning strategy for alleviation of poverty comprises inter-alia, the strengthening of the co-operative movement, as a vehicle for mobilising and channelling the resources of the rural community for its betterment.

The Prime Minister of Malaysia, Mr. Tun Abdul Razak bin Hussain, explained the role of co-operatives in national development at the ICA Regional Seminar on the Development of Housing Co-operatives held in Malaysia in 1970 as under:

“It is only since our attainment of Independence that the co-operative movement in Malaysia was made to bear some significance to our national life. The government, conscious of the importance of the co-operative movement, has rightly brought it into and within the structure of the nation’s overall economic planning. While the co-operative movement, has achieved a measure of success in some of its endeavours, there is still much room for improvement. Co-operative Movement is an important means of achieving the objective of the Government’s economic policy, that is, the need for “providing employment to our people, for giving equal opportunities and for bridging the gap between the haves and the have-nots so that the wealth of the country will be more justly and equitably distributed and social injustices eliminated.

The co-operative movement should essentially be geared towards this end. It must, therefore, be invigorated and injected with greater dynamism in order to be a really efficient and effective vehicle for progress. We should review the whole structure and operational machinery in order to provide a stronger basis for the movement.”

## **Nepal**

### *Sixth Plan Objectives (1980-1985)*

During the Sixth Plan period the aim will be to provide to the peasants basic facilities like agricultural credit, agricultural input and consumer goods, to boost the production and productivity of the peasants in the case of rural area and of the small entrepreneurs in the case of urban areas for the sake of their economic betterment.

### *Policy*

There will be only one agency to lay down the policies and carry out supervision works in relation to Sajha institution

and the Cooperative Department will be recognised as HMG's agency concerned.

Sajha institutions functioning at the grassroots level will be organised separately for small and other peasants. Management of these institutions will be entrusted to the sub-inspectors of the cooperatives until people at the local level become fully able to bear the managerial and other responsibilities.

### *Principal Programmes*

**Sajha Development :** The Sixth Plan aims to undertake the following programmes in connection with the development of Sajha co-operatives:

- (a) **Small Peasants Sajha Institution:** This programme will be initiated to bring economic benefits to the small and backward farmers.
- (b) **Sajha Reorganisation:** While launching intensive and campaign programmes in irrigated areas and integrated programmes in districts where integrated rural development programmes are in force, Sajha institutions will be reorganised on the basis of feasibility and in keeping with the promotion of the economic prospects of the peasants, who are scattered from one end of the country to another.
- (c) **Sajha Warehouse Construction :** Warehouse construction programme will be set in motion to provide storage facilities for agricultural inputs and consumer goods that are to be sold and distributed through the medium of Sajha.

### **Training:**

- (a) Inspector, Assistant Inspector and Manager training.
- (b) Auditor, Assistant Auditor, Accountant, Salesman and the like.

**Population Education through Sajha :** Sajha will be called upon to assist in and carry on population education to be started in Nepal shortly, as it is felt that Sajha would prove to be an effective agency.

## Pakistan

Even though co-operation is a provincial subject in Pakistan the Government of Pakistan had a co-operative policy declaration in and it states:

“If the Co-operative Movement has not achieved any significant success in the past it is mainly because appropriate steps for **encouraging it were not taken**. But political democracy cannot succeed unless it is accompanied and backed by a successful economic democracy. The present Government is convinced that the co-operative movement which represents a system of economic democracy has great potential as an instrument of national advancement and has, therefore, decided to give its full support and assistance to the organisation and development of co-operative societies in all fields of economic activity.”

With the above policy in view, Government took a number of decisions of far-reaching importance. They are:

- (a) Small landholders should be encouraged to form co-operative societies with the help of incentives. These incentives will be in the form of (a) subsidised services, such as extension services, fertilisers, insecticides and improved seeds, and (b) subsidised machinery, such as tractors, tube wells, etc.
- (b) In the case of small landholders who do not agree to group themselves into co-operative societies even through incentives disincentives in the form of fiscal measures will be adopted such as the penalisation of incorrect use of land and water.
- (c) For the above purpose, the term “small land holders: will be taken to mean persons who own up to 12½ acres of land in West Pakistan and up to 4 acres in East Pakistan. However, even those who own more land will be free to join the cooperatives.
- (d) Individuals or minorities will not be allowed to hold up the development of co-operative societies.
- (e) One of the conditions of allotment of State land will be

that the allottees should as far as possible join a co-operative farming society, this condition will be carefully considered before it is enforced.

- (f) In areas where co-operative farming come into being, consolidation of holdings will not be proceeded with.
- (g) Mechanised cultivation will be adopted immediately throughout the country to the extent feasible, commercial and profitable.
- (h) In the matter of distribution of available resources, viz tractors, implements, etc. preference will be given to co-operative societies over individual land owners. The Ministry of Commerce will take steps to simplify the procedure for the import of tractors and other agricultural implements.
- (i) If tractors are not available and the co-operatives want them, the Government will make efforts to get them. The dealers will also be required to give priority to co-operatives. The cash ceiling will be raised to import more agricultural machinery. The same facilities will be extended to power pumps and tube-wells.

In a policy statement issued at a National Seminar on Co-operatives held at Peshawar in November 1980, the policy of the Government of Pakistan as regards co-operative development was reiterated in the following terms, by the Federal Minister for Food, Agriculture and Co-operatives. To quote:

“It is the aim of the Government of Pakistan to expand the working of the Co-operative Movement in the country. Agriculture being the main sector of our national economy, in the vast field of agricultural production, this movement can bring the desired revolution in its development.”

“Co-operatives come under provincial jurisdiction constitutionally. But since Co-operatives can be a great source of economic development of the country, especially for increasing agricultural production and for the welfare of the farming community, the Federal Government attaches great importance to develop it on viable lines. However, it must be kept in mind that this movement can be effective only if the foun-



dations from village level to provincial level are strong. For this purpose, Government's policy aims at strengthening it from its lower tiers, particularly, so that it may become popular amongst the masses and more and more people can participate in its activities."

### **Philippines**

Presidential Decree 175 says :

Section 1: Declaration of Policy—It is hereby declared the Policy of the State to foster the creation and growth of co-operatives as a means of increasing income and purchasing power of low income sector of the populations in order to attain a more equitable distribution of income and wealth.

Section 2: Co-operative defined—co-operative shall mean only organisations composed primarily of small producers and of consumers who voluntarily join together for farm business enterprises which they themselves, own, control and patronise.

A small producer shall mean a self-employed individual, who by himself or with his family provides the primary labour requirements of his business enterprise or one who earns at least fifty per cent of his gross income from the payment proceeds as income of the labour he provides.

Section 5: Privileges of Co-operatives. Co-operatives shall enjoy the following privileges :

- (a) Exemption from income taxes and sales taxes provided that a substantial portion of the net income of the co-operative is returned to members in the form of interest and or patronage refunds; Provided, further that for income tax purposes, non-agricultural co-operatives shall be exempt for a period of five (5) years and agricultural co-operatives for a period of ten (10) years reckoned from the date of registration with the Department of Local Government and Community Development; Provided, finally, that the taxable income shall mean that portion of the co-operatives income after deducting the interest paid to members and patronage refunds;
- (b) In areas where appropriate co-operatives exist, the preferential right to supply rice, corn and other grains,

fish and other marine products, meat, eggs, milk, vegetables, tobacco and other agricultural commodities produced by members of the co-operatives concerned to State Agencies administering price stabilisation programmes; and

- (c) In appropriate cases, exemption from the application of the Minimum Wage Law upon the recommendation of the Bureau of Co-operatives Development subject to the approval of the Secretary of Labour.

### **Thailand**

Plan for the improvement of Agricultural Co-operative work approved by the Cabinet on May 17, 1979 states:

All types of co-operatives should be improved to the extent that they can efficiently conduct production, marketing, service and financial activities. While dealing with the problems co-operatives face the policy mentions the pervasive influence of the government in the co-operative's day to day operations as one of the factors preventing the farmers from really being involved with the co-operatives.

In order to rectify the problems being faced by the co-operatives, the policy suggests to rely on 5 principles.

**Unity:** A structural and operational unity of agricultural co-operatives must be created. All types of co-operatives and involved offices must be unified into a single system.

**Efficiency:** The co-operative personnel as well as officers and administrators involved in Government departments must be trained to be able to conduct all steps and all types of agricultural business more efficiently.

**Clear political objectives:** the government must adhere firmly to the policies on agricultural co-operatives, agricultural groups and institutions and must not yield to pressure from any government officers and interested groups.

**Government support:** The government must take the responsibility of the provision of resources and services.

**Co-ordination and evaluation.** The Government must advise a monitoring measure for continuous co-ordination and evaluation.

### **Government support in industrialised countries**

The government support to co-operatives is not unique to developing countries alone. Not only most of the socialist countries where government fully patronises co-operatives but even in many industrialised countries also governments have supported and assisted co-operatives. For example, in France, agricultural co-operatives were substantially aided by the government. In USA particularly during post depression period, the Federal Government gave organisational and financial assistance for promotion of certain types of co-operatives like rural credit and rural electrification co-operatives. In Sweden the government made co-operatives responsible for milk marketing scheme. Presently Co-operative League of USA is implementing many foreign aid projects with financial assistance from USAID.

### **Government and Co-operatives in Japan**

But more than that let us see the case of Japan itself where the first co-operative law was enacted in 1890 the first in Asia, for credit co-operatives. From 1909 onwards both low interest loans and agricultural subsidies were channeled through co-operatives as also subsidies were granted by government for construction of warehouses. Under the Rice Law of 1921 the buying and selling of rice by co-operatives on government account was introduced. During thirties special measures like extension of low interest loans for debt liquidation of the farmers, credit guarantees, and subsidy for handling fertiliser business were extended to the co-operatives.

During the Second World War period government control on co-operatives increased and under Agricultural Organisation Law of 1943, co-operatives were made agents for the implementation of government policies and membership was made obligatory. Not only that, even the Presidents of the co-operatives had to be appointed by the Minister or Prefectural Governor and the co-operatives lost their autonomy. It was only after the Second World War during the time of occupation by allied forces that the autonomy of co-operatives was restored. But by this time the co-operatives had already mismanaged their affairs. In 1947, 43% of the primary co-operatives were in deficit

and suffering from bad management.

The growth and development of co-operatives since then until today shows how while getting government support and assistance, the co-operatives maintained their autonomous character and with mutual help and planning have built a strong effective movement.

### **Present situation**

From the above it can be observed that in developing countries the co-operatives cannot remain in isolation with the Government. Government support and assistance and to a certain extent protection or reservations in certain sectors should not be a matter of much controversy. Though there is still a section of co-operators who believe that co-operatives should be treated at par with the private sector by the state and anything more is bound to effect their autonomous character. Nehru on this subject once had said:

“We want to make co-operation an essential fabric of the State not part of the State but certainly closely associated with the structure of the State. We do believe completely in the voluntary principle of co-operation. But, however voluntary it may be, it will come up against the State all the time, and will have to be adjusted to the needs of the State and the State to it”.

The Minister of Agriculture and Home, Government of Sri Lanka, in making co-operative policy statement in July 1957 had observed :

“Modern co-operation has its beginning in a period in which the dominant political philosophy was one of non-interference by the State in the economic and social life of the community. A necessary part of the paraphernalia of such a philosophy was the notion of ‘self-help’ as opposed to ‘State-help’, of God helping those who helped themselves. The co-operative movement was one of the forms in which this idea manifested itself. It was an attempt to mitigate the

severity of unregulated economic forces, by those who were the victims of such forces. It is obvious, therefore, that a form of economic and social organisation, which originated in a period when the State positively divorced itself from the socio-economic life of the community, would be totally unsuitable in an age in which the State is actively regulating economic and social affairs, unless the ideological basis of such organisation were to undergo a corresponding transformation. In short, the co-operative movement of today, if it is to fulfil its legitimate role should rid itself of the antiquated conception that its task is done when it has catered to the parochial interests of select groups of people. Its role today, particularly in the less developed countries, is a very much more important one; it is one of being an active partner of the State in the task of national development”.

I would not think co-operatives working in isolation for their members alone in the present day context; they should accept responsibility for helping and playing a role in the overall development of the society at large and particularly the have-nots to whom the government owes a greater responsibility. Nonetheless, the nature of relationship between the state and co-operatives is of great significance and of critical importance. Very often the governments in their policy statements have treated co-operatives as their agents for implementing the development policies of the state. Unfortunately this relationship very often turns out not one of an agent and of principal or equal partners but one of master and servant and at times even of a master and slave. In the Report of the UN Secretary General on Co-operatives for consideration by the 28th Session of the Commission for Social and Economic Development of the UN it has been observed :

“Governments have, at times, used co-operatives as vehicles to apply unpopular measures. Where this is done it is because governments tend to look upon co-operatives as instruments of development rather than as organisations of people who could and should determine their own objectives and participate in decision making and the benefits of development. Consequently, members often look at co-operatives as another type of government institution rather than their own

organisation and as a result, tend to lose interest”.

It would thus follow that when the government uses the cooperatives it ought to ensure that their basic cooperative character is not lost in the process. If the government attaches greater priority to its own objectives than those enshrined in the basic character of cooperatives then either there is no need for using a co-operative for promoting government's objectives or for calling such a co-operative a co-operative at all. As Mr. Weeraman has said:

“If any government considers that the type of society necessary for national development is the state-controlled type which observes only some of the Principles of Co-operation, there can be no more authoritative body to decide so. However, it would be in the fitness of things if a term other than ‘co-operative’ is used to describe such non-cooperative undertakings so that the public would not be led to believe that such societies are true co-operatives. I would plead that everything good should not be called ‘co-operative’, it is enough if everything co-operative is good”.

So how to bring about a balance between the state's socio-economic and welfare objectives and the co-operative in its true character so that both can function in unison.

The ILO has been concerned with the co-operatives since its inception and has laid down certain guidelines with regard to relations between the state and co-operatives under its Recommendation 127 adopted by the International Labour Conference in 1966. In this Recommendation an attempt has also been made to define the role of state and co-operatives with regard to their relationship. Though the Recommendation is now 16 years old and may require reconsideration in the light of developments since then it still holds good so far as the basic features are concerned. While dealing with the objectives of policy concerning co-operatives it states:

“The establishment and growth of co-operatives should be regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries.

In particular, co-operatives should be established and developed as a means of:

- (a) improving the economic, social and cultural situation of persons of limited resources and opportunities as well as encouraging their spirit of initiative;
- (b) increasing personal and national capital resources by the encouragement of thrift by eliminating usury and by the sound use of credit;
- (c) contributing to the economy an increased measure of democratic control of economic activity and of equitable distribution of surplus;
- (d) increasing national income, export revenues and employment by a fuller utilisation of resources, for instance in the implementation of systems of agrarian reform and of land settlement aimed at bringing fresh areas into productive use and in the development of modern industries, preferably scattered, processing local raw materials;
- (e) improving social conditions, and supplementing social services in such fields as housing and, where appropriate, health, education and communications;
- (f) helping to raise the level of general and technical knowledge of their members.

It further states that the governments of developing countries should formulate and carry out a policy under which co-operatives receive aid and encouragement, of an economic, financial, technical, legislative or other character, without effect on their independence. For implementation of the policy the methods suggested have been divided under four categories, namely

- (a) legislation
- (b) education and training
- (c) aid to co-operatives
- (d) supervision and responsibility for implementation

### **Legislation**

While practically all developing countries have separate co-

operative laws, in some of the industrialised countries the co-operatives are regulated by the common laws of the land and do not have a separate co-operative legislation. Why then the developing countries need a separate cooperative legislation and what is its impact on the growth of co-operatives. Mr. S.S. Puri in his book "Ends and Means for Co-operative Development" says:

"Co-operative law is not necessarily a decisive element in the process of co-operative development, it is nonetheless an element which should not be underrated. In a normal situation. Co-operative legislation is capable of contributing to co-operative development in several ways. First, it can help to promote and preserve the ideological purity of co-operative movement. Second, co-operative law can have a vital bearing on determining the nature of relationship between co-operatives and the State on the one hand and co-operatives and its own members on the other. Thus the complexion of co-operative democracy can be materially influenced by the content of co-operative law. Finally, co-operative legislation is capable of making a significant contribution to the effective distribution of responsibilities and functioning of management organs of various co-operatives".

Mr. Weeraman in his preface to Indian co-operative laws vis-a-vis co-operative principles states:

"The laws relating to cooperative societies play a vital role in the development of co-operative movement. If these laws are contradictory to co-operative principles, there is no room for the growth of the movement which is truly cooperative. Both the government officials and public will take the law to be correct and understand the content and character of the movement from the law relating to it. Therefore, it is essential that it conforms to the co-operative principles. Otherwise, there would be a type of society which is not co-operative in character masquerading in the guise of a co-operative for the sake of passing muster. This will do irreparable damage to the cause of co-operation".

The UN Secretary General's Report in this regard says: "Suitable legislation, for instance, is usually essential for the growth of a co-operative movement. It should protect co-operatives being exploited by hostile groups and organisations while avoiding excessively complicated regulations



which might lead to inefficiency and stagnation”.

Thus the content of co-operative law is quite important for the growth of the co-operative movement. But once a co-operative law is enacted it can also become anti-cooperative in practice and can be misused for political purposes. Dr. R.C. Dwivedi in his book “Democracy in Co-operative Movement” with regard to India says:

“The Co-operative Laws, enacted by the provisional Governments witnessed drastic changes in their nature and approach. Registrars of co-operative societies were clothed with greater and more stringent powers to administer control and direct co-operatives. It was often alleged that Registrars had become “director and inquisitor rather than “the Friend, Philosopher and Guide” of the Movement as was visualised by the Co-operative Societies Acts of 1904 and 1912; and that ‘every co-operative institution had become an ‘ante chamber to the Registrar’s office and every non-official co-operator his unpaid subordinate’. The provincial Acts aimed at comprehensive and minute administrative control involving interference in every detail of internal administration and the day-to-day work of the societies”.

“This control was justified on the plea that people had no competence to run co-operatives and that control was for supporting and strengthening the Movement and for ensuring that co-operatives functioned properly. It was asserted that Governments’ control, direction and supervision will continue till the people become ‘mature for self-management’.”

It is interesting to recall that, in 1904, when the Government of India brought forward the first co-operative societies bill before the Legislative Council, the Government spokesman made a speech which admirably summed up the purposes of the legislation. The following is an extract from that speech: “The Companies Act at present in force (Act VI of 1882) contains 256 sections and its elaborate provisions, however, necessary in the case of combination of capital on a large scale, are wholly un-

suited to societies of the kind which we desire to encourage. The first thing to be done, therefore, was to take such societies out of the operations of the general law on the subject and to substitute provision specially adapted to the constitution and objects. In the second place, it was desirable to confer upon them special privileges and facilities, in order to encourage their formation and assist their operations. And, thirdly, since they were to enjoy exemption from the general law and facilities of a very special nature, it was very necessary to take such precautions as might be needed in order to prevent speculators and capitalists from availing themselves, under colourable pretext, of privileges which were not intended for them. These three things were objects which we kept in view in framing the legislation that I am about to propose”.

Today the co-operatives have to be prevented not only from speculators and capitalists but also to be saved from political and administrative exploitation. The Registrar or his nominee once given discretionary powers to safeguard the co-operatives from vested interests can also under political pressure misuse these powers.

The cooperative law therefore, should ensure purity of co-operative character on accepted principles, facilitate its working smoothly by demarcation of functions, responsibilities, principles and framework of functioning and in no way should put hindrance in its autonomous and efficient working and basic character.

Financial assistance from government or any other type of support from the government to achieve certain socio-economic objectives, under the state policy should not be a consideration in the enactment of co-operative legislation. Obligations in return of any assistance, privilege or facility to any co-operative from state should be a part of independent mutually—agreed agreement and should not be a part of the co-operative legislation.

### **Education and Training**

Education and training is considered to be the key for the success of a co-operative. Members must understand what a co-operative means and they must be regularly told about the

working problems and progress of their co-operative. That is why continuing education has been included as one of the principles of co-operation. In addition to members continuing education, the officials should be professionally competent to enable them to carry on the activities and business efficiently. This needs updating their knowledge from time to time by training and exposure to new developments in their specific fields. The ILO Recommendation details the following actions for education and training:

“Measures should be taken to disseminate knowledge of the principles, methods, possibilities and limitations of co-operatives as widely as possible among the people of developing countries.”

Appropriate instruction on the subject should be given not only in co-operative schools, colleges and other specialised centres but also in educational institutions.

(1) With a view to promoting practical experience in co-operative principles and methods, the formation and operation of student co-operatives in schools and colleges should be encouraged.

(2) Similarly, workers’ organisations and craftsmen’s associations should be encouraged and helped in the implementation of plans for the promotion of co-operatives.

Steps should be taken, in the first place at the local level, to familiarise the adult population with the principles, methods and possibilities of co-operatives.

Full use should be made of such media of instruction as textbooks, lectures, seminars, study and discussion groups, mobile instructors, guided tours of co-operative undertakings, the press, films, radio and television and other media of mass communication. These should be adapted to the particular conditions of each country.

(i) Provision should be made both for appropriate technical training and for training in cooperative principles and methods of persons who will be—and, where necessary, of persons who are—office bearers or members of the staffs of co-operatives, as well as of their advisers and publicists.

(ii) Where existing facilities are inadequate, specialise

colleges or schools should be established to provide such training, which should be given by specialised teachers or leaders of the co-operative movement with teaching materials adapted to the requirements of the country; if such specialised institutions cannot be established, special courses on co-operation should be given either by correspondence or in such establishments as schools of accountancy, schools of administration and schools of commerce.

(iii) The use of special programmes of practical training should be one of the means of contributing to the education and basic and further training of members of co-operatives; these programmes should take into account local cultural conditions, and the need to disseminate literacy and knowledge of elementary arithmetics.

In a Regional Symposium organised by ILO under an ILO/NORAD project at Chiangmai in December 1979 on "Setting Effective Co-operative Training Policy and Standards in Asian Countries" some of the recommendations made concerning governments were:

- (a) The governments in the region should adopt a conscious and deliberate policy of transferring and passing on functions related to training to the movement, which some of them are presently doing for the movement. A definite time-bound programme for such transfer should be devised, and accordingly the capabilities of the movement should be built up to accept and undertake this task. A clear policy resolution both by the government and the movement specifying the directions of development of the training programme and arrangements in relation thereto is called for.
- (b) With a view to ensuring that in the management of training functions by the movement the larger perspective of the national goals and policies and the needs of users, of which government staff itself constitutes a significant proportion, is fully harmonised. A special mechanism in the form of a national co-ordination body or council is set up with representation from the movement, the government, universities and educational institutions,

as well as institutions involved in co-operative development. This body should be the premier forum for establishing training policies, objectives and standards and an instrument of constant dialogue and consultation in relation thereto.

- (c) Financial constraints, in consequence of the comparatively low priority given to 'training' in the allocation of resources in many countries in the region, have come in the way of developing proper training arrangements and facilities. While ideally the movement itself should fully fund the arrangements for training its own personnel, however, at the present level of development of the movements in the region they may not be able to do so for some time to come. Reliance will therefore have to be placed in most countries on government support for this programme. It is necessary that both the governments and the co-operative organisations to the extent of their capabilities should make a firm commitment to set apart adequate funds for training their personnel commensurate with the requirements.

Education and training broadly covers four categories of persons in the co-operatives:

- (i) Public at large (future members)
- (ii) Members
- (iii) Co-operative officials and office bearers
- (iv) Government officials concerned with co-operatives.

Education and training of categories (i) and (iv) should normally be the responsibility of governments. For categories (ii) and (iii) it should be the responsibility of co-operatives and their apex bodies. Where co-operatives are financially not strong enough, government should subsidise the training programmes. Where education fund is being collected from co-operatives it should be made available to the co-operatives for their own education and training programmes. The legal provision for contributing education fund as provided in many co-operative acts is desirable and should be enforced. But the fund should be managed either by the movement itself or a joint committee represent-

ing the movement and co-operative department.

### **Aid to co-operatives**

Once the government accepts the principle of promoting socio-economic and welfare activities in the state for the people, utilising and assisting the co-operatives which are basically people's organisation, should also be accepted as normal activity. Objectives of any state extending help to co-operatives can be:

- (i) to encourage people's participation in co-operative institutions for their socio-economic development and thus sharing the efforts of the state;
- (ii) to execute/pursue some specific objectives on behalf of the state which are not contradictory to the objectives of the co-operative.

Similarly a co-operative can expect/accept aid from government:

- (i) to build its resources to enable it to fulfil its own objectives;
- (ii) to implement specific objectives/projects entrusted by the government which are in conformity with its own objectives;

Further the aid could be in the form of:

- (i) Subsidy/grant;
- (ii) Finance on concessional terms;
- (iii) Investment as shareholder;
- (iv) Reservation/preference in economic activities;
- (v) Tax concessions

The ILO Recommendation 127 has classified aid to co-operatives under financial aid and administrative aid and states as under.

#### *Financial Aid*

Where necessary, financial aid from outside should be given

to co-operatives when they initiate their activities or encounter financial obstacles to growth or transformation.

(a) Such aid should not entail any obligations contrary to the independence or interests of co-operatives, and should be designed to encourage rather than replace the initiative and effort of the members of co-operatives.

(b) Such aid should take the form of loans or credit guarantees.

(c) Grants and reductions in or exemptions from taxes may also be provided, in particular, to help finance:—

- (a) publicity, promotional and educational campaigns;
- (b) certain clearly defined tasks in the public interest.

Where such aid cannot be provided by the co-operative movement, it should preferably be given by the State or other public bodies, although it may, if necessary, come from private institutions. Such aid should be co-ordinated so as to avoid overlapping and dispersal of resources.

Grants and tax exemptions or reductions should be subject to conditions prescribed by national laws or regulations and relating in particular to the use to be made of the aid and the amount thereof; the conditions of loans and credit guarantees may be determined in each case.

(a) The competent authority should ensure that the use of financial aid and, in the case of a loan, its repayment, are adequately supervised.

(b) Financial aid from public or semi-public sources should be channelled through national co-operative bank or, failing that, another central cooperative institution capable of assuming responsibility for its use and, where appropriate, repayment; pending the establishment of such institutions the aid may be given directly to individual co-operatives.

Subject to the provisions of Paragraph 31.1 sub-paragraph (a), of this Recommendation, financial aid from private institutions may be given directly to individual co-operatives”.

#### *Administrative Aid*

While it is essential that the management and administration of a co-operative be, from the outset, the responsibility of the

members and persons elected by them, the competent authority should, in appropriate cases and normally for an initial period only:—

- (a) assist the co-operative in obtaining and remunerating competent staff;
- (b) place at the disposal of the co-operative persons competent to give guidance and advice.

Generally, co-operatives should be able to obtain guidance and advice, which respect their autonomy and the responsibilities of their members, their organs and their staff, on matters relating to management and administration, as well as on technical matters.

Such guidance and advice should preferably be given by a federation of co-operatives or by the competent authority.

There is nothing wrong in state giving aid and support to the co-operatives and the co-operatives accepting it or even asking for it. But the issue is on what terms or conditions the aid is being made available. If the aid helps the co-operative in achieving its objectives, serving it, members and the society at large, there should be no objection in accepting it. However, if the aid results in any hindrance in its autonomy, its character and democratic functioning then it should be thought twice before it is accepted. Further no aid or assistance should be thrust directly or indirectly on co-operatives but it should be a mutually agreed affair. Some co-operators are of the view that once state aid is accepted and particularly certain monopolies in business, the co-operative is bound to lose its freedom. But it depends on the state, if a government wants it can always find ways and means to intervene even without extending any aid or financial assistance though financial assistance can be an additional ground for intervention.

### **Supervision and Responsibility for Implementation**

In most Asian countries the responsibility for supervision continues with the co-operative department. This is done first under the co-operative legislation and secondly under terms of financial assistance. There is a very fine dividing line between



supervision and interference. At times even normal supervision if initiated with motives or under political or administrative pressure can be construed as interference. Thus the supervisory agency has not only to be fair but has also to appear as fair. The supervision should not be on pick and choose basis but based on accepted norms and procedure. One way would be to ensure it through their federal body for lower level co-operatives.

The ILO Recommendation 127 in this regard says :

- (i) 'Co-operatives should be subject to a form of supervision designed to ensure that they carry on their activities in conformity with the objects for which they were established and in accordance with the law.
- (ii) Supervision should preferably be the responsibility of a federation of co-operatives or of the competent authority.
- (iii) Auditing of the accounts of co-operatives affiliated to a federation of cooperatives should be the responsibility of that federation; pending the establishment of such a federation or where a federation is unable to provide this service, the competent authority or a qualified independent body should assume the task.

The measures referred to in Paragraphs i, ii and iii of this Recommendation should be so planned and carried out as to:

- (a) ensure good management and administration of co-operatives;
- (b) protect third parties;
- (c) provide an opportunity of completing the education and training of the office bearers and members of the staff of co-operatives though practice and through critical examination of mistakes.

The functions of promoting co-operatives, providing for education concerning co-operatives and for the training of office-bearers and members of the staff of co-operatives, and giving aid in their organisation and functioning, should preferably be performed by one central body so as to ensure coherent action.

- (i) The performance of these functions should preferably be the responsibility of a federation of co-operatives pending the establishment of such a body the competent authority or, where appropriate, other qualified bodies, should assume the task.
- (ii) The functions referred to in Paragraph i & ii of this Recommendation should, wherever possible, be discharged as full time work.
- (iii) They should be performed by persons who have received training specifically directed towards the exercise of such functions; such training, should be provided by specialised institutions or, wherever suitable, through specialised courses in schools and colleges referred to in this Recommendation.

The competent authority should collect and publish at least once a year a report and statistics relating to the operations and growth of co-operatives in the national economy.

Where the services of federations of co-operatives or of other existing institutions cannot adequately meet the need for research, exchanges of experience and publications, special institutions, serving the entire country or several regions, should, if possible, be established.”

Secondly once the state accepts certain responsibility it should also ensure that it is enforced. For example under most co-operative laws timely audit is the responsibility of the Department. In that case the department should ensure to have the audit in time. Lack of resources or staff should not be the reason for delay. Either they should fulfil the responsibility or should not accept it. Similarly the department has to ensure that annual general meeting must be held before a particular date. The department must ensure it in all cases and should not take action only when some political pressure is exerted.

The government should take responsibility only of such powers for which they have necessary resources and can enforce them.

## **Conclusion**

In countries where governments are actively involved and

concerned with socio-economic activities, co-operatives cannot function in isolation. They do need support and encouragement of the government in their functioning. On the other hand if the welfare activities of the state have to reach the down-trodden and in remote areas there can be no better institutional base than the co-operative structure. But their relationship should either be that between the principal and agent, or as equal partners with mutual agreement. Both should try to help each other in achieving their common objectives.

Government should ensure as a matter of declared policy that cooperatives function independent of Government influence according to co-operative principles and Government management in a co-operative should not continue beyond a specified period.

The objective of co-operative legislation should be to ensure the maintenance of genuine character of co-operatives and should include provisions which would enable its smooth functioning as well as define the privileges and protections available to them.

Co-operatives should be treated as a way of life and where people want to organise themselves into a co-operative they should not be refused registration if their by-laws are in accordance with the co-operative principles. Only when they seek government assistance the conditions laid down by the state could be enforced on them.

The co-operative legislation should maintain the basic character of co-operatives as internationally accepted and it should not contain any provisions which infringe upon the basic character of a co-operative.

Refusal to register a co-operative or interference in its functioning should be subject to appeal to judiciary or an independent appellate body which should be of judicial nature.

Holding timely Annual General Meeting, elections, preparation of annual accounts and audit should be made personal responsibility of MC/Chief Executive and any default should be punishable in fine or disciplinary action under the act.

Failure in performance of duties by the officials of a society including members of MC deliberately and for any malafide action, individual officials should be held responsible and the punishment may include disqualification for election, appointment as office bearer, fine or even criminal action under the nor-

mal law of the land. Delinquency of elected officials should be brought before the general body of the society if necessary by the government with the advice to replace them.

In no case government should take over management and in case it becomes unavoidable it should not continue for more than three months except with the specific approval of the general body of the society or when government money is at stake.

The State should pursue an active policy of autonomy towards government sponsored and assisted co-operatives to enable them to become truly democratic self help co-operatives.

The government assistance and help should be extended very carefully. It should be extended in such a way that it is conducive to the growth and efficient working of the co-operative and should not make it complacent and dependent on the government.

For activities which co-operatives can undertake in pursuance of government policy for assisting people, cooperative should be entrusted with such responsibilities with necessary resources instead of creating new public sector agencies. This will be more economical to the government and at the same time involve people's participation.

Government role should be of a watch dog ensuring that no one misuses the resources of co-operatives for self interest but the judgment to carry on the activities under its by laws should be left to itself. The society should have the liberty to take all decisions with regard to its own and commercially borrowed resources. Only to the extent government provides resources for carrying certain activities it may impose conditions under an agreement in lieu of providing the resources/assistance. But this should be a mutually agreed affair and not imposed on co-operatives.

To bring standardisation, an international cooperative model law should be drafted under the leadership of ICA and with the support of other agencies and governments should be persuaded to adopt it.

An international forum should be created where complaints relating to the infringement of co-operatives' autonomy could be made and investigated in which governments and ICA are also represented. Perhaps ILO could be asked to constitute such a committee as it has done with regard to trade unions.

A study should be made as to what extent ILO Recommendation 127 is being followed in the Asian countries and what changes it needs in the light of last 17 years developments.

Co-operatives which do not seek any assistance from the government should not be directed and supervised by the government except in case where they infringe the provisions of the law of the land including co-operative law.

Appointment of employees in co-operatives should not be with the approval of the government. It should be a prerogative of the co-operative. Under certain conditions government officials may be associated in the selection of top co-operative officials.

Government should take steps to introduce co-operative as a subject in the educational institutions and students should be encouraged to form school/college co-operatives in order to have a practical exposure to co-operatives.

Government should provide funds for co-operative education and training till co-operatives are financially strong to meet the cost from their own resources.

Co-operatives should be encouraged to have their own audit arrangements through their apex federation or professional auditors. Government department audit should be done only as a test audit when there are reasons to believe that commercial/own audit is not satisfactory or co-operatives cannot afford it financially.



**II-Cooperatives  
And  
The Poor**





# Cooperatives and the Poor

R.B. RAJAGURU\*

The intention of this brief paper is to look at the situation regarding Cooperatives and the Poor against the background of the general theme of this conference, which is "Enhancing Cooperative Capability", and see whether, in fact, if cooperative capability is to be enhanced, there is a need for cooperatives to have special focus on the poor, taking into consideration the fact that in many countries in the Region, over 50% of the population falls within the category generally classified as poor. What is attempted in the paper is not to present a carefully worked out thesis on the subject coupled with numerous conclusions. Instead, the paper will try to raise issues which hopefully will be the starting point for discussions with the hope that the deliberations of the Conference will help in the formulation of suitable guidelines, as would help the many movements in the Region, to carry out effective follow-up action in this sector.

The subject of Cooperatives and the Poor is one that has, over the past several decades, attracted much attention and discussion. Several studies, both at international and national levels have been undertaken and there is a large volume of published material on the subject. The International Cooperative Alliance held an Experts Consultation on the subject in 1977—the report of which has been published by the ICA under its Studies and Reports series (No. 13), and this report contains also an extensive Bibliography. Many of the issues raised in this paper would be drawn from the material available in that report.

## **The Poor :**

The concept of poor is at best a relative one. Persons earning US \$ 4000 per annum would in the United States be categorised as poor, whereas this would have little or no relevance in

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countries where the per capita incomes are around US \$ 300.

“The poor are those who lack the basic needs of life, and poverty is the condition in which minimum requirements for life and living are wanting”. (Alex Laidlaw).

It is seen, the world over, and more so in the developing countries, that notwithstanding spectacular progress and double digit growth rates, the numbers who are categorised as the poor are steadily increasing. This is true both within each country and also internationally—the oft repeated North-South cleavage exists both within nations and among nations, as would be shown in the figures given below. According to the 1980 World Development Report, in Brazil the poorest 20% of the population got 2% of the total income, and the richest 20% got 67%; for Malaysia, the corresponding figures were 3% and 57%; for India 7% and 49%; for Great Britain 6% and 39%.

When you look at the global situation, quoting from the same source, the average annual income per head of 18 industrialised countries in 1950 was US \$ 3841; that of 38 countries with the lowest incomes was US \$ 164, or about one twenty-third of the industrialised countries. In 1980, the estimated average per capita in the former countries was US \$ 9684, while in the latter it was US \$ 245, or about one-fortieth of the industrialised country incomes.

The estimate of “destitute” people was 700 million in 1970’s which today World Bank estimates place at about 800 million, or about 40% of the population of the developing countries, excluding China. They are said to live in “absolute poverty”, “a condition of life so characterised by malnutrition, illiteracy and disease to be beneath any reasonable definition of human decency.”

In the context of our own particular interests it should also be added that about 85% of these termed as poor in the developing countries, live in rural areas, and that is where, in most developing countries, cooperatives claim to have had spectacular successes.

The overall picture we have then is one of increasing poverty especially in developing countries, despite the many efforts, generally through centrally planned approaches, to accelerate national development.

### **The debate vis-a-vis Cooperatives and the Poor :**

The debate centres round the relevance and the capacity of the cooperative form of organisation to be an effective institutional base for assisting the poor in their attempts at growth.

There are many who contend that cooperative ideals and structures do not provide the necessary institutional base for reaching the poor. In the monumental study done by the UN Research Institute for Social Development during the period 1969 to 1975 entitled "Rural Institutions and Planned Change" (UNRISD Geneva), they conclude that at best cooperatives serve a limited purpose, that the benefits of cooperative effort accrue mostly to the well to do, the more affluent and that "rural cooperatives in developing areas today bring little benefit to the masses of poor inhabitants".

There are others who reinforce this argument by contending that the principles of cooperation as accepted today are not realistic, in that in an unequal world, where there is so much disparity between the rich and the poor, concepts like open membership and democratic control can have little meaning and validity in actual operation. The argument goes on to add that, given the power structures in the society, the rich would always be able to conduct the affairs of a given cooperative society to their own advantage. It is further contended that, with many a government in the developing countries, recognising the cooperatives as a useful instrument to carry out development policy there is increasing influence of the bureaucrat and the politician in the affairs of the cooperative and these combined efforts tend generally to favour the more affluent classes in society with the poor left out in the cold as it were.

On the other hand there are cooperators themselves who contend that cooperatives are essentially business organisations and not charitable organisations. They are not instruments which could undertake measures aimed at social justice, or the distribution of wealth. Cooperatives are available to all provided they are able to contribute to the finances of the organisation and have the capacity to use the services provided by them. If cooperatives have not been of any assistance to the poor, it is primarily because the poor are not equipped to use the facilities or that they do not need the services of the cooperatives.

In this context they contend that any action which is to have a focus on the poor must emanate from government policies and government sources.

Between these two extreme positions there are those who contend that in fact cooperatives have done much for the poor that there are in all countries, many good examples of effective action by cooperatives which have improved the life style in many rural areas. They further contend that the primary concern of the cooperative is to assist the poor and that notwithstanding the many contentions, there are not such wide disparities of the rich and the poor in many rural situations.

The arguments, from whatever source they come from, are at best, very broad generalisations with each one of them containing a modicum of truth. It is true that, with the emergence of the welfare state, matters pertaining to the poor have become matters of increasing concerns to government. It is also true that many cooperatives are serving the interests of the local social elite. It is also true that many in the category of poor cannot use the services available through cooperatives due to the numerous constraints they suffer from. It is also true that in recent times, both at international and national levels there is increasing acceptance of the fact of neglect of the poor and special laws, regulations, action programmes have been initiated to help the poor. Reference could be made to the various programmes initiated by the ILO and FAO primarily meant for the poor. In India e.g. special agencies with a focus on the small and marginal farmer and the landless labourer have been making a tremendous effort to face the challenge of neglect and in more recent times steps have been taken to ensure that at least a minimum prescribed limit of e.g. lending would reach the weaker sections of society. Similarly there are regulations in force to ensure that the weaker sections find representation in the various committees and Boards of Management of Cooperatives. In Nepal, in more recent times, cooperatives exclusively for the small and marginal farmer have been launched. In some other countries rural based institution called Farmer's Associations were set up, ostensibly to cater to those persons who were not able to get their services through existing cooperatives. All this would tend to show that in fact, left to themselves, the poor did not get the attention in the cooperatives and hence the need for

governments to intervene on their behalf with special provisions and regulations.

It must be contended, however, that cooperatives, like any other social institution, must necessarily reflect the prevailing behaviour and attitudes of the environment. But, as cooperatives are not mere business organisations, but also are organisations with a social purpose, there arises the need for increasing the awareness of all concerned towards the social purpose and to restructure cooperative effort and approaches as will help achieve the social purpose. "There can be only one just social order, one in which there is a large measure of equality in the sharing of these basic needs and an opportunity for employment to secure them." (Laidlaw)

In a situation where over 50% of the population in many developing countries fall within the category of those below the poverty line, concerted effort to relieve such conditions become inevitable. Cooperatives, which are essentially people oriented and people based, would necessarily have a large role to play, and it is in this context that one has to give serious thought to enhancing cooperative capability.

### **The Problems of the Poor :**

The poor are the under privileged in any country. They lack opportunities to satisfy their basic needs those that are physical like water, food, housing and clothing; and those that derive from public services and social organisation, such as education, medical and health services, other social institutional support available to the well to do through various group action etc. It is said that the poor generally have to pay more for their goods and services. The poor often have to buy in small volume because of cash constraints and are likely to pay exorbitantly for poor quality and often adulterated goods. Their lack of capital prevents them from making investments which would give them returns; their lack of assets prevent their borrowing as they cannot provide collateral; they cannot generate surpluses and hence have no capacity to save; their illiteracy and isolation makes them suspicious of innovations and also prevent them from grouping for common action.

But it is contended by some that it is against precisely this

kind of background that cooperatives were started in Asia in the early 20th century and there are excellent examples of small size cooperatives, by persistent group effort, pulling the bulk of the membership out of the morass of poverty. It is also contended that once extraneous concepts for cooperative society operation, such as concepts of viability which could support professional management etc. were introduced, and large sized cooperatives were introduced often covering several villages, the ones who lost out were the poor—as they no longer had the cohesive strength which they enjoyed through their own small organisation.

Be that as it may, it is generally seen, that over the years, especially after the second World War, the cooperatives began to be recognised by many governments, as useful instruments to carry out development policy, and consequently cooperative activity tended to be guided more by government policy than by the needs, aspirations and capacities of the members themselves. The cooperatives found themselves trying to do a multiplicity of services for which they were not geared to—they got involved in target oriented approaches which left decision making generally outside the cooperative forum and further, they found themselves being called upon to do certain things like for example distribution of essential commodities, in small volume and with very small margins, and often came to disastrous ends, either by mismanagement, fraud or sheer incapacity to cope. The cooperatives, as they grew bigger in size did not have an in-built mechanism to safe-guard the poor, and necessarily they got left out from the mainstream of activity.

### **What can be done :**

Cooperatives are essentially people oriented, member owned and member controlled business enterprises with a social purpose. If the cooperatives loose sight of the social purpose, then it would hardly be able to live up to its ideals. “A good cooperative must be constantly engaged in generating social turbulence through the creation of awareness, the force of knowledge and the circulation of ideas of social justice. Otherwise it is not likely to be of much value to those who suffer from the injustices associated with poverty”.

A cooperative, to be truly effective must be one that has its own natural growth, in keeping with its own needs and capacities. It would be built up on the basis of self-help and mutual help with recourse to external help when necessary—but if external help leads either to bureaucratic or political interference, the chances are that the whole system gets warped and the consequences could be disastrous.

In the developing context of today, the poor are the primary concern of government and this fact, the responsibility of the welfare state towards the poor, could be one of the reasons why cooperatives have generally not tended to have a focus on the poor.

Is there then a possibility of close collaboration between government welfare measures and cooperative effort in finding cooperative solutions to the problem of poverty. This is one aspect which could be examined. How can we translate welfare or subsidy components of government efforts to useful self-respecting ingredients of self-help and mutual help? Can we in collaboration with government effort help the under privileged to a position where they can rely on the aspects of self-help and mutual help for their future growth?

If this be a possibility, what mechanisms would we have to set up, what education and training programmes would be necessary, to make such collaboration possible without the cooperative being converted as an extended arm of a welfare oriented government?

The usual approaches of government in a welfare situation is to take to recourse to subsidies, payment of dole etc. which, however, do not necessarily help the poor to overcome poverty. Can some proportion of such funds allocated for these purposes be made available to cooperatives to initiate programmes which will help the poor to engage themselves in meaningful productive activity?

Much will depend on the political will. At various stages, cooperatives of the disadvantaged have had special concessions from the governments, helping them to prove themselves as partners in development. Labour contract cooperatives, carpenters cooperatives, house-building cooperatives, forest workers cooperatives, and a whole host of such cooperatives of the disadvantaged have been able to perform effectively, where go-

vernments provided the necessary climate, support and encouragement for such activity. Where government policies changed with an emphasis on open competitive systems, such cooperatives have had to close down, with the membership rejoining the ranks, sometimes of the destitute. What is significant, in such circumstances is that the cooperative movements of the respective countries had neither a plan, the vision or the will to find ways and means of continuing such activities after government support ceased. It could be presumed that the cooperatives set up by governments with a special focus on the poor and the disadvantaged, did not find ready acceptance and recognition, within the cooperative movement itself—one may even venture to ask, for that matter, do we really have a Cooperative Movement as such which reflects cooperative thinking and effort, and is responsive to sectoral needs.

Can existing cooperatives, which are doing well for themselves, either by themselves, or in collaboration with other cooperatives, initiate, programmes for the poor which will help them to get to the level where they can seek cooperative solutions to their problems.

What are the structural, management and other changes that would be necessary to help the cooperatives to have a focus on the poor? What new approaches would be suitable. Is there a need for separate structures, gestation periods characterised as pre-cooperatives, or can these be done as a part of the on-going activity, but with special advantages to the poor? Group guarantees instead of collateral, special rebates, enhanced rates of interest for the poor man's savings, subsidised loans in the initial stage, subsidised inputs etc. All these have helped, over a period of time, the under privileged to come to a level of self reliance and to be an equal partner in cooperative endeavour.

There are many examples in most countries of the Region, where micro level approaches have been made and where the results have been most encouraging. The approach has necessarily to be an "interest group" one, which helps to identify the needs of that particular group and to develop strategies most suited to that group. In fact, with the increase in the size of the cooperative, it has been found that the development of "interest groups" within the society and within the framework of its political structure, has helped the members to identify them-



selves more with the society, has strengthened member relations and has helped management to be more responsive to member needs through group action.

Many a cooperative, using these approaches have helped in the development of micro level income generating projects, saving campaigns, health, nutrition and family welfare, oriented education programmes etc. all of which have helped to improve the quality of life of the under-privileged.

One of the recommendations made at the recently concluded Workshop on the Strengthening of National Cooperative Organisations, was the establishment of a Cooperative Development Fund, at the NCO level, which could be used to assist cooperative activity in areas such as assisting the poor. The fund could depend on the better off cooperatives and also on government grants etc., but would be controlled and managed under the auspices of the NCO.

What would be needed most is an on-going inquiry and debate, an exchange of experiences, and a sustained education effort to make the general membership, the management and staff, the collaborative agencies, and all concerned, on the one hand, and the under-privileged themselves, to understand the nature and intent of the effort, and to emphasise the fact of veering away from charity to participatory productive effort.

What of international effort, both by UN Agencies and others? There are e.g. on-going programmes of the ILO and the FAO with a special focus on the poor. There are various other bilateral aid agencies which have similar programmes. What possibilities exist for operating these programmes through existing cooperatives or by approaches linked to growth of cooperatives. In many situations it has been found that approaches dependent on government hierarchical structures often lead to the dissipation of the resources at various levels with the target group ultimately receiving only a very small portion of what was really intended for them. It has also been found that non-governmental organisations have a greater capacity to reach the target population quicker and at lower cost and also that they got the ability to evolve participatory activity, as opposed to donor/recipient situation as happens sometimes under other schemes. The activities arising out of ICA's own Action Oriented Research Study on Cooperatives and the Small

Farmer undertaken in collaboration with the Royal Tropical Institute in Amsterdam and the Govt. of the Netherlands, has shown clearly that new approaches are possible, even though the projects are small, and that benefits are visible in the short run with active people's involvement and decision making. It has clearly proved that as opposed to the "Trickle down theory" of development, the development from the bottom upwards has greater benefits to the under privileged, even though the achievements are not spectacular in global terms but significant in local terms. If for example, a micro project can help some women to increase their family income by Rs. 100 a month, then that would be a spectacular increase for the family, ensuring may be school books to the children, more protein in the diet, may be even a visit or two to the cinema.

The approaches which have so far proved successful are the integrated approaches, on carefully selected target groups working on carefully identified micro programmes.

The pace of development would necessarily be slow and the need increases for the training of suitably oriented field workers who are a sine qua non on any kind of approach at this level. It is to the extent that the Field Worker can motivate the target group to regular discussion, decision making and joint action and the development of their own leadership, that a sustained effort can be made in this sector.

The question then is, can the cooperatives gear themselves to the level of being active participants in such programmes, and can they set up the necessary mechanisms, e.g. education programmes, training of field workers, setting up of Revolving Funds, developing marketing capabilities etc. and become active partners in an effort to assist the poor?

Can international and other aid giving agencies be persuaded to collaborate with cooperatives in the implementation of their programmes.

Can they agree to set up the necessary mechanisms, to monitor and evaluate activity and help to build up confidence so that more and more programmes could be taken up in this fashion?

In this Conference we are concerned with "Enhancing Cooperative Capability" and this paper is intended to focus attention on an area of need where cooperative capability must neces-

sarily be enhanced. The area of focus is a growing area, the very magnitude of which may baffle imagination, but it is the very magnitude of the challenge that should spur us to find meaningful strategies as would help to combat the waste of human lives attendant on increasing poverty. The paper will maintain, that given the necessary support and the will, cooperatives can, as they have already demonstrated in many situations, be an effective instrument in motivating and assisting the under privileged to work towards their own advancement—but this they can do only if the approaches are not time bound and target oriented in output terms and they are allowed to grow at their own pace, without undue bureaucratic and political interference. The basic approach would be on the basis of helping those under privileged to come to the level where they can fall back on self-help and mutual help. The basic concept would be, you cannot give anybody a cooperative, the people must develop it themselves, may be with assistance from outside, but basically as an organisation that is member oriented, member owned and member controlled, and responsive to member needs.

# Swedish Co-operative Centre— Co-operative Assistance and the Poor

ALF CARLSSON\*

## I. Background

Swedish Co-operative Centre, SCC, came officially into existence in 1968. But co-operative assistance from Sweden to co-operative movements in Asia started in 1959. The necessary voluntary fund raising among co-operative members and employees began already in 1958. This was as a follow up of the ICA Congress in Stockholm in 1957 when the situation of the co-operators outside Europe and North America was in the focus of the International Co-operative Alliance.

Since 1959 Swedish co-operators have tried to assist co-operative movements in many countries. The natural way to do this was to collaborate with the ICA. The ICA Regional Office in New Delhi and Moshi (Tanzania) are still receiving support from SCC.

There were and are two obvious reasons for this. Our knowledge in Sweden about the situation and conditions in what we call developing countries, was limited. Through ICA we got access to many co-operative movements in Asia. The second reason for choosing the ICA as a partner in our technical assistance was the necessity to know the needs of the co-operative movements and to organize their influence on the type of aid that would be of maximum benefit to them.

Obviously there are also other reasons for our close liaison with the ICA, but these were the main ones. Now, has it worked as we expected and hoped for? The answer is, like often in the complex reality of life, both yes and no. Two assessments have been made. The second was made by a team consisting of experienced co-operators including Dr. S. K. Saxena, the former Di-

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rector of the ICA. The team's assessment should be studied carefully and discussed by all people who are concerned about the ICA and its efficiency, particularly in this part of the world.

I will not comment on the findings in this context but express my hope that the many recommendations on work and direction of the ICA regional activities will be of use and will inject a new interest and concern for the ICA and its programmes and make these programmes and activities even more useful to the members of the ICA.

## **II. Co-operatives and the Poor**

How the ICA can improve its operations to be of a more direct support to its members, is a question that the Regional Council and the individual members of the ICA in the region no doubt will and must address to themselves. This is also a relevant question when it relates to the weakest sections of the society, the poor. What role could and should the co-operatives play to help the poorest sections of the communities? Which are the consequences to the members of the ICA and to the ICA itself? Do co-operatives, and should they, care about the poor? Should they care about anything else than the interest of their present and possible future members? From SCC we firmly believe they should.

First, the concept of poverty has an absolute and a relative connotation. This is well known by all. We read and hear about 800 millions of absolute poor, i.e. living below a minimal standard level of existence. A tragedy almost impossible to conceive!

Poverty, apart from being an individual disaster and tragedy, has serious implications for the society as a whole. The belief that development and economic growth will be able to solve the problem of poverty, has proven to be false. Experience now also shows that results of economic growth will not spread or trickle down to the poorest. Nor are Governments always prepared to correct concentrations of wealth and poverty. Finally, measures and investments which would be beneficial also to the poor, but which require a "prolonged" poverty, are not especially rewarding to these groups.

SCC asked Dr. Saxena to write a paper for SCC with re-

commendations for the practical work of SCC on “Co-operatives and the Poor”. After having interviewed some experienced co-operators and studied reports and other documents from different organisations, he presented a series of arguments in favour of a co-operative effort to reach the poor. They are:

*a. The Credibility Argument*

It would severely restrict the credibility of the co-operative movement as providing an effective solution to social problems if its doors were open only to those with some degrees of privileged status in society. As such, there is the responsibility of the movement in assisting the poor and in extending the benefits of co-operative membership to them. The ICA Commission on Cooperative Principles states that membership “shall be available . . . without artificial restrictions. . . or discrimination. . . to all who can make use of its services”.

*b. The Viability Argument*

Co-operatives in the developing countries need to be economically viable. As such they must enlarge their membership by enlisting the poor. They will earn the goodwill of the poor and by increasing its membership, the movement will sharpen its competitive edge to withstand competition from other quarters.

*c. The Ideology Argument*

Co-operative movement is not, and cannot be, static; its continued existence will require it to respond to changing external conditions. Co-operatives have a social as well as an economic purpose and the former must include a responsibility for the poor. Co-operative ideology emphasizes self-help and mutual help. Those who are more experienced in the ways of co-operation have, historically, helped those with less experience.

*d. The Development Argument*

Co-operatives are an important institution for development.

They identify group needs at the field level thus assisting in planning from below and ensure popular participation. The poor, therefore, need co-operatives as this will provide them with the power which comes from a group as well as a "means of liberation against ignorance, exploitation and poverty".

*e. The Community Argument*

Finally, implicit in several responses is the accountability which several respondents seem to assume of co-operatives to the community and the fact that if co-operatives were to ignore the "poor" who in many countries are in the majority, they will only tend to deepen the distortions prevailing in the existing environment. They will thus create for themselves a bad image and if they persist in this, they will increasingly move away from the centre of social and economic activity into obscurity. Surely the co-operative movement cannot assume this stance. Promotion of social harmony, solidarity and lessening of inequities must remain the essential concerns of the co-operative movement.

Looking at the options for SCC, Dr. Saxena quotes from the World Bank Report in 1982 which points at major areas in which effective policy and action can help to reduce poverty. They are (1) Human Resources, (2) Small-Farmers Programmes, (3) Agrarian Reforms and (4) Public Works.

### III. Policy and Approach of SCC

For obvious reasons SCC could not pursue all these options. As a preliminary framework of action Dr. Saxena suggests the following main elements:

1. Collaboration with like-minded organizations;
2. Influencing ICA's policy and educational programme;
3. Placing more emphasis on establishing field projects;
4. Probing deeper into some concepts which, potentially, will benefit the poor.

The practical implication as regards items 1 and 2 would firstly be a greater flow and collection of information from

these organizations is necessary in the SCC; it has the contacts and the additional resources required will be minimal.

Secondly, when it comes to the ICA itself, Dr. Saxena suggests that SCC should play an important role in influencing positively ICA's attitude towards co-operatives in the service of the poor. "So far its approach has been timid; it does not exercise the power in proportion to the support it gives the ICA."

For SCC, like for any donor agency, it is of a growing concern to what extent and how the assistance is received and relevant to the needs.

Here the Swedish co-operators, members and employees who contribute to the work of SCC must feel confident that what they support is really useful to co-operative development in distant countries and that this in turn will help those who most need it. A question which today much concerns the Swedish assistance financed either by the tax payers or e.g. by co-operative members—what is being achieved? People increasingly ask themselves if the assistance has helped to reduce poverty. At a first glance, it has of course not. The poverty has on the contrary increased, and with this many other social evils have followed. Perhaps it had been still worse without the technical and financial support. But this is not, to most people, a relevant point.

In Sweden the public opinion today is well informed about the misery of the poor in a developing country. The solidarity is still there, the wish to help is probably not reduced. But the doubts have increased if the aid is helping the people and is reaching the people who most need it. This question is also addressed to SCC in connection with our co-operative assistance. This makes it important to SCC to be very attentive to our collaboration with the ICA and the consequences to the poor of the work of the ICA.

A practical proposal by Dr. Saxena is the recommendation that:

ICA's three Regional Councils should regularly review the subject "Co-operatives and the Poor" in their meeting; this will enable the Council to reflect on a continuing basis on the ICA RO's work in these fields.



Dr. Saxena further recommends to SCC to re-cast the education programmes and suggests that:

RO's education programmes must give special consideration and priority to the problems of the poor; when appropriate, SCC support could be made conditional on the fact that representatives of organizations of poor participate in educational activities of special relevance to them; ROs may be asked to establish criteria for defining the poor. Priority topics in education programmes should be: industrial co-operatives and other employment-generating co-operatives, credit and financial management, labour and construction co-operatives, forestry co-operatives, thrift and credit co-operatives, better living societies and credit unions, supervised credit, service co-operatives.

CEMAS' responsibility should extend to producing literature on the poor; the LET programme may usefully include the poor as an audience.

Aspects of international co-operative trade need more attention in seminars, conferences, etc.

Another recommendation to SCC is to establish field projects which should be formulated with the poor in mind. This SCC is trying in a small scale to explore so that co-operatives in a future could be of a greater benefit to this group of a society. In this context Dr. Saxena finds it necessary for SCC to investigate

certain concepts before SCC can convincingly argue with different co-operative movements that the latter have an important role to play in assisting the poor. Such research can be undertaken by ICA's/ROs or, on selective issues, by the SCC itself.

The report from Dr. Saxena on Co-operatives and the Poor is helping SCC to work out a strategy how to approach the problem of the poor in our co-operative technical assistance.

The objectives of SCC are to support in the development of

democratic, economically viable self-reliant co-operatives, which will contribute to the economic and social uplift of their members. It is our ambition and hope that these co-operatives will be helpful especially for small and marginal farmers who through the co-operatives would be involved in the market economy and given some chance to participate to form their own future.

It is therefore very important to SCC to see to it that these groups as much as possible are included in the co-operative programmes which are being supported directly or indirectly by SCC.

The largest part of the population in developing countries, and the poorest part of the population, live in rural areas. Therefore, the main concentration of SCC activities concentrates on rural development through co-operatives. The weaker sections of the rural population especially including women and youth must be reached by our programme.

The competitive ability of a co-operative organisation is a crucial issue SCC is aiming at an increase of the efficiency of the co-operative organisations. And co-operatives cannot be loaded with social tasks to help the poor without decreasing the competitive ability. The effort must therefore be to find ways and means to involve the poor in the co-operative work.

It is vital to SCC to participate in searching for new types of co-operatives which without losing the genuine co-operative character embraces also people in a community who cannot contribute with else than their labour force. The word experiment is perhaps not altogether appropriate considering what is at stake for individuals concerning and participating. But beside the regular programmes of SCC, including the collaboration with the ICA, resources are allocated to explore how co-operatives can be beneficial to the poor. On the basis of our experience, SCC will step by step formulate policy regarding co-operative assistance with the ambition to reach also the poor with our assistance to and through co-operatives. In some cases we do already today. When co-operatives which SCC is supporting are growing and the number of small farmer members increase, then we believe our assistance is of tangible use also to the poor and marginal farmers. When we through co-operative education reach illiterate and underemployed rural population, then we are satisfied that our programmes also include the weaker sections of rural society.

We wish to see in all our programmes this bias in favour of lower income groups and poor, both men and women and youth that live in miserable circumstances. We will therefore encourage the ICA and its regional offices to support its member movements in such a way, that they both grow and gain competitive strength and at the same time pay attention to and involve disadvantaged groups in their activity. SCC is aware of the difficulties and limits of what a co-operative organisation would achieve in the short run. And the co-operative movements cannot solve all problems. But co-operatives provide people with an instrument of their own to help solving some of their economic problems. And the ambitions of SCC must be to build in into our programmes an orientation towards the poor.

This approach is also very much supported by SIDA which finances a major part of our programmes including the assistance of the ICA and its regional offices.



## **III—Integrated Rural Development**



# **Integrated Rural Development— An Afro-Asian Setting**

R.P.S. MALIK\*

Socio-Economic development of rural areas in the under-developed and developing economies of Africa and Asia, where more than 70 per cent of the people live in rural areas and more than half of them living below the poverty line, has assumed crucial significance in the framework of integrated growth and social justice. It is now increasingly realised that to stimulate overall development, improvement in the living standards of rural masses is of prime importance. The theory of trickle down effects of economic growth—you take care of economic growth and it will take care of the poor—has failed to convince many. Rural development is now being increasingly recognised as the only means of spreading the widest possible dispersal of benefits of growth. The importance of creating direct opportunities for the rural poor to earn enough to sustain a decent level of living is now being emphasised. Growth is now being judged in the context of reduction of poverty and inequality and increased social justice.

Although many governments in the Afro-Asian region have launched rural development programmes, yet these have failed to make noticeable impact on the rural economy of most of these countries. An attempt is being made in the present paper to study the possible fallacies in the existing approaches to rural development and to explore, on the basis of available knowledge, institutional and procedural reforms that could be made in the planning and implementation of rural development programmes with a view to increase their effectiveness in realising the objectives of development.

It will be appreciated that it is not possible to do full justice to the many aspects of rural development in a small paper like

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this. We have therefore opted to briefly discuss some of the relatively more important features only, Section I of the paper reviews the aims and objectives of rural development while the strategies that have been used to achieve these objectives are discussed in Section II. Section III suggests some important considerations that must be taken into account while planning for rural development projects while Section IV deals with their implementation aspects. Section V delineates some of the important constraints being faced by different countries in their efforts towards adoption of better techniques of planning and implementation of rural development, while in the last Section some issues have been raised which require to be considered by this Conference.

### **I. Aims and Objectives**

Rural Development has meant different things to different people and governments. Wide spatial and temporal variations have been observed in the aims and objectives desired to be achieved through rural development. Even at a given point of time in a given country the emphasis on different objectives of rural development has varied depending primarily on the needs of the time, the priority and the perspective in which rural development is seen by the governments.

A review of the aims and objectives of rural development reveals that the common interdependent objectives of raising the standards of living and quality of rural life have been sought to be achieved, in one form or the other, through the process of rural development. The attainment of these objectives, however, calls for transformation of rural life in all its economic, social, cultural, institutional, environmental and human aspects. These transformations have been sought to be achieved by devising appropriate policies and strategies. However, the extent to which these policies and strategies succeed in achieving the desired transformation is a function of techniques used for their planning and the mechanisms used for their implementation.

### **II. Strategies of Rural Development**

While development of rural areas has been the prime con-



cern of all the Governments of the developing countries, the particular economic policies that have been pursued by different governments to achieve the aims and objectives of rural development over different periods of time have been influenced by political ideologies, values, goals etc., attached to rural development by the leaders of these governments. The policies and strategies have varied from structural changes such as land reforms to strategies for expansion of production and employment, strengthening of economic base for rural poor, resource use efficiency through adequate incentives and prices etc. Nevertheless, there have been many parallels in problems of rural societies, approaches to resolve them and experiences of implementing them. An apparent general tendency has however been to profit from past experience and continuously evolve more efficient strategies to attain the desired objectives as expeditiously as possible.

Experimentation with rural development over the last three or four decades has enabled the planners and practitioners of rural development to document valuable experiences of a large number of rural development programmes and strategies planned and implemented under diverse socio-economic-geographic-cultural-political conditions. Even then a general impression has been sought to be created that the available knowledge required for proper development of rural areas is still rudimentary. The fact that, even after having spent massive amounts of scarce funds, time and energy in various programmes of rural development, not much success has been achieved in improving the general condition of rural poor, lends credence to such impressions.

In the paragraphs that follow, we give a brief account of some of the important approaches to rural development that have been followed in one form or the other by most of the governments of the developing world. We do recognise that neither such a presentation can take into account all the programmes that have been pursued at various times by various governments nor such a system of presentation is indicative of the sequencing in which these approaches and policies have been pursued. Quite often a mix of approaches have been used at the same time, depending on the requirements, priorities, and stage of development as also on political, social and economic circum-

tances prevailing at the given time.

It may also be worthwhile to mention that the observations made on the success/failure of or lacunae in various approaches mentioned in the following paras are in the nature of broad observations and should not be construed to apply to all countries. As already mentioned the effectiveness of different approaches in a country is likely to be relevant to the circumstances prevailing in that country only. Any general conclusion for wider application may be treated as tentative and likely to be modified on the basis of a more close scrutiny of the underlying conditions prevailing in a particular country.

Initial attempts to improve the lot of rural poor in most of the developing countries started with the Community Development approach. This approach to rural development lays emphasis on changes in local, institutional and rural self-help organisations and stresses the need for total development through an involvement of the people themselves in the development process. This approach to development however failed to elicit the desired participation of people in the planning and implementation of various programmes due to lack of a participative administrative structure which could respond to bottom-up initiatives. The programmes and targets were formed centrally with little regard to the willingness or capability of the people to respond. Moreover this approach was land based and thus bypassed a large section of rural people who did not possess this asset. Greater emphasis was placed on increasing social services rather than increasing the incomes of the people. The programmes relied heavily on doles and subsidies. Although the approach was based on the principle of self-help, its operation in societies, where large scale structural changes had not been effected, did not enable the rural poor to take advantage. Most of the benefits were generally taken away by those who were even otherwise relatively better off and had access to institutions. These criticisms apart this approach helped in recognising rural development as a multifaceted and multidimensional affair as also in realising the need for coordinated action. This approach also helped in psychologically preparing the communities to accept change. The most important contribution of this approach was that it helped in creating an infrastructure for development.

To take into account the differences in conditions prevailing between different areas/regions, models of development based on area approach have been evolved, keeping in view the special characteristics of the particular areas, with the aim of making fuller utilisation of local resources and better re-distributive justice under the given constraints. An example of such area development model is Drought Prone Area Programme in India, which was introduced in areas prone to frequent droughts and was designed to reduce the severity of impact, to restore ecological balances and also to increase income of the people through development of irrigation, soil conservation etc. The programme, however, has only helped in creating infrastructure of development as it lacked beneficiary oriented approach.

Another set of rural development models, that have been introduced in some countries, are based on sectoral/commodity approach to development. These models have attempted to promote development by making concerted efforts in a particular sector/commodity of the rural economy and emphasise proper utilisation of technological, social and institution factors of production. Such an approach has generally been accompanied by governmental promotional policies such as offering of subsidies, guarantee of minimum procurement prices, adequate and cheap credit etc. The need for adoption of such an approach has generally been guided by government's eagerness to either overcome serious shortages prevailing in a particular sector/commodity or to achieve the goals of self-sufficiency.

The various programmes of rural development have generally been criticised on the plea that the major portion of benefits of development are taken away by better off people. To ensure that benefits of development reach directly to the poor, who need not wait till the time the benefits percolate from the top, the target group approach to rural development has been adopted in some countries. The approach aims at directly assisting the downtrodden and socially deprived rural people to enable them rise above the poverty line and make them economically viable. Provision of subsidies on inputs and financial assistance for purchase of such assets which could help increase the productivity of land labour and capital have been used as the principal means for disbursement of facilities to such target groups.

The adoption of sectoral and/or target group approaches to rural development however failed to make an effective contribution to the desired objectives of rural development since these approaches did not take a comprehensive view of development. Adoption of these approaches increased inter and intra-sectoral and regional disparities. These economic disparities in turn accentuated the social disparities and created problems of imbalances which are so difficult to be corrected in developing economies. These approaches ignored development of infrastructure, in consequence the income potentials of the schemes could not be harnessed fully. These approaches also lacked appreciation of the inter-sectoral backward and forward linkages.

To ensure that rural people are not deprived of the minimum basic requirements of survival, a minimum basic needs programme has been started in some countries with the aim of providing social services and infrastructure. Provision of minimum amounts of food for vulnerable groups, education, drinking water, shelter, health care etc., at public cost have been sought to be made for rural poor under this programme. While the primary argument for provision of such services is simply humanitarian, the secondary idea in starting of such a programme has been to increase the capacity of the poor to enable them to become more productive instead of investing directly in output and income increasing activities. The programme has thus been characterised as investment in human resource development and the costs involved have been viewed in terms of economic gains that are likely to accrue not only to individuals who are directly benefited under this programme but to the society at large. It has however been observed that provision of such social services did not have the desired impact partly because the related programmes were not given high priority and partly because decisions regarding individual activities were taken without simultaneous efforts to bring about integration among them.

To overcome some of the inadequacies observed in various approaches to development more and more countries are now emphasising an integrative approach by selectively integrating the various functional, spatial and sequential aspects of development. The integrated rural development is multi-disciplinary, multifunctional and multisectoral strategy aimed at

multifaceted development of rural economy. This approach to rural development places emphasis on the development of local resources by bringing about necessary institutional, structural and attitudinal changes and by creating an infrastructure for economic and social upliftment. The approach aims at improving the quality of life of the rural poor by an active involvement of people themselves in the development efforts and by a judicious use of science and technology for optimal utilisation of resources. These objectives are sought to be achieved by formulation of integrated projects which combine directly productive activities with social and physical infrastructure.

In a rural situation the following are likely to be main elements of Integrated Rural Development : (i) Agriculture (ii) Cottage and small industry including agro-industry (iii) Health and family welfare (iv) Education, Social education and cultural activities and (v) Social welfare. The integrative approach takes into account these diverse aspects of rural life, not in isolation but by taking into account all mutual interactions and linkages with a view to enrich the quality of rural life.

Although this integrative approach is essentially similar to the earlier community development approach to rural development yet there are some marked differences between the two. The weaker and disadvantaged sections which received minimum attention under the community development approach became the focus of attention under this new approach. The integrative approach is based on local level planning as against central planning in the earlier approach. Social and cultural aspects, in addition to economic aspects, are also given due attention. It has been realised that though the problem is in the main economic, but it has significant social and cultural ramifications.

The integrative approach is at various stages of implementation in different countries and sufficient time has not elapsed since such an approach was introduced. It is, therefore, probably too early to make any definitive observations of its possible impact on the life of the rural people. From whatever little evidence is available, it has been observed that the approach has not so far been able to make the desired impact. While there appears to be nothing wrong with the conceptualisation of the approach as such, the probable reason for ineffectiveness or partial effectiveness is the lack of effective organisation structure and pro-

cedures resulting in programmes which are ill-conceived and half-heartedly implemented.

### **An Overview of the Development Strategies :**

Having briefly reviewed the development strategies followed and the probable reasons for their ineffectiveness or partial effectiveness in achieving the desired goals of rural development, it will be observed that an important reason for failure of most of the development strategies has been the lack of proper organisational set-up for formulating schemes, plans, strategies and implementing them. The multiplicity of programmes being operated at the same time and the multiplicity of development agencies implementing them with little or no coordination result in overlapping and concentration of efforts in some areas while neglecting others. Generally no planning authority is established at local levels capable of formulating a simple integrated rural development plan with professional competence, evoking people's participation and with emphasis on reduction in poverty.

A brief review of the possible shortcomings in the existing strategies of rural development gives an impression that there is scope for making more efficient use of these strategies, which could be harnessed by devising efficient planning and implementing mechanisms for these strategies. In the next two Sections we attempt to discuss the planning and implementation aspects of rural development strategies.

### **III. Planning for Integrated Rural Development**

Planning and formulation of policies and strategies, which directly or indirectly promote or help promote rural development, is the key instrument through which a government can translate its aims and objectives of rural development into real plans of action. Formulation of plans, which can make an effective dent in amelioration of rural poverty, calls for devising efficient planning mechanism which, besides other considerations, should inter-alia include (i) a decision on the unit of planning, (ii) an assessment of the needs and aspiration of the people keeping in view their socio-economic conditions, (iii) an assessment

of the resource constraints and potentials, and (iv) the forward and backward linkages that such a strategy is likely to generate.

Programmes of rural development planned and executed at the national level fail to take due cognisance of wide spatial differences that are observed between and within different regions. These inter and intra regional variations call for a judicious selection of unit of planning to make the planning mechanism more efficient. Depending on the nature and extent of variability, manpower and resource availability, and the objectives sought to be achieved through the implementation of such a programme, the unit of planning can be as large as a state (county), a district, a block (a smaller administrative unit) or even a village. If the programme is to focus only on certain defined target groups the unit can be as small as a family or a household. It is our contention that smaller the unit of planning, *ceteris-paribus*, the more effective the planning is likely to be in terms of achievements of its objectives. This is amply proved from the experiments conducted in a number of countries.

Formulation of plans, which are consistent with the felt needs and aspirations of the people, calls for collection and analysis of data on a host of social, cultural and economic indicators as well as understanding of the process of rural change. Further, planning for rural poor entails close coordination and a continuous dialogue between the organisations working for the upliftment of poor and the people themselves. Such a dialogue with the beneficiaries themselves also give them a feeling of involvement and thereby ensures greater success of the programme.

The present system of planning in most of the countries, however, is based on the traditional "top-down" approach wherein the programmes are conceived and formulated on some political and theoretical considerations by government officials, generally sitting miles away from the rural areas and without a feel and appreciation of the problems confronting the rural poor. The programmes so formulated are then passed on to lower level of bureaucracy for execution. Experiences with this planning approach indicate that such programmes have generally resulted in cornering away of most of the benefits meant for the poor by the better off thus resulting in increased disparities and further deprivation of the rural poor. This procedure has thus done more harm than good.

An ideal system of planning should be based on the felt needs of the people and should ensure adequate representation of beneficiaries themselves in the planning process. Such an approach to planning calls for combination of traditional "top down" with the "bottom up" procedures of planning so that interests of the rural poor are adequately taken care of by the planners.

The third important aspect of planning for the rural poor is that the plan should be based on prospects and potential of local resources. This concept of local level planning emphasises the importance of integrating all economic activities in consonance with the local resources so that large scale dependence on outside resources could be minimised to the extent possible. The advantages of local level planning are particularly great when there is a complex multi-sectoral mix of activities which need to be properly integrated and scheduled. Since such a procedure of planning has more flexibility and is amenable to modifications in accordance with the changing needs of time, the chances of its adoption by the people and its survival in the long run are much more as compared to programmes based on mass scale pumping of resources from outside. While such a procedure of planning requires expertise and voluminous amount of work relating to collection and analysis of relevant data, nevertheless, the long-term social gains expected to be realised will be sufficient to offset the costs that are likely to be incurred in this procedure of planning.

The last important aspect of planning for rural development requires full cognisance of the forward and backward linkages, which the implementation of such a programme is likely to generate. The programme should be such that it could foster the links with other sectors of national development. Such a programme should help generate additional employment, help promote growth of industry in both rural as well as urban areas, and help bring in the increased benefits of development in other sectors of the economy to the rural sector. Efforts should thus be made to formulate plans which could help promote inter-sectoral linkages to the advantage of rural sector while at the same time help optimally utilise the scarce development resources in the most efficient manner.

To ensure that there is a close coordination within a fairly disaggregated structure of planning, and to ensure that the plann-



ing at different levels is consistent with the overall national objectives set forth by the planners and the government, the approach of "multilevel planning" is being increasingly advocated. Such an approach to planning emphasises the need to attach due importance to linkages that exist between different levels of planning and also calls for due recognition of interactions existing within and between different sectors of the economy. The effectiveness of this system of planning is, however, crucially dependent on the level of disaggregation feasible. The extent of disaggregation in turn is dependent on the availability of administrative capabilities and trained manpower for the purpose.

#### **IV : Implementation of Rural Development Projects**

There is a growing consensus that the near failure of a number of even well-planned rural development programmes in making any significant impact on the objectives of rural development, even in those of the Afro-Asian nations which have fairly developed economic, technological, and extension capabilities, has been the result of poor performance by agencies responsible for their implementation. Whether the reasons for this ineffectiveness have been the faulty administrative procedures or lack of political will, the disappointment thus caused have led the governments to intensify their search for efficient delivery systems for rural development programmes.

The agencies responsible for implementation of rural development programmes can broadly be classified into the following three classes:

1. Government Institutions
2. Non-Government Institutions
3. People's Institutions.

The gigantic task of rural development calls for sustained efforts by all the three forms of institutions delineated above. However, the way these agencies coordinate and supplement the efforts of each other will to a great extent determine the successfulness of the programmes of rural development. In order that these institutions work in harmony to successfully achieve the end results, broad delineation of their roles and ways of establishing

meaningful inter-relationships must be devised. In the paragraphs that follow, we first make an attempt to broadly classify the individual roles of the three agents of rural development and subsequently attempt to identify and establish the areas of inter-relationships.

**(i) Government Institutions :**

An impression has generally been sought to be created that rural development is government's business. While there is no denying the fact that the government has the principal moral and political responsibility to uplift the rural poor, it cannot and should not solely on its own handle the multifaceted jobs involved in the process. The experiences of several Afro-Asian countries indicate the tendencies of the Governments to ambitiously take up such responsibility solely on their own shoulders and consequently face the failures. However, before making any such attempt to delineate the role of government, it is important to study the style of functioning of government machinery, lacunae therein, and the possible reforms that need to be made in its functioning.

The failure of the development administration has mainly been the result of faulty administrative set-up and age-old obstructive rules. The nature of rural development being multi-dimensional, some part of it concerns several ministries/departments of the government amongst whom there is virtually no coordination. Such lack of coordination results in delays and overlapping of activities of different departments. The outmoded rules and hierarchical systems are such which do not encourage participation of officials in creative activities and in their coming into contact with people at the grass-roots. Coupled with these problems is the frequent transfer of key government officials and appointment of officials from general administrative cadres who neither have the capability nor the attitude to work for rural development. The officials are required to meet only the set targets and no weight is attached to their commitment and personal involvement in the work.

Before reverting to our discussion on the delineation of areas of direct government intervention in the implementation process of rural development programmes, it is considered desirable to

emphasise that the government should desist from direct involvement in the implementation of rural development projects, though the government has to continue to play the major role and share the major burden of rural development. The Government should formulate objectives and goals for economic and social development of rural areas and set, within the context of these objectives and goals, specific quantitative targets for achieving them. The Government can effectively devise and implement such policies and strategies which directly or indirectly promote or help promote these objectives of rural development. Such policies as land reforms, technological policies, credit policies, tax policies etc., can have far-reaching implications on the objectives of rural development. Rational pricing policies for farm inputs and outputs, provision of subsidies, and ensuring of favourable terms of trade for goods produced in the rural sector are also effective policy instruments under direct control of the government. The adoption of such policies are expected to increase the rate of mobilisation and efficiency of use of both public and private resources for rural development. The Government should by adoption of specific policies remove disincentives and, where necessary, provide incentives for the improvement of technology consistent with environmental considerations. Implementation of such policies however, requires a complete understanding of the complex inter-relationships between the different sectors of the economy besides a strong political will and commitment on the part of the government.

In addition to these areas which require intervention via policy mechanism, the government can directly intervene in the process of rural development by providing infrastructural facilities, trained manpower and above all a well coordinated extension network that is so crucial for transfer of technology from laboratory to the field.

Summing up, the government should lay more emphasis on and provide assistance in promoting rural development by devising appropriate policies which assist in such promotion rather than directly itself implementing the strategies of rural development. The Government's role as overall coordinator and watch dog to ensure that its policies achieve the desired end results is however, supreme.

**(ii) Non-Government Institutions :**

The non-government organisations helping in the process of rural development include such institutions as research and education institutes, professional institutes, voluntary organisations etc. Most of such institutions are generally either financed and promoted by government, industry or by social workers. Unlike industry, very few professional consultancy organisations are engaged in the field of rural development.

In contrast with government's development administration, non-government organisations enjoy much more independence in their way of working and generally have flexible rules and regulations which can be modified to meet the varied requirements of the job. These organisations are better suited for the task of innovations. They serve as a valuable link between people and government and can thus help the latter in its policy formulations work. These non-government organisations with their professionally sound and technically competent staff can help in such diverse fields as preparation of local level plans, development of appropriate technologies, conducting research, imparting training and education, monitoring and impact evaluation etc. Above all, these organisations can play a very important role in organisation of beneficiaries and can also assist in leadership development. Although, theoretically these organisations enjoy autonomy in their working, it has often been observed that government interferes in their working. In order to enable these organisations work more effectively, they need to be given more autonomy.

An important constituent of non-government organisations viz., voluntary organisations deserve special mention because of increasingly important role such organisations are playing at both the innovation and delivery ends. The voluntary work in the field of rural development has generally been taken up to promote self-reliance and self-help among the target groups and has generally been taken up by groups/individuals inspired by caste, religion, communal or political considerations.

The experiments carried out by voluntary organisations are claimed to have served as forerunners of the current strategies of rural development. Because of the flexibility in rules and procedures of their working, personal touch and easy accessibility

to the client groups, capacity to initiate and experiment with new programmes etc., and above all selfless service, these organisations have an edge over any other forms of organisation working for rural upliftment.

To cope with the fast changing technology in the field of rural development, these organisations now feel the need of the services of professionals viz., engineers, geologists, agronomists etc., whose services are difficult to obtain on purely voluntary basis. These organisations need more finances and keeping in view the high social gains resulting from their services, deserve to be encouraged. The finances are, however, difficult to procure because the government, which is the main source of such finances, has not always appreciated the achievements of these organisations, on the plea that such isolated micro level experimentation does not help in making any significant impact on the condition of rural people. The criteria for evaluation of the successfulness of voluntary organisations, however, need to be changed from growth performance to their ability to make their programmes people's programmes in that even when these agencies withdraw, they leave a legacy of professionals from its clientele who continue to work for the cause of rural upliftment. Such organisations thus need to be encouraged and assisted in their path finding roles.

### **(iii) People's Institutions :**

Any strategy of rural development can realise its full potential only through the organisation, motivation and active involvement of the rural poor at the grass-root level at all stages of its planning, implementation and evaluation. Such involvement of the rural people, themselves in these institutions and systems is not only essential for their social and economic upliftment but is also an important means of realignment of political power in favour of disadvantaged sections of the rural societies. People's participation is necessary in a dynamic process, aiming to alter attitudes in favour of the desired changes in the community, and must be conceived as a pre-requisite of all social action.

Involvement of people in the process of rural development has generally been sought to be promoted through formation of (i) organisation which are partially politically oriented such

as local self-government with duly elected people's representatives at the district and village level who act as agents of modernisation and politicisation of the rural poor, and (ii) organisation which are formed mainly to perform economic functions.

An important argument in favour of recognising people's organisation as nodal agency for rural development programmes is that no outside agency can sustain economic and social activities of the villages for any length of time. If the people themselves are not involved in the process of development, the effect of development efforts put in by any outside agency will die down after it withdraws.

People's institutions also have obvious potential advantage of coping with administrative difficulties in reaching the rural poor. Since such organisations are formed for the self interests of the people themselves and provide some measure of participation, they are also likely to be more efficient than any outside agencies working for their upliftment.

The working of people's organisations has however been seldom without criticism. Allegations of corruption and cornering away of major parts of developmental benefits by a few influential persons are very common. The style of functioning of their managements has always been a subject of controversy. Elections of office bearers are not held regularly and those organisations have often been dubbed as dens of corruption.

The above shortcomings and criticisms against those organisations notwithstanding, these organisations are doing and can do more useful work for rural development. The formation of such organisations need to be encouraged. Steps should be taken to make their managements more efficient and their functioning more democratic. Representation of lower strata of the society on their managements need to be increased. These organisations also need to be vested with more administrative, financial and planning powers.

### **The Role of Cooperatives**

One of the important forms of people's organisation that deserve special mention is Cooperatives. Formation of Co-operative Societies has long been recognised as potentially effective instrument of bringing about technical, social and economic

development, particularly in the framework of objectives set for rural development. Because of their distinct advantage of rural bias and local leadership, the cooperatives are better placed in realising the objectives of rural development than any other organisation working for their development. They can act as most important instrument of change and in convincing the people to adopt the new technologies which are beneficial for them.

The cooperatives have, however, generally been looked upon as agencies for providing loans in rural areas. While there is no denying that provision of credit is one of the most important functions of the cooperatives, they have also to play other equally important roles of providing organisational and management inputs for improving the conditions of rural people. Such cooperative organisations as for marketing, processing etc., are equally essential for accelerated rural development.

For effective functioning, the cooperatives should be in a position to offer an almost full package of services including credit, supply of inputs, marketing services, technical guidance etc., so that the people do not have to go to different places for obtaining these services. They should also give due attention to education and training of the rural people and make them innovative. The cooperatives should be responsive to changing needs of the area of their operation and of their members.

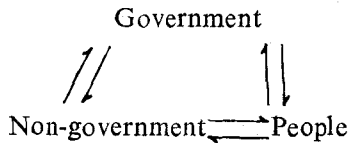
It is necessary that cooperative should be villager's own voluntary organisation, not dominated by a set of individuals or influential groups. There is a need to identify the key factors limiting the efficient functioning of the Cooperatives and make systematic efforts to remove these impediments.

Like any other forms of people's organisation, the working of cooperatives has also not been without criticism. It has often been alleged that relatively influential members of the Cooperatives take away a disproportionate share of the benefits meant to be distributed through cooperatives. The interference by development administration, and often by politicians, had made most of the cooperative organisations a hot bed of corruption and politicising. To enable these organisations perform the important function as implementing agency of rural development projects, corrective steps need to be taken to improve their management and make their functioning more democratic, without direct interference by government. It is strongly believed that

given the right leadership and the right incentives, cooperatives can take firm roots in our countries and show outstanding results. The cooperatives need to be recognised as nucleus of development and also need to acquire a new dynamism for meeting the challenges. There is a strong need to take the cooperatives to new heights by deeper involvement of the common people.

### **Inter-relationships between Government, Non-government and People's Organisations :**

After having reviewed the salient features of the three agents of rural development, it will be observed that it is difficult to make watertight compartmentalisation of the roles of these three agencies. In fact, as depicted in the following exhibit, complex inter-dependencies exist amongst the three agents, sometimes resulting in various kinds of conflicts. It is, therefore, considered desirable to establish meaningful interrelationships amongst these partners in rural development so that duplication of effort and unhealthy competition could be avoided.



#### *Inter-relationship between partners of development*

Any attempt in establishing such inter-relationships should obviously start from the people themselves who are the ultimate beneficiaries of such development programmes. As argued above, the people's organisations should be the primary agency at the field level for implementation of rural development programmes. The government should help promote formation of such people's organisations to strengthen their participation in decision-making, implementation and evaluation of various rural development programmes. The promotion of such organisations should, however, be without direct interference in their functioning. The Government's role has to be limited to promotion and regulation of the functioning of these organisations. It should be ensured that interests of all sections of rural community are protected and benefits are eventually spread over all the intended



beneficiaries.

The functioning of people's organisations requires active support from both the governmental as well as non-governmental institutions. The government should ensure adequate and timely availability of the requirements of these organisations and provide all other supportive services conducive to their effective functioning. All developmental benefits meant for the rural poor must be routed through such organisations. The extent of effectiveness of such organisations will, however, depend on the government policies, bureaucracy and political institutions and their mutual interactions.

The technical institutions should make available the latest scientific knowledge, having a bearing on the process of rural development, to these organisations of people. The government has to provide the necessary funds and other infrastructure facilities to encourage formation and promotion of such institutions, without directly interfering in their functioning, which should conduct research that has a direct bearing on the problems confronting the rural areas. The government also has the responsibility of coordinating and integrating economic and technological research with related socio-economic research on an interdisciplinary basis.

Like promotion of people's organisations, the government has a key role to play in promoting and encouraging the voluntary organisations, which are serving the cause of rural development. As more and more people are offering voluntary services for the cause of rural upliftment, the government should, by creating conducive atmosphere, encourage their participation. Government should also provide finances to such organisations to enable them to experiment with new ideas and contribute their might to this important task of nation building.

Efficient planning and implementation of rural development programmes would ensure wider dispersal of benefits of growth among the rural people and increase their welfare. This in turn will ensure higher growth and possibly greater political stability.

#### (v) Constraints and Possible Remedies :

Having discussed the planning and implementation aspects

of rural development programmes, let us now attempt to identify the factors constraining the developing nations in more efficiently handling the problems facing the rural people. Most of the nations in the Afro-Asian region are poor and face similar constraints, though the form and intensity of these constraints may differ among different countries.

One of the major stumbling blocks facing almost all the developing nations is the vast amount of finances required for carrying out the rural development programmes. As discussed in the previous section, a major part of finances has to come from government resources who find it extremely difficult to allocate, in requisite amount, the funds required for the purpose. In a growing economy, a government has to ensure proper allocation of scarce funds between different sectors of economy to ensure its balanced growth and therefore, cannot divert all its resources towards rural development. Offering of income-tax exemptions to individuals and industrial houses on that part of income spent for rural development purpose can be effectively used to mobilise finances from internal sources, while borrowings/seeking financial aids from relatively more developed nations and international organisations can also supplement internal resource mobilisation. The government should not hesitate, on false prestige issues, to receive financial assistance from external sources, provided such an assistance is without any adverse pre-condition attached to it, and the government is in a position to utilise these finances effectively for improving the conditions of rural masses.

Non-availability of trained manpower in desired numbers is another important factor constraining more efficient operation of rural development programmes. The task of handling rural development work requires special expertise and dedication which is rarely observed in a majority of the people presently manning such work in most of the developing countries. Further, the nature and type of manpower required varies from persons engaged in research in laboratories to those directly responsible for their implementation at the field level. It is the duty of the government to ensure the availability of such trained manpower. While it is true that all the countries in the Afro-Asian region do not individually have the necessary expertise to impart training in various fields, the region as a whole, does have the

capability to handle any such requirement. Based on the principle of collective self-reliance the various Afro-Asian governments can utilise the available expertise in the region to get their nationals trained in various aspects.

Lack of political will and half-hearted support of the governments is another major constraining factor encountered by a majority of the developing countries in their task of rural development. Unless there is a strong political commitment the task cannot be handled effectively. As mentioned elsewhere in this paper, effective implementation of rural development programmes requires organisation of rural poor. However, the governments have been rather too slow in promoting such organisations since they see in them a threat to their own political stability. The organisation of rural poor should however be seen in the right perspective. Such organisations are not formed with the aim of coming into conflict with the rulers but to demand their legitimate share in developmental benefits and to see and ensure protection from being oppressed and exploited by influential rural rich.

Given the financial and manpower resources and the political will, the lack of receptivity on the part of beneficiaries themselves, is another major constraint in the implementation of rural development programmes. Most of the rural poor are illiterate and it is not easy to convince them of the utility of new techniques and to convince them to shed their myths. While efforts have been made by some countries to educate the rural masses, the efforts so far have been both inadequate and sometimes irrelevant. The type of education imparted is totally divorced from the needs of the rural poor. Emphasis need to be laid on non-formal rather than formal education. The education should be such which has a direct bearing on the day to day working of the rural people. Education on such aspects as the utilisation of banking and credit facilities, the benefits available from government etc., need to be imparted.

Technological and institutional infrastructure is a must for developing improved techniques of production as also in solving the existing problems confronting the rural people, and particularly the poor. Setting up and maintenance of an institutional network for the purpose is both expensive and beyond the reach of most of the developing countries. Greater cooperation

between various countries in the Afro-Asian region is again called for to utilise the existing facilities in the region to the best advantage of rural poor.

In addition to those listed above, a number of other constraining factors such as lack of proper communication facilities, medical facilities, infrastructure, supporting services etc., are affecting to varying extent the rural development efforts in the Afro-Asian countries. Efforts need to be made to overcome these constraints as early as possible so that the way is cleared for a more efficient handling of the job of rural development.

**(vii) Issues for Discussion :**

After having briefly studied the planning and implementation procedures of rural development programmes and identifying the possible constraints facing the nations in more efficient handling of the work relating to rural development, we attempt to isolate some of the important issues which require to be considered by this Conference. The issues are:

1. How to organise and motivate rural people and make them conscious of the benefits intended for them? How to promote people's organisations such as cooperatives and local self-governments? How to build strong pressure groups amongst the rural poor to enable them to wrest their fair share of developmental resources?
2. How to ensure greater coordination between different agencies involved in rural development?
3. How far social rigidity amongst different classes is a constraint for rural development? What measures are needed to increase the receptivity and participation of the rural poor in rural development programmes?
4. What are the areas of most needed inter-country cooperation in the field of rural development? What measures can be suggested for promoting such cooperation? What are the sources of finance for backing up programmes of technical and economic cooperation?

# **Integrated Rural Development in Japan**

## **Case Study on Mikkabi-Cho Agricultural Cooperative Society**

SUSUMU NAKAGAWA\*

### **1. Outline of Mikkabi-Cho Area**

#### **(i) Natural Conditions:**

Operational area of the Mikkabi-Cho Agricultural Cooperative Society is located in the western corner of Shizuoka Prefecture facing the Pacific Ocean. The town is surrounded by mountains on all sides but one. The southern border of the area is facing the Lake Hamana with a small peninsula separating the Lake Inohana from the Lake Hamana. The area forms a basin spreading into the south direction.

Its weather condition is characterized by warm climate and much rainfall. Annual average temperature and precipitation are respectively 16 degree, C. and some 2,000 mm. During the winter season they have a seasonal dry wind blowing from the north-western direction.

Operational area of the society covers about 70 square kilometers. Length (east to west) of the area is 10 kilometers and the breadth (north to south) 9 kilometers, 43% of the area is occupied by mountains and hills, while arable lands are only 29% or some 2,000 hectares.

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Five small rivers run through the area. Some waters of these rivers are utilized for agricultural production, while a part of farm lands is irrigated with underground water.

**(ii) Socio-economic Conditions :**

The construction of a highway linking between Tokyo and Nagoya, which had been completed in February, 1967, had a great influence on people's life and industries in the area. Especially, the high way connected Mikkabi-Cho with big consuming cities of Tokyo within 4 hours (distance: 290 kilometers), Nagoya within 1.5 hours (90 kilometers) and Kyoto-Osaka within 3.5 hours (250 kilometers). The marketing route of major products such as Mikan (Japanese mandarin orange) and vegetables has been shortened and enlarged.

Population of Mikkabi-Cho is 16,144 as of October, 1980, which declined by 13% from 18,263 persons in 1955. However, the decrease of the population in Mikkabi-Cho was caused because of a tendency of rural people's flow-out into cities. This phenomenon was observed commonly throughout the country in 1960s. In recent years, the population in the area has tended to show a slight increase.

—primary industry	: 3,561 (39%)
—secondary industry	: 2,537 (28%)
—tertiary industry	: 3,023 (33%)
	<hr/>
Total	: 9,145 (100%)
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In comparison with a national average, working population in the primary industry constitutes a very high ratio in this area.

Within an hour's car-ride distance or 30 kilometers from the town, there are industrial cities such as Hamamatsu and Toyohashi. In these cities, musical instruments, automobiles, and textile goods are mainly manufactured. 2,137 persons residing in the area commute mostly by car to the work in these two cities and other industrial areas:

**(iii) Agricultural Conditions in the Areas**

The total area of arable lands in the area is 2,092 hectares

according to the Agricultural Census in February 1980. The area is divided into paddy fields, 319 hectares, upland (vegetable) fields, 18 hectares, and fruits orchards, 1,755 hectares. The fruits orchards occupy as much as 84% of the total arable lands. During the decades of 1950s and 1960s, the area for paddy fields were maintained at the level of 550 ha. in the town; however, it has been reduced year by year. The area for vegetable fields also decreased considerably from 400 ha. in 1950 to 240 ha. in 1960, to 88 ha. in 1965, to 45 ha. in 1970, and to 30 ha. in 1975. On the other hand, the area for fruits orchards greatly increased year after year. Most of these new orchards were those having been converted from fields and vegetable lands and some of the mountainous areas were also converted into fruit orchards. The area for fruits orchards had counted only 418 ha. in 1950, which increased year by year up to 757 ha. in 1960, 1,497 ha. in 1970, and 1,710 ha. in 1975 respectively. Four fold increase has been made over.

The total number of farm households was 1,962 in 1980, which decreased by 21% from 2,476 households in 1950. These farm households are classified as follows

—Full-time farm households	340 (17%)
—Part-time farm households Category I. (depending mainly on agricultural income)	528 (27%)
—Part-time farm households Category II. (depending mainly on non-agricultural income).	1,094 (56%)

The composition ratio of full-time farm households in the area is relatively high in comparison with a corresponding figures of the national average, which was 13%, in 1980.

The average of holding farm land is only 1.07 ha. per farm household, out of which 0.89 ha. is fruits orchards. But there are 307 farm households who hold more than 2.0 ha. of farm lands.

In Mikkabi-Cho area, agricultural production has been carried on centered on Mikan production (Japanese mandarin orange). The livestock industry has recently increased its weight in the total production of farm products. In 1979, value of the gross agricultural production in the area totalled 8.473 million yen, in which production of Mikan held the biggest share of

3.884 million yen (45.8%) followed by beef cattle of 2.209 million yen (26.1%), pigs (14.1%), broilers (9.1%), and rice.

As much as 32,000 tons of Mikan orange is annually marketed from this area to various areas across the country. Out of these about 36% of Mikan produced in the area is shipped to Tokyo area, 46% to Nagoya, 14% to the local prefecture, and 4% to other areas. Mikan producers in the area sell their products through the Society mostly to Nagoya till the month of, and from the month of the following year they are to shift their main marketing outlet from Nagoya to Tokyo area in order to get a better price of the products. Competition with other Mikan producing area is quite keen in the country.

In an effort to have market people appreciate and acknowledge "Mikkabi Mikan" brand highly, Mikkabi-Cho Agricultural Cooperative has made all-out efforts for marketing Mikan in bulk, and it now boasts of shipping 80% of Mikkabi produced in the area through the cooperative marketing channel. Mikkabi-Cho Agricultural Cooperative, a multi-purpose society, organized their member Mikan producers into Maru-M-Citrus Fruit Shipment Association a voluntary organization of members, as core members' body for promotion of cooperative activities (\*Maru: a circle). Through this association, the society has been providing specialized guidances to Mikan producers ranging from production to marketing.

A nationwide overproduction of Mikan caused a sudden fall of its market price in 1972, affecting adversely Mikan production in the area since then. In view of overproduction trend, a shift from relying on Mikan production solely to introducing other commodities to avert the risk was encouraged. As a result, efforts were made to promote livestock production as well as to increase production of orchid, melon, tomato, strawberry and other crops in green houses in addition to Mikan production. Furthermore, conversion from Unshu Mikan, an ordinary variety, into alternative varieties was promoted at any orchards in the area in order to meet the demand and supply situation of citrus fruits in the country. Namely, much acreage of Unshu Mikan orchards were converted into those of early ripening citrus varieties and late ripening varieties were also shifted into those with more values. Added, Conversion of Mikan orchards was done through "top-grafting" with Mikan



trees as "stock", or replanting of citrus trees.

## 2. Outline of Mikkabi-Cho Agricultural Cooperative Society

### (i) Brief History

Former Mikkabi town and Higashi-Hamana village were merged into today's Mikkabi town (Cho) in 1955.

Cooperative activities at grass-root level in the western district of Shizuoka Prefecture have a very old history compared with other areas in the country, and their origin can be traced back to the 19th century. In Japan agricultural cooperatives were re-organized under the new Agricultural Cooperative Society Law right after the second world war. In 1948, agricultural cooperatives were established in former Mikkabi-Cho and Higashi-Hamana village. And these two societies were amalgamated into the present Mikkabi-Cho Agricultural Cooperative in 1961, six years after the merger of the town and village.

Former Mikkabi-Cho Agricultural Cooperative had suffered its collapse and closing in May 1951 before amalgamation with the Higashi-Hamana society took place. The society incurred a financial loss of 12 million yen at that time, which accounted for almost 50% of members' savings deposited in the society. These savings of 24 million yen had a share of 70% in the fund for the cooperative working capital. The main reasons attributable to the collapse were:

- (1) Insufficient management abilities of the president and other leaders,
- (2) Lack of effective communication with members which weakened members' trust in their cooperative,
- (3) Neglect of employee training, and
- (4) Low commercial morality on account of heavy inflation.

(Note) One of the dealers, to whom Mikkabi Mikan were shipped, told a lie saying that all the Mikan had found spoiled and that he would not pay. Such cases increased debts of the society.

Under such conditions, former Mikkabi Agricultural Co-

operative had undergone a very hard time for about 550 days before it was finally rehabilitated in December 1952. Some member farmers did the best to restore the society, but others regarded the collapse of the cooperative as an inevitable consequence of the circumstances. These two groups of members with differed opinions had often heated discussions but finally agreed to take strong measures to reorganize their agricultural cooperative as written below.

- (1) Members were to forego the interest on their savings in the society for the period during which it was closed.
- (2) Special membership fee was to be paid from all the members to collect the fund of 3.5 million yen in five years (700,000 yen per year).
- (3) All the officials of the society (president, directors, and auditors) were to take the joint responsibilities and meet a part of the financial losses incurred from their own contribution of 3.8 million yen.
- (4) A part of fixed asset of the society with a value of 2.0 million yen was sold.
- (5) All the members were to reconfirm to fully use the cooperatives channel in various business activities of the society.
- (6) Members were not to draw out their savings from the society until their average saving per member household increased up to 5,000 yen. In this context, an average amount of savings deposited in the society was accounted at each village in its operational area.

Of course, it was not easy to get consents of members on these measures to be taken for the cooperative rehabilitation. All the persons concerned took a long time in convincing discussions to reach the final agreement. However, such close communications among members, officials, and employees of the society laid a strong foundation for the rehabilitation and a rapid development of the society which took place in following years.

During the period of cooperative rehabilitation, the most active role was played by the Cooperative Youth Organization which was organized by young farmers in the area. Its mem-

bers were full of creative power and energy with action. For instance, they attempted to mix fertilizers by themselves at the cooperative facilities, thereby competing with private fertilizer merchants.

The society held a hamlet meeting of members at grass-root level frequently to promote better communication between members and the society. Mobile movie shows were also held at each village for members and their families mainly in collaboration with the Cooperative Youth Organization. Furthermore, from the viewpoint of promoting a better communication within the community, it was considered important to organize aged women and turn their attentions from inside of the house to the outside by giving an opportunity for recreations and the like, since there had been many conflicts between housewives and their mother-in-laws. An elder women's club turned to be an aged people's club after receiving applications of old men members under the leadership of the society.

The society made various efforts to implement the cooperative management for members in a fully-informed manner. A cooperative bulletin was often distributed to members' families and the business report of the society was improved for getting better understanding of members. Office work were also rationalized through introducing a computer system.

These accumulated efforts for the cooperative rehabilitation made it possible for the former Mikkabi-Cho Agricultural Cooperative to complete its reorganization. And even after the society got amalgamated with the Higashi-Hamana Agricultural Cooperative in April, 1961, it has been progressing as one of the model societies in Japan.

#### **(ii) Organization, Business Activities and Management :**

As of April 1, 1982, the Mikkabi-Cho Agricultural Cooperative Society had 2,537 member households in total, out of which regular member households, farm households counted 1,870 (74%). Since the amalgamation in 1961, the total number of members has remained almost unchanged.

The Society adopts the "general representative meeting" method in place of general meeting, which decides the basic policies such as the business plan, budget, business report, and

closing accounts of the Society. According to the Agricultural Cooperative Society Law, the general representative meeting system should be adopted at an agricultural cooperative with the membership of more than 500. At the Mikkabi-Cho Society, the general representative meeting is to be held by 396 representatives who are elected from among regular members 17 directors are responsible for operations of daily cooperative business activities, out of whom two are full-time directors including the president of the Society. In addition to these directors, the Society has five officials of auditors who are also elected from among members the same as directors.

The number of employees of the society is 180, including the general manager, out of whom female workers count 60. 55 to 60 part-time workers are always working engaged in various works at different facilities such as a cooperative super market. In accordance with expansions of cooperative activities, the number of employees has increased four times as many as that at the time of the amalgamation. Various committees and group activities of members will be explained in detail later.

In the fiscal year 1981, from April 1981 to March 1982, the total value of agricultural products marketed by the society was 10.6 billion yen, in which citrus fruits and livestock products share 52% and 44.5% respectively. An average marketing amount per regular member household counted 5.66 million yen, ranking first in the country. The supply turnover of the society amounted to 7,400 million yen in the same year. In this amount, production materials such as feeds, fertilizers and agricultural chemicals occupied 57.5%, while consumer goods, some of which are supplied through the cooperative super market, and automobiles and fuels shared 24.5% and 17% respectively. An average supply amount per member was 2.93 million yen, which was five times as much as the national average of 0.6 million yen in the year.

On the basis of active operations of marketing and supply businesses, the society has carried on a substantial operation of credit business. Members' savings deposited at the society amounted to 14,700 million yen as of March 31, 1982, 69.3% of which were fixed-term ones. They occupied 68.7% of the fund for the cooperative working capital. An average amount of saving

per member, 5,81 million yen, was more than the marketing amount of farm product of 5.66 million yen, which was 1.57 times as much as the national average in the year.

On the other hand, the amount of loans which had been extended to members was 4,300 million yen as of March 31, 1982. An average amount of loans to a member was 1.69 million yen, 1.24 times as much as the national average of 1.36 million yen. And the total value of long-term insurance policy holdings amounted to 103,500 million yen as of March 31, 1982. An average value of policy holdings per member household was 46.97 million yen.

Growth of the cooperative business activities has been made possible by strong unity of members. The society has devoted itself to developing the regional agriculture on the basis of its long-term plans.

As of March 31, 1982, Mikkabi-Cho agricultural cooperative society had the share capital of 300 million yen and revolving capital of 240 million yen. An average holding of the cooperative capital per member amounted to 215,000 yen, which increased by 18 times from that of 12,000 yen at the time of the cooperative merger. Such an increase in savings of members has made an important contribution to improving cooperative facilities necessary for marketing agricultural commodities produced by member farmers. In other words, it can be considered as a foundation of strengthening the marketing business of the society. This society has a lot of facilities which are located around its head office.

In the fiscal year 1981, the society had a total profit of 2,960 million yen, in which profits of economic business (marketing and supply) and credit business occupies 51% and 37% respectively. On the other hand, the total direct expense of cooperative business activities amounted to 1,670 million yen, out of which shares of expenses of economic and credit business were 37% and 53% respectively. The total expenses of the society, including the business administration expenditure of 910 million yen and others, was 2,760 million yen which created a surplus of 200 million yen in the fiscal year 1981.

### 3. Outline of Long-term Plans of the Society

#### (i) Progress of Long-term Planning

Since the amalgamation, Mikkabi-Cho Agricultural Cooperative Society has carried out five "five-year plans", which have been a basis of the management of the society. Over the past 20 years, the society itself and environments surrounding the cooperative have undergone many changes. And these changes were correctly analyzed so as to work out and implement these five-year plans.

As mentioned before, the former Mikkabi-Cho Agricultural Cooperative had experienced collapse and closing in 1951. Since then, it took ten years to amalgamate the former society with other cooperative. From the start of the new society, it has maintained its basic policy, "the society should be managed and run in response to the demand of members". Mikkabi-Cho society, today, has made a great progress in the sphere of the organization, business activities and management. Needless to say, the progress has not been made in a day.

Five-year plans from the first to fifth are outlined as follows:

#### (a) *Motive for working out Long-term Planning*

The former Mikkabi-Cho Agricultural Cooperative had completed its rehabilitation before amalgamation. Its business turnover had been expanded and also its management had been improved. On the basis of farming activities, Mikan was considered a priority crop to be produced in Mikkabi. Ratio of full-time farmers engaged in the production in the area was nearly 50%, on the other hand, that of Higashi-Hamana Agricultural Cooperative was merely 15%. Therefore, there existed a big gap in organizing ratio between Mikkabi and Higashi-Hamana Cooperative. Just before the amalgamation, these two societies had the following differences in their management conditions:

	Former Mikkabi-Cho Agr. Coop.	Higashi- Hamana Agr. Coop.
Membership	1,507 persons	1,064 persons
Employees	36 persons	14 persons
Member's savings	375 mil. yen	81 mil. yen
Marketing turnover	176 mil. yen	59 mil. yen
Supply turnover	118 mil. yen	28 mil. yen
Insurance policy holdings	275 mil. yen	20 mil. yen
Paid-up share capital	18 mil. yen	2 mil. yen
Surplus	4 mil. yen	

When these differences were compared, some members of two societies considered the amalgamation to be unnecessary. Some members of the former Mikkabi-Cho society especially pointed out "the big differences in financial conditions and the policy of business operation", while others of the Higashi-Hamana society were afraid that "they should purchase more shares of the new society to raise the level of average share holding up to that of the former Mikkabi-Cho society".

In order to get a consensus of all the members and persons concerned of the two societies, the following matters were clarified in a concrete manner at various meetings of officials and major staff members of the societies:

- (a) How the economic basis could be expanded after the amalgamation?
- (b) How the farm guidance activities of the new society could be improved on the commodity-wise basis? and
- (c) How the cooperative services for members could be effectively improved?

Such a positive attitude toward the amalgamation was greatly reflected in the first five-year plan, which laid the foundation of following long-term plannings.

#### (b) *First and Second Five-Year Plans*

In the first (1961-1965) and second (1966-1970) five-year

plans, priority was given to the management planning of the society.

In comparison with other five-year plans (third to fifth), these two plans were characterized as “desk plans”. In other words, more efforts were made to expand and improve business activities as well as facilities concerned, because it was greatly necessary for the new society to show the effective merits of the cooperative amalgamation in a concrete way to all the members.

First of all, the wire broadcasting system of the society was expanded just after the amalgamation into the area of the former Higashi-Hamana society so that all the member households could be connected with their new Mikkabi-Cho society.

During the decade beginning since 1961, the society constructed many cooperative facilities including the Mikan (orange) grading center, agricultural machinery workshop, gas filling stations, piglet market, and head office of the society. And a big cooperative super market and facilities for cooking school were also built to improve diet habits of members and their families.

In this period, business turnovers of the society made rapid progress. For instance, the marketing turnover was increased by 4.7 times during five years of the first plan and by 2.3 times in the second five-year plan. Other business turnover were also expanded as follows:

	in the first five-year plan	in the second five-year plan
Supply business	3.7 times	3.1 times
Members' savings	3.0 times	2.4 times
Loans	4.4 times	2.2 times
Insurance	8.0 times	3.5 times

(Note) \*Wire broadcasting system is a combination of telephone and broadcasting. The telephone is used both as the receiver for broadcasting and as a telephone. Through this system, the society keeps its members informed of various kinds of informations such as society's daily news, farm works, and members' news.



In accordance with business progresses, the number of employees of the society was also increased by 2.8 times in the first plan and by 1.6 times in the second plan.

An average holding of cooperative share capital per member household was 9,000 yen in 1961, beginning year of the first five-year plan, which increased up to 29,000 yen by the end of the first plan and to 97,000 yen by the end of the second plan. The society enjoyed the greatest growth in its fixed assets, the value of which was increased by 16.7 times in the first plan and by 2.7 times in the second plan.

These two five-year plans were worked out by the society on the basis of past experiences and achievements of the cooperative activities. And they were implemented more successfully than expected and almost all their items exceeded their respective targets. Rapid economic growth of Japan in 1960s was said to have contributed to such a development of the society.

The success of these long-term plans really consolidates the basis of businesses, management, and financial conditions of the society. Furthermore, business data processing of the society was also rationalized through introducing a computer system. However, it was considered that the following three points should need to be improved in working out the third five-year plan:

- (i) Long-term farming plans drawn up by member farmers should be reflected into the third plan on the basis of the surveys and analysis made on the actual conditions of farm managements of members.
- (ii) The society should make a survey on members' opinions and views for further improvement of its businesses, management, and organization of the society.
- (iii) More time should be spent for making a better long-term plan.

#### (c) *Third and Fourth Five Year Plans*

After reviewing the results of the first and second plans, the basic policy for making the following plans was improved to make "a plan with the initiative taken by members". Preparatory works were started one and half years before implementing the third plan (1971-1975).

Members were classified into four groups; (1) full-time farmers, (2) part-time farmers mainly depending upon agricultural income, (3) part-time farmers mainly depending upon non-agricultural income, and (4) non-farmer members. Present situations of each group and those five years hence were surveyed and analysed as follows:

- (1) Trend of farmers, particularly their successors.
- (2) Actual conditions of agricultural production and their marketing of farm products.
- (3) Actual state of non-agricultural incomes of members.
- (4) Contract on entrust farming due mainly to shortage of labour forces.
- (5) Transaction in sales and purchase of lands.
- (6) Fixed assets, facilities and automobiles owned by members.
- (7) Members' living conditions on the health keeping and ownership of consumer goods.
- (8) Part-time workers employed by member farmers.

With a view to making "a long-term plan with members centered in it", it was most important for the society to make members positively participate in the process of working out the long-term plan. A questionnaire for the above-mentioned investigation was explained in detail by officials and employees of the society to all the members at the meetings held at each neighborhood (127 places) instead of hamlet or small village level (33 places in the operation area of the society). Each neighbourhood group is generally consisted of 15 members households on the average. After collecting and analyzing questionnaires filled in by all the members, meetings for reporting the investigation were held again at the level of neighbourhood groups. Furthermore, information given by members answering the questionnaire were reconfirmed by officials and employees of the society who visited each member's home.

The society completed drafting of the long-term plan in this way. This plan was a very practical one because it was really based on collected long-term agricultural plans made by each member farmer. Furthermore, members' participation in implementation of the plan was fully ensured. When the society

worked out the fourth plan (1976-1980), it adopted the same method as that of the third plan (1971-1975).

When a farming plan was made by each farmer, the income target was indicated by the society as a strategic one; 3 million yen per member household in the third plan, and 5 million yen in the fourth plan. Contents of farming plan worked out by each farmer were how to realize the income target. The method of attaining the target differed according to members.

- (1) In case the income target is not likely to be achieved by agricultural income alone, a plan for attainment of the target should be drawn up by adding income from non-agricultural earnings.
- (2) Farm guidance activities and marketing can be effectively carried out by reflecting the farming pattern.

On the basis of farming plans of members, the society usually could classify members into several groups according to their farming patterns. And it improved its farm guidance activities as well as its system of joint marketing of farm products through reflecting several farming patterns of members (income targets and farming patterns are explained in detail later).

The long-term plan of the society turned to be "a long-term plan with members, as its care" in such a way as mentioned above. As the result, the difference between the plan and achievement was lessened.

By the time the third plan was put into practice, it was forecast that there would come a day when overproduction of Mikan would become controversial problem. But the third plan included measures to cope with this problem and thereby contributing to stabilized farm managements of member farmers. Full-time farmers set their income target of 3.48 million yen on an average after considering a target of 3 million yen proposed by the society in the third plan. But an average income of 3.49 million yen was achieved in 1975, which was the last year of the third five-year plan. Likewise, an income of 5.29 million yen was set in the fourth plan, but the average income in 1980 amounted to 5.50 million yen.

(d) *Fifth Five Year Plan*

The fifth five-year plan (1971-1985), which is now under way, has basically succeeded the third and fourth plans. However, it has the following three characteristics;

- (1) The fifth plan was divided into two parts. The first part was a regional agricultural promotion plan based on farming plans of members. The second part dealt with management plan of the society. In this way, the society intended to make "a long-term plan with members playing key role" more efficiently.
- (2) A care was taken in such a way that estimated prices and costs of citrus and livestock production, priority products to be produced in the area, by variety and type respectively were shown to producers, thus facilitating them to estimate income and expenditure.
- (3) Full-time farmers and part-time farmers who wanted to be full-time farmers were provided with a new service, which was to guide them on their five-year planning as well as to regularly visit their home once a year to review the result of the previous year's plan with them and assist them in making the next year's plan. In such a way, the society is making more efforts to keep close communications with member farmers for the purpose of increasing their agricultural income through these consultancy services.

Collected information on farming plans, which were worked out by members at grass-root level, have been directly reflected on the management plan of the society. Members' marketing plans of their farm products form basis for the marketing business plan of the society. Estimated volume of production materials to be required by members is also reflected on the cooperative supply business plan. At the same time, these informations give basic data for credit and insurance businesses of the society.

In the fifth five-year plan, an income target was set at 6.5 million yen. Members and people of the society are now endeavouring to attain the target.

## (ii) Process of Long-term Planning

The process of long-term planning of the Mikkabi-Cho society is shown here. As mentioned before, its long-term plans have been drawn up on the basis of members' farming plans since the third one. In the process of working out these long-term plans, the most important things are how to set the income target per member household and to guide members on deciding their farming pattern through selecting their major crop and combining agricultural commodities in their farm management.

### (a) *Setting of Income Target*

Before members formulate their farming plans, an income target is shown to members as a strategic target which is to be achieved by each farm household within five years. It was set at 3 million yen in the third plan, 5 million yen in the fourth plan, and 6.5 million yen in the fifth plan. The income target of 6.5 million yen per member household, expected to be attained by the society as follows;

Family expenses	4.5 million yen
Extraordinary expenses	1.0 million yen
Economic surplus	1.0 million yen
	<hr/>
Income Target	6.5 million yen

Family expenditure in 1985 was obtained based on the actual condition surveyed in Mikkabi area with anticipated inflation of 7% per year added. (The survey was made by book-keeping group) Extraordinary expenses and economic surplus were both calculated on the basis of the surveys made by Shizuoka Prefecture and Mikkabi-Cho (town) in the past. An annual increase of 7% was added to the extraordinary expenses, while the economic surplus was obtained with the highest amount in past years as reference.

An income target of part-time farm households is set at the same level as that of full-time farmers. That is, the shortage of agricultural income is to be supplemented by non-agricultural income.

An income target indicated by the society is a minimum income necessary to make a living five years hence in Mikkabi area. Each member household makes up its own five-year plan to attain this target. Therefore, income target set by individual farmers generally exceeds the target proposed by the society.

(b) *Selection of Major Crops and Farming Pattern*

Agriculture in Mikkabi area is carried on centering on Mikan production and livestock farming. Especially, farm works for producing Mikan keep farmers very busy in some months of a year. From the view point of distributing labour efficiently throughout the year, Mikan producers should carefully select another major crop. With this in mind Mikan, livestock products, and horticultural crops such as melon, tomato celery, parsley, lettuce, and orchid are selected as major commodities. These horticultural crops are generally produced in green houses in this area. Member farmers formulate their own farming patterns for realizing their income target through selecting and combining major crops from among these commodities.

The society gives an index of estimated income and expenditure of agricultural production on a unit of cultivated area by variety and number of animal head by type. It is necessary for the society to provide member farmers with informations on estimated marketing price and production cost of each commodity in five years hence. An example of Mikan production in the fifth plan (target year : 1985) is shown in the Table No. 1.

The table No. 1 indicates an estimated gross income of Mikan production in 1985 on the basis of estimated productivity per 0.1 hectare of a Mikan orchard and marketing price per kg. The gross income greatly differs according to varieties of Mikan, from 840,000 yen to 385,000 yen per 0.1 hectare, while the production cost does not differ so much as the gross income from 327,000 yen to 217,000 yen per 0.1 hectare. Namely, the production cost difference is less than that of gross income. But producers have to be careful to find a difference in the net income. a balance of production cost and gross income; maximum 513,000 yen and minimum 124,000 yen per 0.1 ha. Member farmers are to decide a selection and combination of major commodities and their varieties to be produced in five years hence

through studying those indexes shown by the society. In recent years, member farmers have tended to convert their Mikan variety from an ordinary one to E and A varieties because of more profitability by the way of 'top grafting' with ordinary Mikan trees as being 'stock'.

Farming plans of individual farmers are formulated and collected by the society to work out an agricultural promotion development plan at each district located in the operation area of the society. Information on these agricultural development promotion plans of all the districts in the area make it possible for the society to form its marketing and supply plans in the last year of the five-year plan. And they are very useful for the society to improve its farm guidance activities (technical matters and farm management) for each group of members classified by their farming pattern.

TABLE No. 1

**Varietywise Estimated Incomes and Production Costs of  
Mikan in the Target Year of the Fifth Five-year Plan  
(1985)**

Citrus Variety	A	B	C	D	E	F	G
Productivity per 0.1 hectare (ton)	40	40	35	35	30	40	40
Marketing price per 1 kg. (yen)	150	100	115	155	280	150	100
Gross income per 0.1 hectare (1,000 yen)	600	400	385	525	840	600	400
Total production cost per 0.1 hectare (1,000 yen)	218	218	261	261	327	288	217
<b>Breakdown</b>							
Taxes	7	7	7	7	7	7	7
Fertilizers	50	50	50	50	100	100	50

Agri. Chemicals	61	61	61	61	100	61	40
Small agri. equipments	8	8	8	8	8	8	8
Repair costs	9	9	9	9	9	9	9
Water, fuels, & light	14	14	14	14	14	14	14
Crop insurance premium	4	4	4	4	4	4	4
Production materials	25	25	25	25	25	25	25
Wages for part-time workers	10	10	43	43	20	20	20
Expenses for studies	4	4	4	4	4	4	4
Interests payable	2	2	2	2	2	2	2
Depreciation cost	21	21	31	31	31	31	31
Misc. costs	3	3	3	3	3	3	3
Net income per 0.1 hectare (1,000 yen)	382	182	124	264	513	312	183

**TABLE No. 2**  
**Schedule of Forming the 3rd Five-Year Plan (1971-1975)**  
**in 1969**

- Aug. The basic policy for formulating the third long-term plan was decided at the Board of Directors meetings of the society.
- Oct. Study visits were made to advanced societies in several prefectures.
- Nov. The society started a study on how to conduct questionnaires on member's farm management. The Board of Directors discussed the policy and objectives for the long-term plan.



**in 1970**

- Jan. The society finally decided the contents of the questionnaire and the layout of its form.
- Feb. The details of policy and purpose of the long-term plan as well as contents of investigations on member's farm management were explained at meetings of commodity-wise producers groups and other member's organizations. Officials and employees of the society had discussions with these representative members for better understandings.
- Mar. A number of small meetings of members' neighbourhood groups were held at 127 places to publicize the objectives of the third plan and make guidance on how to promote the questionnaires.
- Apr.-  
May Questionnaire forms filled by all the members were collected by the end of the month. Figures and information from members written in the form were totalled and summed up to be analyzed.
- Jun. Information on the situation of members' farm managements trend of increasing part-time farmers, and conditions particular to each districts in Mikkabi area were all put together. And the draft report was prepared in any easy style in the view-point of making members fully understand it.
- Jul. Small meetings of members' neighbourhood groups were again held to report the result of the above mentioned investigation as well as to invite views and demands of members to the society and its activities.

**in 1970**

- Aug. Members' opinions and demands expressed at the second members' meetings of grass-root level were put together to be classified into several groups such as commodity-wise and hamlet-wise groups.
- Sep. Each business section of the society initiated discussions on their major activities in the third plan, and the business plan in each section was drafted.

- Oct.-  
Nov. After examination of the first and the second draft plan within the society, the third draft plan was prepared by the end of November, 1970.  
In parallel to these works, the society arranged for visiting full-time farmers and leader farmers to reconfirm contents of their farming plans identified the questionnaires.
- Dec. Officials and employees of the society visited about 1,000 farmers to reconfirm each farm management plan which was made clear through the investigations.

### in 1971

- Jan. Investigation works were completed.  
Preparatory works were started to make a final business planning in each section.  
The society submitted a final draft of the major policy and business activities in the third five-year plan to the meetings of commodity-wise producers' committees.
- Feb. At the Board of Directors Meeting, the final draft of the third plan was brought up for discussions.
- Mar. After closing the account of the fiscal year 1970, the drafted third plan was published.
- Apr. At each district, members' meetings were held to discuss the draft of the third plan for the General Meetings in May, 1971.
- May The third five-year plan was resolved at the General meeting and a document of the plan was circulated to all members.

### (c) *The Process for Finalizing the Long-term Plan*

At each stage of the preparatory works, the following attentions are to be paid.

*First Stage* : Necessary steps should be taken to make members fully understand the objectives of the long-term plan as well as to implement the investigation on member's farm manage-

ment through correct and efficient manners. In this context, the followings are particularly important :

- (a) to hold members' meetings in small scale for explaining the plan.
- (b) to keep members well-informed on holding such meetings so that many members participate in the meeting,
- (c) to prepare slides, charts, and tables for these meetings so that cooperative staff can explore the draft plan easily and in an identified manners, and,
- (d) to provide filled-in questionnaire as an example to all the members.

*Second Stage* : The society analysed the results of investigations and identified the problems, which should be commonly recognized by members. In this stage, the following measures were taken by the society.

- (a) to hold small members' meetings again for the grass-root level,
- (b) to hold the explanatory meetings on the report of the investigations in each district and commodity-group,
- (c) to pick up all the views and requests brought up by members in such meetings, and
- (d) to pay attentions to the differences in members' views and demands among district groups and commodity-wise producers groups as well as between full-time and part-time farmers to group their real needs.

*Third Stage* : It is very important for the society to visit full-time farmers and other representative farmers to reconfirm contents of the questionnaires and secure them to improve their farm management. In discussions with them at their home, their opinions and suggestions to the cooperative activities should be also welcomed by the officials and employees of the society. In this context, the followings were implemented :

- (a) to visit at least 50% of the total member farmers, which should be focussed for all the full-time farmers and send

them documents on management examination to improve of their farm management, and

- (b) to examine the farm management plan by self-declaration of farmers through questionnaires. If it is over or less estimated, the visitors have to advice and amend the plan through consultations with farmers.

*Final Stage* : On the basis of amended farm management plan of individual farmers, the society should complete drafting works of the long-term plan taking the following matters into consideration:

- (a) to prepare the final draft of the five-year plan including the basic policy for cooperative business activities, which should be submitted to meetings of member leaders, leaders of commodity-wise producers committees, with a view to reflecting their opinions and suggestions to the long-term plan,
- (b) to formally decide the plan at the general meeting of the society after its final draft is approved at the Board of Directors, and
- (c) to distribute a document on the long-term plan to all the member households as a basic guideline for farming plan. The approval of the plan is the beginning and not the end of the implementation of the plan.

As for the fourth and fifth long-term plans, the procedures and schedules are basically same with that of the third plan. However, some points were improved on the basis of review of the previous plans. At the stage of formulating farming plans of member farmers, an income target was set by the society (fourth plan), while showing the indices of estimated income and expenditures, for agricultural production (fifth plan). In the fifth plan, a new service of consultation on annual farm management of full-time farmers and other main farmers was extended in the manner of door-to-door visits. This kind of cooperative service made it possible for many farmers to review their farming plan every year to ensure a successful completion of the long-term

plan. Furthermore, it will provide the society and its members with more practical and scientific data to be used for drafting the next five-year plan.

In the Mikkabi-Cho agricultural cooperative society, the long-term plan is now indispensable not only for the development of the regional agriculture, but also for the further enhancement of the agricultural cooperative movement. At the same time, planning works are now conducted annually rather than once in five years.

### **Performance of Long-term Plan**

#### **(i) Strengthening the structure of Agricultural Cooperative**

The long-term plan, which aims at developing agricultural production in its operation area, is to be performed by member farmers. However, an agricultural cooperative society should play an important role to improve various conditions, so that members can easily bring their power of cooperation into full play.

From such a viewpoint, the Mikkabi-Cho agricultural cooperative society has made possible efforts to organize member's integrated system ranging from production to marketing of farm products, to improve its facilities, and to strengthen various organizations of members.

#### **(a) *Integrated System ranging from Production to Marketing***

Under the leadership of the society, Maru-M-Citrus Fruit Shipment Association was organized, which has been providing producers of Mikan, the key commodity in the area, with integrated guidances ranging from production to marketing. This Association is a voluntary organization and independent from the society. (Note : Maru-M-means a circle and Mikkabi respectively. And the brand of Mikkabi mikan is M.)

Representatives of the Association and the society regularly hold a meeting of the "Citrus Fruits Planning Council", where they discuss matters and problems concerning production and shipment of Mikan producing member farmers. Efforts made by the Association have contributed greatly to an increase of the

shipment ratio of citrus fruits produced by members through the cooperative channel up to 80%.

Members of the Association have voluntarily agreed the following as mutual regulations which are stipulated in its byelaw:

- (i) The members of the Association are to be members of the Mikkabi-Cho Agricultural Cooperative Society who have made a contract with the society to ship all the citrus fruits produced by them to the society.
- (ii) The application for membership would be approved at the general meeting of the Association through a concurring vote of two-thirds or more of attendant members. And a new member would be guaranteed by one collateral.
- (iii) If the member of the Association violates these regulations, he/she is to be expelled from the Association or an adjusted amount is to be paid at settlement accounts of citrus fruits marketed through the society. Once the member withdraws or be expelled from the Association, he/she could not be affiliated with the Association during the following five years.
- (iv) If a shipment group, which is organized within the Association at the level of a hamlet or small village, made shipment of citrus more or less 10% against the planned volume, the shipment group can not receive a subsidy from the Association. The penalty of 20 yen is imposed upon individual producer who are member of the association, in case there are 5% of difference of plus or minus against planned shipment volume. The above mentioned regulations were made by the Maru-M-Citrus Fruits Shipment Association voluntarily to strengthen joint marketing system and unity of the association.

In addition to the Maru-M-Citrus Fruits Shipment Association, members of the society have organized the following producers' groups on commodity-wise basis:

- Livestock Farmers' Organization
- Pig Raising Farmers' Organization

- Beef Cattle Raising Farmers' Organization
- Poultry Farmers' Organization
- Broiler Raising Farmers' Organization
- Dairy Farmers' Organization
- Vegetable Producers' Organization
- Orchid Growers' Organization

Members of each producers' organization have mutually agreed to fully utilize the cooperative marketing channel when they ship their products.

Furthermore, various kinds of voluntary members' groups are promoting their activities respectively, which include the cooperatives women's association, youth organization, and many agricultural technics study groups.

The society not only provides members with daily farm guidances through these commodity-wise producers' organizations, but also supply production materials such as feeds, fertilizers, and agricultural chemicals through them respectively. The producers' organizations have been playing a leading role in practising the long-term plan of the society as the main constituents.

Farm advisers of the society are also specialized in some respective commodities. They are giving to members special guidances and suggestions from production to marketing in an integrated way through respective producers' organization. However, almost all member farmers are not engaged in single crop production, but in multi-crop farming. Therefore, the consultation room is established in the society to supplement specialized guidances extended by cooperative farm advisers and guidance members to improve their overall farm management. This consultation room is also playing the role of a communication channel with members. Furthermore, staff members allocated to the room are engaged in working out an original draft of the long-term plan of the society.

#### (b) *Better Communication with Members*

In parallel with producers' organizations, member's groups are organized at each district in the operation area of the society. Namely, members are organized at village level into a village group called "Shibu" and again into a subgroup called

“Han” at hamlet level. These “Shibu” groups and “Han” sub-groups now count 33 and 260 respectively in the cooperative area. And each “Shibu” and “Han” are respectively represented by a group leader and a sub-group leader. These leaders hold a meeting once a month at respective level.

These member’s organizations at “Shibu” and “Han” level are playing a very important role in taking their shares in such cooperative activities as member education, joint purchasing of production materials by advanced orders, and paddy collection, as well as in keeping members informed of cooperative news as a liaison man of the society. Investigations through questionnaires and the like have been carried out for all the members with assistance of these leaders.

During the period of formulating the third plan, the society made efforts to hold a social gathering with members of each neighbourhood group which consists of 16 to 18 member households. This small meeting of members with cooperative officials and employees was called “a cooperative tea party”. Since then it has been held regularly in July every year as the most important place for better communications with members.

In addition to these meetings, the cooperative youth organization and women’s association also hold various meetings at “Shibu” and “Han” level. Furthermore, many kinds of seminars and workshops are provided for members and their leaders.

The Mikkabi-Cho society holds meetings of members more than 400 times in a year. In the year 1981, the total number of members, who participated in these meetings and seminars, was 7,926 persons. It is supposed that every member joined such meetings more than three times in a year.

Wire-broadcasting programmes produced by cooperative staff members and monthly bulletin published by the society are also indispensable to keep close communication with members. These are very important means for the process of implementing a long-term plan of the society.

(c) *Establishment and Improvement of Necessary Facilities*

During the period of long-term plans from the first to fourth one, the Mikkabi-Cho society invested 2.13 billion yen into purchases of fixed assets. The area of lands newly purchased for establishing facilities totalled 62,500 square meters, which is a re-



sult of cooperative efforts to strengthen its ability of marketing agricultural commodities produced by members.

The top priority was placed on improvements of Mikan grading facilities. Especially during the 15 years of the first to third plans, as much as 800 million yen was invested into expansions of these facilities, which occupied more than 50% of the total amount of facility investments of the society.

With a view to promoting livestock farming, which is as important as Mikan in the Mikkabi area, the society initiated to operate a livestock animal market in 1964. At the beginning, the market handled only pigs. However, thereafter increased production of beef cattle in the area made this cooperative livestock market be registered as a pig and beef cattle market in 1974. Today all the pigs and beef cattles raised by member farmers are marketed through this cooperative livestock market.

The society established a cooperative beef cattle raising complex in 1973 with a view to developing beef cattle raising in the area. Five member farm households joined this project with raising 80 cattles respectively. And the society sold this complex to these five farm households in a long-term instalment system.

The original purpose of promoting livestock productions in the area was to increase agricultural incomes of member farmers. However, it played another important role of providing Mikan producers with organic manures of animal drops which are useful to maintain the fertility of Mikan orchards. In 1978, the society introduced a new project of supplying manures to Mikan producers in an effective way. That is, the society subsidized some Mikan producers who constructed a manure storage yard in their Mikan orchard. Manures supplied by livestock farmers are kept at these storage yards in Mikan orchards to be secondarily fermented until the winter season when Mikan producers supply the manure over their orchards.

Furthermore, the society improved and established lots of facilities such as warehouses, farm machinery workshop, automobile repair center, cooperative super market, production materials store, gas filling stations, wire-broadcasting facilities, and training centre. Almost all these facilities are located around the head office of the society. It can be said that the society is really a centre for agricultural development and better living activities in the area.

**(ii) Assessment on the Plan and its Achievements**

At the Mikkabi-Cho agricultural cooperative, business results have been assessed every year since the first five-year plan. The differences between the plan and its achievements were identified on each item of the business plan by business sections concerned of the society. And these differences were also analysed in detail and reflected on the business plan of the following year. The long-term plan itself was not revised during its term.

At the meetings of producers' organizations and other groups, member farmers join the discussion with cooperative staff on such assessments and analyses against the plan. These are submitted to the general representative meeting to get final approval by members. Member farmers are participating not only in the formulation and practice of the plan, but also in the assessment on its performances.

The results of farming plan of individual farmers had been assessed by members themselves, to whom the society provided necessary data on their marketing and supply turnovers. Since the fifth plan, however, the cooperative staff members visited full-time farmers and other representative farmers to jointly assess and analyse the results of their farming plan in the previous year.

Member farmers take part in the formulation of a long-term plan of their society and make possible efforts to attain the target of the plan with responsibilities for practicing the plan. At the same time, they have a stronger will to their production activities and cultivate self-confidence in the process of their active participation in the long-term plan. They firmly believe that they will be able to develop their regional agriculture through participating in the agricultural cooperative movement with perfect unity among themselves. Member's participation in the practices of the long-term plans from the first to fifth one have further strengthened their solidarity, in which they are really feeling that the society and members have been united into one body.

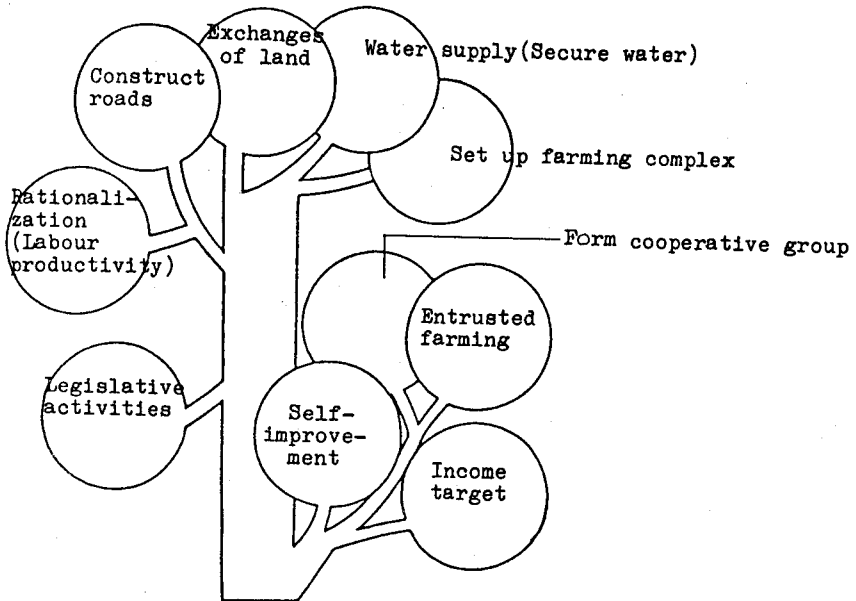
**Annexe**

**A case study on long-term planning of Mikkabi-Cho  
Agricultural Cooperative Society**

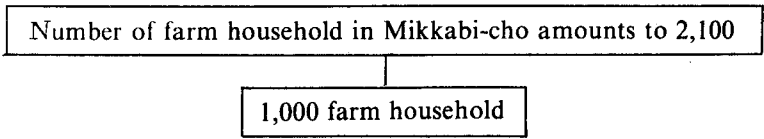
**SUSUMU NAKAGAWA**



### Types of Farm Management

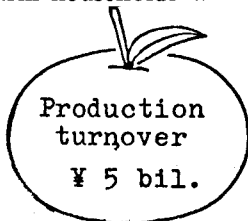


Types of farm households can be divided into three, namely, (A), (B), (C) as is explained below. (A) and (B) are category of farmer, but (C) is defined as a kitchen garden person rather than a farmer.



It is estimated that the number of farm households of (A) and (B) will be reduced to 1,000 in the future.

With implementation of actual survey of and dialogue with member farmers, future direction as to how many the number of farm households will be is decided.



Annual production turnover is at present, about Y2.5 billion yen. Annually more than 5 billion yen by the cooperative is necessary for attaining income target of (A) and (B).

Income target of 5 billion yen is broken down into the followings:

Oranges	3 billion yen
Livestock	1.5 "
Horticulture	0.5 "

Agriculture is carried on by these three main crops.

It appears to be huge amount, but it may be possible to achieve it provided certain conditions are to be fulfilled.

With land as basis of production, efforts should be made to attain income target of individual farmers together with agri. coop and members by producing more and better farm products.

When brainstorming was made on the impossible or difficult matters in promoting farming, such things as shown in the illustration of the tree have been encountered so far.

Therefore, measures ought to be taken to tide over these problems positively in a bid to attain the income target by fiscal 1975.

To begin with, we should like to consider on how income can be increased by looking over our own household economy and accordingly what steps should be taken to realize it.

(A) Whether or not continue to stick to full-time farm household?

In order to be viable full-time farmers, income target should be set at 3 million yen, as minimum 2.5 million yen. Land consolidation is prerequisite for attainment of the target.

(B) Whether or not continue to stick to part-time farm household class I?

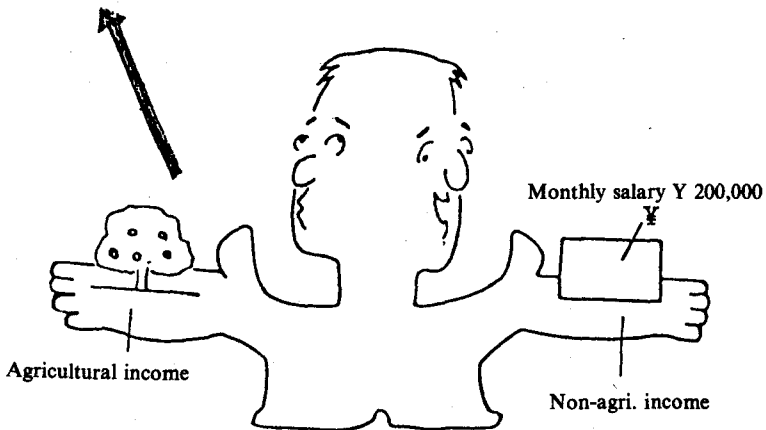
Farm households falling under this category is that although farming is main source of income, income other than that of farming ought to be sought. In this case, income target should be set at 2.5 million yen, out of which more than 50% is desired to be secured.

- (C) Whether or not continue to stick to part-time farm household class II, or adopt entrusted farming?

As income of the other industries rises, a tendency of farmers leaving farming is said to increase. Different cases of it are now forecast as follows.

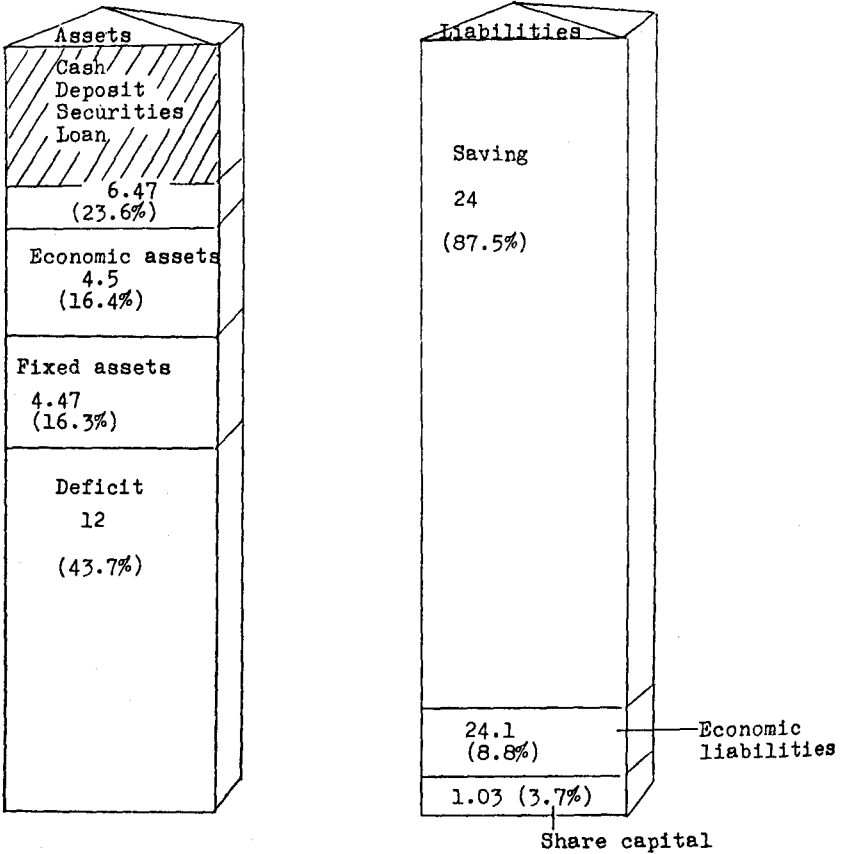
- (1) Neither sell land nor lease it
- (2) To entrust farming to other farmers with the terms and conditions of (1) intact
- (3) To entrust farming entirely and wholly to other farmers
- (4) To entrust farming partly
- (5) To have a desire of selling land (or sell a part of land)
- (6) To make use of land for non-agri. purpose

- To entrust farming to full-time farm household
- To entrust only farming work to others
- To sell land



**Balance Sheet of Mikkabi-cho primary agri.  
coop. society in 1951**

(Unit: million yen. %)



shows surplus encashment is possible



## Survey (questionnaire) on members

Q 1. Which hamlet do you belong to?

Q 2. Age of person who is to fill in the questionnaire

- (1) Less than 20 years of age
- (2) In the 20s
- (3) In the 30s
- (4) In the 40s
- (5) In the 60s

Q 3. Scale of land under farm management

- (1) No land possessed
- (2) Less than 0.3 ha
- (3) More than 0.3 ha — Less than 0.5 ha
- (4) More than 0.5 ha — Less than 1 ha
- (5) More than 1 ha — Less than 1.5 ha
- (6) More than 1.5 ha — Less than 2 ha
- (7) More than 2 ha — Less than 3 ha
- (8) More than 3 ha — Less than 4 ha
- (9) More than 4 ha

Q 4. Type of farming

- (1) Full time
- (2) Part-time I
- (3) Part-time II
- (4) Non agri. income

Q 5. Agricultural income excluding income from livestock business

- (1) No agri. income
- (2) Less than 500,000 yen
- (3) <500,000 yen, >1 mil yen
- (4) <1 mil yen, >2 mil yen
- (5) <2 mil yen, >3 mil yen
- (6) <3 mil yen, >4 mil yen
- (7) <4 mil yen, >5 mil yen
- (8) <5 mil yen, >8 mil yen
- (9) <8 mil yen, >10 mil yen
- (10) More than 10 mil yen

**Q 6. Annual income from livestock business**

- (1) Less than 2 mil yen
- (2) <2 mil yen, >5 mil yen
- (3) <5 mil yen, >10 mil yen
- (4) <10 mil yen, >20 mil yen
- (5) <20 mil yen, >30 mil yen
- (6) <30 mil yen, >40 mil yen
- (7) <40 mil yen, >50 mil yen
- (8) <50 mil yen, >100 mil yen
- (9) More than 100 mil yen

**Q 7. Non-agri. income in the previous year**

- (1) Less than 500,000 yen
- (2) <500,000 yen, >1 mil yen
- (3) <1 mil yen, >2 mil yen
- (4) <2 mil yen, >3 mil yen
- (5) <3 mil yen, >4 mil yen
- (6) <4 mil yen, >5 mil yen
- (7) <5 mil yen, >10 mil yen
- (8) More than 10 mil yen

**Q 8. Do you think that farm guidance provided by agri. coop is useful?**

- (1) Very useful
- (2) Useful
- (3) So-so
- (4) Need to be strengthened
- (5) Never used it
- (6) Do not know

**Q 9. Your opinions about farm guidance provided by agri. coop**

- (1) Need to be improved even if member's contribution may increase
- (2) Status quo should be maintained
- (3) Reorganize the activity by reducing personnel
- (4) Not necessary
- (5) Do not know

**Q 10. Intention of your children on succession of farming**

- (1) Are already succeeding it
- (2) Will succeed it upon graduation of school
- (3) Will succeed it when parents become too old to do farming
- (4) Have an intention to become part-time farmer
- (5) No intention to succeed it
- (6) Others (Not old enough to decide it yet)

**Q 11. Your opinions about exchange and consolidation of land**

- (1) Will accept it if demanded
- (2) Not acceptable unless taxation system is revised
- (3) Will not comply with it because of deep attachment to land and trees
- (4) Not acceptable in view of variety and ages of trees
- (5) Consignment farming is to be promoted first

**Q 12. Your opinions about contract farming or consignment farming**

- (1) Desire to entrust farming to others now
- (2) Will entrust farming to others in future
- (3) No intention of entrusting farming
- (4) Hope to contract farming
- (5) Do not hope to contract farming

**Q 13. To what extent are you utilizing marketing business of agri. coop?**

- (1) 100%
- (2) More than 80%
- (3) More than 50%
- (4) Less than 50%
- (5) Are not utilizing
- (6) Do not have products for utilization

**Q 14. Reasons why marketing business of agri. coop is not utilized much (Answerer's are restricted to these who replied to (4) or (5) in Q 13.)**

- (1) Marketing price is cheap
- (2) Transportation for shipment not available
- (3) Settlement is slow
- (4) Cannot bring oneself to utilizing business of agri. coop
- (5) Have transaction with merchants since long
- (6) Interested in marketing by oneself

Q 15. How do you cope with the fall of orange prices in 1979?

- (1) Can cope with it because its management base has been established
- (2) Can cope with it because of mixed farming
- (3) Can not cope with it, so that other varieties of orange need to be introduced
- (4) Can not cope with it, so that it is necessary to adopt part time farming
- (5) As being part-time farm household, will continue to carry on farming even if its price is lower
- (6) Will give up producing oranges
- (7) Others

Q 16. To what extent are you utilizing business of agri. coop in supply of production inputs?

- (1) 100%
- (2) More than 80%
- (3) More than 50%
- (4) Less than 50%
- (5) Not utilizing it at all

Q 17. Reasons why business of agri. coop in supply of production inputs is not utilized much (Answerers are restricted to those who replied to (4) or (5))

- (1) Its prices are higher
- (2) Settlement period on purchase of goods is fast
- (3) Services are poor
- (4) Assortment of goods desired is poor
- (5) Goods are inferior
- (6) Feel obligation to merchants
- (7) More profitable through channels of merchants
- (8) Somehow can not bring oneself to utilizing business of agri. coop

Q 18. On what a weight should be placed regarding supply business in production inputs of agri. coop.

- (1) Lowering in the level of prices
- (2) Deal in superior (high grade) goods
- (3) Guidance on planned purchase
- (4) Strengthening of after services
- (5) Expand assortment of goods handled
- (6) Do not know

Q 19. To what extent are you utilizing business of agri. coop in saving?

- (1) 100%
- (2) More than 80%
- (3) More than 50%
- (4) Less than 50%
- (5) Not utilizing it at all

Q 20. Reasons why saving business undertaken by agri. coop is not utilized much (Answers are restricted to those who replied to (4) or (5) in Q 19)

- (1) Services are poor
- (2) Nobody from agri. coop convasses for saving
- (3) Somehow can not bring oneself to utilizing it
- (4) Relatives or some of family members work for financial institution
- (5) Others

Q 21. To what extent are you utilizing business of agri. coop in borrowings?

- (1) Utilize it only through agri. coop
- (2) Utilize it from non-agri. coop financial institution
- (3) Utilize it from both agri. coop and non-agri. coop
- (4) No money borrowed

Q 22. Can you meet the necessary expenses (fund) sufficiently with borrowing from agri. coops?

- (1) Can meet it
- (2) To certain extent
- (3) Can not meet it
- (4) Do not know

Q 23. What's kind of fund will you need?

- (1) Fund for production
- (2) Fund for living
- (3) Fund for house construction
- (4) Fund for education
- (5) Others
- (6) Will not be needed

Q 24. To what extent are you utilizing business of agri. coop in mutual insurance?

- (1) Subscribe it only with agri. coop
- (2) Subscribe it mostly with agri. crop
- (3) Subscribe it mostly with private insurance
- (4) Subscribe wholly with private insurance
- (5) Not subscribe with any at all

Q 25. Reasons why you entered private mutual insurance (Answerers are restricted to those who replied to (2), (3), or (4) in Q 24.

- (1) Nobody from agri. crop canvassed for promotion of the insurance
- (2) Felt Obligation to canvasser
- (3) Its content looked good
- (4) Services were good

Q 26. On what weight should be placed regarding mutual insurance business of agri. coop?

- (1) Promote mutual insurance designed for life planning of members
- (2) Offer a big insurance even if premium not paid back
- (3) Make the content of payment complete even if premium is high
- (4) Strengthen consultation service on traffic accidents
- (5) Do not know

Q 27. What kind of new business do you expect agri. crop to undertake?

- (1) Marriage ceremony hall which contributes to better living activities
- (2) Opening of consultation services on marriage ceremony
- (3) Funeral services
- (4) Sport facilities (ex. gymnasium)
- (5) Others

Q 28. What do you expect employees of agri. coop to be or do?

- (1) Should acquire technical expertise fully
- (2) Should be well versed in overall routine works
- (3) Should master calculation works quickly and accurately
- (4) Should enhance ability in speaking through telephone
- (5) Should wait on members kindly
- (6) Should try to make frequent visits to farm household

Q 29. Your opinion about attitudes of cooperative employees

- (1) Very good
- (2) Good
- (3) Normal
- (4) Bad
- (5) Very bad

Q 30. How do you plan to increase income?

- (1) Expand and concentrate on present farming
- (2) Make composite farming (introduce new items)
- (3) With farm management kept at the present scale, take up non-agri. job and become part-time farmers
- (4) Give weight to non-agri. income by reducing scale of agriculture
- (5) Give up farming and take up non-agri. job
- (6) Others

Q 31. What kind of commodity do you like to introduce for increase of agri. income?

- (1) Orange
- (2) Livestock
- (3) Horticulture
- (4) Flower (including orchid)
- (5) Vegetables
- (6) Others

Q 32. If you were one of the employees of agri. coop what is a thing you will strive for?

- (1)
- (2)
- (3)
- (4)

Member's Registration

Family code	Family Name	Relation	Date of birth	Classification		Facilities house and etc.											
				FY75	FY'80	Kind	No.	Square metre	Year	Plan Scale	Kind	No.	Tsubo	Year	Plan Scale		
0	H. Oto	Member	Nov. 26, 1935					4	88				House		54		
1	Kyoko	Wife	Mar. 2, 1941										Barn for manure				
2	Shizue	Mother	July 18, 1917										Barn for pigs				
3	Kazuto	Eldst son	Nov. 28, 1960										Stall for cattles				
4	Mineyo	Eldst daughter	Jan. 8, 1964										Barn of chicken				
5	Masumi	Second daughter	Aug. 1, 1967										Monorail sprinkler	1	300m		
6																	

Refrigerator for citrus

Opinions, requests and information  
(This column is allocated for these purpose)



Earnings and expenses			Cultivated land and facilities				No. of stock raised and planting of crops (Horticulture)			
Year	1975	1980	Year	Present ('75)		Future ('80)		Livestock	No. of stocks raised	
				ha	*3	ha	a		FY '75	FY '80
Citrus earnings	5,540	7,155	Paddy (P)	4	0	4	0	Dairy cow	head	head
Horticulture earnings	-	-	Paddy (F)					Beef cattle	head	head
Livestock earnings	-	-	Ordinary land					Breeding piglet	head	head
			*1	1	5	1	5	Breeding (integrated)	head	head
			*2	3	0	4	0	Pork pig	head	head
			g.l.M.O							
Other earnings	130	190	M.O	1	4	1	4	Hen layer	head	head
			M.O	4	0	5	0	Broiler	head	head
			M.O					Horticulture	ha	ha
Total	5,670	7,345	Navel					Lettuce		
Production exps.	2,375	3,300	Misc. branges					Parsley		
Agri. income	3,295	4,045	Persimon					Garden pea		
			Other fruits					Straw-berry		
Non.-agri. income	-	-	Flower & tree					Cucumber	*4	Tsubo
			Arable land metre					Tomato	Tsubo	Tsubo
Farm house income	3,295	4,045	Vinyle house					Melon	Tubso	Tsubo
Family exps.	1,700	2,500	Glass house					Orchid	Tsubo	Tsubo
			Forests	2	0	0				

\*4 Tsubo represents 3.305 square metres (acreage)

Note: \*1 means Mature Orchards

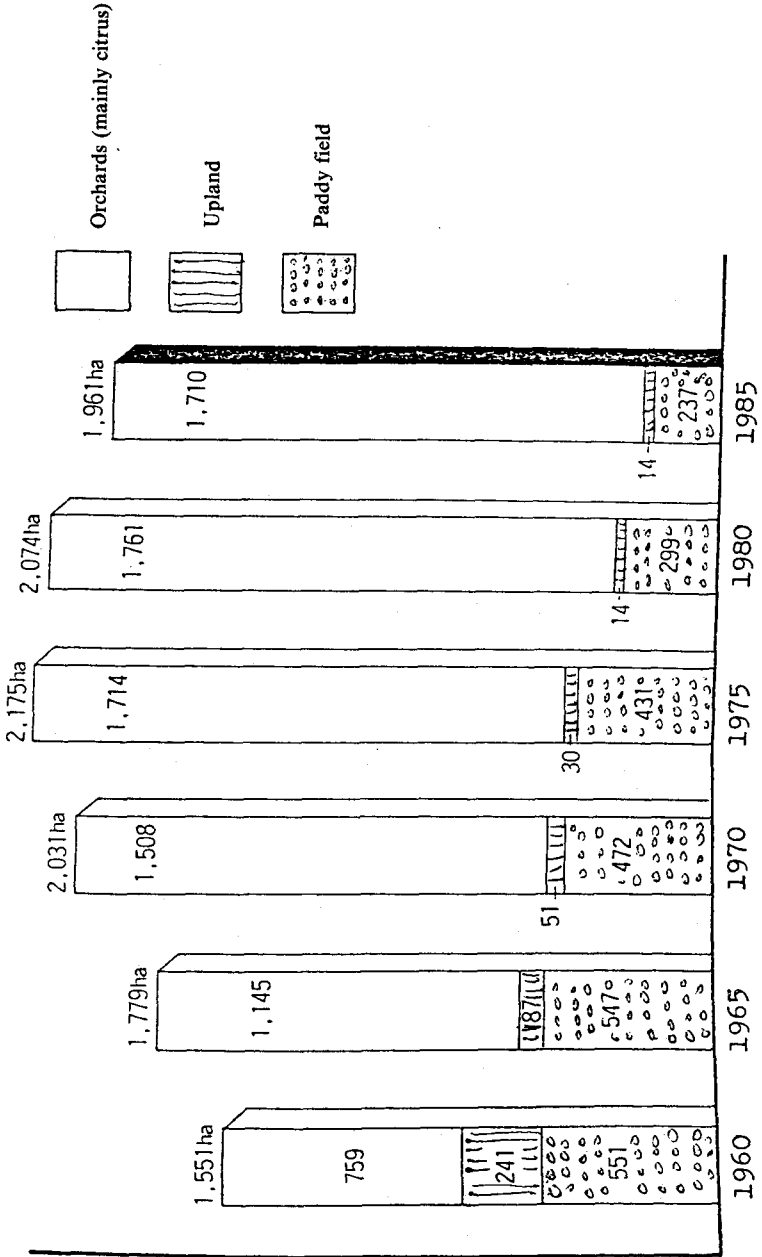
\*2 means Immature Orchards

\*3 represents 0.1 ha

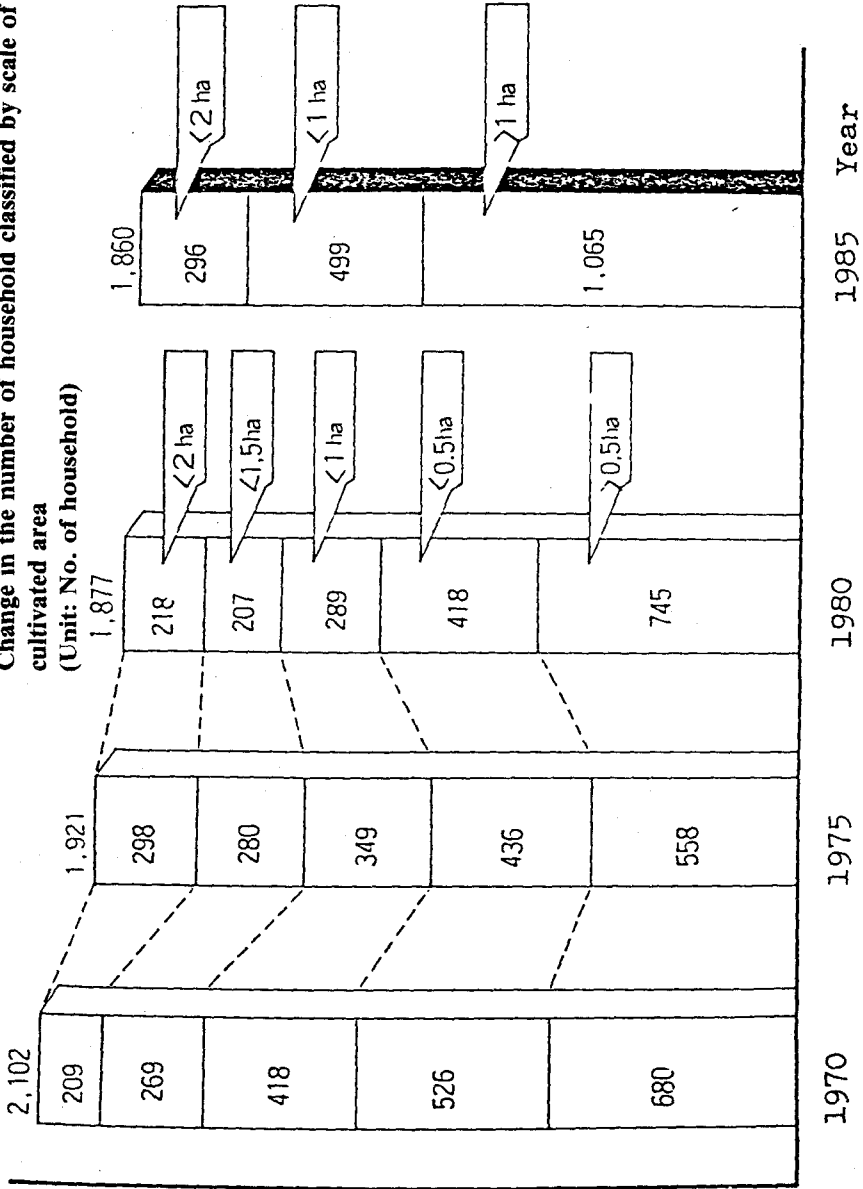
Current situation and plan of marketing of  
agri. and livestock products

Commodities		C.S. ( '75 )	Plan ( '80 )	Commodities		C.S. ( '75 )	Plan ( '80 )
Fruits	Early harvesting orange	16 t	20 t	Vegetables	Lettuce	case	case
	Ordinary orange	45 t	70 t		Parsley	case	case
	Navel	t	5 t		Garden pea	case	case
	Amanatsu Hassaku oranges	t	t		Strawberry	case	case
	Misc. citrus	t	t		Other open air vegetables	case	case
	Persimon	t	t				
Livestock	Other fruits	t	t	Horticulture	Cucumber	case	case
	Fattening cattle				Tomato	case	case
	Piglet				Melon	case	case
	Pork pig				Other	case	case
	Broiler			Special products	Tea	kg	kg
	Hen layer	kg	kg		Flower	case	case
	Dairy cow	kg	kg		Orchid	pot	pot
	Chinese gooseberry				Shiitake-Mushroom	kg	kg
					Others		

**Change in the base of agricultural production and fiscal 1985**  
**Change in cultivated area**






Change in the number of household classified by scale of cultivated area  
(Unit: No. of household)

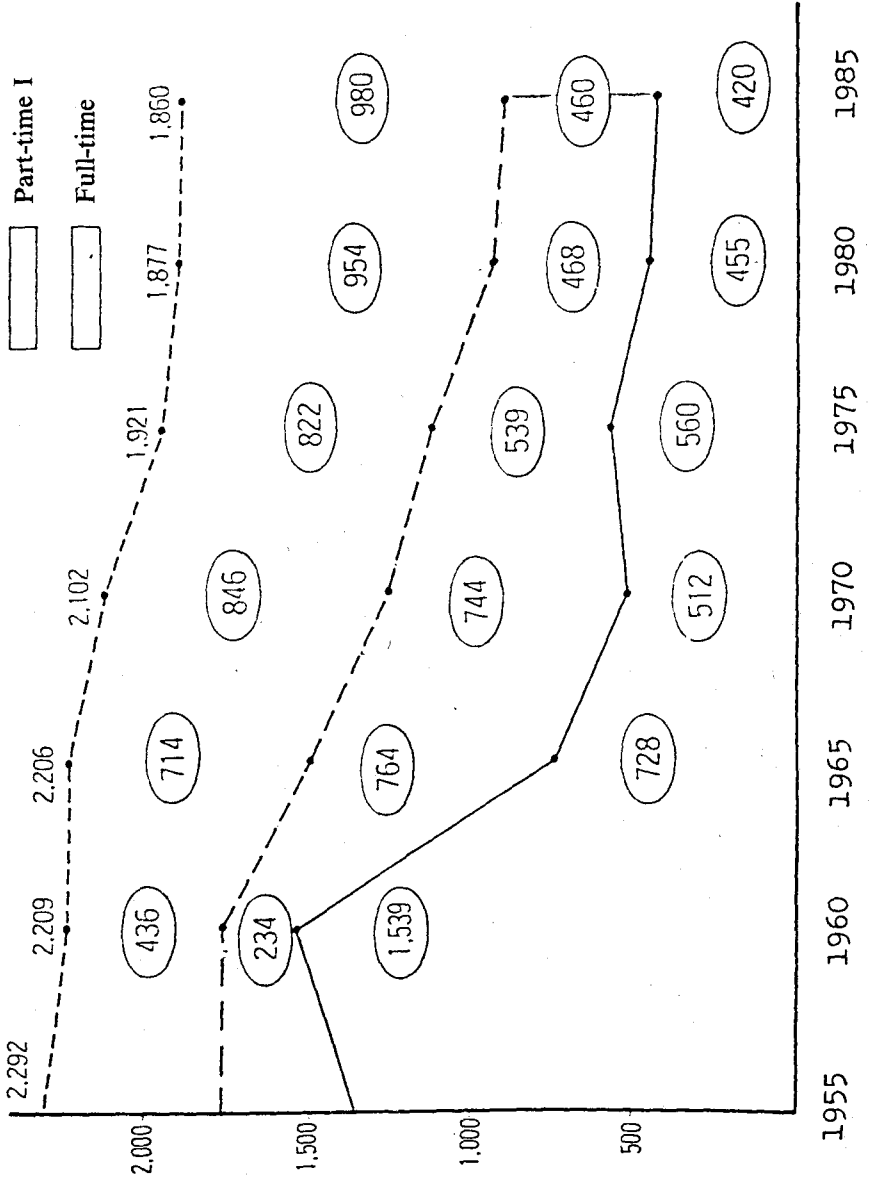


Note: < means more than  
> means less than

Change in farm household classified by type of farm management

(Unit: No. of farm household)

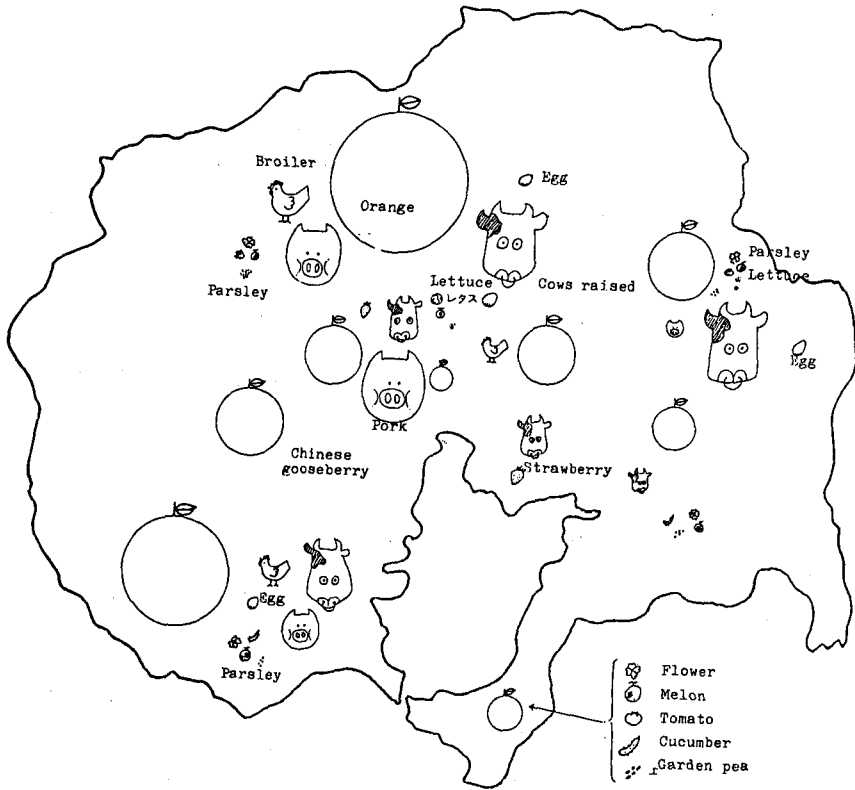
-  Part-time II
-  Part-time I
-  Full-time



1955 1960 1965 1970 1975 1980 1985 Year

## Present situation of agricultural production in Mikkabi-cho agri. coop and fiscal 1985

### 1. Agricultural production classified by zone



Marketing turnover of member producers whose main products consist of oranges, stocks and horticulture amounts to approximately 10 billion yen. Income target is aimed at achieving 13 billion yen by fiscal 1985 with the following methods.

- (1) to enhance quality of oranges by renewing the varieties
- (2) to increase the number of stocks raised
- (3) to further promote establishment of farming complexes for horticulture by making best use of favourable location.

(Unit: t, head, feather, ha, case, kg)

Commodities	Quantity & Area	Note	
Citrus (Oranges)	42,250 t	No. of stocks raised constantly	
Beef cattle	4,611 head		
Pork	19,100 feather		
Broiler	400,000 "		
Egg	21,000 "		
Rice	243 ha		18,000 bale per year
Flower	6.6 ha		
Melon	14,000 case		
Parsley	3,800 "		
Celery	4,000 "		
Lettuce	2,000 "		
Cucumber	11,000 "		
Chinese gooseberry	100 kg		
Tomato	16,000 case		
Garden pea	2,800 "		
Strawberry	23,000 "		
Orchid	55,000		
		Income from citrus production occupies 70% of agri. income	

## Annual marketing turnover

Citrus	about 5 billion yen
Livestock	about 4.5 billion yen
Rice	about 50 million yen
Melon	
Horticulture	about 500 million yen
Fruits & Vegetables	
Others	

Annual marketing turnover totalled about 1 billion yen (Sales turnover of member farm households)

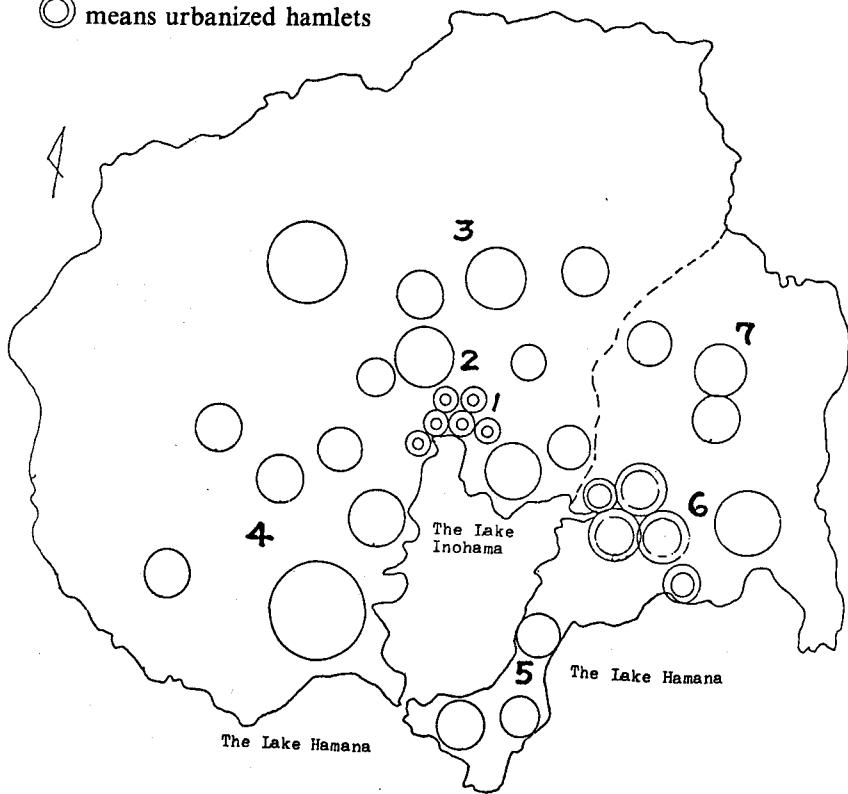
Annual production turnover totalled 1.2 billion yen (including delivery for home)

**Map of Mikkabi-Cho Area (Shizuoka Prefecture)**

April 1st 1983

1. 2. 3. 4. 5. 6. 7.

○ means urbanized hamlets





Notes on each zone

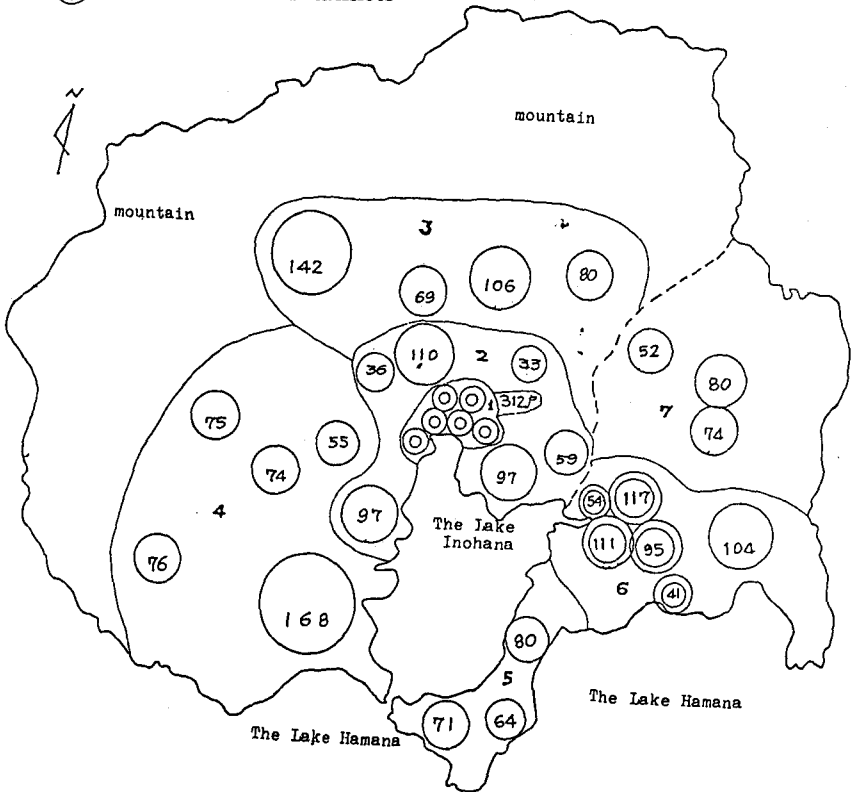
- 1st zone— There are only 3% of part-time class I and Full-time farmers. Many associate members are living here as this Mikkabi Rokku is urbanized zone.
- 2nd zone—This zone is located at the center of this town, though it is not urbanized area, facing the northern part of the Lake Inohana. In the hinterland area full time and part-time I farmers occupied about 50%.
- 3rd zone—Agricultural belt zone of this town
- 4th zone—Agricultural area next to the 3rd zone. Citrus cultivation is developed in this zone.
- 5th zone—This zone is surrounded by two lakes in North and South and there are many beautiful spots.  
The percentage of full-time and part-time farmers is lower following to the 1st and 6th zones. However, through promotion of greenhouse horticulture complex, they are preventing decrease of full-time farmers.
- 6th zone—Similar to 1st zone and there are many part-time class II farmers. The percentage of wage workers is very high in the 1st and 6th zones.
- 7th zone—Similar to the 2nd zone and the both zones are engaged in livestock productions.

### Map of Mikkabi-Cho Area (Distribution of Hamlets)

April 1st 1983

1. 2. 3. 4. 5. 6. 7.

○ means urbanized hamlets



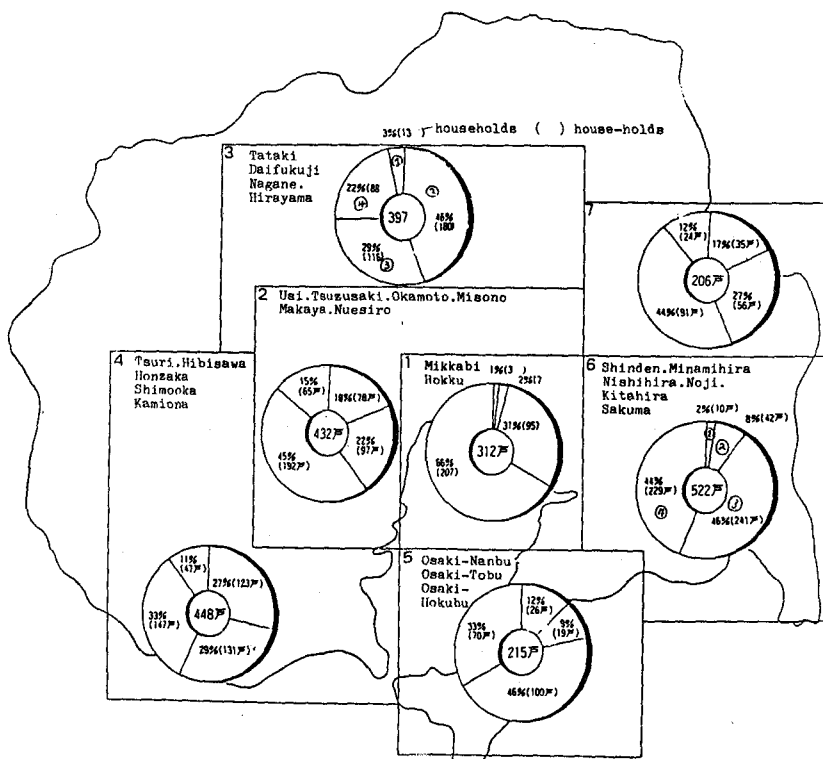
## Notes on each zone.

1st zone—	There are only 3% of part-time class I and full-time farmers. Many associate members are living here as this Mikkabi Rokku is urbanized zone.	312 house-holds
2nd zone—	This zone is located at the center of this town, though it is not urbanized area, facing the northern part of the lake Inohana. In the hinterland area full time and part-time I farmers occupied about 50%.	432 house-holds
3rd zone—	Agricultural belt zone of this town	397 house-holds
4th zone—	Agricultural area next to the 3rd zone. Citrus cultivation is developed in this zone.	448 house-holds
5th zone—	This zone is surrounded by two lakes in North and South and there are many beautiful spots. The percentage of full-time and part-time farmers is lower following to the 1st and 6th zones. However, through promotion of green-house horticulture complex, they are preventing decrease of full-time farmers.	215 house-holds
6th zone—	Similar to 1st zone and there are many part-time class II farmers. The percentage of wage workers is very high in the 1st and 6th zones.	522 house-holds
7th zone—	Similar to the 2nd zone and the both zones are engaged in livestock productions.	206 house-holds
		<hr/> 2532 house-holds

### Distribution of Farmers Classified by Types of Management in each District

#### The Number of House Holds

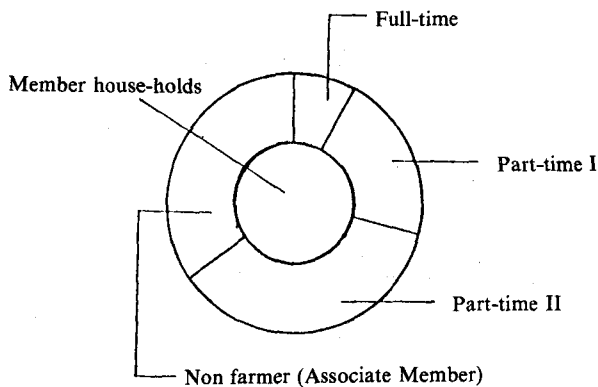
Full-time farmer	455	18.0%-24.2%		
Part-time I	468	18.5%-24.9%	10a	Ratio of regular members (who hold more than 1 ha of land)
Part-time II	954	37.7%-50.9%		
Associate Member	655	25.8%		
Total	2,532			

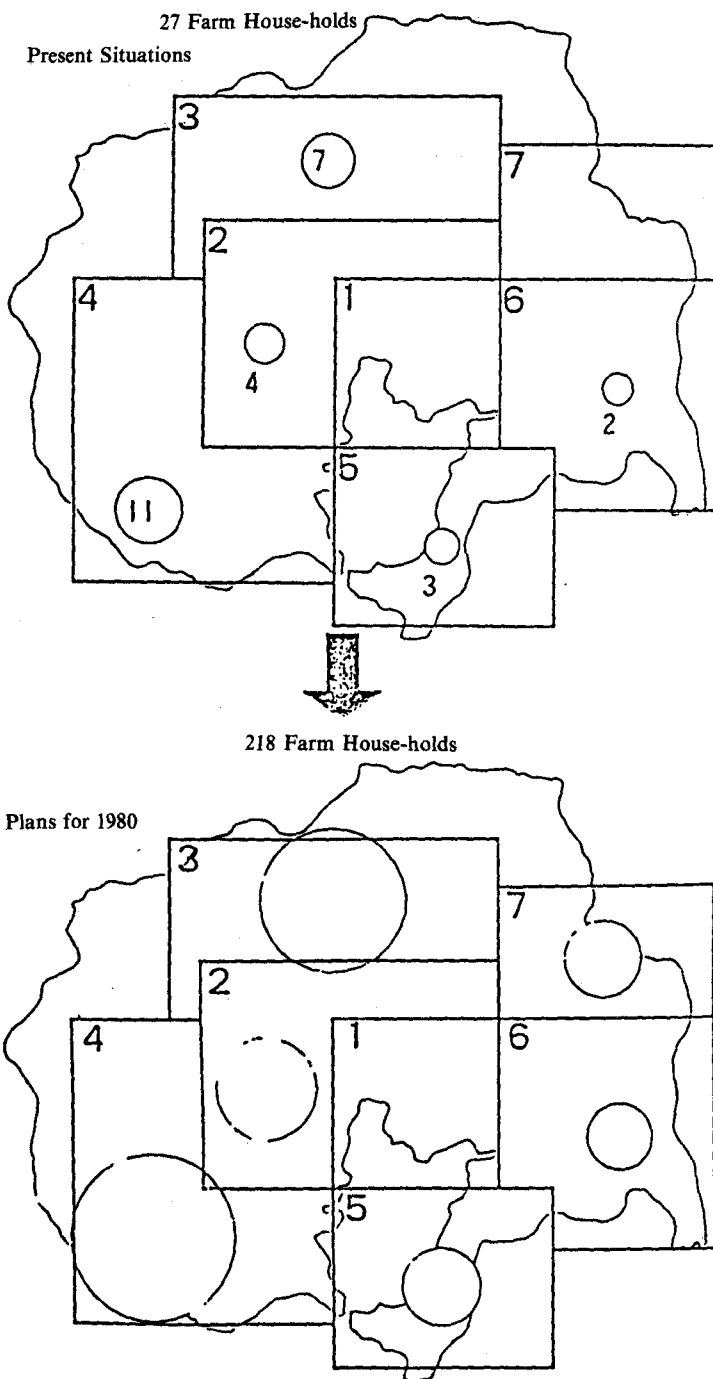


- 1 Full-time
- 2 Part-time I
- 3 Part-time II
- 4 Associate Member

## Notes on each zone

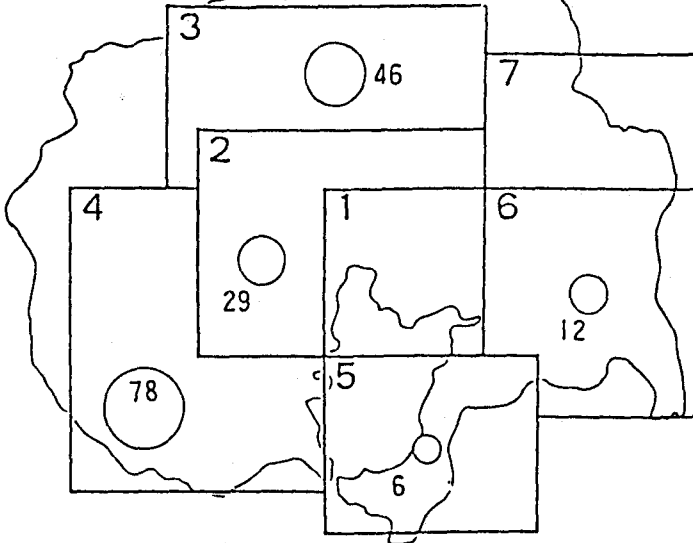
- 1st zone— There are only 3% of part-time class I and full-time farmers. Many associate members are living here as this Mikkabi Rokky is urbanized zone.
- 2nd zone— This zone is located at the center of this town, though it is not urbanized area, facing the northern part of the lake Inohana. In the hinterland area full-time and part-time I farmers occupied about 50%.
- 3rd zone— Agricultural belt zone of this town
- 4th zone— Agricultural area next to the 3rd zone. Citrus cultivation is developed in this zone.
- 5th zone— This zone is surrounded by two lakes in North and South and there are many beautiful spots. The percentage of full-time and part-time farmers is lower following to the 1st and 6th zones. However, through promotion of green-house horticultural complex they are preventing decrease of full-time farmers.
- 6th zone— Similar to 1st zone and there are many part-time class II farmers. The percentage of wage workers is very high in the 1st and 6th zones.
- 7th zone— Similar to the 2nd zone and the both zones are engaged in livestock productions.



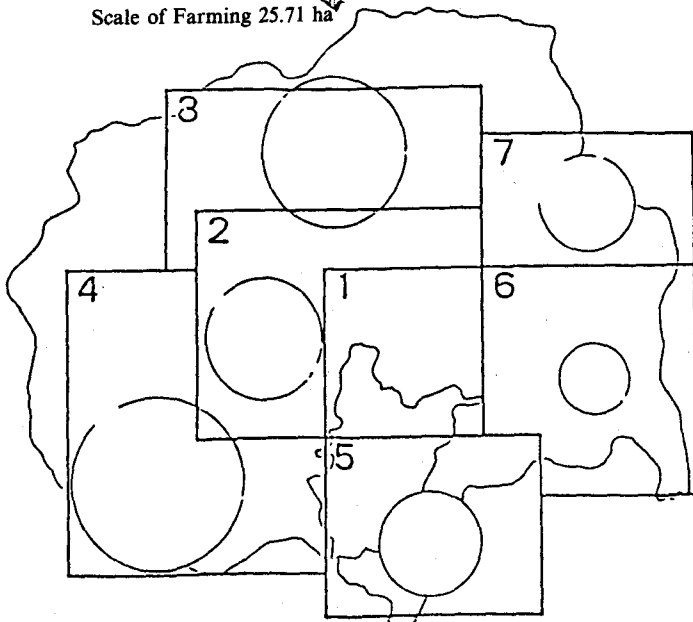


Citrus Iyo

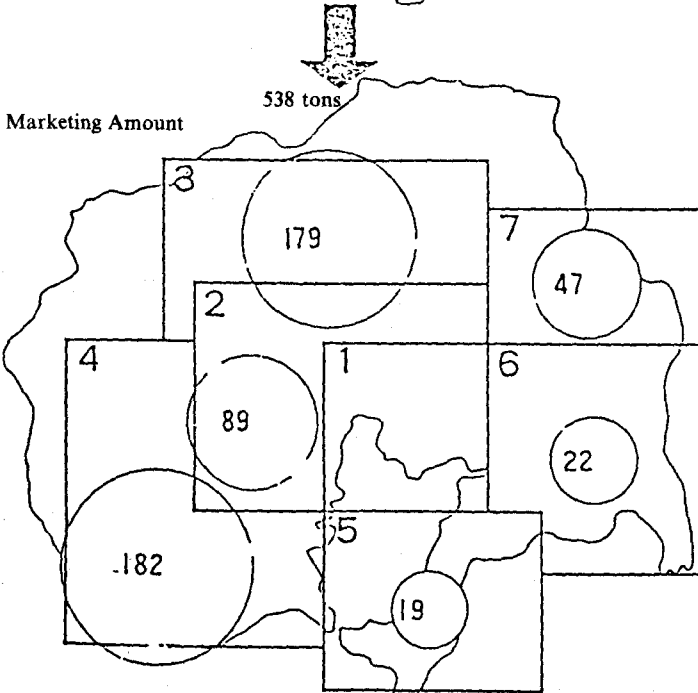
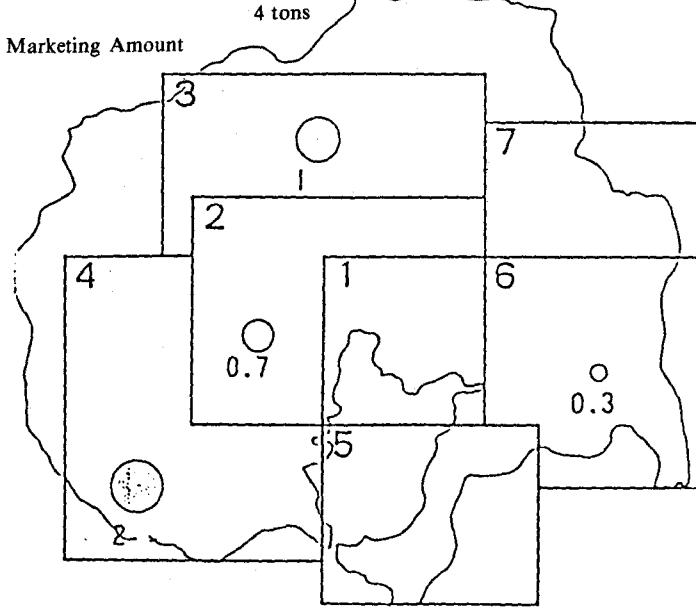
Scale of Farming



Scale of Farming 25.71 ha



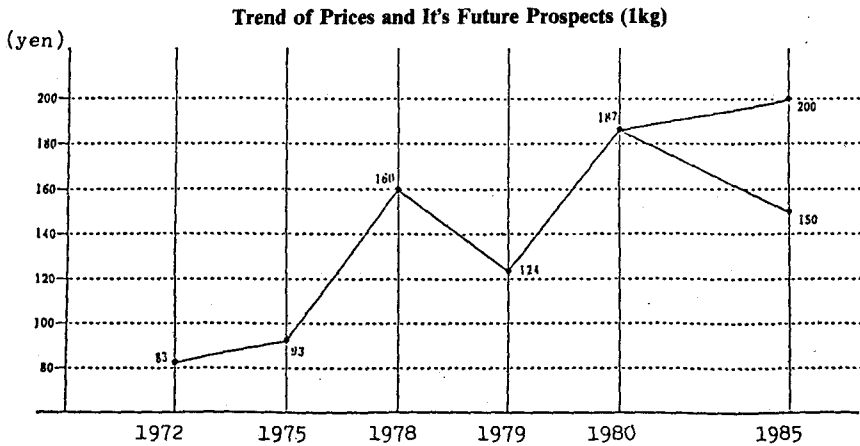
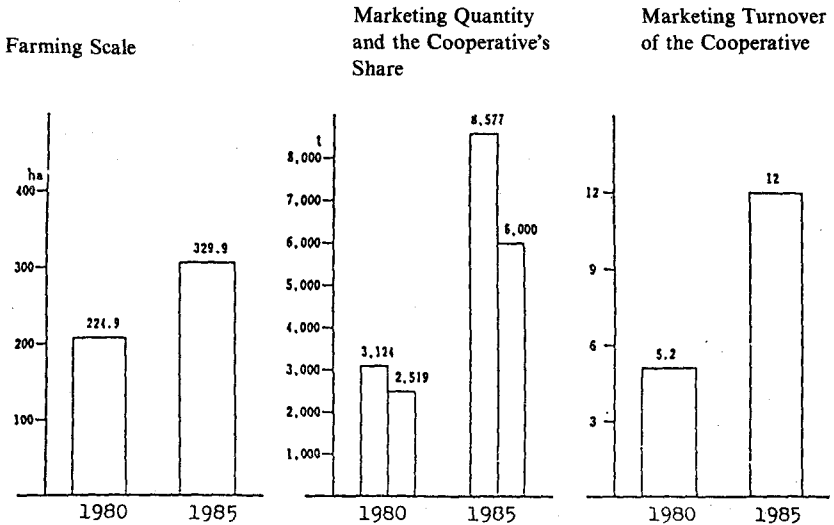
1. Mikkabi Rokku
2. Usi.Tsuzusaki.Okamoto.Misono.Makaya.Nuesiro
3. Tataki.Daifukuji.Nagane.Hiroyama
4. Tsuru.Hibisawa.Honzaka.Shimoono.Kamioka
5. Osaki-Nanbu.Osaki-Tobu.Osaki-Hokubu
6. Shinden.Minamihira.Nishihira.Noji.Kitahira.Sakuma





**Aoshima Varieties**

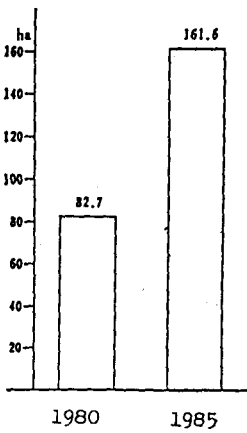
This is one of the main varieties of conversion for Unshu orange which is obtaining higher prices than other varieties. These gaps of prices are expected to be expanded and the conversion of crops will be promoted with high weight of more than 10,000 tons. This conversion of the varieties is sure to establish a stable position of Mikkabi Orange.



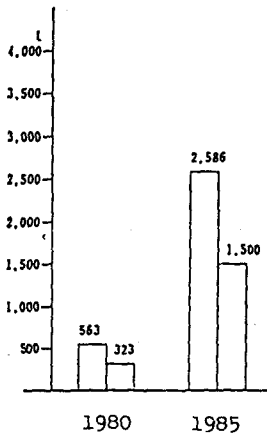
**Navel Orange**

Navel Orange is the key products of late harvested citrus in this town, and it is expected to achieve 10% of whole cultivated area with nearly 3,000 tons of production in 1985. If a whole level up of the production is to be promoted, this area will be the top level production area.

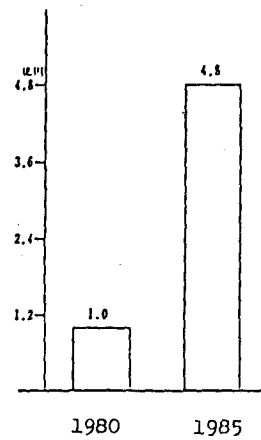
**Farming Scale**



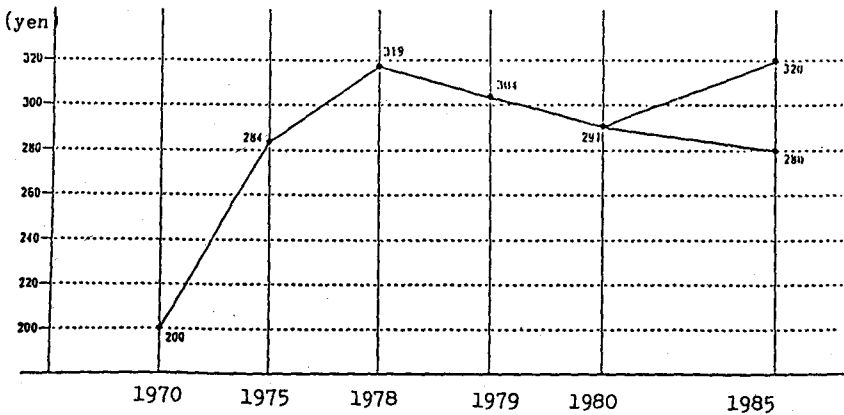
**Marketing Quantity and the Cooperative's Share**



**Marketing Turnover of the Cooperative**



**Trend of Prices and It's Future Prospects (1kg)**



**Navel Orange**  
**Outline of Farming Works (per 0.1 ha)**

Month	Contents of Works	Working Hours
Jan.		2
Feb.	Fertilizer organic fertilizer	12
Mar.	fertilizer, pruning, pesticide	24
Apl.	pruning, fertilizer, pesticide	8
May	pesticide, fertilizer	10
Jun.	fertilizer, pesticide	15
Jul.	fruit thinning, fertilizer, pesticide	20
Aug.	fertilizer, pesticide, cutting branch of summer, autumn	20
Sept.	pesticide, fertilizer, cutting branch of summer, autumn	25
Oct.	fertilizer, putting colour	12
Nov.	fertilizer, putting colour	12
Dec.	harvest, storage, prevention of cold winds	40
Total		200

**Standard Volume of Fertilizer**

Name of fertilizer	Composition	Volume	Three Element		
			N	P	K
Spring Compound Manuring	5-6-5	120 kg	6	7.2	6
"	"	100	5	6	5
"	"	80	4	4.8	4
Rapeseed meal	5.2-5-1	90	4.7	1.8	0.9
Summer Compound Manuring	5-9-9	80	4	7.2	7.2
"	"	80	4	7.2	7.2
Bone meal	4-20-0	80	3.2	16.0	—
Summer Compound Manuring	5-9-9	80	4	7.2	7.2
"	"	80	4	7.2	7.2
"	"	80	4	7.2	7.2
Autumn Compound Manuring	6-7-5	80	4.8	5.6	4
"	"	80	4.8	5.6	4
<b>Total</b>			<b>52.5</b>	<b>83.0</b>	<b>59.9</b>

Item	Sum (1,000 yen)	Notes
<b>Income</b>		
Income	840	3t × 280
Total Income	840	
<b>Expenses</b>		
Tax	7	Fixed Assets Tax, Contributions
Fertilizer	100	Compound Feed
Agri. Chemical	100	Pesticide, Chemical 10 times Glasscide 2 times
Small Agri. Machines	8	Expenses for Agri. Machine
Repair Cost	9	Agri. Machine, Car, Building
Water Light & Heat	14	Expenses for Water, Light and Heat
Insurance Premium	4	Premium of Insurance for Building Automobile and Labour Accidents
Material Cost	25	Materials used for Maintenance of Orchards
Labour Cost	20	Labour Cost for Part-time Worker
Communication and Study	4	Telephone, Wirebroad Casting, Newspaper, Books, Study Meeting
Interests Paid	2	Interest on Borrowings
Depreciations	31	Large Plant, Large Farm Machine Buildings, Constructions
Miscellaneous	3	
Total Expenses	327	
Balance Income	513	Income Ratio 61.1%

### **Farm Management Patterns**

The expansion of scale or energy conservations were the key issues when we consider the farm management problems in the past. However, the most important problem for our farm management must be the problem of "What to produce". By the combination of different crops the contents of management will be large or small. "What" means "Selection of Varieties" in the management patterns. Each variety has its own merits or demerits, therefore, in order to promote farm management to increase income, it is essential to select combination of varieties to cover its defects and to develop its good characteristics. Taking the differences of natural environment or management conditions into considerations, please compare these management patterns with your own case for the betterment of future farm management.

— Good Farm Management—

- High unity price
- Lose management expenses
- High productivity
- Long period of harvest
- High efficiency in harvest works

— Merits and Demerits in Each Variety—

#### **Very early variety**

- Merits —early period of harvest (October)
- stable high yields
  - high income
  - high unit price

Demerits —limited site condition

#### **Early variety**

- Merits —stable high yields
- easy selection of good site condition
  - long term period of harvest

Demerits —low unit price

- less income

**Ordinary variety**

- Merits —stable high yield  
 —easy selection of good site condition
- Demerits —short term period of harvest  
 —low efficiency of harvest  
 —low unit price  
 —less income

**Green house citrus (per 10 a)**

- production over 6 tons  
 unit price 600 yen  
 facility cost 4,500,000 yen  
 income ratio 30%
- the area convenient for water, electricity

**Aoshima (New variety)**

- Merits —high unit price  
 —high income  
 —high efficiency in harvest other than Onshu orange
- Demerits —one year interval for fruits  
 —limited site condition  
 —short term period of harvest

**Navel Orange Iyo Citrus**

- Merits —high efficiency of harvest  
 —high unit price  
 —good income
- Demerits —short term period of harvest  
 —inferior in stable high yields  
 —limited site condition

**Navel Orange (covered by roof) (10 a)**

- high quality and large fruits
- production over 4 tons (minimum 2.5 tons)  
 unit price 400 yen  
 facility cost 1,800,000 yen  
 income ratio 50-70%
- places convenient for water

## Farm Management Patterns for Citrus Farmer

Pattern No. 1

(1,000 yen)

Variety	Scale	Market- ing	Unit Price	Gross Income	Manage- ment Exps.	Income
Very Early	40 a	16 ton	150 yen	2,400	872	1,528
Early	60	24	100	2,400	1,308	1,092
Ordinary	100	35	110	3,850	2,610	1,240
Aoshima	100	35	150	5,250	2,610	2,640
Total	300	110	126	13,900	7,400	6,500

Pattern No. 2

Variety	Scale	Market- ing	Unit Price	Gross Income	Manage- ment Exps.	Income
Early	90 a	36 ton	100 yen	3,600	1,962	1,638
Ordinary	50	15.5	110	1,925	1,305	620
Aoshima	160	56	150	8,400	4,176	4,224
Total	300	109.5	127	13,925	7,443	6,482

Pattern No. 3

Variety	Scale	Market- ing	Unit Price	Gross Income	Manage- ment Exps.	Income
Very Early	20a	8 ton	150 yen	1,200	436	764
Early	70	28	100	2,800	1,526	1,274
Ordinary	110	38.5	110	4,235	2,871	1,364
Aoshima	80	28	150	4,200	2,088	2,112
Navel	20	6	280	1,680	654	1,026
Total	300	108.5	130	14,115	7,575	6,540



Pattern No. 4

Variety	Scale	Market- ing	Unit Price	Gross Income	Manage- ment Exps.	Income
Early	80 a	32 ton	100 yen	3,200	1,744	1,456
Ordinary	70	24.5	110	2,695	1,827	868
Aoshima	100	35	150	5,250	2,610	2,640
Navel	30	9	280	2,520	981	1,539
Total	280	100.5	135	13,665	7,162	6,503

Pattern No. 5

Variety	Scale	Market- ing	Unit Price	Gross Income	Manage- ment Exps.	Income
Very Early	20 a	8 ton	150 yen	1,200	436	764
Early	60	24	100	2,400	1,308	1,092
Ordinary	80	28	110	3,080	2,088	992
Aoshima	80	28	150	4,200	2,088	2,112
Navel	30	9	280	2,500	981	1,539
Total	270	97	138	13,400	6,901	6,499

Pattern No. 6

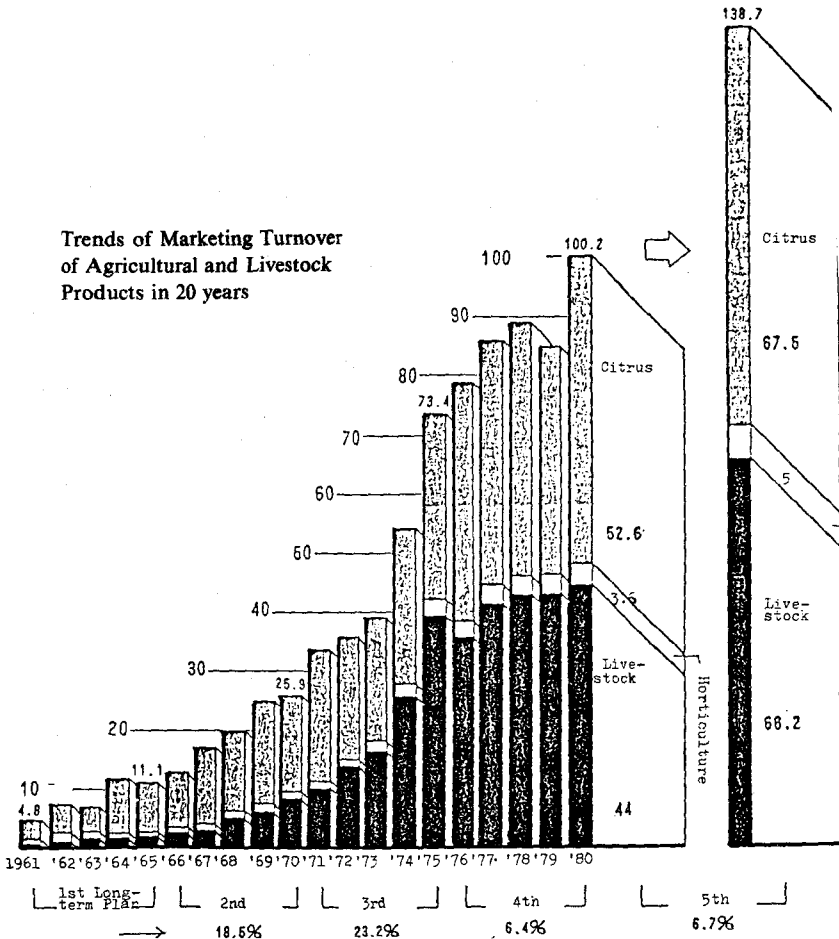
Variety	Scale	Market- ing	Unit Price	Gross Income	Manage- ment Exps.	Income
Early	70 a	20 ton	100 yen	2,800	1,526	1,274
Ordinary	50	17.5	110	1,925	1,305	620
Aoshima	60	21	150	3,150	1,566	1,584
Navel	40	12	280	3,360	1,308	2,052
Iyo Citrus	30	12	150	1,800	864	936
Total	250	90.5	144	13,035	6,569	6,566

Present Marketing Situation of Agricultural and Livestock Products  
and the Prospects in 1985

Year Item	Results in 1980						Plans for 1985					
	Farming Scale	Marketing Quantity	Net Unit Income	Marketing Amount	Marketing through Coop.	Cooperative Marketing Turnover	Farming Scale	Marketing Quantity	Net Unit Income	Marketing Amount	Marketing through Coop.	Cooperative Marketing Turnover
Products												
Very Early Variety	3.6 <sup>h*</sup>	—	—	1,000 yen	—	1,000 yen	57.6 <sup>h*</sup>	554	150 yen	1,000 yen 83,100	500	1,000 yen 85,000
Early Variety	533.0	13,081	119	1,556,640	10,457	1,412,745	482.7	16,773	100	1,677,300	14,000	1,820,000
Green House	2.2	107	548	58,640	93	54,484	4.1	209	500	104,500	180	108,000
Ordinary	892.8	22,209	132	2,931,590	17,910	2,825,707	622.0	24,442	110	2,688,620	20,000	2,900,000
Aoshima	224.9	3,124	187	584,190	2,519	525,868	329.9	8,577	150	1,286,550	6,000	1,200,000
Navel Orange	82.7	563	291	163,830	323	105,405	161.6	2,586	280	724,080	1,500	480,000
Citrus Iyo	1.7	4	195	780	3.5	754	25.7	538	150	80,700	400	95,000
Hasaku Citrus	6.1	205	89	18,245	166	18,002	9.7	239	100	23,900	200	24,000
Processing Others					3,043	322,479				47,000		40,000
Sub-Total	1,747.0 <sup>h*</sup>			5,313,915	34,514.5	5,265,444	1,693.3			6,715,750		6,752,000
Beef Cattle	4,611	3,560	515,000	1,833,400	3,560	1,866,615	6,230	5,800	590,000	3,422,000	5,800	3,479,700
Breeding Cattle	20						50	40	590,000	23,600	40	24,000
Piglet	751	12,343	27,900	344,370	17,457	504,642	865	15,255	31,500	480,532	20,000	648,000
Pork Pig	1,339	22,565	42,900	968,038	20,168	874,339	1,545	28,250	51,200	1,446,400	24,000	1,240,400
Broiler	392,800	3,850	220	847,000	2,737.3	683,977	441,300	4,195	270	1,132,650	3,749.5	1,021,732
Eggs	20,300	522	338	176,440	146.8	51,991	17,000	300	236	70,800	157.5	38,747
Others						409,957						168,706
Sub-Total				4,169,248		3,915,21				6,575,982		6,621,285

(Unit: 100 million yen)

Trends of Marketing Turnover of Agricultural and Livestock Products in 20 years

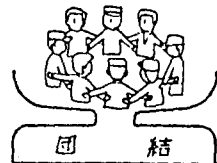
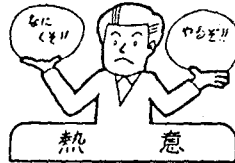
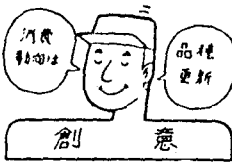


**Large Expansion of Agricultural and Livestock Product**

The marketing turnover of agricultural and livestock products in 1974 recorded 5,400 million yen which was 1,500 million yen of increase to the previous year due to the large increase of citrus and livestock production. Since then until 1978, those marketing turnovers were continued to increase year after year. Though, there was reduction in 1979, we at last achieved over 10 billion yen, the first highest record in our history. Among agricultural and livestock products, citrus is the product of high income ratio which reflects economy of farmers, and we need to maintain the brand mark of M citrus. "Let's create the strong production area by idea, enthusiasm and unity!"

## The Target and Concepts for the Year 1985

### 1. Basic target



- (1) Let's devote ourselves into agricultural production needed by consumers based on three mottos of idea, enthusiasm and unity
  - (2) Let's promote better living activities to protect and to enrich our living
  - (3) Let's cooperate to create villages with rich hearts and natures through behaviour to make much of agriculture
2. Let's make actions by full acknowledgement on the role of agricultural cooperatives

#### Members

- (1) shall participate in any members activities with all family members
- (2) shall follow the agreements among members
- (3) shall extend opinions for every topics of cooperative activities and make constructive suggestions or criticisms
- (4) shall work with members for cooperative activities, utilization of the business or facilities.
- (5) shall help members in troubles all together
- (6) shall talk merits of participating in cooperative activities and increase members
- (7) shall be punctual to prevent waste of other member's time

#### Officials

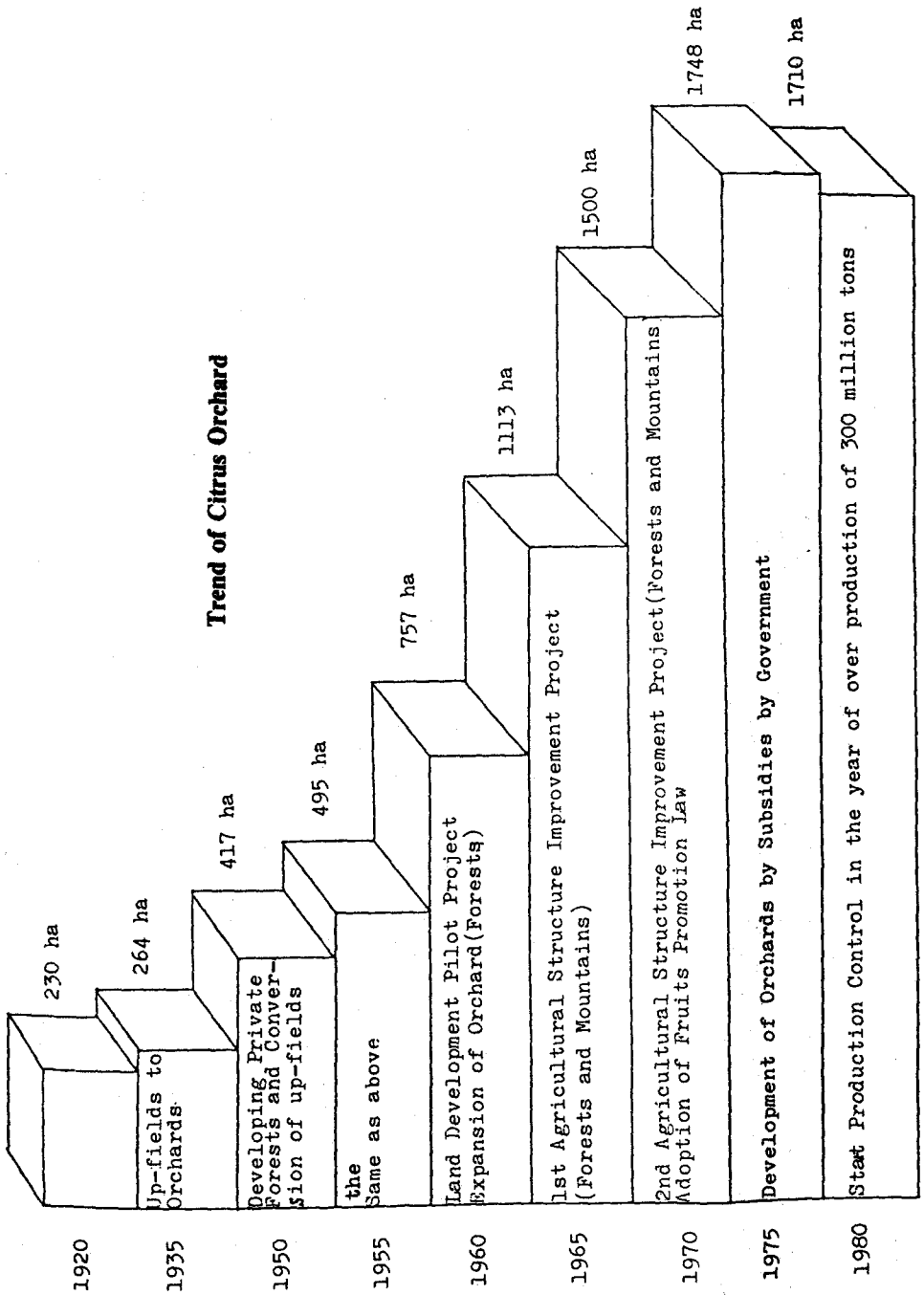
- (1) respect roles of members and obtain responsibilities of job with sincere attitudes
- (2) shall act by will of members without any discriminations or self interests
- (3) shall inform members any topics on cooperatives correctly and promptly

- (4) shall welcome any requests or criticisms of members to reflect to management of cooperative
- (5) shall take initiative for full utilization of cooperative businesses or facilities
- (6) shall make efforts to solve mutual mistrust or conflicts of feeling, respect position of employees and promote mutual understanding in cooperative
- (7) shall attend any meeting punctually and avoid waste of time

#### **Employees**

- (1) shall promote effective office work based on understanding that the office exist for members and it works together with members
- (2) shall continue studies on cooperative, contents of job in charge and learn together with members
- (3) shall work with sincerity and fairness for all members in the routine works
- (4) shall make positively a constructive suggestion or a criticism for maintenance of democratic management of cooperative
- (5) shall make efforts to advance a step forward through team work as keeping the same level means defeat in prosperity
- (6) shall not forget balance between rights and obligations as workers
- (7) shall promote and conserve health and physical strength together with members

### Trend of Citrus Orchard



Regional Agriculture Development Projects  
(million yen)

Citrus Grading Center	Year 1961	16.50	of which subsidy	7.50	Building 1420m <sup>2</sup> and Grading Machine	Total Cost	Subsidy (million yen)
"	1964	73.67	"	24.10	Building 3129m <sup>2</sup> and Grading Machine capacity 2 unit		
"	1974	269.42	"	134.71	Building 8424m <sup>2</sup>	No. 1	586.30
"	1975	226.71	"	113.35	Grading Machine 7 Sets and others		279.66 (50%)

Farm Machinery Warehouse	1976	24.41	"	12.21	Warehouse, Track, Backhoe & Trencher	No. 2	179.84	89.93 (50%)
Training Center	1977	155.43	"	77.72	Building 1195m <sup>2</sup> , training Machines			

Fertile Soil Storage	1977	59.40	"	29.60	15 places (2056m <sup>2</sup> ) Showei 8 Damp 7	No. 3	59.40	29.60 (50%)
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Replantation Promotion Project	1976	13.60	"	6.10	Replantation 10 ha	No. 4	37.45	17.14 (30%)
"	1977	8.10	"	3.75	"			
"	1978	15.75	"	7.29	"			

Orchards Restructure Project	1978	53.59	"	21.47	Nagane Village	No. 5	156.27	62.00 (40%)
"	1979	56.28	"	21.18	Hirayama Village			
"	1980	46.40	"	19.35	Tataki Village			

Citrus Conversion Promotion Project	1979	78.36	"	25.89	Replantation 66 ha	No. 6	236.54	71.99 (30%)
"	1980	98.23	"	32.23	"			
"	1981	49.57	"	13.87	"			
"	1982	10.38	"	2.83	"			

Regional agricultural structure reorganization Project	1982	317.00	"	158.50	Hibisawa Village Center	No. 7	719.39	369.70 (51%)
"	1983	182.59	"	91.30	Shimpona Village Center			
" (under planning)	1984	219.80	"	109.90	Tataki Village Center			

Besides above projects there are Beef cattle livestock complex(1), Pig raising complex(1), Orchard complex(1) and Green house horticulture complex(1)

Total 1,975.19 920.02 (46.5%)

**Notes:**

1. Marketing amount indicates the amount of money received by producers.
2. Cooperative marketing turnover is the amount which subscribed commissions paid for whole sale markets and federation from marketing prices.
3. The unit price of citrus is estimated at lowest price in 1985. In 1985, the innovation of citrus varieties will be further promoted. On the other hand, the production control over various varieties is expected to be expanded. Therefore, it is necessary to achieve 10%-20% higher price to catch up with the increase of expenses for production and living. We shall cooperate together for promotion of positive innovation of varieties, devote production of high quality of crops and obtain a stable standard of income.
4. Regarding livestock products, beef cattles are expected to be increased, and then pork pigs and broilers are also to be increased. The number of piglets in the cooperative wholesale market is becoming enough to generate profits in its management.
5. Horticultural products are estimated to achieve 700 million yen of production in the area, though, judging from the good site conditions we should rather aim at one billion yen of production.





6. Buildings and facilities				7. Farm Machineries				8. Durable Consumer Goods			
Item	No.	Tsubo	Future Increase/Decrease	Item	Unit	Year of Purchase	Private or Joint use	Item	Unit	Year of purchase	Purchase from coop
Main house (1)	2	30		Power Tiller (1)	/	39	P · J	Laundry Machine (1)	/	40	
Ware house (2)	/	10		Maintenance (2)	/	43	P · J	Refrigerator (2)	/	41	
Fertile soil storage (3)				Power one wheel car (3)	/	44	P · J	Electric Cleener (3)	/	43	
Pig house (4)				Power Sprayer (Liquid) (4)	/	40	P · J	Electric Fan (4)	/	42	
Cattle house (5)	/	20	○	Power Sprayer (Powder) (5)	/		P · J	Cooler (5)			○
Chicken house (6)				Hand Sprayer (Powder) (6)	/	41	P · J	Electronic range (6)			○
Vinyl house (7)				Power Grass Cutter (7)			P · J	Gas range (7)			
Green house (8)				Power Generator (8)	/	40	P · J	T.V. Set (8) Colour Mono	/	38	
Garage (9)				Power Cutter (9)			P · J	Stereo Set (9)	/	43	
Chemical Mixing Tank (10)				Transplanter (10)	/	44	P · J	Organ, Piano (10)	/	39	
Simple in living house (11)	/	20	○	Harvester (11)	/	44	P · J	Gas water boiler (11)	/	43	
in Ware-house (12)	/	10		Hasking Machine (12)	/	40	P · J	Solar water warmer (12)	/	42	
Ventilation (13)	/	20	○	Milker (13)			P · J	Rice Maker Gas Electric (13)	/	41	
Cooling (14)				Heating Device for green house (14)			P · J	Tableware Cleener (14)			
Storage (15)				boil Striplizer (15)			P · J	Stove (Oil, Gas Electric) (15)	3		
Facilities (16)				Tractor (16)			P · J	Deodorant toilet tank (16)	/	42	
								Flush toilet (17)			○
								Central Heating (18)			○

9. Employed labour				Management of rental house (Managing at present)			
Employed labour		Future plan		Presnet management		Future management	
(1) Full-time		(1) Full-time		rent apart-ment	rent apart-ment	rent apart-ment	rent apart-ment
Spring Summer	Fall Winter	Spring Summer	Fall Winter	house	house	house	house
Male	160	Male	170				
Female	170	Female	170				
(2) Part-time		(2) Part-time		(2) Management of rental house (want to manage in future)			
Male		Male		Private management	Joint management	Private management	Joint management
Female	20	Female	30	rent apart-ment	rent apart-ment	rent apart-ment	rent apart-ment
(1)+(2)	190	(1)+(2)	200				
	240		280				

What do you think of managing private hostel?

1. necessary  
2. not necessary  
3. I don't know

Do you want to manage private hostel?

1. Yes  
2. No  
3. Not decided

Production Costs

Fertilizer Agri.Chemical

Production material

Feed stuff

(Reference) Living Expenses

Name	Code No.
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14. Future Types of Agriculture (Mark o)

Present	Future
1. Full-time	1. Full-time
2. Part-time class I	2. Part-time class
3. Part-time class II	3. Part-time class
4. Non-farmer	4. Quit farming
5. Entrusted Farming	5. Entrusted Farm
15. Your Farm Management Type Present	
Citrus only	(1)
Citrus(main)+Livestock( )	(2)
Citrus(main)+Livestock+Horticulture+	(3)
Citrus(main)+Horticulture+( )	(4)
Citrus(main)+( )	(5)
Livestock only	(6)
Livestock(main)+Citrus+( )	(7)
Livestock(main)+Citrus+Horticulture+( )	(8)
Livestock(main)+Horticulture+( )	(9)
Livestock(main)+( )	(10)
Horticulture only	(11)
Horticulture+Citrus+( )	(12)
Horticulture+Citrus+Livestock+	(13)
Horticulture+Livestock+( )	(14)
Horticulture+( )	(15)
Non-Agri. Income+Citrus	(16)
Non-Agri. Income+Livestock+	(17)
Non-Agri. Income+Livestock	(18)
Non-Agri. Income+Horticulture	(19)
Non-Agri. Income+Horticulture+Citrus	(20)
Non-Agri. Income+Horticulture+Livestock	(21)
Non-Agri. Income+Others	(22)
	(23)

Notes: Part-time class I farmer are request write Non-Agri. Income at ( ), and part-time class II farmers are requested to mark b

11. Land Utilization Plan in these 10 Years (Mark o)

Land	Self-management	Lent for Others		Use for Non-Agri Purpose
		All	Part	
Paddy				
Up-field				
Citrus				
Other Fruits				
Forests				

12. Want Entrust Farming By Agri. Co-op. (Part or All) (Mark o)

Land	Will- ing	Part- ially	Not	From 2nd	Citrus
Paddy					
Up-field					
Citrus					
Other Fruits					

13. For Full-time Farmer

1. Do you want to establish a corporate body?  
 1. Yes 2. No 3. Not decided

2. Do you want to join blue return system?  
 1. Yes 2. No 3. Not decided

3. What is your plans for farm management scale in 1975, Please answer this as your future prospects of management.

Products	Scale Means for Increase		
	Quantity	Purchase	Borrow
Citrus	3 ha		
Beef Cattle	50		

10. Present Products and the Future Plan

Products	Present Cultivated Area (1969)		Future Plan	
	3	7	main	increase
Paddy (1)				
Up-land Paddy (2)				
Wheats (3)				
Others (4)				
(5)				
(6)				
(1)	7	5		
Ordinary Citrus (2)	1	3	0	
Navel Orange (3)				
Other (4)				
Persimon (5)		1		
Plum (6)				
Peach (7)				
Grape (8)				
(9)				
Lettuce (1)				
Tomato (2)				
Cucumber (3)				
Garden Pea (4)				
Melon (5)				
Strawberry (6)				
Tea (1)				
Shiitake (2)				
Flower (3)				
Others (4)				
Orchid, Flower (5)				
Milk Cattle (1)				
Beef Cattle (2)				
Breeding Pig (3)		20		
Pork Pig (4)				
Poultry Layer				
Chicks Nursery				
Broiler (7)				
(8)				

Special Products

Livestock

Year Item	Results in 1980						Plans for 1985					
	Farming Scale	Marketing Quantity	Net Unit Income	Marketing Amount	Marketing through Cooperative	Cooperative Marketing Turnover	Farming Scale	Marketing Quantity	Net Unit Income	Marketing Amount	Marketing through Coop.	Cooperative Marketing Turnover
Chinese Gooseberry	3.8 <sup>h</sup>	cases 83	yen 2,500	1,000 yen 210	case 83	1,000 yen 214	4.6 <sup>h</sup>	16,666	1,333	1,000 yen 22,215	case 16,666	1,000 yen 25,000
Lettuce	1.29	2,000	2,275	4,550	1,709	4,530	2.11	4,000	2,125	8,500	4,000	10,000
Celery	0.68	3,748	1,776	6,656	3,748	7,093	0.35	4,000	2,105	8,420	4,000	10,000
Parsley	1.0	3,743	5,382	20,145	3,743	21,847	1.66	5,714	3,087	17,639	5,714	20,000
Garden Pea	2.60	2,780	580	7,119	2,320	6,759	3.560	3,750	720	10,260	3,750	15,000
Cucumber	3.050	13,546	1,307	17,705	13,546	19,125	3.800	17,500	1,884	32,970	17,500	35,000
Tomato	1.530	15,711	1,264	19,860	15,711	24,210	1.800	14,000	2,205	30,870	14,000	35,000
Melon	3.026	14,027	4,053	56,850	10,203	46,675	4.220	14,270	4,470	63,786	12,000	60,000
Strawberry	960	22,300	1,400	31,220	0	0	870	34,000	1,600	54,400	0	0
Flower	2.3 <sup>h</sup>			57,086		40,776		26,600	2,000	53,200	19,000	42,000
Orchid	3.800	53,530	2,560	118,965		120,748	4,000	56,666	2,850	161,498	56,666	170,000
Rice	299.6 <sup>h</sup>	17,980	17,370	312,310	6,237	54,412	237.6 <sup>h</sup>	14,260	19,000	270,940	6,000	60,000
Others						18,122						20,000
Sub-Total				652,676		864,511				734,698		502,000
Total				10,135,839		10,021,476	Total			1,000 yen 14,026,430		1,000 yen 13,875,285

## **AFRO-ASIAN RURAL RECONSTRUCTION ORGANIZATION**

is one of the oldest international organisations of the Afro-Asian nations. It came into being in 1962. Presently, AARRO has a membership of 27-12 countries from Africa and 13 from Asia and the Central Union of Agricultural Cooperatives (CUAC) of Japan. The Institute for Rural Development (Kenya) has been admitted as an Associate Member of the Organization.

It is a democratic organization, where all members enjoy equal rights. It is fully financed by its members. All countries in Africa and Asia and their apex level organizations concerned with rural reconstruction and development can join AARRO. However, the governments from other continents can be admitted as only associate members.

The primary function of AARRO is to act as a catalyst in the Afro-Asian region to promote cooperative action to reconstruct their economies and societies and eradicate thirst, hunger, illiteracy, disease and poverty amongst the rural masses. These objectives are sought to be realised through its technical programmes consisting of research on developmental issues, granting fellowships for training in major institutes in different member countries, seminars and participatory among the

## **THE INTERNATIONAL COOPERATIVE ALLIANCE**

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

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

The main tasks of the Regional Office & Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to promote economic relations amongst member-movements, including trading across national boundaries, to organise and conduct technical assistance, to conduct courses, seminars and conferences, surveys and research, to bring out publications on cooperative and allied subjects and to support and supplement the educational activities of national cooperative movements.

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